



OPERATIONS UPDATE

- **DeGrussa Operations, Western Australia:** FY2020 guidance of 70-72,000t contained copper and 38-40,000oz contained gold at C1 unit costs ~\$0.90/lb following strong production for the first half of the June 2020 Quarter.
- **Tshukudu Project, Botswana:** Continued progress with the T3 Copper-Silver Project Optimised Feasibility Study and further strong exploration results from the resource drill-out at the A4 discovery (the first of several priority exploration targets).
- **COVID-19 Response:** Maintaining distancing controls and awareness for our people and supply chain and assessing impacts on the timing of our international growth projects.

Sandfire Resources Limited (ASX: SFR; **Sandfire** or **the Company**) is pleased to provide an update across its operating and development projects in Australia, Botswana and North America.

DeGrussa Operations, Western Australia

The Company's DeGrussa Operations in Western Australia continue to operate at full capacity, with strong mine production and milling rates maintained during the first half of the June 2020 Quarter.

The health and well-being of our people, contractors and stakeholders is of paramount importance and Sandfire has implemented, and will continue to proactively implement, appropriate protocols to minimise the potential transmission of COVID-19.

The COVID-19 pandemic and its various management and operational challenges have tested Sandfire's business, its people and culture, and it is pleasing to note that the Company's performance has remained strong throughout this challenging period. Sandfire's COVID-19 Working Group has dealt professionally with the direct and indirect risks, impacts and challenges that this unprecedented pandemic has brought.

The DeGrussa Operations have been well protected through this professional approach, assisted by its natural isolation in central Western Australia. The Company has been able to maintain employment, critical consumables and spares, while preserving our supply chains, sales routes and customer contracts.

With production of 9,932t of contained copper and 6,500oz of contained gold for the first half of the June 2020 Quarter (to 15 May 2020), the Company is on track for a strong finish to FY2020. Year-to-date production for FY2020 (to 15 May 2020) now stands at 62,856t of contained copper and 35,222oz of contained gold.

Given the strong performance for the first half of the June 2020 Quarter, FY2020 production guidance is 70-72,000t of contained copper and 38-40,000oz of contained gold at a C1 unit cost of ~\$0.90/lb.

While the global COVID-19 pandemic has required the Company to adjust some of its usual operating procedures, the direct impact to date has been limited to social distancing and additional risk mitigation strategies. The impact on operating costs has also been minimal and continued strong operating performance is expected to further drive low C1 headline unit costs for FY2020.

Following the release of the updated Ore Reserve and Mineral Resource for the DeGrussa Operations (refer ASX release dated 17 April 2020) the Company is integrating these results into its mine planning. The outputs of this planning will drive budget, life-of-mine planning and market guidance into FY2021.

Tshukudu Project, Botswana

Optimisation of the Feasibility Study for the T3 Copper-Silver Project in Botswana is continuing, focused on mine design and planning, plant engineering, power supply, site infrastructure and operating costs. As previously advised, the decision to mine and any subsequent commencement of development activities at T3 has been delayed due to the impact of COVID-19 on global supply chains, tendering and construction activities.

Exploration in Botswana continued up until late March 2020, when all drilling and exploration activities were suspended in compliance with the lockdown imposed by the Botswana Government and medical authorities in response to the COVID-19 pandemic.

This shutdown was subsequently extended into May 2020 while the country evidenced initial low rates of infection. Drilling activities are expected to recommence at the emerging A4 Dome discovery, located just 8km from the proposed T3 Production Hub, by early June with the phased easing of restrictions.

The Company has today separately released additional drilling results for A4 and provided an update on the anticipated resumption of exploration activities in Botswana, as well as details of its recent acquisition of a significant block of exploration licenses in Namibia from ASX-listed Kopore Metals Ltd. Refer to the Company's Tshukudu Exploration Update ASX Announcement dated today, 25 May 2020, for more details.

Management Comment

"With our focus in recent months on dealing with the immediate impacts of the COVID-19 pandemic, I am delighted to say the organisation has responded incredibly well and the strength of our people, systems and culture has shone through," said Sandfire's Managing Director and CEO, Karl Simich.

"The DeGrussa Operations continue to perform strongly, and we are on track based on mid-June 2020 Quarter production numbers for a strong finish to the 2020 financial year.

"On other fronts, we are also looking forward to the imminent re-commencement of drilling at the exciting A4 Dome discovery in Botswana and to progressing the Optimised Feasibility Study on the T3 Project. Drilling programs have also continued at the Greater Doolgunna Project in Western Australia and, in the USA, the recent positive Record of Decision for the Black Butte Project in Montana has paved the way for us to complete the Feasibility Study.

"There is a lot going on across the business as we continue to build on the robust foundations at DeGrussa and leverage off our strong, debt-free balance sheet to realise our vision of becoming a multi-asset international base and precious metals company."

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For further information contact:

Sandfire Resources Limited
Karl Simich – Managing Director/CEO
Office: +61 8 6430 3800

Read Corporate
Mobile: +61 419 929 046 (Nicholas Read)

Forward-Looking Statements

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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.

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