



**SANDFIRE**  
RESOURCES NL

A QUALITY COPPER-GOLD COMPANY  
ASX Code: SFR

## September 2016 Quarterly Report Presentation and Webcast

**27 October 2016**

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## **Competent Person's Statement – Ore Reserves and Mine Plan**

The information in this report that relates to Ore Reserves and Mine Plan is based on information compiled by Mr. Neil Hastings who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Hastings is a permanent employee of Sandfire Resources and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hastings consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **Competent Person's Statement – Mineral Resources**

The information in this report that relates to Mineral Resources is based on information compiled by Mr. Ekow Taylor who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Taylor is a permanent employee of Sandfire Resources and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **Competent Person's Statement – Exploration Results**

The information in this report that relates to Exploration Results is based on information compiled by Mr. Shannan Bamforth who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Bamforth is a permanent employee of Sandfire Resources and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bamforth consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **Exploration and Resource Targets**

Any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. While Sandfire is confident that it will report additional JORC compliant resources for the DeGrussa Project, there has been insufficient exploration to define mineral resources in addition to the current JORC compliant Mineral Resource inventory and it is uncertain if further exploration will result in the determination of additional JORC compliant Mineral Resources.



- ▶ Highlights
- ▶ Safety
- ▶ Mining
- ▶ Processing
- ▶ Sales
- ▶ Operating Costs
- ▶ Monty Project
- ▶ Exploration
- ▶ Summary & Outlook



## Production and Operations

- ▶ September 2016 Quarter: 15,610t copper and 9,731oz gold produced; C1 US\$1.06/lb
- ▶ FY2017 production guidance maintained: 65-68kt of contained copper, 35-40koz of contained gold; C1 ~US\$0.95-1.05/lb

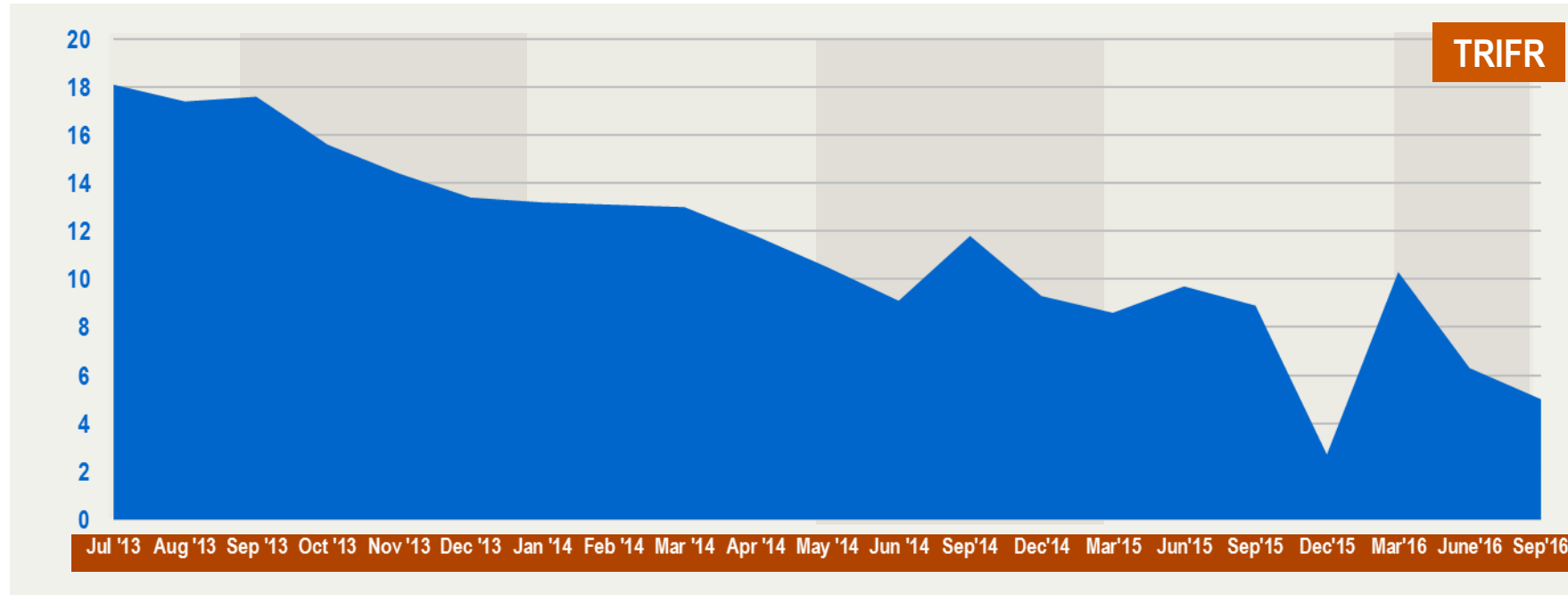
## Development and Exploration

- ▶ Feasibility Study progressing on the Monty Copper-Gold Project (Springfield JV); to report March 2017 Quarter
- ▶ Multi-pronged exploration programs continuing at both Sandfire's Doolgunna Project and the Springfield Joint Venture; including systematic AC, RC and Diamond drilling, and geophysical surveys
- ▶ Springfield Joint Venture with Talisman Mining (ASX: TLM): \$2.9M cash calls for the September 2016 Quarter (Sandfire 70%, Talisman 30%) – \$15.7M cash calls JV to date

## Corporate and Financial

- ▶ Cash and deposits \$52.5M (Sandfire); \$54.4M consolidated cash including Tintina Resources and Springfield JV (70%)
- ▶ Total debt held at \$50.0M (Revolver Facility)
- ▶ 9c per share Final Dividend paid out for FY2016 (FY2016 total 11c/share fully franked)

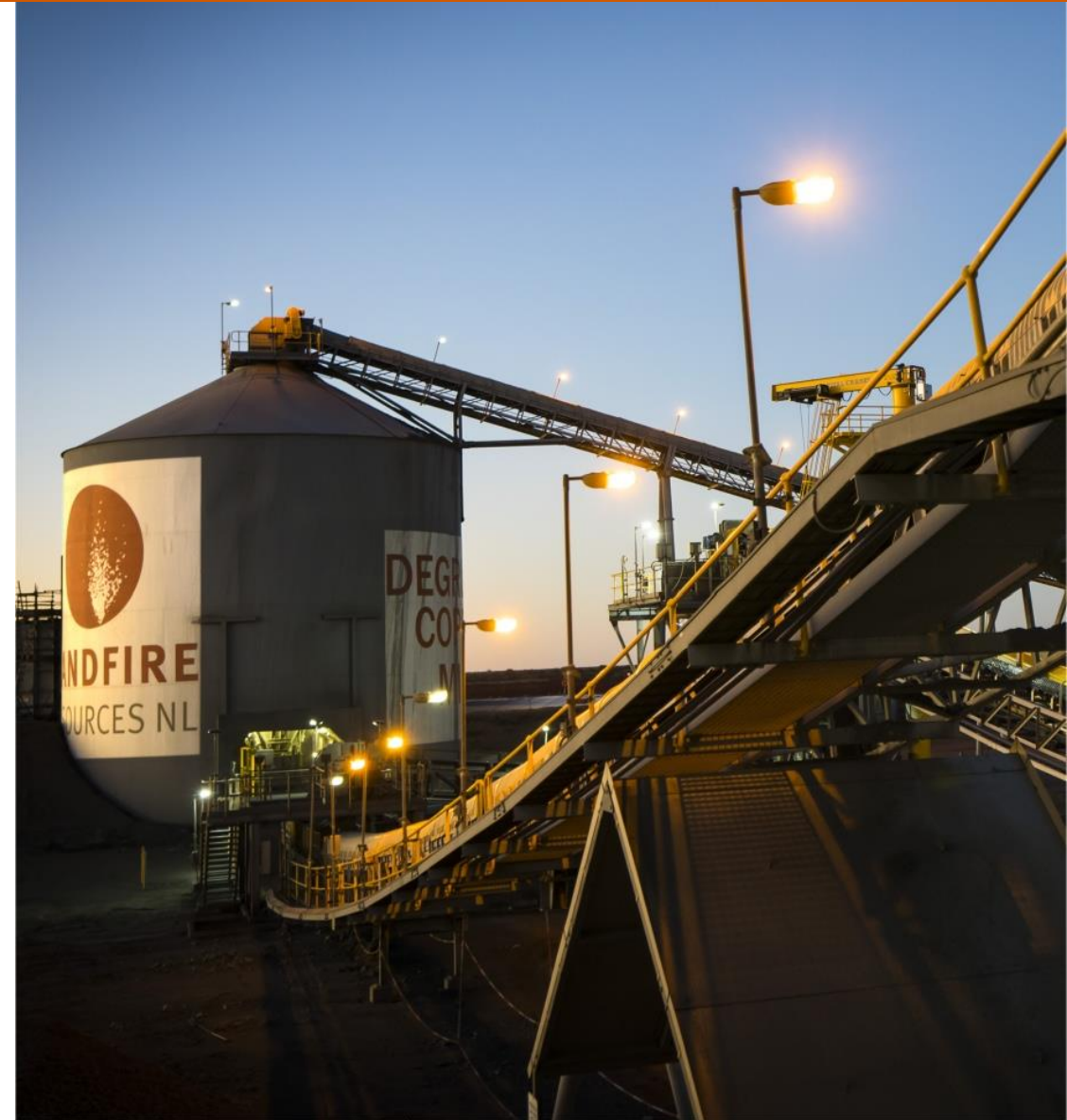
- ▶ Total Recordable Injury Frequency Rate (TRIFR) of 5.0 at Quarter-end (vs. 6.3 at June 2016 Quarter-end)
- ▶ Safety systems development and critical control management; ongoing focus being applied to improving safety leadership, culture and controls assurance





## Underground production and mine development

- ▶ Total ore production for the Quarter of 345,144 tonnes grading 4.7% Cu
- ▶ Mine remains in balance between production and back-fill
- ▶ Conductor 4 and 5 Decline development proceeding on schedule, with all development advance occurring in good ground conditions
- ▶ Underground pumping station, ventilation and other infrastructure being installed in C4 and C5 for LOM production



## Mill throughput

- ▶ 393,031 tonnes milled at average head feed grade of 4.4% Cu (including scats stockpile)

## Recovery

- ▶ Quarterly copper recovery of 89.6%; Gold recovery 42.3% (FY2017 guidance: copper ~91%, gold ~42%)

## Concentrate & metal production

- ▶ 64,285 tonnes of concentrate produced
- ▶ 15,610 tonnes of contained copper produced
- ▶ 9,731 ounces of contained gold produced





- ▶ Sales of 52,665 tonnes of concentrate (dry) containing 12,437 tonnes of copper (11,913 tonnes payable) and 7,482 ounces of gold (6,891 ounces payable)
- ▶ 5 shipments completed for the quarter; 6<sup>th</sup> ship departed early October 2016



Unit costs – DeGrussa Mine	Q1FY2017 (US\$/lb)	Commentary
Mining (net of development)	0.43	Quarterly copper production expected to be below annual average rate in Q1 and Q4FY17, higher in Q2 and Q3.
Processing	0.32	
Business services	0.16	
Transport, treatment and refining	0.45	USD C1 impacted by higher FX rate (guidance based (0.72 v spot 0.76).
<b>C1 cost (pre-by product credit)</b>	<b>1.39</b>	
By-product credit (gold and silver)	(0.32)	FY2017 C1 unit cost guidance ~USD0.95-1.05/lb maintained.
<b>C1 cost</b>	<b>1.06</b>	
Royalties	0.12	Mine development \$15M for the quarter (FY2017 mine development guidance ~\$56M).
<b>Production cost</b>	<b>1.18</b>	
Depreciation and amortisation	0.59	Capital guidance \$20M for FY2017: Strategic capital \$9M (U/G pumping system), Sustaining capital \$11M.
<b>Total production cost</b>	<b>1.77</b>	



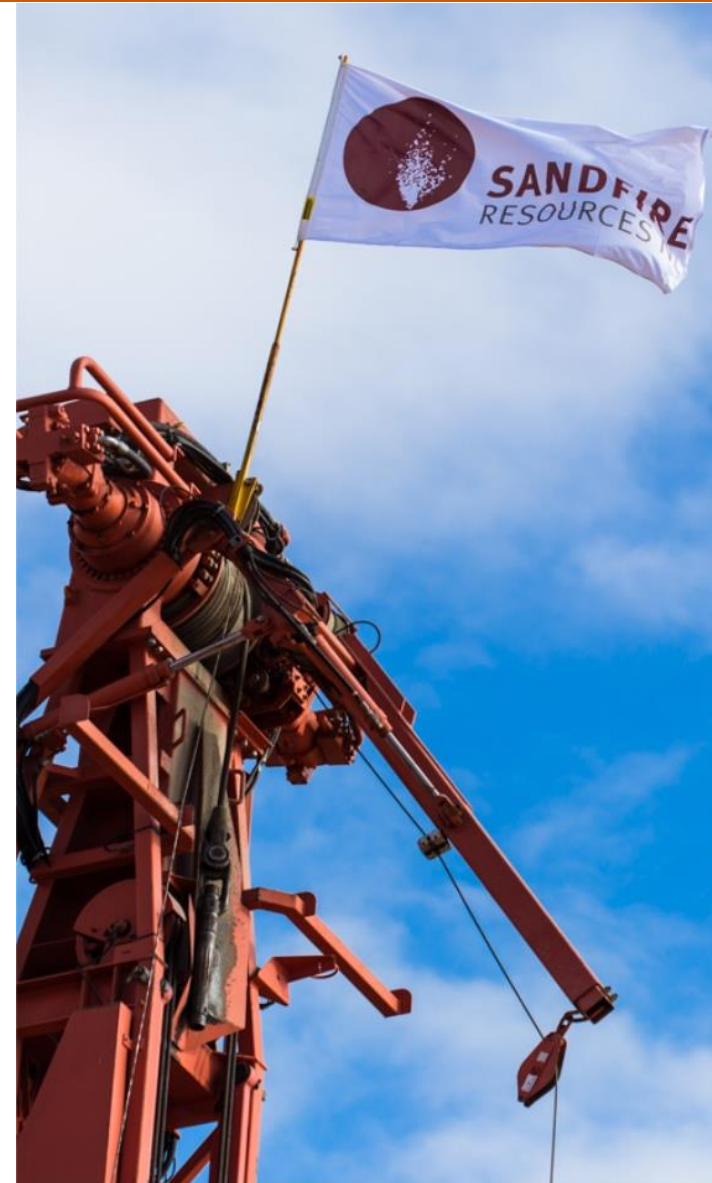
- ▶ Sandfire is Manager of the Springfield JV – interests Sandfire 70% / Talisman 30%
- ▶ Maiden JORC 2012 compliant Mineral Resource estimate:
  - ▶ Total Indicated and Inferred Mineral Resource of 1.05Mt @ 9.4% Cu and 1.6g/t Au for <sup>\*</sup>99,000 tonnes of contained copper, 55,000 ounces of contained gold
- ▶ Feasibility Study progressed; \$3.9M (100%) budget <sup>\*\*</sup>
  - ▶ Metallurgical testwork for comminution and flotation
  - ▶ Geotechnical and structural geology studies well advanced
  - ▶ Mine design engineering commenced
  - ▶ Proposed haul road route under investigation
- ▶ DeGrussa and Monty integration
  - ▶ Base case to model DeGrussa and Monty at total 1.6Mtpa mining rate

\* See ASX Release – 13 April 2016    \*\* Additional to the Exploration cash call



# Doolgunna Exploration Overview

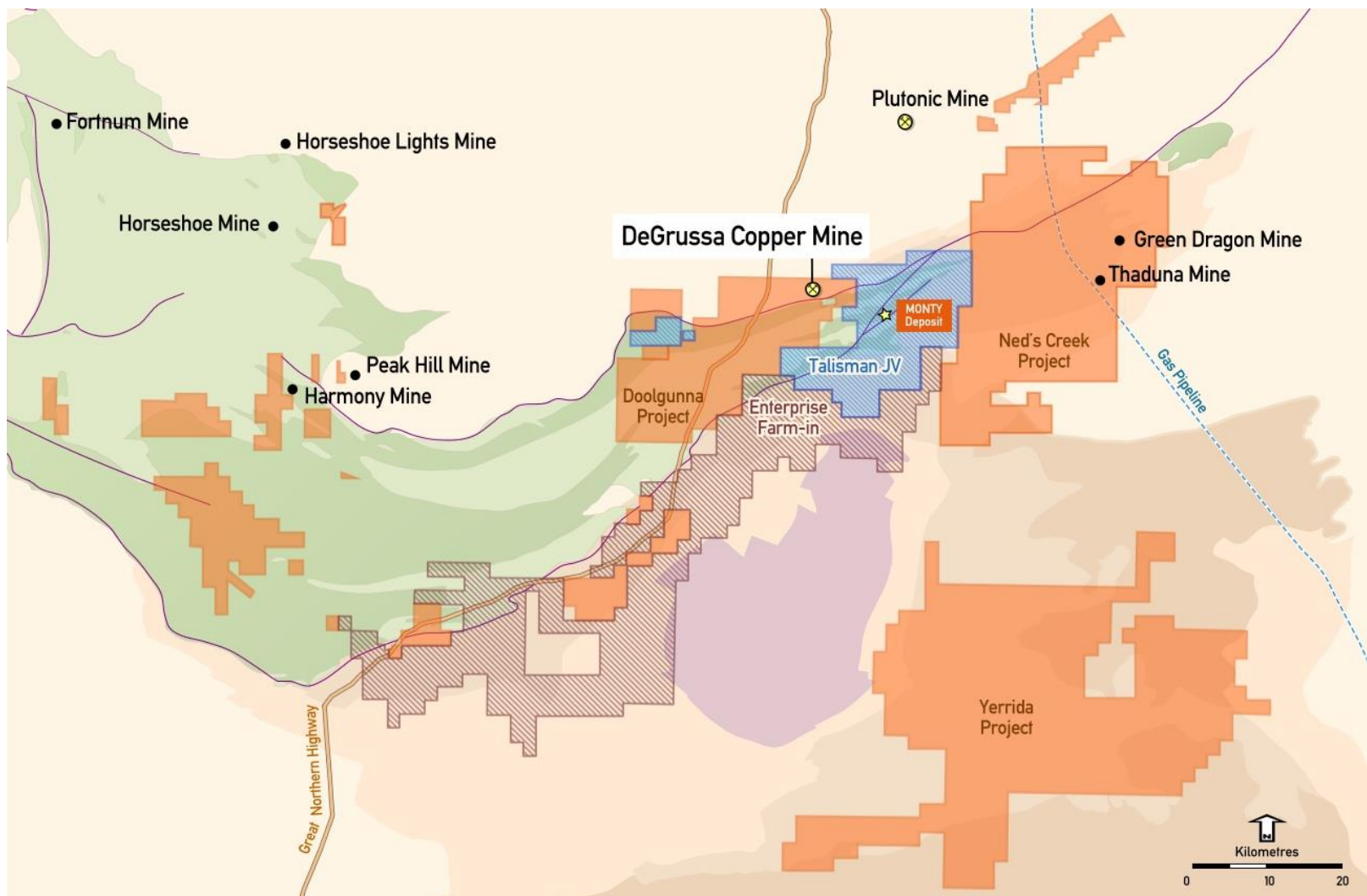
- ▶ Monty is the first VMS deposit to be delineated outside of DeGrussa mining complex at Doolgunna
- ▶ Confirms the potential for the overall Doolgunna VMS field to host multiple centres of mineralisation
- ▶ Exploration continuing as a priority along highly prospective VMS corridor delineated to date:
  - ▶ Systematic aircore drilling to accurately define the interpreted prospective host horizon – recent focus on Homestead prospect
  - ▶ Reverse Circulation (RC) drilling within the interpreted host stratigraphy to test near surface geochemical anomalies and provide DHEM platforms
  - ▶ Diamond drilling to test the areas in the vicinity of the DeGrussa and Monty deposits
  - ▶ DHEM surveys of all RC and diamond drill-holes as part of this new phase of exploration following completion of the resource definition drill-out
  - ▶ Development of a structural geology model continues to provide additional context regarding the regional geology and target generation





# Doolgunna Exploration Overview

- ▶ Exploration advancing at multiple prospects within Greater Doolgunna area:



- ▶ Homestead Prospect ~12km south west of DeGrussa (Sandfire 100%)
- ▶ C5 East mineralised trend (Sandfire 100%)
- ▶ Ned's Creek drilling commencing
- ▶ Monty and Southern Volcanics Corridors (Springfield JV)
- ▶ Total Tenure – 4,180km<sup>2</sup>

## Consistent and reliable copper production; growth through exploration and discovery success

- ▶ Production and cost performance:
  - ▶ Q1FY2017: 15,610t contained copper, 9,731oz contained gold, C1 cost US\$1.06/lb
  - ▶ FY2017 guidance maintained: 65-68kt contained copper, 35-40koz contained gold, C1 cost US\$0.95-1.05/lb
- ▶ Monty Feasibility Study progressed following maiden Monty Mineral Resource:
  - ▶ Total Indicated and Inferred Mineral Resource of 1.05Mt grading 9.4% Cu and 1.6g/t Au for 99,000 tonnes of contained copper, 55,000 ounces of contained gold
- ▶ Active exploration underway along 5km long prospective VMS horizon around Monty targeting the next VMS discovery
- ▶ Emerging Bryah Basin VMS district – aggregate contiguous exploration area of 4,180km<sup>2</sup>







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