ASX Announcement **8 July 2016**

SANDFIRE ACHIEVES RECORD ANNUAL COPPER PRODUCTION FOR FY2016

Highlights

- **FY2016 preliminary production, cost and sales performance:**
  - **68,202 tonnes of contained copper** – above guidance range 65-68,000 tonnes;
  - **37,612 ounces of contained gold** – mid-point of guidance range 35-40,000 ounces;
  - **C1 unit operating costs expected at lower end of guidance range US$0.95-1.05**; and
  - **282,012 tonnes of concentrate sold** - containing 68,653 tonnes of copper and 36,042 ounces of gold.
- **Amortising Debt Facility** with ANZ Banking Corporation ("ANZ") fully repaid ahead of schedule, following a $20 million payment at the end of the June 2016 Quarter.
- **$60 million in Group cash holdings at 30 June 2016**; net cash positive position of $10 million.
- **Issue of 469,092 Performance Rights** to Sandfire senior executives under the Company's Long Term Incentive Plan ("LTIP").

Sandfire Resources NL (ASX: SFR; "Sandfire") is pleased to advise that it has achieved record annual copper production for the 12 months to 30 June 2016, with **68,202 tonnes of contained copper and 37,612 ounces of contained gold** produced. This is above the upper end of its previously announced production guidance range for FY2016 of 65-68,000 tonnes of copper and the mid-point of its guidance range of 35-40,000 ounces of gold, following another strong and consistent performance by the DeGrussa Copper-Gold Mine in Western Australia.

Sandfire expects to report FY2016 C1 unit operating costs at the lower end of its guidance band of US$0.95-1.05 following the finalisation of its June 2016 quarterly costs.

The Company has also completed another strong year of copper-gold concentrate sales with the completion and receipt of funds from three scheduled shipments in the month of June 2016. Concentrate sales results for FY2016 were 282,012 tonnes containing 68,653 tonnes of copper (65,832 tonnes payable) and 36,042 ounces of gold (33,302 ounces payable).

Further details and commentary on production performance, unit operating costs and sales for the June 2016 Quarter and FY2016 will be provided in the June 2016 Quarterly Report (scheduled for release on Thursday 28 July 2016).

Amortising Finance Facility Fully Repaid

Sandfire is further pleased to advise that it has fully repaid its Amortising Facility with its financier, ANZ Banking Corporation ("ANZ"), ahead of schedule, following a $20 million payment at the end of the June 2016 Quarter. The Amortising Facility was previously scheduled to be repaid over the next 18 months to 31 December 2017.

This repayment reduced the Company's total outstanding debt to $50 million as at 30 June 2016 (under its Revolver Facility). With $60 million in Group cash holdings, Sandfire was in a net cash positive position of $10 million at financial year-end. This is a significant milestone for Sandfire which sees the Company net debt-free for the first time since development of the DeGrussa Copper-Gold Project commenced in 2011.

Sandfire has now repaid a total of $330 million against the original $380 million project finance facility drawn to fund the construction and development of the DeGrussa Mine.

The $85 million Revolver Facility (currently drawn to $50 million) can be paid down or redrawn as required, subject to facility terms, and is repayable in full by 31 December 2017. The Company also retains a $25 million working capital facility with ANZ, currently undrawn, which can be drawn down against the value of saleable copper concentrate inventories held by the Company at the mine and ports.

Sandfire's Managing Director, Mr Karl Simich, said the continuing strong operating and financial performance of the DeGrussa Copper-Gold Mine had enabled the Company to repay a significant component of its debt early despite a period of depressed copper prices, strengthening its balance sheet and putting it in a net cash positive position for the first time in four years.

"This is a very pleasing result which essentially means that we have greater flexibility and optionality in terms of financing future growth initiatives," he said.

"It also coincides with a period of reducing capital investment requirements at DeGrussa as the level of required underground mine development drops from a base level in FY2016 of 7,300m; by 23% in FY2017 to 5,600m; and by 74% in FY2018 to 1,900m.

"We will continue to assess the optimal financing structure for the organic growth options in front of us – such as the Monty copper-gold deposit, for which a Feasibility Study is underway.

"We also remain committed to maintaining our very significant exploration program, both at DeGrussa-Doolgunna and across our Australian exploration initiative on the Eastern Seaboard, while continuing to balance a return of surplus cash to shareholders."

Annual Issue of Performance Rights to Executives

Sandfire advises that, in line with the terms and conditions of the Company's Long Term Incentive Plan (LTIP), aimed at incentivising its senior executives to drive the next phase of the Company's growth (see ASX Announcement – 21 April 2015), it has issued 469,092 Performance Rights to Sandfire senior executives.

The quantum of Performance Rights issued was calculated by dividing the LTIP Grant Opportunity by the 5-day VWAP of Sandfire's shares immediately prior to the date of grant of the rights, being 30 June 2016, which was $5.08 per Performance Right.

The Performance Rights will be able to be converted into shares if Sandfire satisfies performance conditions relating to total shareholder return tested against an industry index on a three-year period.

Of the 469,092 Performance Rights issued, 216,175 were issued to Managing Director and CEO, Mr Karl Simich. The grant of these rights to Mr Simich is subject to approval by shareholders at the Company's Annual General Meeting in November 2016.

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Forward-Looking Statements

Certain statements made during or in connection with this statement contain or comprise certain forward-looking statements regarding Sandfire's Mineral Resources and Reserves, exploration operations, project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Sandfire believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statements and no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Except for statutory liability which cannot be excluded, each of Sandfire, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this statement and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this statement or any error or omission. Sandfire undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly you should not place undue reliance on any forward looking statement.