



QUARTERLY REPORT

For the period ended 30 June 2018

Highlights

Production & Operations

Contained metal production	September 2017 Quarter	December 2017 Quarter	March 2018 Quarter	June 2018 Quarter	FY2018 Total
Copper (t)	15,258	16,263	15,531	17,867	64,918
Gold (oz)	10,669	8,130	10,926	9,548	39,273
C1 cost (US\$/lb)	0.95	1.02	0.97	0.80	0.93

- Strong mine production and milling rates maintained for the Quarter.
- Scheduled full plant maintenance shut-downs were completed in May and June 2018. Copper recovery increased towards the end of the Quarter. Installation of additional concentrate thickener and filter continued with commissioning on track for Q1 FY2019.
- FY2019 guidance: 63-67kt Cu and 37-40koz Au at C1 US\$1.00-\$1.05/lb.
- Updated DeGrussa Mine Plan, Mineral Resource and Ore Reserve completed, underpinning mine life through until CY2022.

Development Projects

- Monty development works progressing on schedule with surface infrastructure completed and Monty decline and lateral development advanced to 2,163m at Quarter-end, behind target of 2,508m. First ore from Monty is on track to be delivered in Q2 FY2019.
- Environmental Impact Statement ("EIS") progressing for the 78%-owned Black Butte Copper Project in central Montana, USA. Rob Scargill appointed as Vice President – Project Development and as Director of Sandfire Resources America Inc.

Exploration

- Multi-pronged exploration programs continuing across Sandfire's Greater Doolgunna Project which, including Joint Venture and Farm-in Agreements, now covers a total area of 6,276km².
- Initial aircore and RC drilling programs completed at the Morck Well Farm-in Project, intersecting narrow zones of sulphide and supergene copper mineralisation. Aircore drilling is continuing at Morck Well and along strike into the Enterprise Farm-In area.

Corporate

- In-principle agreement with Talisman Mining Ltd (ASX: TLM) to acquire Talisman's 30% interest in the Springfield Exploration and Mining Joint Ventures for approximately \$72M in cash plus an ongoing 1% Net Smelter Return (NSR) royalty on future discoveries.
- Acquisition of 14.2% stake (acquired 11 July 2018) in ASX-listed White Rock Minerals Ltd (ASX: WRM), and formation of strategic partnership under which Sandfire and White Rock will collaborate to advance the development of White Rock's high-grade Red Mountain Zinc VMS Project in Alaska.
- Acquisition of 7.7% stake in ASX-listed Adriatic Metals PLC (ASX: ADT), and formation of strategic partnership under which Sandfire and Adriatic will collaborate to advance Adriatic's high-quality zinc exploration and development portfolio in Bosnia-Herzegovina.
- Group cash on hand as at 30 June 2018: \$243 million (unaudited).

1.0 SAFETY PERFORMANCE

The Total Recordable Injury Frequency Rate (TRIFR) for the Sandfire Group at the end of June was 7.1 (March Quarter: 6.4). Recordable injuries include those that result in any days away from work (Lost Time Injuries), those where an employee or contractor cannot perform all or any part of their normal shift (Restricted Duty Injuries), as well as any injury that requires services that only a medical practitioner can provide (Medical Treatment Injuries).

Safety system developments continue to focus on the prevention of incidents and principal hazard management, with the continued roll out of new software to assist in managing and improving the safety culture and the management of risk for both employees and contractors.

2.0 OPERATIONS OVERVIEW

Copper production for the Quarter was 17,867 tonnes (March Quarter: 15,531 tonnes). C1 cash operating costs for the Quarter were US\$0.80/lb.

Mine production for the Quarter was 412,116 tonnes grading 4.7% Cu. During the Quarter, production was sourced from all lenses at DeGrussa.

A total of 391,909 tonnes of ore grading 5.0% Cu was milled for the Quarter, with copper recovery averaging 91.8%.

3.0 MINING & PRODUCTION

3.1 Overview

June 2018 Quarter – Production Statistics		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined	412,116	4.7	1.4	19,518	18,776
	Milled	391,909	5.0	1.6	19,461	20,081
Production		73,941	24.2	4.0	17,867	9,548

Note: Mining and production statistics are rounded to the nearest 0.1% Cu grade and 0.1 g/t Au grade. Errors may occur due to rounding. Production statistics are subject to change following reconciliation and finalisation subsequent to the end of the Quarter.

3.2 Underground Mining

During the Quarter, production was sourced from all lenses at DeGrussa with the mine remaining in balance between production and back-fill.

3.3 Processing

Mill throughput for the Quarter was slightly below forecast due to a number of minor maintenance shut-downs completed throughout the reporting period as well as full plant maintenance shut-downs in May and June. However the throughput tonnage was positively off-set by a higher feed grade. Copper recovery was in line with forecast for the Quarter.

3.4 Projects

The solar farm has been actively producing into the DeGrussa electrical network, providing on average 13.8% of the overall power usage for the June Quarter.

Overall power usage provided by the solar farm for FY2018 averaged 17.2%.

3.5 Guidance – FY2019

FY2019 targeted copper production is expected to be within the range of 63,000-67,000 tonnes of contained copper metal with gold production within the range of 37,000-40,000 ounces. Headline C1 cash operating costs are expected to be within the range of US\$1.00-\$1.05/lb.

Refer to Sandfire's June 2018 Quarterly Presentation (released today) for further detail and guidance on operating parameters, unit costs and planned capital expenditure for FY2019.

4.0 SALES AND MARKETING

4.1 Copper Concentrate Shipments

A total of 72,512 dry metric tonnes of concentrate containing 17,515 tonnes of copper (16,778 tonnes payable) and 10,085 ounces of gold (9,325 ounces payable) was sold for the Quarter.

A total of 260,765 dry metric tonnes of concentrate containing 62,918 tonnes of copper (60,247 tonnes payable) and 38,510 ounces of gold (35,692 ounces payable) was sold for FY2018.

7 shipments were completed from Port Hedland and Geraldton in the Quarter, 25 for FY2018.

5.0 DEVELOPMENT PROJECTS

5.1 Monty Copper-Gold Project

Further progress was achieved for the development of the new satellite Monty Copper-Gold Project during the Quarter, with on-site construction activities progressed and pre-production surface and underground infrastructure installed and in-use.

The underground mining contractor, Byrnecut Australia Pty Ltd, continues to progress Monty development and by Quarter-end the underground decline had advanced to 1,013 metres, compared to a corresponding feasibility study budget of 1,163 metres (13% under budget). Development advance was slowed during the previous two months as remedial ground support activities were undertaken on areas where poorer ground was intersected and pumping capacity was installed to cater for expected water inflows. The key critical activity in the forthcoming quarter will be the development of the Diamond Drill Platform off the Return Airway as part of the broader grade control program in setting up for stoping.

Total development advance was 2,163 metres at Quarter-end, compared to the Feasibility Study schedule of 2,508 metres.

First ore production remains on schedule for late in the December 2018 Quarter, with initial stope production planned to commence in the March 2019 Quarter.

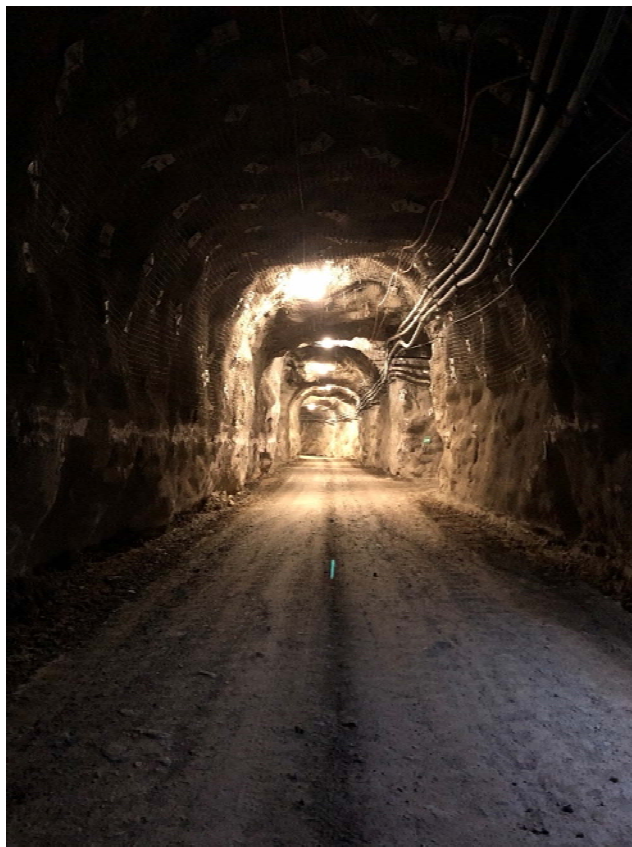


Figure 1: Monty Project decline transition lighting.



Figure 2: Monty Project surface facilities.

5.2 DeGrussa Oxide Copper Project

The initial column test work set up in the previous Quarter has returned encouraging results to support ongoing work focused on the use of glycine in the processing route. These tests were devised to reproduce a heap leach environment.

During the Quarter, the composites created from the RC drilling program in December/January were placed under leaching conditions (glycine and acid), with the first of series of columns terminated in June and the residues sent to ALS Laboratories for QEMSCAN analysis.

Site-based ore sorting is currently being tested, with induction and X-ray sorting tested during the Quarter. Samples of ore and waste have been sent to Nagrom and a sorting program to distinguish high-density (copper bearing) rocks has been created. Final testing is planned to be completed during the September Quarter.

5.3 Black Butte Copper Project, USA (Sandfire: 78%)

Sandfire holds a 78% interest, via North American-listed company Sandfire Resources America Inc (formerly Tintina Resources Inc) (SFR.V: SFR) in the premier, high-grade Black Butte Copper Project, located in central Montana in the United States. The project is being permitted by Tintina Montana Inc, a 100%-owned subsidiary of Sandfire Resources America Inc and is located close to existing road, power and rail infrastructure, with the ability to access a residential workforce located nearby and competitive sources of materials and power. Located on private ranch land, the Black Butte Project copper resource consists of three flat-lying sedimentary hosted copper deposits which have been extensively drilled by Tintina (over 53,000m of diamond drilling).

An Updated Technical Report and Preliminary Economic Assessment (PEA) completed by Tintina in July 2013 was based on reported NI 43-101 Measured and Indicated Resources totalling 15.7Mt grading 3.4% Cu, 0.1% Co and 14g/t Ag for 533,600t of contained copper and Inferred Resources totalling 2.3Mt grading 2.8% Cu, 0.09% Co and 14g/t Ag for 63,500t of contained copper (calculated using a 1.6% copper cut-off grade) for the Johnny Lee Upper Zone and Lowry deposits, and a 1.5% Cu cut-off for the Johnny Lee Lower Zone. This makes Black Butte one of the top-10 undeveloped copper projects worldwide by grade.

The PEA confirmed that the deposit has the potential to underpin a robust underground mining operation with forecast life-of-mine production of ~30,000tpa of copper-in-concentrate over a mine life of ~11 years, based on total mill throughput of 11.8 million tonnes at an average head grade of 3.1% Cu.

Permitting Progress

Preparation of the Environmental Impact Study (EIS) under the supervision of the Montana Department of Environmental Quality (DEQ) is progressing. A draft EIS may be available for public comment in Q2FY2019. The draft Air Permit was issued by DEQ in June and will be incorporated into the EIS.

Bankable Feasibility Study (BFS)

Preparations are well advanced for the Black Butte Copper underground project BFS. In addition to the metallurgical work (discussed below), the Company has contracted SRK Consulting to complete a review of the structural geology of the project. This review will feed in to the initial underground design work. Other work packages required for the BFS are being prepared for tender.

Metallurgical Drilling and Test Work

The 2018 year drilling program has focused on recovering mineralised samples for further metallurgical test work, and to inform the geological model. The drilling focused on the Upper Copper Zone of the Johnny Lee deposit, 16 holes, with two additional holes being drilled in the Lower Copper Zone of the Johnny Lee deposit.

A total of 2,011 kilograms of mineralised core has been prepared for metallurgical testing at Base Metallurgical Laboratories (BML) in Kamloops, British Columbia. The results of this test work will support the design of the proposed process flow sheet for the processing plant which is an integral component of the BFS.

An additional three diamond drill holes were completed outside the known mineralised zones to investigate areas of planned future facilities.

Corporate Activities

In June, the Company completed a restructuring to remove two subsidiaries and, in the process, released US\$1.15 million of restricted funds. The Company now has one wholly owned subsidiary, Tintina Montana Inc, which in turn wholly owns the Black Butte Copper Project.

Management is considering a Rights Issue to fund ongoing permitting costs, continuing the BFS and future drilling activities.

For full details refer to the market release of Sandfire Resources America Inc titled, 'Black Butte Copper Progress Update', dated 25th July 2018, found on the company website www.sandfireamerica.com.

6.0 EXPLORATION

6.1 Overview

Sandfire continues to progress a tightly focused, multi-disciplinary exploration campaign to test for extensions to the known cluster of VMS deposits at DeGrussa and Monty, and to unlock the broader potential of the Doolgunna region for additional VMS and structurally-hosted copper deposits. Key components of the Company's exploration activity during the June Quarter included:

- Completion of first pass drilling programs at the new Morck Well Project, with three Air Core (AC) holes intersecting visible copper mineralisation, including native copper, chalcocite, chalcopyrite and pyrite.
- Reverse Circulation (RC) and Diamond Hole (DDH) drilling at the Enterprise Project to test stratigraphy along-strike to the north-east of mineralisation intersected in AC drilling in the Morck Well project area.
- Completion of infill AC drilling at the Enterprise Project targeted at prospective mafic-sedimentary horizons through the Mount Leak, White Well and Ruby Well prospect areas.
- The completion of an Airborne Versatile Electromagnetic (VTEM) survey over the West Bryah, Enterprise and Yerrida blocks.
- The commencement of diamond drilling at the Ned's Creek Project.

The aggregate exploration metres drilled on Sandfire's wholly-owned and JV tenements during the June 2018 Quarter are summarised below:

Project	AC/RAB Drilling (m)	RC Drilling (m)	UG Diamond Drilling (m)	Surface Diamond Drilling (m)	Total Drilling (m)
Doolgunna (SFR 100%)	-	2,375	-	3,379	5,754
Ned's Creek (SFR 100%)	-	559	-	28	587
Springfield JV (SFR 70%)	4,621	448	-	-	5,069
Enterprise JV (Earn-in)	24,910	1,581	-	626	27,117
Auris JV (Earn-in)	18,041	1,344	-	882	20,267
TOTAL Q4FY2018	47,572	6,307	-	4,915	58,794

6.2 Greater Doolgunna

The Greater Doolgunna Project, which includes the Talisman Joint Venture, the Ned's Creek Project, the Enterprise Metals Farm-in, the Great Western Exploration Farm-in and the Morck Well East and Auris Minerals farm-ins, provides an aggregate contiguous exploration area of 6,276km². This includes over 90km of strike extent in host VMS lithologies. Much of this stratigraphy is obscured beneath transported cover and requires systematic aircore (AC) drilling to test the bedrock geochemistry and identify prospective areas.

6.2.1 Morck Well East Project

Sandfire entered into a farm-in agreement with Auris Minerals Limited (ASX: AUR) for the Morck Well East JV Project, located 22km south-west from DeGrussa, in February 2018. Sandfire can earn up to a 70% interest in five exploration tenements in the eastern portion of the Bryah Basin.

Extensive Programs of AC, RC and DDH were completed at the Morck Well JV project during the Quarter.

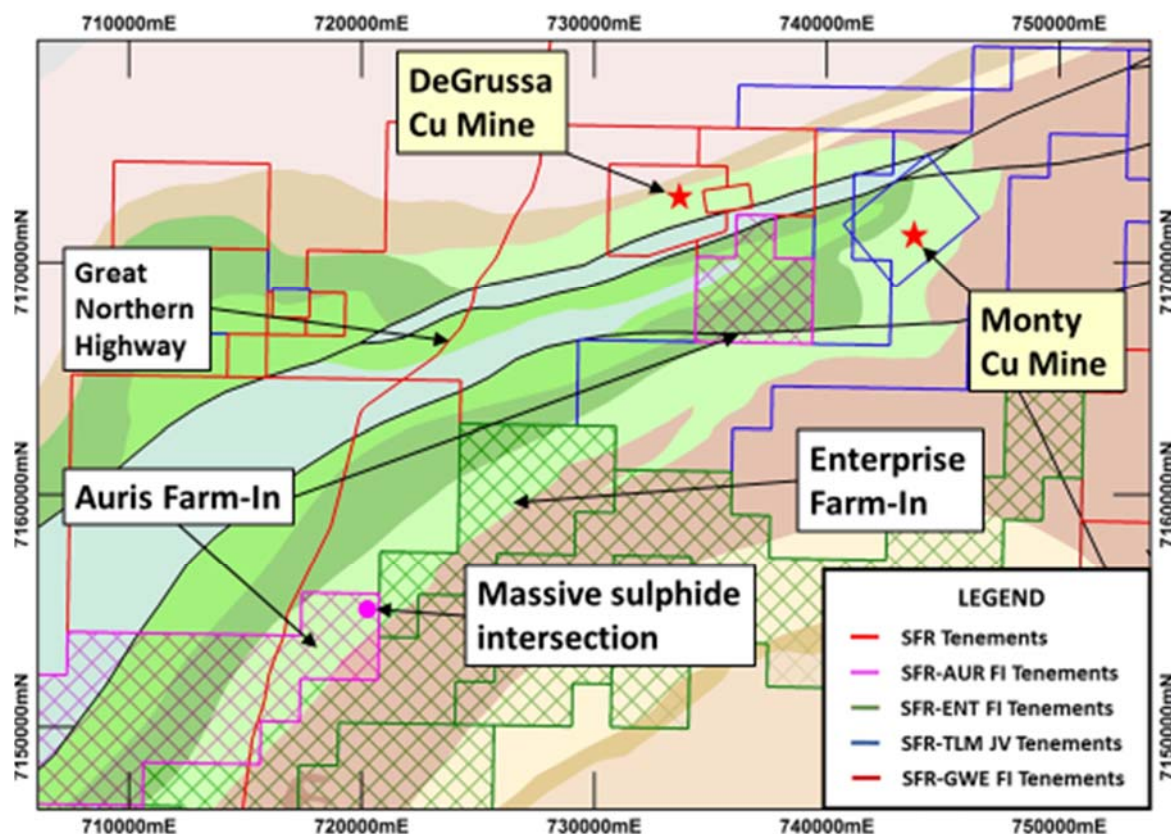
AC drilling in the far north-east of the Morck Well JV area returned narrow zones of supergene and fresh massive sulphide mineralisation, with significant results including:

- MWAC0109 11m at 3.5% Cu from 73m including 3m at 9.5% Cu from 81m
- MWAC0111 6m at 1.3% Cu from 112m including 1m at 4.5% Cu from 113m
- MWAC0112 9m at 2.3% Cu from 146m including 3m at 5.7% Cu from 149m

While the high-grade intersections returned from these AC holes are narrow, the overall tenor and grade of the mineralisation encountered is encouraging and supports continued exploration along this corridor. All intercept lengths are down hole and true widths are not known.

Full details of the holes and assay results were reported in the Sandfire ASX announcement titled, 'Doolgunna Project – Exploration Update', dated 6 June 2018.

Figure 3: Regional Location Plan, Morck Well Project.

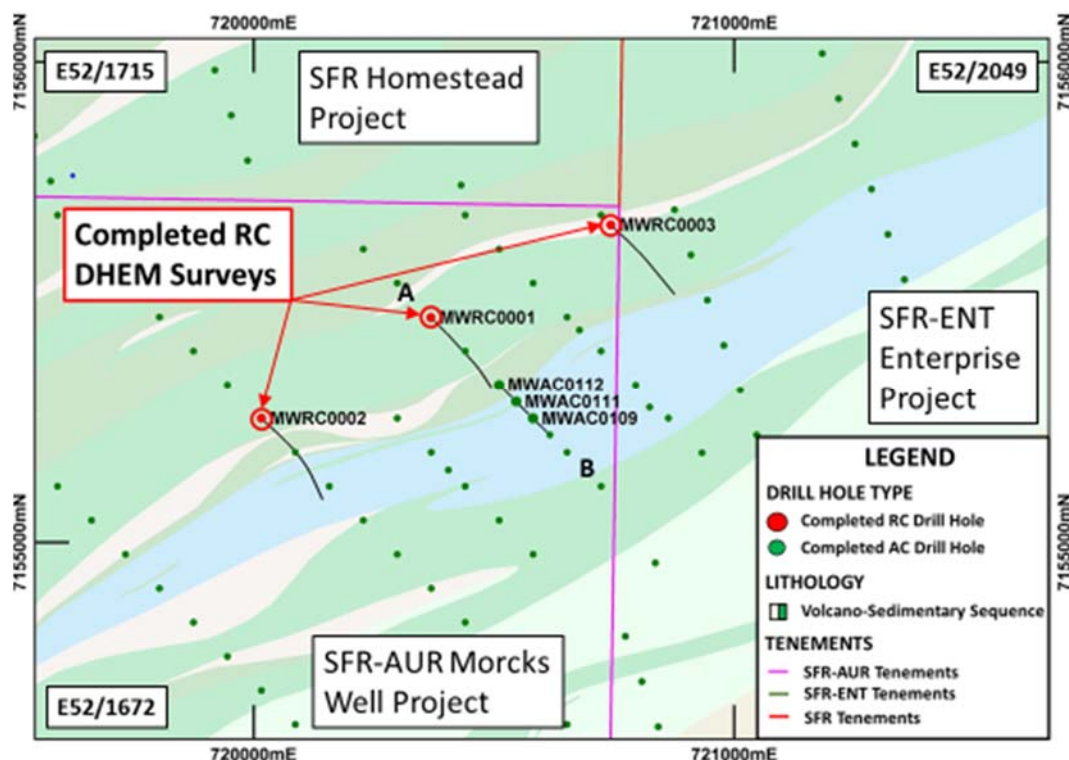


Three deep RC holes were drilled to follow-up the positive AC intercepts. MWRC0001 was designed to intersect a deeper, down-dip extension of significant mineralisation observed in AC drill holes MWAC0109, MWAC0111 and MWAC0112.

MWRC0001 intersected a narrow, one metre interval of minor to moderate pyrite and chalcopyrite and multiple thin horizons of strongly chlorite altered sediments and magnetite-rich exhalite material with minor pyrite and chalcopyrite.

MWRC0002 and MWRC0003 were drilled along strike to the south-west and north-east of MWRC0001 respectively. Both drill holes were targeting deep intersections of the sediment horizon hosting mineralisation in MWAC0109, MWAC0111 and MWAC0112. MWRC0002 intersected the host sediment horizon (MWRC0003 was collared in the Auris tenement and traversed the tenement boundary and drilled into the Enterprise Metals tenement from 55m downhole, see section 6.2.2). No significant mineralisation was observed.

Figure 4: RC Drill-Hole Collar Plan showing RC holes that have been DHEM surveyed.



DDH drilling comprised one hole. MWDD0001 was completed to an end of hole depth of 686.2m and targeted a down-dip extension of mineralisation intersected in shallower AC drilling (MWAC0109, MWAC0111, MWAC0112). MWDD0001 intersected a narrow mineralised zone of semi-massive pyrite with minor remobilised chalcopyrite approximately 60m down-dip of massive sulphide mineralisation intersected in MWAC0112. This intersection was approximately 170m up-dip of the narrow, one metre intersection of pyrite and minor chalcopyrite intersected below in MWRC0001. See Auris Minerals Ltd's ASX announcement, titled 'Morck Well JV Update', dated 20 July 2018.

The intersection of massive sulphide mineralisation in the Karalundi Formation has re-enforced the interpretation that the prospective sequence continues into the Morck Well JV Project area. The mineralisation is present within a similar stratigraphic unit to that seen at DeGrussa and Monty. Down Hole Electromagnetic Surveying has been completed on all RC and DDH drilling. No significant responses of mineralisation were identified in surveying of these drill holes.

Although no mineralisation of economic potential has been identified to date, the intersection of massive sulphides in shallow AC drilling highlights the potential for the Karalundi trend from Homestead, through Vulcan West and moving south-west through the Morck Well Project. Geological interpretation is an ongoing process and will be incorporated with incoming assays, and geophysical datasets to continue to generate a robust interpretation to be used for further targeting.

Deep RC drilling is planned to continue to test deep intersections of the host sediment horizon moving south-west from MWRC0002. Three drill holes are currently planned on 400m line spacing and will provide deep DHEM platforms as well as assist in refining of the geological interpretation.

A large, significant Moving Loop Electromagnetic (MLEM) surveying programme is planned to test the prospective Karalundi Formation throughout the Morck Well Project. This programme is expected to commence and continue throughout the September Quarter.

Regional aircore drilling will continue to target the Karalundi formation throughout the Morck Well Project with the aim of providing high quality geochemistry, assisting with detailed geological interpretation and identifying any further shallow intersections of mineralisation. This programme is expected to continue throughout the September Quarter on a 400m x100m line and hole spacing.

6.2.2 Enterprise Project

Sandfire entered into a Farm-in Agreement with Enterprise Metals Limited (ASX: ENT) in October 2016 to earn up to a 75% interest in Enterprise's Doolgunna Project, which adjoins Sandfire's Doolgunna tenements to the south. The Enterprise tenements cover over 60km of strike of the southern boundary of the Bryah Basin and the northern part of the Yerrida Basin. The southern Bryah Basin contains the Narracoota/Karalundi Formations which host the DeGrussa and Monty copper-gold deposits. The Company considers that the Enterprise tenements offer the potential for new copper-gold discoveries.

DDH, RC and AC drilling was conducted at the Enterprise Project during the June Quarter.

Four RC drill holes and two DDH holes were completed Homestead – Vulcan - Vulcan West area. The drilling during the Quarter has focussed on tracking and defining the prospective Karalundi sediments from Homestead through to Vulcan West and providing downhole EM platforms within the most prospective areas. This particular trend has shown abundant evidence of a fertile VMS system, with prospectivity generally increasing to the south-west.

One DDH drill tail was completed on MWRC0003 (see figure 4), located approximately 400m to the north-east of MWRC0001. MWRC0003, which was collared on an Auris tenement, was completed to 644m. The hole is located along strike from the intercepts at MWRC0001, MWAC0109, MWAC0111 and MWAC0112.

DDH drilling extended the hole through the remaining host sediments and into the interpreted footwall dolerite and a deeper sediment package below. Although no significant mineralisation was observed, trace disseminated and remobilised pyrite and chalcopyrite was intersected throughout the drill hole.

Regional AC drilling was completed on initial 800m x 100m lines at the Mount Leake, White Well, and Ruby Well Prospects and additional infill AC drilling occurred in the Vulcan West Prospect providing greater coverage over the prospective host horizon. Select RC follow up drilling will occur where AC penetration was poor and where anomalous geochemical results are returned from AC drilling.

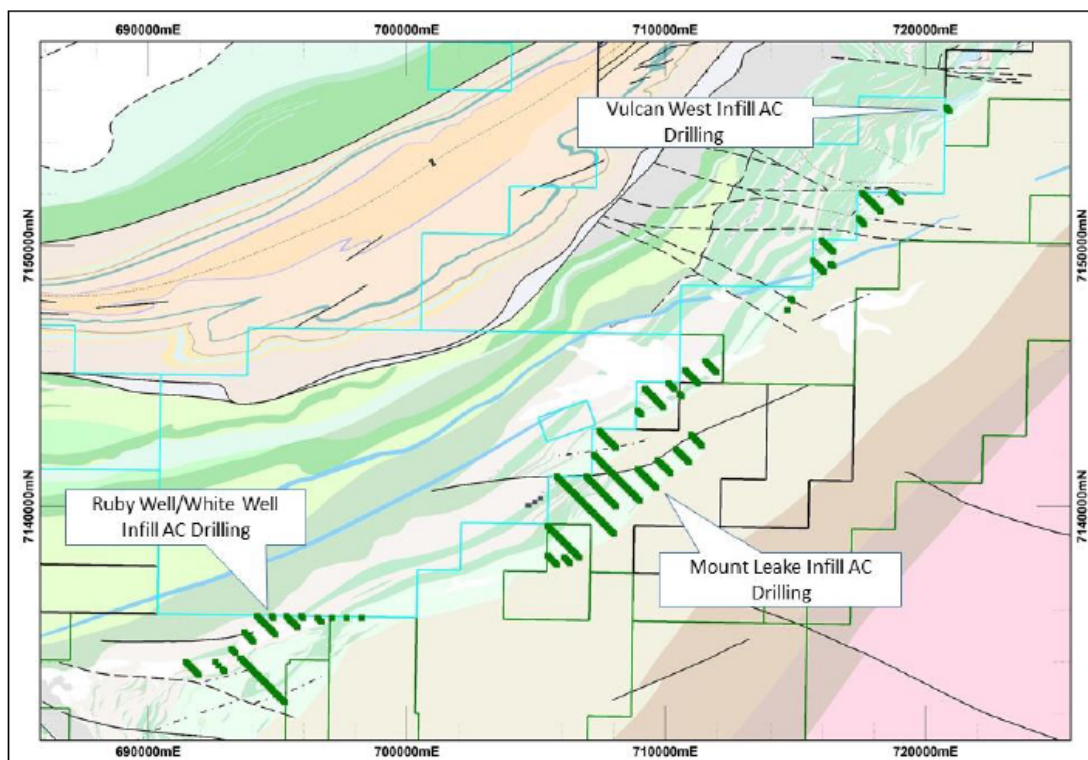


Figure 5: Completed drilling across the ENT farm in JV tenements during the Quarter.

6.2.3 Doolgunna Project – 100% Sandfire

DDH drilling was ongoing during the Quarter with six DDH holes undertaken at Homestead and two at Airstrip West. The drilling at Homestead focussed on providing geological context in the broader Homestead – Vulcan West – Morck Well area. At Airstrip West the drilling followed up anomalism from previous work. All holes were used as platforms for DHEM.

RC drilling included pre-collars for the DDH drilling (as above) and there was an additional four RC holes completed targeting the Jenkins and Homestead Prospects. The Jenkins drilling confirmed the location of the prospective sequence and intersected exhalative sediments with minor disseminated pyrite. The Homestead drilling continued to inform the geological interpretation in an area of interpreted structural complexity.

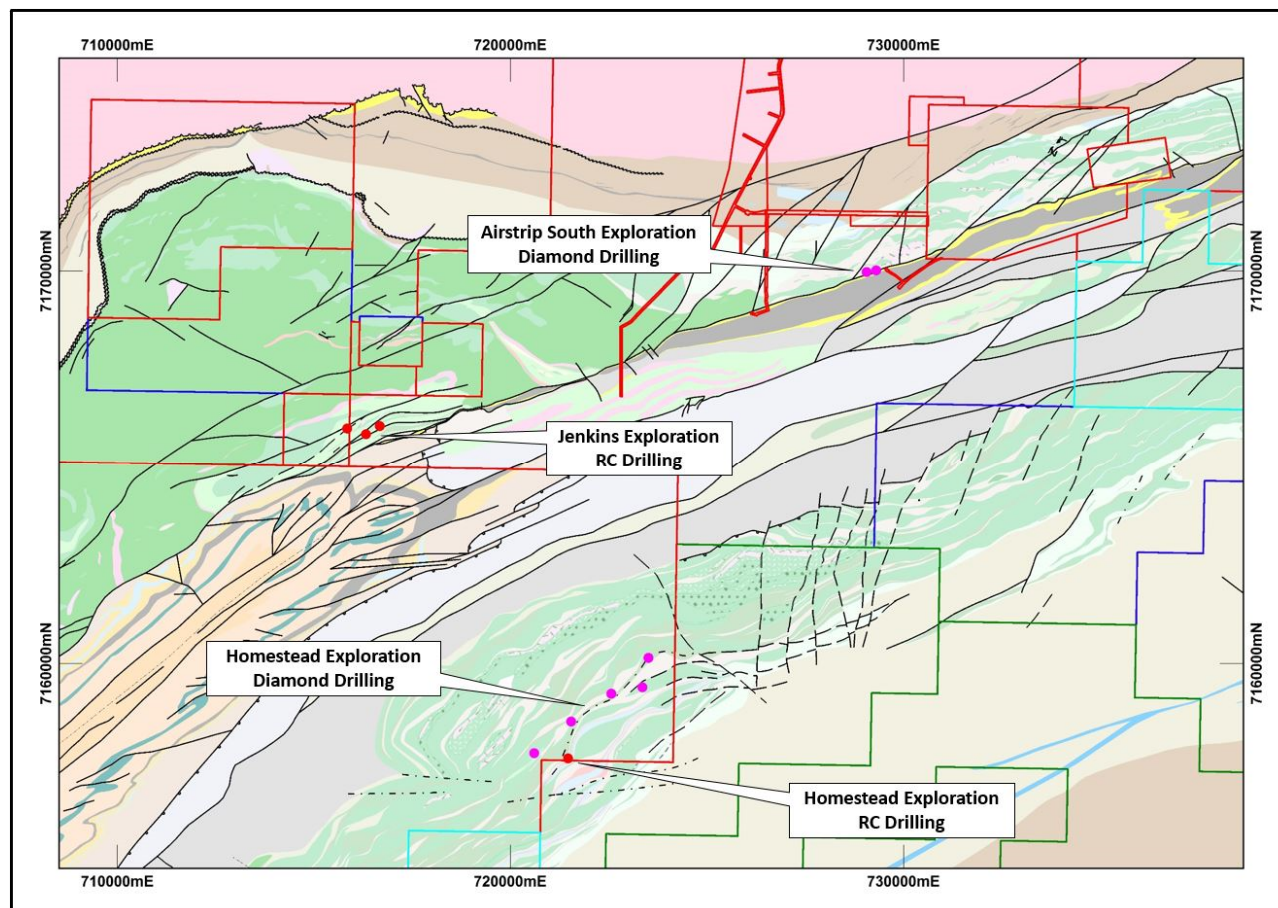


Figure 6: Completed drilling across the SFR Doolgunna tenements during the Quarter.

6.2.4 Springfield Joint Venture – 70% Sandfire

The Springfield Joint Venture Project comprise the Springfield, Halloween and Halloween West Projects, which about Sandfire's DeGrussa-Doolgunna tenements. The projects are being explored under a Joint Venture agreement with Talisman Mining Limited (ASX: TLM) under which Sandfire has earned 70%.

Activities at the Springfield Joint Venture during the Quarter were focused on the completion of infill AC drilling along the Southern Volcanics prospect, and RC drilling of a weak geochemical anomaly identified in previous drilling at Homer. In addition to this on-ground exploration, a project-wide review of surface and downhole geophysical data was completed.

AC drilling undertaken along the Southern Volcanics prospect was targeted at providing additional information over newly interpreted prospective host horizons.

A single RC was completed at Homer to test a mild geochemical anomaly. No significant mineralisation was encountered.

A review of all available surface and down-hole electromagnetic geophysical survey data (DHEM) was completed by an independent consultant group (Resource Potentials).

The review concluded that the design and execution of this geophysical surveying was fit for purpose and that ongoing interpretation has been to a high standard. One additional RC hole with a DDH tail will be drilled in the September Quarter to test a low confidence, single component DHEM anomaly that was modelled as a part of the review.

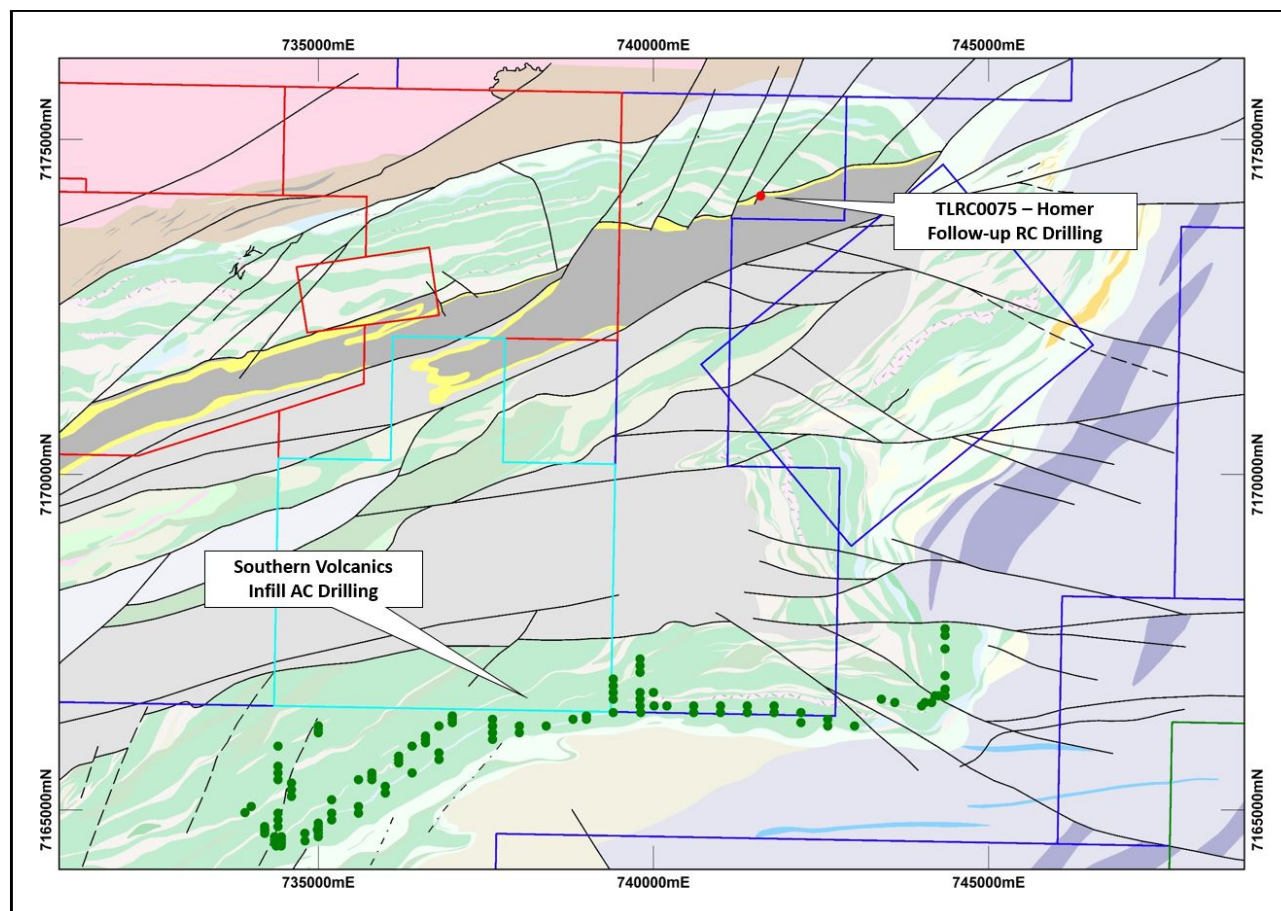


Figure 7: Completed drilling across the SFR-TLM Joint Venture tenements during the Quarter.

6.2.5 Ned's Creek Project (including Thaduna)

The Ned's Creek Project comprises over 900km² of prospective geology and surrounds the historical Thaduna Project, which is located 40km east of DeGrussa and represents the largest copper resource in the Doolgunna-Bryah Basin Region outside of Sandfire's DeGrussa-Doolgunna Project.

DDH drilling commenced at the Ned's Creek Project during the June Quarter, with the program designed to test a strong geophysical conductor identified through the inversion of VTEM data over Ned's Creek. The hole was ongoing at the end of the Quarter.

RC drilling of pre-collars for additional DDH drilling targeting geophysical anomalies in the September Quarter was completed.

6.2.6 Yerrida North Project

Sandfire entered into a Farm-in Agreement with Great Western Exploration Limited (ASX: GTE) in April 2017 to earn up to an initial 70% interest in GTE's Northern Yerrida tenements, located 25km south of the DeGrussa mining operation. Sandfire has the right to farm into 11 of GTE's Exploration Licenses in the Northern Yerrida basin, Western Australia, covering a total area of 1,560km².

Sandfire commenced a VTEM geophysical survey that included the Yerrida North JV area during the Quarter. The survey has been flown at 200m line spacing and will cover a large portion of the Yerrida North JV area. The survey has successfully mapped highly variable conductive terrain, and will aid in exploration within the Yerrida North JV project, where Sandfire is targeting VMS mineralisation similar to DeGrussa.

7.0 AUSTRALIAN EXPLORATION

Sandfire has a number of exploration interests and joint ventures around Australia exploring for base and precious metals. The exploration programs are focused on prospective terranes with the potential for discovery of a significant new deposit that can be developed.

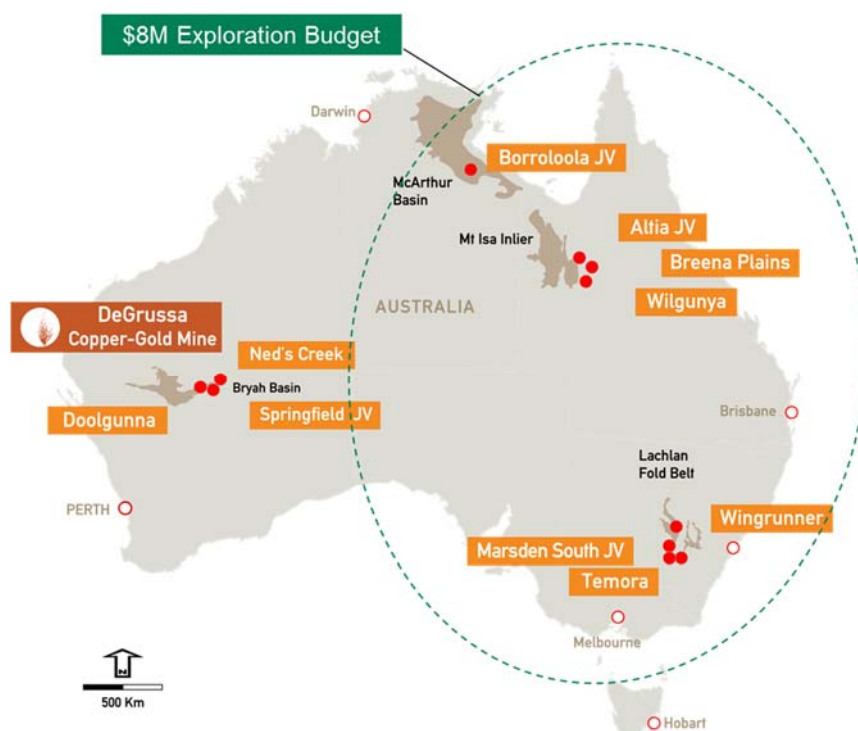


Figure 8: Sandfire's Eastern Australian Projects.

7.1 New South Wales Projects

A number of 100%-owned project areas are held in the Lachlan Fold Belt of New South Wales which are prospective for porphyry copper-gold mineralisation as found at Northparkes (China Moly), Cadia (Newcrest) and Cowal (Evolution). A farm-in agreement to earn up to 80% is held with Gold Fields Australasia Pty Ltd on the Marsden South Project.

7.2 Northern Territory - Borroloola Project

The Borroloola Project is located north of the McArthur River Mine (Xstrata), and is prospective for base metals and sedimentary manganese. Sandfire has signed two farm-out agreements to advance the Borroloola Project. The Batten Trough JV covering the eastern portion of the tenements is under an option and joint venture agreement with MMG Exploration Pty Ltd, which can earn up to an 80% interest. The Borroloola West JV covering the western portion is under an agreement with Pacifico Minerals Ltd, which has now earned a 51% interest in the Project and Sandfire is a contributing 49% JV partner.

7.3 Queensland Projects

A number of projects are held in the eastern succession of the Mount Isa region south and east of Cloncurry in northwest Queensland which are prospective for Broken Hill type (BHT) lead-zinc-silver deposits such as the Cannington deposit (South 32) and the Ernest Henry iron oxide-copper-gold (IOCG) deposits (Xstrata). A Joint Venture is held over the Altia project with Minotaur Exploration Ltd (ASX: MEP) with the right to earn 80%.

8.0 CORPORATE

8.1 Agreement to acquire Talisman's 30% interest in the Springfield Joint Ventures

Sandfire has reached in-principle agreement with Talisman to acquire Talisman's 30% interest in the Springfield Exploration and Mining Joint Ventures in the Doolgunna region of WA for approximately \$72 million in cash plus an ongoing 1% Net Smelter Return (NSR) royalty on future discoveries at Springfield Joint Ventures (NSR Royalty).

Consolidation of 100% ownership of the Monty copper-gold mine and surrounding exploration tenure strengthens Sandfire's exploration and development pipeline in the Bryah Basin. The Springfield Joint Ventures include the Monty copper-gold deposit, currently being developed as a new satellite underground mine to feed Sandfire's nearby DeGrussa Copper-Gold Mine (the Springfield Mining Joint Venture) and the surrounding exploration tenements (the Springfield Exploration Joint Venture). The package also includes Talisman's interest in the Halloween West Project.

Under the agreement, Sandfire will acquire 100 per cent of the shares in Talisman A Pty Ltd (Talisman A), a 100%-owned Talisman subsidiary that holds its joint venture interests in the Springfield and Halloween West Projects. Sandfire will fund the acquisition from existing cash reserves on hand of \$188 million (as at 31 March 2018).

Completion of the transaction is subject to the following conditions:

- Satisfactory completion of limited confirmatory corporate, legal and commercial due diligence;
- Taurus Mining Fund and certain other Taurus parties providing consent to Sandfire's acquisition of the shares in Talisman A, the grant to Talisman of the NSR Royalty and the Taurus Royalty remaining on foot on appropriate commercial terms satisfactory to Sandfire and otherwise with such modifications as Sandfire and certain Taurus parties agree;
- Execution of a binding share sale agreement in respect of the Talisman A shares; and
- Talisman shareholder approval at a General Meeting proposed to be convened by the Board of Talisman with the resolution being appropriately recommended and supported by the Talisman board and major shareholders.
- Subject to final confirmation from ASX, Sandfire expects that the transaction will be subject to approval by at least 50% of Talisman shareholders at an Extraordinary General Meeting (EGM).

The Board of Talisman unanimously supports the proposed Transaction. Talisman has also advised Sandfire that Talisman's largest shareholder, Mr Kerry Harmanis, supports the proposed Transaction.

By the end of the Quarter, further progress had been made by Sandfire and Talisman in negotiating the transaction documents, including the Share Sale Agreement and NSR Royalty Agreement, however, they have not yet been agreed.

In addition, discussions between Sandfire and the Taurus parties regarding the continuation of Taurus' existing royalty over Talisman's 30% share of Monty are continuing.

Consequently, Sandfire and Talisman have agreed to extend the Term Sheet for the proposed transaction so that the new deadline for preparation and execution by Talisman and Sandfire of a Share Sale Agreement and NSR Royalty Agreement is 28 July 2018.

8.2 Strategic investment in Adriatic Metals PLC

Sandfire has acquired a cornerstone investment with Adriatic Metals PLC (ASX: ADT). Adriatic recently completed a heavily oversubscribed initial public offer (IPO) raising \$10 million, of which Sandfire subscribed for \$2 million for a relevant interest of 7.7%. Sandfire is now Adriatic's largest shareholder.

In addition, Sandfire and Adriatic have entered into a strategic partnership agreement under which Adriatic will have access to Sandfire's significant technical expertise to develop its Veovaca and Rupice polymetallic projects in Bosnia Herzegovina, as well as further strategic support to unlock the potential from Adriatic's regional exploration portfolio.

Adriatic and Sandfire have formed a strategic technical committee to oversee the strategy and implementation of the exploration and development of these Projects.

As part of the strategic relationship and subject to the waiver or satisfaction of any applicable listing rules of the ASX, Sandfire will hold an anti-dilution right that shall, subject to a number of conditions, enable it to maintain its interest at the Strategic Shareholding.

Sandfire shall also be entitled to nominate one director to the Board of the Company as a non-executive director should Sandfire's relevant interest reach and be maintained in excess of 10%.

8.3 Strategic investment in White Rock Minerals Limited

Subsequent to Quarter end, Sandfire acquired a cornerstone 14.2% investment (12.7% as at 27 July 2018) in White Rock Minerals Limited (ASX: WRM), with the parties also agreeing to formalise a strategic relationship in relation to White Rock's globally significant high-grade Red Mountain Zinc VMS Project in Alaska.

The strategic relationship comprises the following elements:

- A\$2.5 million equity placement – a placement of 208,333,334 fully paid ordinary shares in White Rock at A\$0.012 (1.2 cents) per share and the issue of 104,166,667 unlisted options to subscribe for White Rock shares to raise A\$2.5 million. The options have an exercise price of A\$0.02 (2 cents) and expire 3 years from the date of the agreement.
- Technical Collaboration with the formation of a technical committee for the purposes of collaborating in connection with the Red Mountain Project including identifying best options for advancement of the Project.
- Option for Earn-in and Joint Venture over Red Mountain Project – Sandfire will have the right and exclusive option to enter into an earn-in joint venture agreement in relation to the Red Mountain Project, which option may be exercised prior to 31 December 2018. If the option is exercised, the parties will negotiate, agree the form of and enter into an earn-in and joint venture agreement.
- Anti-dilution Protection – an anti-dilution right enabling Sandfire to maintain its interest in White Rock, subject to obtaining an appropriate ASX waiver.
- Board Nomination Right – a board nomination right enabling Sandfire to nominate a non-executive director to White Rock's Board should Sandfire's shareholding interest in White Rock reach 15%.

8.4 Cash position

Company cash on hand as at 30 June 2018 totalled \$238 million (unaudited). Group cash on hand as at 30 June 2018 totalled \$243 million (unaudited).

8.5 Finance Facility

Sandfire's financing arrangements continue to be provided under a secured loan facility with ANZ and are secured by a fixed and floating charge over the Company's assets. Aside from minor borrowings under a bonding facility there is no debt drawn under these facilities and the available amount to be drawn remains nil. The facilities expire on 3 August 2018 unless extended by mutual agreement.

8.6 Investor Call and Webcast

A teleconference on the Quarterly results will be held for the investment community on Friday 27th July commencing at 10.00am (AWST) / 12.00pm (AEST). Investors, brokers, analysts and media can join the teleconference by dialling the following numbers:



Within Australia (Toll Free):	1 800 558 698
Alternate Australia Toll Free:	1 800 809 971
International:	+61-2 9007 3187

Conference ID:	544507
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The Quarterly Report and an accompanying slide presentation will be available via the ASX Company Announcements Platform (ASX code: SFR) as well as at Sandfire's website at www.sandfire.com.au.

A live webcast of the teleconference and synchronised slide presentation will also be available via the BRR Media service website at <http://webcasting.brrmedia.com/broadcast/5b2aeaa449e38c1023dbd10f>.

ENDS

For further information, please contact:

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Competent Person's Statement – Exploration Results Doolgunna

The information in this report that relates to Exploration Results at Doolgunna 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 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 Bamforth 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 DeGrussa and Monty

The information in this report that relates to Mineral Resources is based on information compiled by Mr Callum Browne who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Browne is a permanent employee of Sandfire Resources NL 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 Browne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Monty Mineral Resource is based on information compiled by Mr Ekow Taylor who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Taylor was a permanent employee of Sandfire Resources NL at the time of Mineral Resource compilation 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 Resource and Ore Reserve. 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 – Ore Reserves

The information in this report that relates to Ore Reserves 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 NL 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.

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.

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.

JORC Compliance Statement

A summary of the information used in this release is as follows.

The DeGrussa VHMS (volcanic-hosted massive sulphide) copper-gold deposit is located 900 kilometres north of Perth and 150 kilometres north of Meekatharra in the Peak Hill Mineral Field. The system is hosted within a sequence of metasediments and mafic intrusions situated in the Bryah Basin that have been metamorphosed and structurally disrupted.

The sulphide mineralisation consists of massive sulphide and semi-massive sulphide mineralisation. Primary sulphide minerals present are pyrite, chalcopyrite, pyrrhotite and sphalerite, together with magnetite. The sulphide mineralisation is interpreted to be derived from volcanic activity. The deposit shares characteristics with numerous VHMS deposits worldwide.

DeGrussa is located wholly within Mining Lease 52/1046. This tenement is subject to the Yugunga-Nya (WC99/046) and Gingirana Claims (WC06/002). A Land Access Agreement was executed with both claimant groups in November 2010. Sandfire is required to make royalty payments to the State and affected Native Title Claimants on a periodical basis.

Drilling of the DeGrussa massive sulphide lens (of which there are four defined lenses of mineralisation) and surrounding area is by diamond drill holes of NQ2 diameter core and, to a lesser extent, by Reverse Circulation (RC) face sampling hammer drilling.

The nominal drill-hole spacing is less than 80m x 40m in the inferred areas of the Mineral Resource and increases in density as the classification increases to Measured where nominal 13m x 20m drill hole spacing is achieved. Drilling has been by conventional diamond drilling with a small number holes aided by the use of navigational drilling tools. RC drilling was completed with a nominal 140mm face sampling hammer and split on a cone or riffle splitter. Drill-hole collar locations were surveyed using RTK GPS, and all holes were down-hole surveyed using high speed gyroscopic survey tools.

Sampling of diamond core was based on geological intervals (standard length 0.5 m to 1.3 m). The core was cut into half or quarter (NQ2) to give sample weights up to 3 kg. RC samples were 1.0m samples down-hole, with sample weights between 3.5kg and 7kg depending on material type. Field quality control procedures involved assay standards, along with blanks and duplicates. These QC samples were inserted at an average rate of 1:15.

The sample preparation of diamond core involved oven drying, coarse crushing of the core sample down to ~10 mm followed by pulverisation of the entire sample to a grind size of 90% passing 75 micron. A pulp sub-sample was collected for analysis by either four acid digest with an ICP/OES, ICP/MS (multi element) finish or formed into fused beads for XRF determination on base metals and a fire assay for Au.

All reported assays have been length weighted. No top-cuts have been applied. A nominal 0.3% Cu lower cut-off is applied. High grade intervals internal to broader zones of sulphide mineralisation are reported as included intervals.

The attitude of the ore bodies at DeGrussa is variable but there is a dominant southerly dip from ~40 to 90 degrees flat-lying and is drilled to grid west with drill holes inclined between -60 and -90 degrees. As such the dominant hole direction is north and with varying intersection angles all results are clearly defined as either down hole or approximate true width.

Density of the massive sulphide orebody ranges from 2.8g/cm³ to 4.9g/cm³, with an average density reading of 3.7g/cm³. Geotechnical and structural readings recorded from diamond drilling include recovery, RQD, structure type, dip, dip direction, alpha and beta angles, and descriptive information. All data is stored in the tables Oriented Structure, Geotechnical RQD, Core Recovery, Interval Structure as appropriate.

A suite of multi-element assays are completed on each mineralised sample and include all economic and typical deleterious elements in copper concentrates. This suite includes Cu, Au, Ag, Zn, Pb, S, Fe, Sb, Bi, Cd and As.

Regional drilling has been completed using a combination of RC and AC drilling. A majority of the drilling is preliminary in nature and starts with 800m x 100m AC drilling where the geology and geochemistry is revaluated to determine the requirement for follow 400m x 100m drilling. If significant anomalism is identified in the AC drilling then follow up RC drilling will be conducted to determine the opportunity for delineating potentially economic mineralisation. Whilst the main aim of the exploration at Doolgunna is to identify additional VHMS mineralisation in some areas of regional land holding it is currently interpreted that there is shear zones located on the contact between dolerite and sediments hosting auriferous quartz vein stockworks with some coincident copper.

AC and RC regional samples are prepared at Ultra Trace in Perth with the original samples being dried at 80° for up to 24 hours and weighed, and Boyd crushed to -4mm. Samples are then split to less than 2kg through linear splitter and excess retained. Sample splits are weighed at a frequency of 1/20 and entered into the job results file. Pulverising is completed using LM5 mill to 90% passing 75µm. Assaying is completed using a Mixed 4 Acid Digest (MAD) 0.3g charge and MAD Hotbox 0.15g charge methods with ICPOES or ICPMS. The samples are digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric acids and conducted for multi elements including Cu, Pb, Zn, Ag, As, Fe, S, Sb, Bi, Mo. The MAD Hotbox method is an extended digest method that approaches a total digest for many elements however some refractory minerals are not completely attacked. The elements are then determined by ICPOES or ICPMS finish. Samples are analysed for Au, Pd and Pt by firing a 40g of sample with ICP AES/MS finish.