



FIRST DRAWDOWN UNDER \$390M DEGRUSSA PROJECT LOAN FACILITY

Sandfire Resources NL (ASX: **SFR**; "Sandfire") is pleased to advise that it has completed the first drawdown of funding under the recently executed \$390 million project financing facility ("Facility B") for its 100%-owned DeGrussa Copper-Gold Project in Western Australia following satisfaction of all conditions precedent to the facility.

Final documentation for the fully underwritten and secured Facility B, which is the main facility for construction and development of the DeGrussa Project, was executed in late September 2011. Facility B includes \$10 million relating to environmental bonding.

Sandfire has drawn down a total of \$190 million under Facility B, with funds to be used for the following purposes:

- \$122 million to fund estimated project development and construction costs at DeGrussa into Q1 2012;
- \$60 million to repay the funds drawn down under the initial \$75 million mine development facility (Facility A). Facility A will now be closed;
- \$8 million to fund the establishment of debt service reserve accounts and transaction costs.

Australia and New Zealand Banking Group Limited ("ANZ") has commenced the syndication process for Facility B, and will retain a cornerstone position.

Sandfire's Managing Director, Mr Karl Simich, said the first drawdown of funds under the main \$390 million project financing facility marked another significant milestone in the funding, development and construction of the DeGrussa Project.

"The DeGrussa site is a hive of activity, with over 475 people currently on site and the overall project now more than 40 per cent complete," Mr Simich said.

"The satisfaction of conditions precedent for the main project financing facility enables us to repay the initial mine development facility and ensures that funding is in place for the balance of the construction phase."

"Despite the distractions of volatile global markets and commodity prices, our team has remained focused on ensuring that we deliver this project on time and on budget," Mr Simich said. "I would like to commend them for their efforts and also take the opportunity to thank ANZ for their support."

Sandfire is undertaking concurrent development of an open pit and a longer term underground mine at DeGrussa. As outlined in the Company's September Quarterly Activities Report, released on 31 October 2011, the Stage 1 open pit is on schedule, with a total of 3.5 million bcm (bank cubic metres) of material mined to date, while the "Evans Decline" has progressed beyond 700 metres from the portal.



Construction of the 1.5Mtpa DeGrussa Concentrator commenced towards the end of the September Quarter, marking the beginning of the most significant construction phase for the Project to date.

Sandfire remains on target to achieve its key project milestones of:

- First direct shipping ore (DSO) from the open pit – Q1 2012;
- First underground ore on the ROM stockpile – Q1/2 2012; and
- First ore in the SAG mill – Q3 2012.

Total expenditure on the DeGrussa Project to the end of October 2011 was \$140 million.

ENDS

For further information contact:

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Karl Simich – Managing Director/CEO

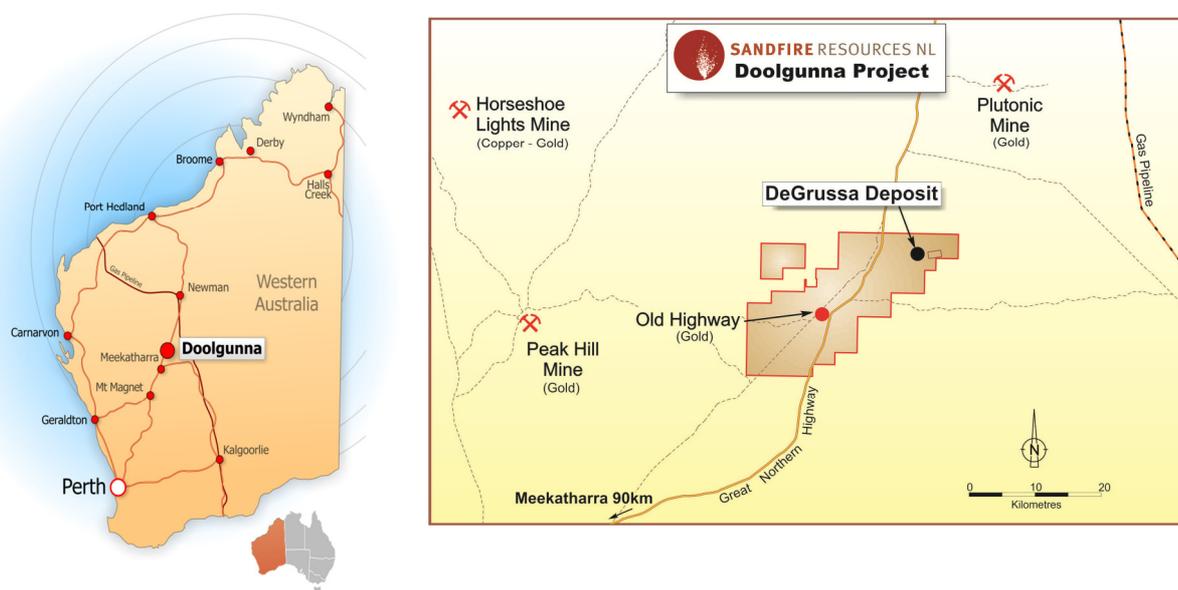
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Figure 1 – DeGrussa Copper-Gold Project location



Forward-Looking Statements

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