DeGrussa and beyond

LME Week (London Metals Exchange) – October 2011
Competent Person’s Statement

- The information in this public presentation that relates to Exploration Results and Mineral Resources is based on information compiled by Mr John Evans who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Evans is a permanent employee and Director of Sandfire Resources NL. Mr Evans has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Evans consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Our Mission

• To develop and operate the 100%-owned premier high-grade DeGrussa VMS copper-gold mine
• To deliver superior returns to our owners
• To discover additional VMS deposits within the emerging Doolgunna mineral field
• To make new discoveries within our existing portfolio of copper-gold, lead-zinc, uranium, iron ore and manganese projects in Australia
• To identify and acquire new projects in Australia and overseas
• To maintain the highest standards of safety, integrity and quality at all times
Company Snapshot – cash flow imminent

- DeGrussa Project moving into production:
  - Discovery to development in two years (2009-2011)
  - DFS* project operating cash flow of A$2.4 billion (pre-tax) on A$4.2 billion revenue
  - DFS does not include oxide copper (44,000 tonnes Cu contained) or further discoveries

- Sandfire well positioned for further success:
  - ~$40M cash at September 2011
  - $390M Project funding for DeGrussa executed
  - Expertise in exploration, project assessment, mine development & operations

* Definitive Feasibility Study
Company Snapshot – the next phase of growth

• Exploration ramping up targeting additional VMS clusters within 400km² Doolgunna Project:
  • Extensive bank of information now accumulated within prospective DeGrussa mine corridor
  • Prospective corridor extended to 22km, providing outstanding exploration upside
• $25-30M annual exploration budget:
  • Principal focus on copper-gold exploration at Doolgunna
  • Regional exploration gathering momentum elsewhere including lead-zinc (WA), lead-zinc and copper (NT)
• Targeting new commodity opportunities
Recent Achievements

- DeGrussa Definitive Feasibility Study completed and approved
- Development activities well advanced with ~450 personnel on site
- Mining and process plant construction underway
- First copper production on track for Q1 2012 (DSO)
- Key project development and operational appointments finalised
- $75M development funding facility signed (drawn to $30M)
- Full $390M project debt funding package finalised and executed
- Oxide copper mineralisation discovered at Borroloola Project
- Cornerstone 17.4% stake in junior explorer Whinnen Resources
Corporate Summary

- **Issued Capital:**
  - 150.9M ordinary shares
  - 9.4M options

- **Cash (September 2011):**
  - ~A$40M

- **Major Shareholders**
  - OZ Minerals (ASX: OZL) purchase of ~1.8 million shares (~1.2%) to top up to 19.8% of issued capital
  - Current Price: A$6.00
  - Market Capitalisation: ~A$900 M

**Board**
- DEREK LA FERLA – Non-executive Chairman
- KARL SIMICH – Managing Director/CEO
- W. JOHN EVANS – Executive Technical Director
- JONGHUN JONG – Non-executive Director
- ROBERT SCOTT – Non-executive Director

**Management**
- MARTIN REED – Project Manager
- MATT FITZGERALD – Chief Financial Officer

* OZ Minerals (ASX: OZL) purchase of ~1.8 million shares (~1.2%) to top up to 19.8% of issued capital

ASX Code: SFR
**Western Australia**

- **COPPER-GOLD**
  - DeGrussa – production and exploration
  - Greater Doolgunna – exploration

- **GOLD**
  - Greater Doolgunna – exploration

- **LEAD-ZINC**
  - Yannarie

- **COPPER**
  - Tawallah 1/2

- **IRON ORE**
  - Roper Bar

- **URANIUM**
  - 

- **MANGANESE**
  - 

**Northern Territory – Borroloola Project**

- **COPPER-GOLD**
  - DeGrussa – production and exploration
  - Greater Doolgunna – exploration

- **GOLD**
  - Greater Doolgunna – exploration

- **LEAD-ZINC**
  - Warramana

- **COPPER**
  - Tawallah 1/2

- **IRON ORE**
  - Roper Bar

- **URANIUM**
  - 

- **MANGANESE**
  - 

**Borroloola**
- +10,000km² Pb-Zn, Cu, U, Mn

**Map Overview**
- Western Australia
- Northern Territory
- Darwin
- McArthur Basin
- Borroloola
- Urban
- Pingara Craton
- Yarram Craton
- Syrian Basin
- Myall Basin
- DeGrussa
- Greater Doolgunna
- Yannarie
- Roper Bar
- Doolgunna

**Diagram Details**
- Western Australia
- Northern Territory
- Darwin
- Borroloola
- Various resources and projects marked on the map.
From Concept to Cash

DeGrussa Copper-Gold Project

Discovery to DFS in 2 years

- Discovered: April 2009
- Maiden Mineral Resource: February 2010
- Pre-Feasibility Study, Ore Reserve: March 2011
- Mine development commenced: April 2011
- Definitive Feasibility Study: June 2011

Today

- Plant construction underway
- Project funding executed
- Key personnel recruited
- Long-lead items ordered and key contracts awarded
**From Concept to Cash**

### DFS Outcomes

<table>
<thead>
<tr>
<th>DeGrussa Copper-Gold Project</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First Production</strong></td>
</tr>
<tr>
<td><strong>Life-of-mine extraction from Ore Reserves and Mineral Resources discovered to date</strong></td>
</tr>
<tr>
<td><strong>Production</strong></td>
</tr>
<tr>
<td><strong>C1 cash costs (life-of-mine)</strong></td>
</tr>
<tr>
<td><strong>Project revenue</strong></td>
</tr>
<tr>
<td><strong>Pre-tax project operating cash flow</strong></td>
</tr>
</tbody>
</table>
2 Years, +200,000m of Drilling, Four Deposits

- **Conductor 1**
  - Indicated and Inferred Resource:
    - 6.12Mt @ 4.8% Cu, 1.7g/t Au

- **DeGrussa Primary Deposit**
  - Indicated Resource of
    - 1.38Mt @ 8.2% Cu, 2.4g/t Au

- **Conductor 4**
  - Indicated and Inferred Resource:
    - 1.77Mt @ 4.1% Cu, 1.7g/t Au

- **Conductor 5**
  - Discovered June 2010
  - Inferred Resource:
    - 1.05Mt @ 6.4% Cu, 3.0g/t Au, 21g/t Ag

- **DeGrussa Near-Surface Chalcocite Zone**
  - Indicated Resource:
    - 250,000t @ 17.6% Cu, 2.6g/t Au

- **DeGrussa Oxide Copper Zone**
  - Measured and Indicated Resource:
    - 3.6Mt @ 1.23% Cu, 0.5g/t Au

- **1.5km zone**
DeGrussa Project – Open Pit Operations

- Early extraction of DSO Ore Reserves:
  - 0.14Mt @ 25.6% Cu, 2.5g/t Au
  - 37,000t copper, 12,000oz gold (Contained)
- Early sulphide copper ore for plant commissioning
- Oxide copper resources being stockpiled for proposed processing
DeGrussa – Key Parameters

- Life-of-mine extraction of 10.72Mt @ 5% Cu, 1.7g/t Au (541,000t copper, 599,000oz gold – contained)
- Conventional open pit mining operation (~2 years) and long-term underground mine (initial 7+ year mine life)
- Conventional 1.5Mtpa on-site concentrator:
  - Crushing, milling, flotation, de-watering and filtration
  - Metallurgical recovery 91%
  - 15-month construction period from June 2011
- Production of high-grade, high-quality copper concentrate grading 27% Cu:
  - 300,000tpa (FY 2013 – 2015)
  - 220,000tpa (FY 2016 onwards)
  - 480,000t of payable copper metal
  - 270,000oz of payable gold
DeGrussa – Annual Grade and C1 Cost Profile

DFS Copper Head Grade and C1 Costs
DeGrussa – Annual Grade and C1 Cost Profile

- Definitive Feasibility Study optimises project cash flows
- Higher grades + lower C1 costs in first three years = increased cash flow
DeGrussa Project – Development Underway

- Box-cut excavation completed – development of Evans Decline advanced to +500m (950 m remaining to first ore)
- Pre-strip of open pit commenced April 2011 – two years from discovery
- Bulk earthworks for process plant completed and concrete works commenced
- ~450 people on site
- All major long-lead time equipment ordered
- Open pit, underground and EPC contracts awarded, majority of infrastructure contracts finalised
DeGrussa Project – Development

DeGrussa Project - Timeline

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Feasibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Definitive Feasibility Study</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Financing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concentrator Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open Pit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underground</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concentrator Ramp-up</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Massive Sulphide

Direct Shipping Ore

Direct Shipping Q2

Massive Sulphide

Concentrate Q4
Summary

• Development of DeGrussa Project underway
• On track to produce first copper next year:
  • First DSO ore from open pit due Q1 2012
  • First underground ore expected Q2 2012
• High-margin production profile – positioned to take advantage of strong copper, gold and other commodity markets
• Regional exploration objective to establish a VMS copper-gold camp
• Strong and supportive major shareholders
• Quality project pipeline
• Experienced Board and Management
DeGrussa and beyond

LME Week (London Metals Exchange) – October 2011
Financial Evaluation and Price Assumptions

Revenues forecasts were based on a consensus of copper, gold price and foreign exchange forecasts from leading international broking firms, investment banks and leading independent commodity forecasters. The pricing applied in the model is presented in 30 June financial years.

### Life-of-mine (LOM)

<table>
<thead>
<tr>
<th></th>
<th>$ Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project revenue</td>
<td>4.2</td>
</tr>
<tr>
<td>Royalties (5% weighted average)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Operating costs and sustaining capital</td>
<td>(1.6)</td>
</tr>
<tr>
<td><strong>Project operating cash flow (pre-tax)</strong></td>
<td><strong>2.4</strong></td>
</tr>
<tr>
<td>Pre-production capital expenditure</td>
<td>(0.4)</td>
</tr>
<tr>
<td><strong>Project cash flow (pre-tax)</strong></td>
<td><strong>2.0</strong></td>
</tr>
<tr>
<td>Project NPV (8% discount rate)</td>
<td><strong>1.3</strong></td>
</tr>
<tr>
<td>Project IRR (%)</td>
<td><strong>108</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper price (US$/tonne)</td>
<td>9,136</td>
<td>8,004</td>
<td>7,110</td>
<td>6,576</td>
<td>6,367</td>
<td>6,163</td>
<td>5,879</td>
</tr>
<tr>
<td>Copper price (US$/lb)</td>
<td>4.15</td>
<td>3.63</td>
<td>3.23</td>
<td>2.98</td>
<td>2.89</td>
<td>2.80</td>
<td>2.67</td>
</tr>
<tr>
<td>Gold price (US$/ounce)</td>
<td>1,294</td>
<td>1,252</td>
<td>1,307</td>
<td>1,273</td>
<td>1,166</td>
<td>1,166</td>
<td>1,166</td>
</tr>
<tr>
<td>USD/AUD</td>
<td>0.91</td>
<td>0.87</td>
<td>0.84</td>
<td>0.82</td>
<td>0.81</td>
<td>0.81</td>
<td>0.81</td>
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</tbody>
</table>
## Capital Cost Breakdown

<table>
<thead>
<tr>
<th>Activity</th>
<th>A$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction (plant, equipment and infrastructure)</td>
<td>267</td>
</tr>
<tr>
<td>Open pit mining to access DSO</td>
<td>44</td>
</tr>
<tr>
<td>Underground mine development</td>
<td>56</td>
</tr>
<tr>
<td>Other pre-production</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total pre-production capital</strong></td>
<td><strong>384</strong></td>
</tr>
</tbody>
</table>

## Life-of-Mine Operating Cost Estimates

<table>
<thead>
<tr>
<th>Activity</th>
<th>Payable Copper (US$/lb)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>0.48</td>
</tr>
<tr>
<td>Processing and maintenance</td>
<td>0.35</td>
</tr>
<tr>
<td>Administration</td>
<td>0.06</td>
</tr>
<tr>
<td>Transport</td>
<td>0.28</td>
</tr>
<tr>
<td>Treatment and refining</td>
<td>0.18</td>
</tr>
<tr>
<td>By-product credits</td>
<td>(0.33)</td>
</tr>
<tr>
<td><strong>Total C1 cash costs</strong></td>
<td><strong>1.02</strong></td>
</tr>
</tbody>
</table>
## Appendix – DeGrussa: Mineral Resources

<table>
<thead>
<tr>
<th>Zone</th>
<th>Resource Category</th>
<th>Location</th>
<th>Tonnes (Mt)</th>
<th>Copper (%)</th>
<th>Gold (g/t)</th>
<th>Contained Copper (t)</th>
<th>Contained Gold (oz)</th>
<th>Competent Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>Measured</td>
<td>Open Pit</td>
<td>0.14</td>
<td>-</td>
<td>1.5</td>
<td>-</td>
<td>7,000</td>
<td>1</td>
</tr>
<tr>
<td>Laterite</td>
<td>Measured</td>
<td>Open Pit</td>
<td>2.17</td>
<td>1.1</td>
<td>0.5</td>
<td>24,000</td>
<td>37,000</td>
<td>1</td>
</tr>
<tr>
<td>Copper</td>
<td>Measured</td>
<td>Open Pit</td>
<td>1.41</td>
<td>1.4</td>
<td>0.4</td>
<td>20,000</td>
<td>19,000</td>
<td>1</td>
</tr>
<tr>
<td>Oxides</td>
<td>Indicated</td>
<td>Open Pit</td>
<td>0.25</td>
<td>17.6</td>
<td>2.6</td>
<td>43,000</td>
<td>20,000</td>
<td>2</td>
</tr>
<tr>
<td>Supergene</td>
<td>Indicated</td>
<td>Open Pit</td>
<td>0.19</td>
<td>4.4</td>
<td>1.2</td>
<td>8,000</td>
<td>7,000</td>
<td>1</td>
</tr>
<tr>
<td>Chalcocite</td>
<td>Inferred</td>
<td>O/Pit / U/Ground</td>
<td>7.80</td>
<td>5.8</td>
<td>2.0</td>
<td>456,000</td>
<td>502,000</td>
<td>1</td>
</tr>
<tr>
<td>Primary Massive</td>
<td>Indicated</td>
<td>Underground</td>
<td>2.32</td>
<td>4.3</td>
<td>2.0</td>
<td>100,000</td>
<td>149,000</td>
<td>1</td>
</tr>
<tr>
<td>Sulphides</td>
<td>Inferred</td>
<td>Underground</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>14.33</strong></td>
<td><strong>4.6</strong></td>
<td><strong>1.6</strong></td>
<td><strong>652,000</strong></td>
<td><strong>742,000</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

*Note: Refer to the Competent Person’s Statements – Mineral Resources*

1. Competent Person for these zones of resource was Diederik Speijers of McDonald Spielers
2. Competent Person for these zones of resource was David Slater of Coffey Mining
## Appendix – DeGrussa: Ore Reserves

### Table 2: DeGrussa Copper-Gold Project – March 2011 Ore Reserve Statement

<table>
<thead>
<tr>
<th>Deposit</th>
<th>Reserve Category</th>
<th>Mining Method</th>
<th>Tonnes (Mt)</th>
<th>Copper (%)</th>
<th>Gold (g/t)</th>
<th>Contained Copper (t)</th>
<th>Contained Gold (oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DeGrussa</td>
<td>Probable</td>
<td>Open Pit - DSO</td>
<td>0.14</td>
<td>25.6</td>
<td>2.5</td>
<td>37,000</td>
<td>12,000</td>
</tr>
<tr>
<td>DeGrussa/C1/ Chalcoite</td>
<td>Probable</td>
<td>Open Pit</td>
<td>0.23</td>
<td>6.1</td>
<td>2.4</td>
<td>28,000</td>
<td>17,000</td>
</tr>
<tr>
<td>DeGrussa</td>
<td>Probable</td>
<td>Underground</td>
<td>1.50</td>
<td>6.6</td>
<td>1.9</td>
<td>99,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Conductor 1</td>
<td>Probable</td>
<td>Underground</td>
<td>5.76</td>
<td>4.9</td>
<td>1.8</td>
<td>283,000</td>
<td>337,000</td>
</tr>
<tr>
<td>Conductor 4</td>
<td>Probable</td>
<td>Underground</td>
<td>0.76</td>
<td>4.4</td>
<td>1.2</td>
<td>33,000</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Probable</strong></td>
<td></td>
<td><strong>8.39</strong></td>
<td><strong>5.6</strong></td>
<td><strong>1.80</strong></td>
<td><strong>465,000</strong></td>
<td><strong>485,000</strong></td>
</tr>
</tbody>
</table>

**Note 1:** An open pit cut-off grade of 8.5% Cu is applied on the Chalcoite to provide a targeted 26% Cu direct sale product (Achieved 25.6% Cu after dilution). All other material within the defined deposit boundaries has been included in the reporting of Ore Reserves with any sub-economic grade material being treated as internal diluents. These Ore Reserves include an overall assumption of 2.5% mining dilution at nil grade for all grade categories along with an assumed 2.5% mining loss of ore tonnes when mined. Calculations rounded to the nearest 10,000 tonnes; 0.1% Cu grade, 0.1 g/t Au grade, 1,000 tonnes Cu metal and 1,000 ounces Au metal. Errors of rounding may occur. These Ore Reserves occur within an open pit design containing 26Mt of total material, resulting in a waste to ore strip ratio of 70:1.

**Note 2:** Underground mining recovery factor of 95% applied to diluted stoping blocks, with cut-off grade of 1.5% Cu and minimum stope size of 2,000t. Calculations rounded to the nearest 1,000t, 0.1%, 0.1g/t and 1,000 ounces; errors of rounding may occur; assumes commodity prices of US$7,673/t for copper and US$1,300/oz for gold with a USD/AUD exchange rate of $0.86; assumes 91% metallurgical recovery rate. Note: Refer to the Competent Person’s Statement – Ore Reserves at the end of this release.

- Resource zones still to be converted to Ore Reserve status:
  - Open pit oxide copper resources of 3.58Mt @ 1.2% Cu and 0.5g/t Au (44kt contained copper, 56koz contained gold)
  - 2.32Mt of Inferred Massive Sulphide resources @ 4.3% Cu, 2.0g/t Au (100kt contained copper, 149koz contained gold)
Appendix: Competent Person’s Statements

Competent Person’s Statement – Mineral Resources

- The information in this report that relates to Mineral Resources (except the Indicated Resource of Supergene Chalcocite) is based on information compiled by Diederik Speijers who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Speijers is a permanent employee of McDonald Speijers and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Speijers 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 the Indicated Resource of Supergene Chalcocite is based on information compiled by David Slater who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Slater is a permanent employee of Coffey Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Slater 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 – Ore Reserves

- The information in this report that relates to Ore Reserves is based on information compiled by Shane McLeay of Entech Pty Ltd, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr McLeay has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McLeay 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 – Open Pit Ore Reserves

- The information in this report that relates to Open Pit Ore Reserves is based on information compiled by Quinton de Klerk of Cube Consulting, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr de Klerk has sufficient experience which is relevant to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr de Klerk 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 for the DeGrussa Project 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 resource inventory and it is uncertain if further exploration will result in the determination of additional JORC compliant Mineral Resources.