



ASX/Media Release

9 December 2010

SANDFIRE SECURES DEGRUSSA MINING LEASE

MINING AND CONSTRUCTION ON TRACK TO COMMENCE IN Q2 OF 2011

HIGHLIGHTS

- **Mining Lease 52/1046** for the DeGrussa VMS Copper-Gold Project formally granted by the WA Department of Mines and Petroleum (DMP)
 - **Second Land Access Agreement** signed with Gingirana Native Title claimant group, following recent signing of a similar agreement with the Yugunga Nya Native Title Group
 - **Definitive Feasibility Study (DFS)** on track and due for completion in Q2 of CY 2011, paving the way for commencement of construction, underground mining and pre-stripping of the open cut in Q2 of CY 2011
 - **\$102M capital raising** to put Sandfire in a strong position to commence the DeGrussa development
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Sandfire Resources NL (ASX: **SFR**; "Sandfire") is pleased to announce that the Mining Lease for its 100%-owned **DeGrussa Copper-Gold Project** has been formally granted by the West Australian Department of Mines and Petroleum (DMP), paving the way for development and mining to commence next year.

The grant of Mining Lease 52/1046, which covers all four high-grade VMS copper deposits discovered to date at DeGrussa together with the proposed 1.5Mtpa treatment facility, accommodation village and other supporting infrastructure, represents a major milestone for the Company and a key step towards production.

Sandfire is on track to commence mining and construction at DeGrussa next year and achieve its key targets of:

- *completing the Definitive Feasibility Study on the DeGrussa Project in Q2 of calendar year (CY) 2011;*
- *commencing underground mining in Q2 of CY 2011 with excavation of a box-cut and development of a decline portal;*
- *commencing pre-strip of the DeGrussa open cut, to extract the high-grade copper and gold resources which lie directly above the primary underground orebodies in Q2 of CY 2011;*
- *commencing construction of the 1.5Mtpa processing plant and associated infrastructure, subject to finance, in Q2 of 2011; and*
- *commencing production of first Direct Shipping Material ("DSO") from the open pit in Q4 of 2011.*



The grant of the Mining Lease follows the signing of a second Land Access Agreement with the Gingirana Native Title claimant group, following the recently announced signing of a similar agreement with the Yugunga Nya Native Title group (see ASX Announcement – 29 November 2010).

It also follows the Company's announced total \$102 million capital raising, with the closure on 8 December 2010 of the 1-for-12 retail entitlement offer, which is expected to raise \$37 million. The completion of this capital raising will increase Sandfire's cash resources to approximately **\$135 million**, putting it in a very strong position to rapidly press ahead with development of the DeGrussa Project.

Sandfire's Managing Director, Mr Karl Simich, said the grant of the DeGrussa Mining Lease was a very important milestone for the Company which marked an appropriate end to a year of great success and achievement.

"This is a fantastic early Christmas present for our team which brings the year to a suitably upbeat and forward-looking conclusion," Mr Simich said.

"During 2010, we have delivered four successive JORC resource statements at DeGrussa, increasing our resource inventory to 644,000 tonnes of copper and 724,000 ounces of gold, commenced a Definitive Feasibility Study and pre-development activities, secured two key Land Access Agreements with native title groups and now secured the Mining Lease to enable project development to proceed.

"We have also raised over \$170 million in equity capital and increased our market capitalisation beyond \$1 billion, putting us in a very strong position to become Australia's next copper-gold producer. I would like to take this opportunity to congratulate our team for this extraordinary effort as we gear up for a significant year of delivery in 2011."

ENDS

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Competent Person's Statement

The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by John Evans who is a Fellow of the Australasian Institute of Mining and Metallurgy. John Evans is a permanent employee and director of Sandfire Resources NL 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. John Evans consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

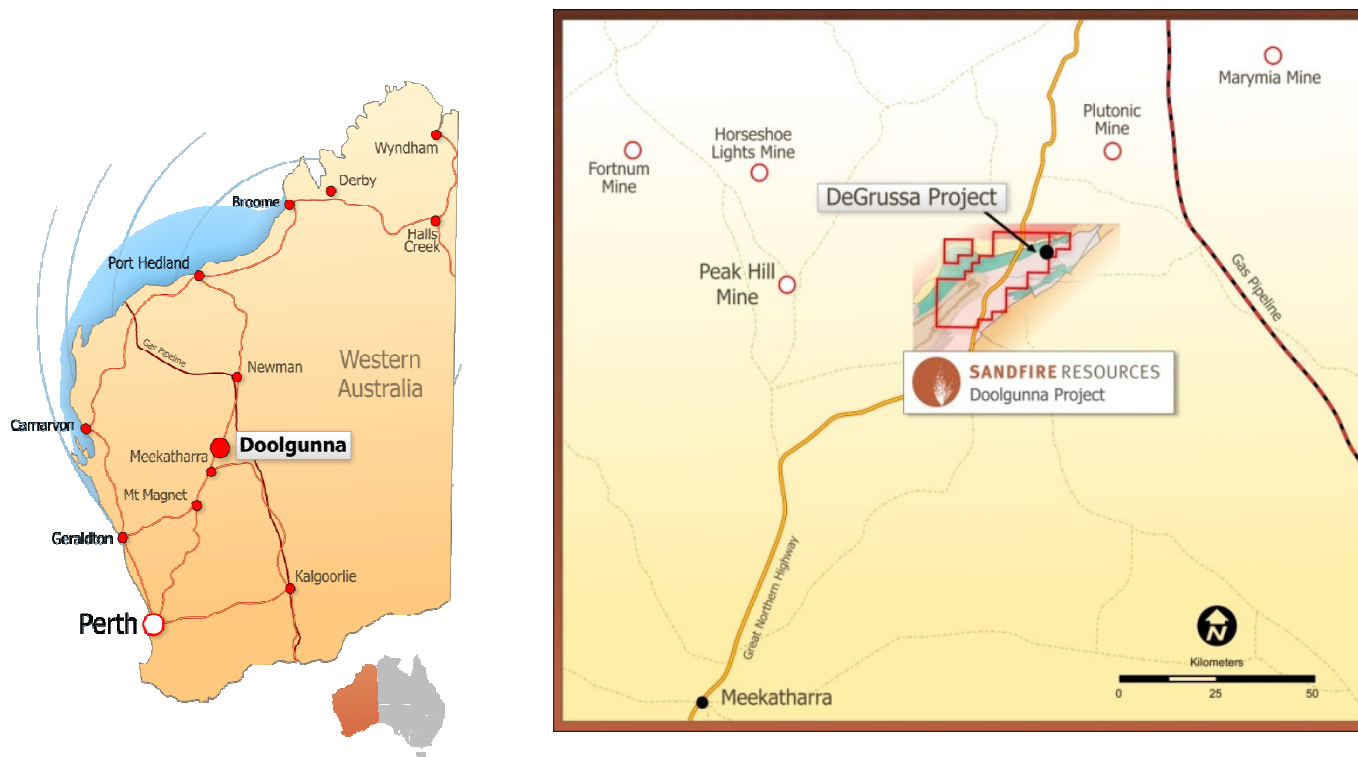
Forward-Looking Statements

Certain statements made during or in connection with this statement, including, without limitation, those concerning exploration targets, contain or comprise certain forward-looking statements regarding Sandfire's exploration operations, economic performance and financial condition. Although Sandfire believes that the expectations reflected in such forward-looking statements are reasonable, 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, 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. 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.

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.

Figure 1 – DeGrussa Copper-Gold Project location



Appendix 1 – Phase III JORC Resource Mineral Inventory

Deposit	Resource Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Silver (g/t)	Contained Copper (tonnes)	Contained Gold (ounces)	Contained Silver (ounces)
DeGrussa Oxide	<i>Inferred</i>	0.10	8.8	2.2	11	8,000	7,000	33,000
DeGrussa Supergene Chalcocite	<i>Indicated</i>	0.25	17.6	2.6	21	43,000	20,000	165,000
DeGrussa Primary	<i>Indicated</i>	1.38	8.2	2.4	21	113,000	106,000	936,000
Conductor 1	<i>Indicated</i>	5.80	4.9	1.7	13	282,000	314,000	2,413,000
	<i>Inferred</i>	0.32	4.1	1.5	12	13,000	16,000	121,000
Conductor 4	<i>Indicated</i>	0.73	4.4	1.4	10	32,000	33,000	237,000
	<i>Inferred</i>	1.05	3.9	1.9	13	41,000	63,000	441,000
Conductor 5	<i>Inferred</i>	1.05	6.4	3.0	21	67,000	101,000	709,000
TOTAL	<i>Indicated</i>	8.15	5.8	1.8	14	470,000	474,000	3,750,000
	<i>Inferred</i>	2.52	5.2	2.3	15	130,000	186,000	1,305,000
	TOTAL	10.67	5.6	1.9	15	600,000	660,000	5,055,000

Appendix 2 – Laterite Gold and DeGrussa Conductor 1 Oxide JORC Resource Mineral Inventory

Deposit	Resource Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (tonnes)	Contained Gold (ounces)
Laterite Gold	<i>Measured</i>	0.14	0.1	1.5	-	7,000
DeGrussa – C1 Oxide	<i>Measured</i>	2.18	1.1	0.6	24,000	40,000
	<i>Indicated</i>	1.42	1.4	0.4	20,000	17,000
TOTAL	<i>Measured</i>	2.32	1.1	0.6	24,000	47,000
	<i>Indicated</i>	1.42	1.4	0.4	20,000	17,000
	TOTAL	3.74	1.2	0.5	44,000	64,000

Notes to appendices:

1. Values have been rounded and differences may occur.
2. The resources for DeGrussa Oxide, DeGrussa Supergene Chalcocite, DeGrussa Primary, Conductor 1 and Conductor 4 were estimated by Coffey Mining Pty Ltd and were based on 148 diamond drill holes and 8 RC drill holes. Drilling coverage is predominantly defined on a notional 40m by 40m drill spacing on North-South orientated cross-sections.
3. The resource for Conductor 5 was estimated by McDonald Speijers and was based on 10 diamond drill holes. Drilling coverage is predominantly defined on a notional 80m by 80m intersection spacing.
4. The resource reported in Appendix 2 was estimated by McDonald Speijers based on a reverse circulation drilling program on 20m by 20m intersection spacing.
5. DeGrussa oxide material reported within Appendix 2 represents incremental inventory above that reported within Appendix 1.