



## JUNE 2020 QUARTERLY REPORT

### Highlights

#### DeGrussa Operation

Contained metal production	Sep 2019 Quarter	Dec 2019 Quarter	Mar 2020 Quarter	Jun 2020 Quarter	FY 2020 Total
Copper (t)	16,730	18,258	17,936	19,313	72,238
Gold (oz)	8,647	10,723	9,352	13,541	42,263
C1 cost (US\$/lb)	0.87	0.83	0.74	0.51	0.72

- Strong Quarter propels Sandfire to record FY2020 production of 72kt of contained copper and 42koz of contained gold.
- FY2021 guidance: 67-70kt of contained copper and 36-40koz of contained gold; C1 costs ~US\$0.90-\$0.95/lb.
- Sandfire continues to maintain appropriate protocols to minimise the potential transmission of COVID-19, with no significant disruption to the Company's operations to date.
- Multi-pronged exploration programs continuing across Sandfire's Greater Doolgunna Project with RC, diamond and AC drilling completed at the Doolgunna, Cheroona, Morck Well and Enterprise Projects. MLEM conductors defined at the Enterprise Project ready for drilling in the September Quarter.

#### Tshukudu Project

- Optimisation of the Feasibility Study for the T3 Copper-Silver Project in Botswana is well advanced, focused on open pit optimisation, plant scale and operating costs.
- Environmental and Social Impact Assessment (ESIA) for the T3 Copper-Silver Project has been approved and the Company is progressing towards a Mining Licence Application.
- A4 discovery, located 8km west of the T3 Copper-Silver Project, continues to grow with potential for similar type mineralisation identified at A1, 20km east along strike from A4.
- Resource drilling at A4 resumed in June with outstanding new results reported during the Quarter, which continue to demonstrate the continuity of high-grade vein hosted mineralisation.
- Acquisition of 100% interest in nine licences in Namibia completed. The licenses cover ~6,700km<sup>2</sup> along the western Kalahari Copper Belt, immediately along strike from Sandfire's Botswana licences.

#### Black Butte Copper Project

- Stage One Bonding Level issued for the Black Butte Copper Project in Montana, USA, by the Montana Department of Environmental Quality, with a bond of US\$4.65 million required for the initial phase of development.
- Construction contract being finalised for the commencement of preliminary surface earthworks, which are scheduled to commence after the Company secures the Phase 1 bond amount.

#### Corporate and Financial

- FY2020 Revenue \$657 million (unaudited).
- Group cash on hand at 30 June 2020 of \$291 million (unaudited).
- Impairment of oxide stockpile and regional resources up to \$23.6 million pre-tax (unaudited).

## 1.0 COVID-19 BUSINESS RESPONSE

The health and well-being of our people, contractors and stakeholders is of paramount importance to us, with the Company continuing to maintain strict protocols across our operations to minimise the potential transmission of COVID-19.

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, with continued strong operating performance driving low C1 headline unit costs for FY2020. C1 cost guidance for FY2021 assumes continued minimal impact on production and costs levels.

## 2.0 SAFETY PERFORMANCE

The Total Recordable Injury Frequency Rate (TRIFR) for the Sandfire Group at the end of the June Quarter was 5.8 (March Quarter: 6.1). 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 programs to assist in managing and improving the safety culture and the management of risk for both employees and contractors.

## 3.0 DEGRUSSA OPERATION, WESTERN AUSTRALIA

### 3.1 Overview

Copper production for the Quarter was 19,313 tonnes of contained copper (March Quarter: 17,936 tonnes). C1 cash operating costs for the Quarter were US\$0.51/lb (March Quarter: US\$0.74/lb). C1 costs were driven lower by a combination of record copper production, record gold production and lower currency.

June 2020 Quarter – Production Statistics		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined – DeGrussa	328,873	4.2	2.0	13,953	21,256
	Mined – Monty	95,818	6.4	1.4	6,166	4,352
Mined – Total		424,691	4.7	1.9	20,120	25,608
Milled		391,152	5.3	2.0	20,778	25,411
Production		80,864	23.9	5.2	19,313	13,541
Sales		84,134	23.8	5.2	20,041	14,250

**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 the DeGrussa and Monty Mines with the mine remaining in balance between production and back-fill.

Mine production rates from DeGrussa continued to meet expectations during the Quarter with Monty production continuing to exceed forecast production rates. This combined performance resulted in a total of 424,691 tonnes mined for the Quarter.

### 3.3 Processing

Ore processing performance for the Quarter was very strong and delivered record quarterly copper and gold production.

Processed ore tonnes of 391,152 for the Quarter was supported by higher plant utilisation associated with the timing of planned plant shutdowns. Mill throughput rates and copper recovery at 93.0% were slightly affected by higher transitional ore tonnes processed during the Quarter, but ongoing close management of blending strategies has continued to deliver improved performance in these areas.

Copper head grade at 5.3% was the highest grade quarter achieved during FY2020. This high grade was enabled by strong mine production from Monty and processing of high grade ROM stockpiles mined during the March Quarter.

### 3.4 Guidance – FY2021

FY2021 production guidance is expected to be within the range of 67-70,000 tonnes of contained copper metal with gold production within the range of 36-40,000 ounces of contained gold. Headline C1 cash operating costs are expected to be within the range of US\$0.90-\$0.95/lb.

Refer to Sandfire’s June 2020 Quarterly Report Presentation (released today, 30 July 2020) for further detail and guidance on operating parameters, unit costs and planned capital expenditure for FY2021.

### 3.5 Doolgunna Exploration

Sandfire continues to progress a tightly focused, multi-disciplinary exploration campaign across the Greater Doolgunna Project (see Figure 1) to test for extensions to the known cluster of Volcanogenic Massive Sulphide (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 activities during the June Quarter are listed below.

- Reverse Circulation (RC) drilling at the Doolgunna Project including an initial phase of resource definition drilling at the Old Highway gold prospect that commenced to test areas proximal to the known gold mineralisation.
- RC drilling at the Enterprise Project to test a large magnetic anomaly in the Ruby Well area and to in-fill sections of prospective stratigraphy along-strike from previous RC and diamond drilling at Vulcan West.
- RC drilling at the Cheroona Project to test down-dip of surface anomalism identified in first-pass air-core (AC) drilling through the Orient, West Orient, East and West Cashman, Goodin Find, Mick Well and Mikaburra prospect areas to test the prospective Karalundi stratigraphy.
- AC drilling at the Morck Well Project to delineate stratigraphy and provide high-level litho-geochemical data.

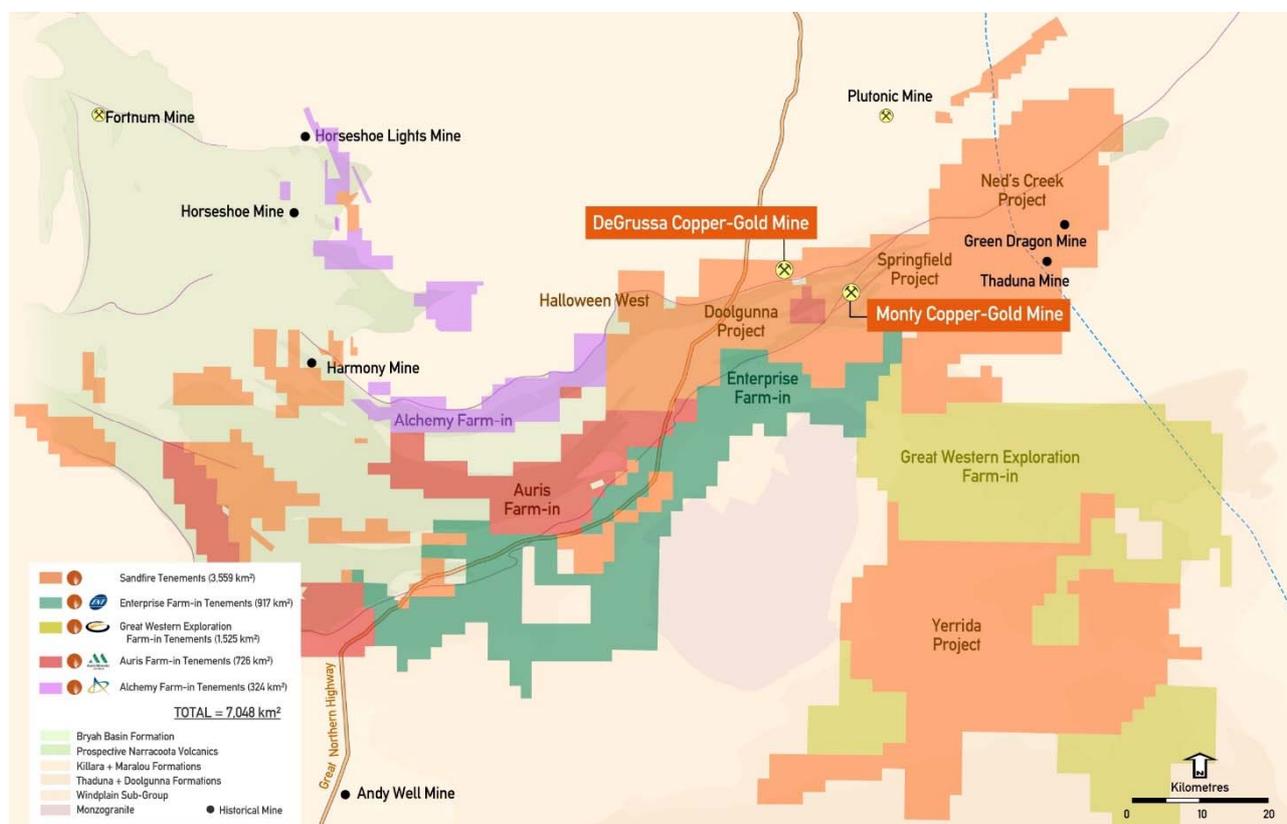


Figure 1: Sandfire’s tenement holding in the Greater Doolgunna region.

The aggregate metres drilled on Sandfire's wholly-owned and JV tenements during the June 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%)	-	10,664	367	-	11,031
Neds Creek (SFR 100%)	-	-	-	-	-
Springfield (SFR 100%)	-	-	-	-	-
West Bryah (SFR 100%)	-	-	-	-	-
Enterprise JV (Earn-in)	-	481	-	-	481
Auris JV: Cheroona-Cashman (Earn-in)	12,507	1,230	-	-	13,737
Auris JV: Morck Well (Earn-in)	57,145	-	-	-	57,145
Alchemy JV (Earn-in)	-	-	-	-	-
Monty (SFR 100%)	-	-	14,134	-	14,134
<b>Total June Quarter</b>	<b>69,652</b>	<b>12,375</b>	<b>14,501</b>	<b>-</b>	<b>96,528</b>

### 3.5.1 Greater Doolgunna Project

*The Greater Doolgunna Project, which includes 100% Sandfire tenure, Joint Venture and Farm in projects, covers an aggregate contiguous exploration area of 7,048km<sup>2</sup> (Figure 1). This includes over 90km of strike extent in host VMS lithologies. Much of this stratigraphy is obscured beneath transported cover and requires targeted AC drilling to test the bedrock geochemistry and identify prospective areas.*

#### Doolgunna Project

A total of 63 RC drill-holes (OHRC0001 – OHRC0063) were completed at the Old Highway Prospect (16km south-west of the DeGrussa Mine) with another RC drill-hole (OHRC0064) ongoing at the end of the Quarter, for a total of 10,148m. All of these drill-holes are part of the initial phase of resource definition drilling at Old Highway designed to test areas proximal to existing gold mineralisation hosted in discrete quartz veining through Cow Hole Bore Member sediments. The majority of drill-holes intersected zones of cubic pyrite associated with discrete quartz veining and sericite alteration.

All holes drilled during the Quarter intersected Cow Hole Bore Member sediments consisting of siltstones, shales, wackes, arenites and minor conglomerates. A majority of the drill-holes intersected intervals of discrete quartz veining, some of which contained coarse-grained cubic pyrite and were associated with sericite altered selvages. Integrating these new intersections into the existing modelling will commence in the next quarter, once assays begin to be returned.

The program of resource definition drilling at Old Highway is ongoing, with approximately 40 drill-holes remaining in the first phase (100m x 50m). Pegging and clearing of the second phase, which consists of further 100 drill-holes, is also ongoing.

Three RC drill-holes (DGRC915 – DGRC917) were completed for a total of 516m approximately 5km south of the DeGrussa Mine. These drill-holes were part of a 4-hole program designed to test areas proximal to existing gold mineralisation hosted in discrete oblique quartz veining through Cow Hole Bore Member sediments and dolerite of the Narracoota Formation.

All three drill-holes intersected Cow Hole Bore Member sediments consisting of siltstones, shales, lithic/quartz wackes and lithic arenites. All three drill-holes intersected narrow sections of quartz stockwork veining. DGRC916 and DGRC917 crossed the Cow Hole Bore to Narracoota contact and ended in dolerite, while DGRC915 ended in Cow Hole Bore Member sediments.

#### Enterprise Project

*Sandfire entered into a Farm-in Agreement with Enterprise Metals Ltd (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 along 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.*

### **Ruby Well**

A 201m deep RC drill-hole, EFRC0063, was completed to test a large magnetic anomaly in the Ruby Well prospect area. The drill-hole intersected a thick sediment package consisting of quartz wackes, siltstones and conglomerates from surface to a depth of 108m before finishing in a thick dolerite. The magnetic anomaly is thought to be explained by the presence of magnetite from 157m onwards.

A diamond drill-hole has been planned for the September Quarter to test a late-time anomalous response identified in moving loop electromagnetic (MLEM) surveying at the Ruby Well prospect area.

### **Homestead – Vulcan West**

One 280m deep RC drill-hole, EFRC0064, was drilled as part of a 2-hole program to in-fill sections of prospective stratigraphy along-strike from previous RC and diamond programs that intersected minor chalcopyrite in association with chemogenic sediments at Vulcan West.

The drill-hole intersected a deep cover sequence before entering a package of sediments from 86-214m, including a thick interval of magnetite-bearing chemogenic sediments from 163-190m, which are associated with silica and chlorite alteration and disseminated pyrite. A deep diamond drill-hole has been planned in the area for early in the next quarter to test a late-time anomalous response identified in MLEM surveying over the Homestead-Vulcan West trend during the June Quarter.

### **Cheroona Project**

*Sandfire has the right to earn up to a 70% interest in the Cheroona Project tenements (E51/1391, E51/1837 and E51/1838) through a farm-in agreement with Auris Minerals Ltd (ASX: AUR) and Northern Star Resources Ltd (ASX:NST). The Cheroona Project lies immediately along strike to the west of the Cashman JV (also in JV with Auris), where Sandfire is exploring in the same stratigraphy that hosts the DeGrussa and Monty copper-gold deposits.*

A total of 406 AC drill-holes (CHAC1199 – CHAC1606) were completed for a total of 12,507m. All drill-holes are part of the first-pass 800m x 100m and 400m x 100m spaced first-pass patterns through the Cheroona Project, and designed to test the prospective Karalundi stratigraphy and provide high quality lithochemical data.

Three RC drill-holes (CHRC0005 – CHRC0007) were completed during the June Quarter for a total of 1,230m, testing down-dip of anomalism identified in first-pass AC drilling and minor MLEM geophysical anomalies in the West Orient prospect area.

Drilling of the regional first-pass AC programme has identified Doolgunna Formation, Karalundi Formation and Narracoota Formation lithologies, suggesting the stratigraphic relationships seen at the Ruby Well and White Well Prospects continue to the south-west through the Cheroona Project. Integration with field mapping and geophysical datasets indicates that structural complexity exists throughout the project area with possible stratigraphic repeats.

CHRC0005 intersected three intervals of magnetite-bearing chemogenic sediments just below the contact between the DeGrussa and Magazine Members, hosted within a thick package of dolomite and dolomitic sediment which may be the source of the Pb-Zn anomalism seen in AC drilling. Minor disseminated sulphides have been observed throughout the chemogenic intervals, with minor chalcopyrite noted from 210-229m.

CHRC0006 intersected dolerite, whilst targeting a MLEM anomaly, DHEM surveying will be conducted in the next quarter to provide additional data to help with re-modelling.

CHRC0007 intersected two main sediment horizons, with the latter, from 162-196m, likely to represent the down-dip extension of the sediment horizon hosting anomalism in AC drilling, although no evidence to suggest the presence of copper mineralisation was observed.

Approximately 100 AC drill-holes remain to be drilled in the first-pass program over the West Cashman and Goodin Find prospect areas, testing the prospective Karalundi Formation trend (along strike from Ruby Well).

A further 1,200 AC drill-holes are planned to the north and north-west, designed to test whether there is a continuation of the prospective Karalundi Formation stratigraphy through to Mount Fraser and Beatty Pool. This drilling is initially planned on a wider-spaced, 1,600m x 100m pattern with the aim of identifying prospective Karalundi stratigraphy before in-filling with closer-spaced, targeted drill patterns.

Geological interpretation through the Cheroona Project area has begun and will continue as drilling is completed and assay results are returned. Planning of follow-up RC drill-holes to test anomalous geochemistry identified in first-pass AC drilling is ongoing.

### **Morck Well Project**

*Sandfire entered into a farm-in agreement with Auris Minerals Ltd (ASX: AUR) and Fe Ltd (ASX: FEL) in relation to their Morck Well JV Project (Auris 80%: Fe 20%), located 22km south-west from the DeGrussa Mine and Auris' 100%-owned Doolgunna Project, in February 2018. Sandfire can earn up to a 70% interest in five exploration tenements in the eastern portion of the Bryah Basin.*

A total of 624 AC drill-holes (MWAC2352 – MWAC2872 & MWAC2901 – MWAC3106) were completed during the June Quarter for a total of 57,145m. All drill-holes are part of the 800m x 100m spaced first-pass pattern through the Morck Well tenure covered by the JJAC native title group. The program is designed to help with delineating stratigraphy and provide high quality lithochemical data.

Drilling of the regional first-pass AC programme has identified lithologies from the Karalundi, Narracoota, Red Bore and Wilthorpe Formations as have been interpreted along-strike to the northeast in E52/1715. Mt Leake Formation has also been identified as a thin cap unconformably overlying the stratigraphy over the southern sections of the drill lines.

Geological interpretation at the Morck Well Project has begun and will continue as drilling is completed and assay results are returned. Approximately 550 AC drill-holes remain to be drilled in the first pass 800m x 100m spaced program over the remainder of the Morck Well tenements.

A small in-fill program is planned to in-fill the area around the anomalous gold results returned from MWAC2223 – MWAC2226 during the March 2020 Quarter, although an additional heritage survey is required before these holes can be drilled. Planning of RC drill-holes to follow-up other areas of gold anomalism is currently ongoing.

Refer to Auris Minerals Ltd ASX Announcement, dated 17 July 2020, titled 'Further Significant Gold in Morck Well JV Air Core Drilling' for more details.

## **4.0 TSHUKUDU PROJECT, BOTSWANA**

*Sandfire completed the acquisition of 100% of MOD Resources Ltd (MOD) on 23 October 2019, providing the Company with a large land-holding in the highly prospective Kalahari Copper Belt in Botswana, including the advanced T3 Copper-Silver Project.*

### **4.1 T3 Copper-Silver Project Feasibility Study Optimisation**

MOD completed a Feasibility Study for the T3 Project in March 2019 and Sandfire is now well advanced with detailed optimisation studies relating to the Feasibility Study. Timing for the completion of the updated Feasibility Study and Ore Reserve will be advised following the completion of a COVID-19 impact assessment.

Key areas of the Feasibility Study progressed during the June Quarter included:

- Process plant design was revised and updated to enable rapid future expansion of the processing rate.
- Completion of plant and infrastructure site layout designs.
- Commencement of the tender process for the open pit mining contract, with formal tenders submitted to Sandfire in June 2020.
- Formal review of the high voltage preliminary design by the Botswana Power Corporation. Only minor modifications are required.
- Updating of groundwater models to incorporate the results of the long duration groundwater draw-down tests completed in the March Quarter.
- Estimation of detailed capital and operating costs was progressed and well advanced by the end of the Quarter.
- Negotiations for the purchase of land for access roads, accommodation village and the high voltage sub-station are ongoing.

## 4.2 T3 Copper-Silver Project Permitting

The Environmental and Social Impact Assessment (ESIA) for the T3 Project was approved by the Botswana Department of Environmental Affairs and the Company is progressing its Mining Licence Application.

On 13<sup>th</sup> July, the Botswana Minister for Mineral Resources, Green Technology and Energy Security visited the T3 Project, the A4 Resource Project and Tshukudu's Community Projects in Ghanzi. In an interview televised nationally, the Minister expressed support for the development of the T3 Project.

## 4.3 Kalahari Copper Belt Exploration

*The Kalahari Copper Belt Project comprises approximately 18,200km<sup>2</sup> of highly prospective licences surrounding the Company's T3 Copper-Silver Project in Botswana and extending west into Namibia. Sandfire 100% owned licences represent a rare belt-scale exploration opportunity globally, comprising an extensive and strategic position along the 300km centre of a major emerging sediment-hosted copper belt. Prior to MOD and Sandfire's involvement, there has been minimal drilling and no modern or systematic exploration such as airborne electromagnetics (AEM) or extensive soil sampling programs on the licences.*

After completing the acquisition of MOD in late October 2019 and successfully integrating MOD's assets and key team members, Sandfire embarked on a substantial exploration program starting at the A4 Dome. An exploration budget of \$10-12 million was established for the period to 30 June 2020 with the initial focus on the T3 Expansion Project, which included drilling of high-priority targets identified within a 25km radius of T3.

The Company has enjoyed considerable early success with the emerging A4 Dome discovery located 8km west of the T3 Project, where it has announced significant wide intercepts of shallow, high-grade vein-hosted copper-silver mineralisation. As a result, A4 has progressed rapidly to a resource drill-out.

Drilling accelerated through February and March however all activities were suspended in late March due to the lockdown imposed by the Botswana Government in response to the COVID-19 pandemic.

Results were reported within the A4 resource area on 17 April 2020 and 25 May 2020, with many drill-holes delivering significant high-grade intersections of copper-silver mineralisation. Hole MO-A4-035D has delivered the best intersection reported from A4 to date, returning **18m at 5.2% Cu and 124g/t Ag from 77m down-hole (uncut) or 18m at 3.9% Cu and 124g/t Ag from 77m down-hole (top-cut to 15% Cu)**.

A4 intersections announced on 25 May 2020 included:

- **20.5m @ 3.6% Cu and 88g/t Ag** from 78.5m down-hole in MO-A4-045D;
- **21.8m @ 2.5% Cu and 57g/t Ag** from 74.2m down-hole in MO-A4-047D; and
- **32.8m @ 1.8% Cu and 32g/t Ag** from 94.9m down-hole in MO-A4-049D.

The results demonstrate the continuity of high-grade vein-hosted mineralisation along strike within the A4 resource area and have increased the known strike length of the mineralisation to 800m with the deposit remaining open both to the north-east and south-west (Figure 2).

Drilling resumed at A4 in early June with up to six drill rigs drilling on 50m spaced sections with the objective to define a maiden mineral resource by the end of September. In-fill drilling on 25m spaced sections is being considered to further define the geometry and geological controls of the high-grade veins. A table of significant drill-hole intersections was provided in the Company's ASX announcements dated 17 April 2020 and 25 May 2020.

Vein-hosted mineralisation intersected at A4 generally comprises coarse grained chalcocite and bornite sulphides within locally massive and laminated quartz/carbonate veins. Mineralisation also occurs near the margins of the veins in strongly deformed sediments. The sequence hosting the mineralised veins comprises interlayered siltstones, shales, limestones and marl units.

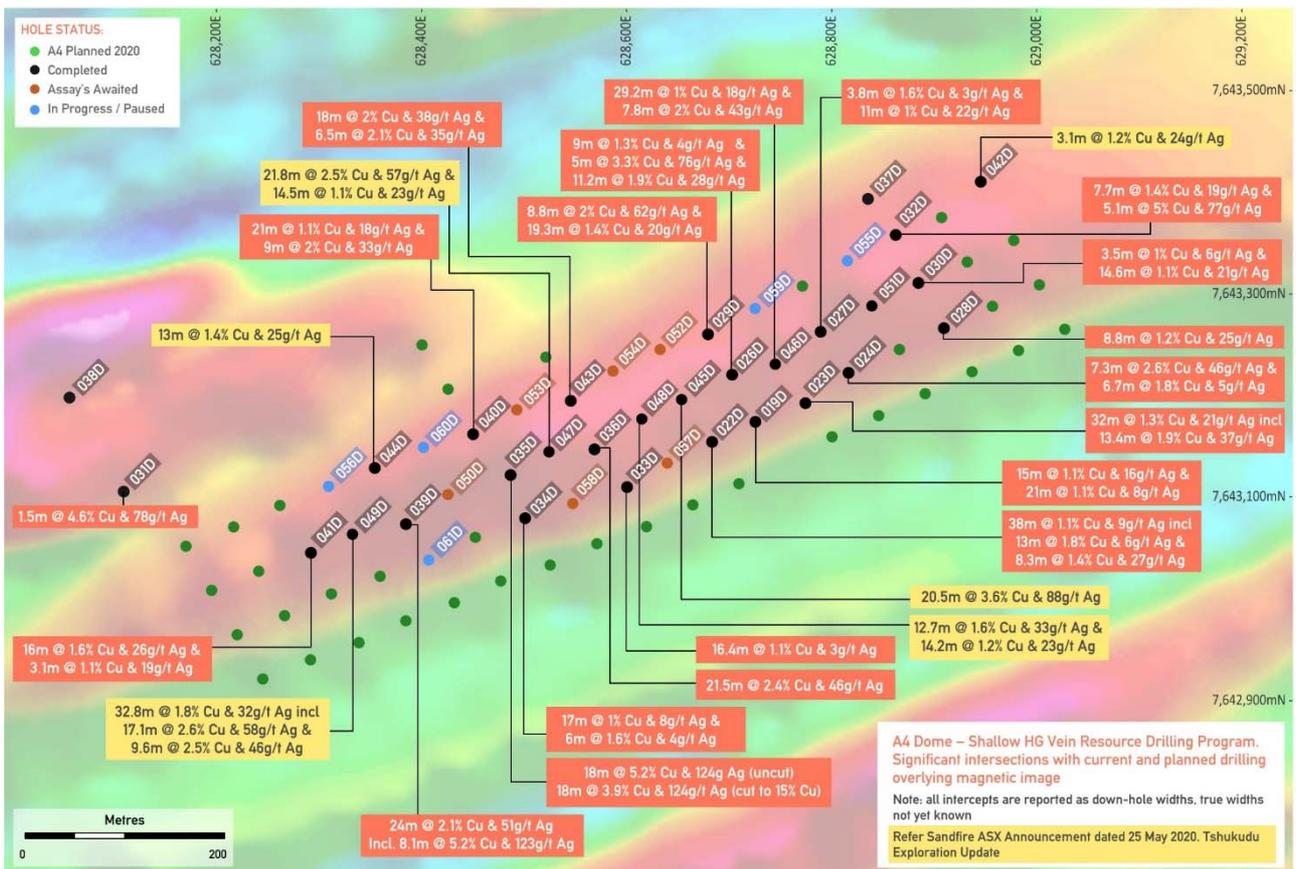


Figure 2: A4 resource drilling plan showing significant intersections reported on 25 May 2020. Drill-hole collars are plotted over a magnetic image.

Re-interpretation of AEM data over the A4 Dome suggests that the area of current drilling appears to have tested only part of the host structure (Zone A) which may continue north-east (Figure 3). In addition, the Zone B structure 600m south of Zone A, and two interpreted structures within the T3 Dome east of the planned T3 mine, are also high priority targets planned to be drilled during the next phase of drilling.

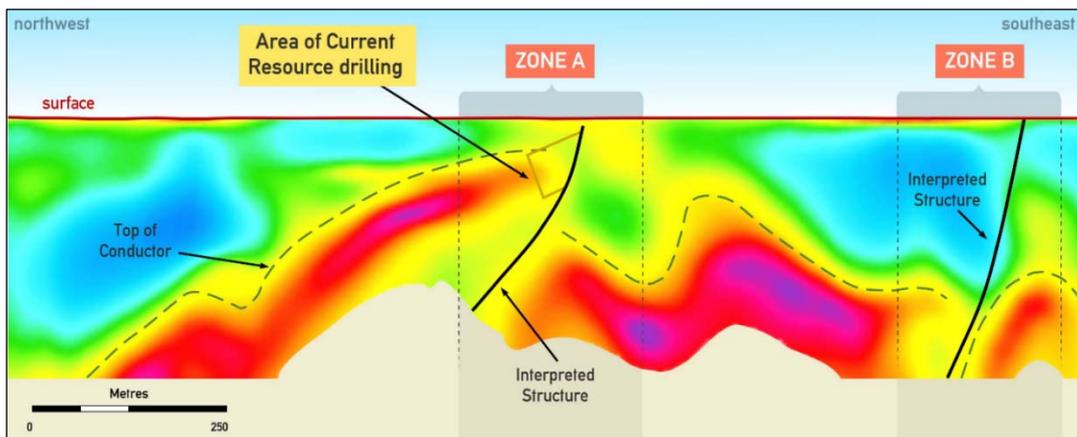


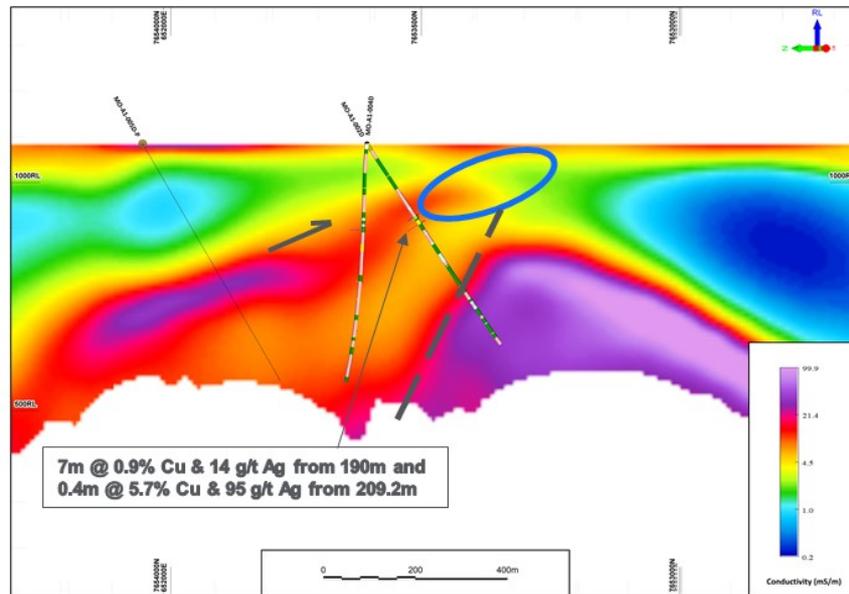
Figure 3: A4 Dome AEM CDI section – showing area of resource drilling and two interpreted structural zones being targeted.

Due to the success of using AEM to target mineralisation at T3 and A4, additional AEM data covering a large part of the ~950km<sup>2</sup> T3 Expansion Project was re-interpreted during the June Quarter. This defined additional near-surface targets, notably at the A1 Dome located 20km east along strike from the A4 Dome (Figure 4).

AEM sections across A1 Dome show several important similarities to AEM sections across A4 Dome. Similarities include the interpreted southward thrusting of the copper host sequence over the top of the domes and steep north dipping structures extending along the axis of the domes (Figures 3 and 4).

The potential at A1 is supported by drill-hole MO-A1-002D drilled by MOD in 2018. MO-A1-002D intersected **7m @ 0.9% Cu and 4g/t Ag from 190m and 0.4m @ 5.7% Cu and 95g/t Ag from 209.2m** down-hole depth within a wide zone of veining similar to A4.

MO-A1-002D is interpreted to have intersected the mineralised veins too far down-dip and drilling will test the potential for higher grade copper closer to surface, in a similar position to the A4 mineralisation (see Figure 4).



**Figure 4: A1 Dome AEM CDI section – showing similar characteristics to A4 Dome in Figure 3. Hole MO-A1-002D is interpreted to have intersected the mineralised veins down dip from the planned target.**

While A4 resource drilling is currently the highest priority due to its near surface mineralisation and proximity to the T3 Project, a substantial RC drilling program commenced in June to test several new regional targets within the T20 Exploration Project, approximately 100km west of T3 (see Figure 5).

Planning is also advancing for a substantial AEM survey covering approximately 7,750km<sup>2</sup> of the Company's regional licence holdings in areas not covered by existing AEM data. Whilst timing of this survey is dependent on lifting of COVID-19 restrictions and permits being issued, Sandfire and the AEM contractors are targeting a possible commencement of the survey in the December Quarter 2020.

#### **4.4 Acquisition of Namibian exploration tenements**

During the Quarter, Sandfire completed the acquisition of 100% of Trans Kalahari Copper Namibia (Pty) Ltd, which holds a block of nine licences in Namibia covering a total area of approximately 6,700km<sup>2</sup> (Figure 5).

The Namibian licences continue directly along strike from the Company's Tshukudu licences in Botswana and cover a large, under-explored area within the western part of the Kalahari Copper Belt.

Interpretation of airborne magnetic data suggests that the favourable geological structures being explored in Botswana continue for approximately 100km into Namibia. Previous, very widely-spaced drilling intersected copper-silver mineralisation along the same contact which hosts known copper resources in Botswana.

A Namibian-based exploration manager has been appointed and evaluation of existing data is in progress.

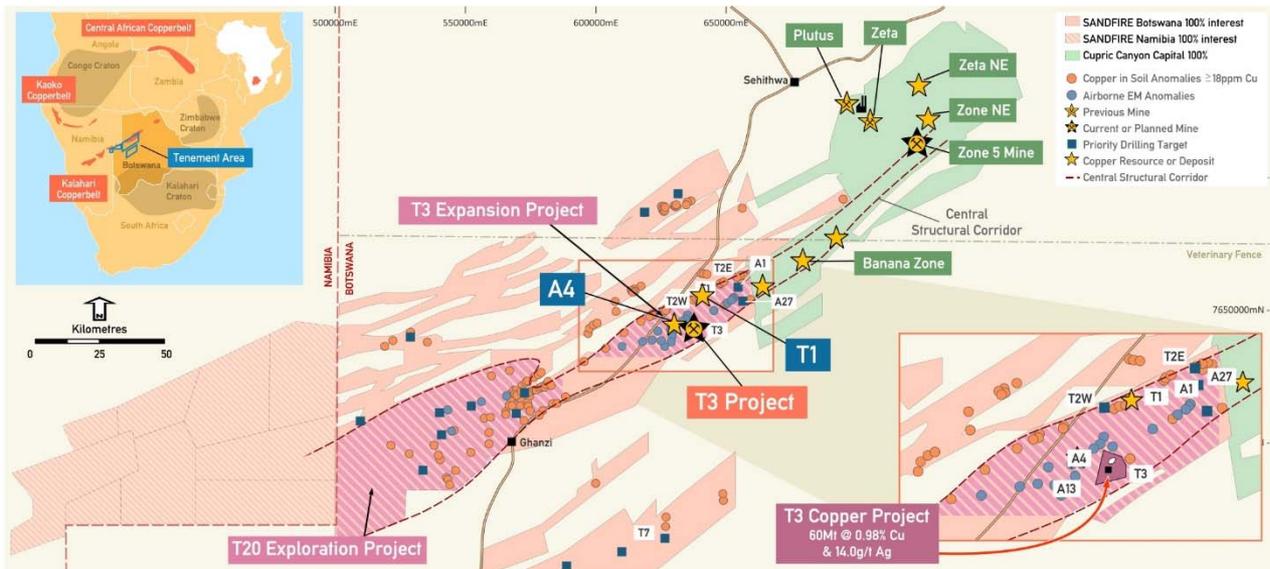


Figure 5: Sandfire 100% owned licence interests extending >300km along the central and western Kalahari Copper Belt, showing location of current copper deposits and resources, and priority drilling targets.

## 5.0 BLACK BUTTE COPPER PROJECT, MONTANA, USA

Sandfire holds an 85% interest, via North American-listed company Sandfire Resources America Inc. (TSX-V: SFR), in the premier, high-grade Black Butte Copper Project, located in central Montana in the United States. This high-quality project, which is one of the world's highest-grade undeveloped copper projects, has completed the final stage of permitting.

Located on privately-owned ranch land close to existing road, grid power and rail infrastructure with the ability to access a residential workforce located nearby, the project is being developed as a wholly-underground mine with minimal surface footprint. The planned mine development will utilise best-practice technology and modern mining techniques to extract the high-grade copper mineralisation while minimising environmental impact, protecting all water resources and setting mining best-practice standards in addressing Montana's strict "non-degradation" water standards.

### 5.1 Stage One Bonding Level Issued

On May 19, 2020, the Montana Department of Environmental Quality (MT DEQ) issued a Phase 1 bonding number establishing a bond of US\$4.65 million for the Black Butte Copper Project. Sandfire Resources America must secure this bond before commencing surface construction at the mine site.

The initial bond increment covers only Phase 1 surface construction of the mine site. A second bond increment must be calculated by the MT DEQ to cover Phase 2 development which includes further underground development, mill construction, and any activities involving beneficial water use.

### 5.2 Commencement of Stage One Surface Earthworks

Sandfire Resources America is currently finalising a construction contract for the commencement of surface earthworks, which are scheduled to commence in the northern summer after the Company secures the Phase I bond amount.

### 5.3 Legal Challenge

Sandfire notes that a legal challenge to the MT DEQ's Record of Decision was lodged on June 4, 2020 in the 14th Judicial Court in Meagher County, Montana against the MT DEQ and Tintina Montana Inc., a wholly-owned subsidiary of Sandfire Resources America, by a number of groups who oppose resource development in Montana. Sandfire Resources America will review the challenge and will seek to work with the MT DEQ to defend this litigation vigorously.

Commenting on the legal challenge, Sandfire Resources America CEO and VP of Project Development, Rob Scargill, said: "We are disappointed that this litigation has been filed. No major natural resource project in Montana seems to go unchallenged despite our strict regulations and processes enshrined in Montana law."

“Montana DEQ, under Governor Bullock, did an extremely thorough job of evaluating and reviewing the permit application during the past four and a half years, adopting changes to even further strengthen the permit, making it, in the words of the Montana DEQ, ‘the most protective permit the department has ever issued’.

“The Montana DEQ conclusively and independently found that all environmental issues have been addressed and that this permit can be granted knowing that the environment which we all value and care for is protected.”

Sandfire is committed to advancing the Black Butte Copper Project through to Feasibility Study, to be followed by a decision to mine and financing considerations. This work will be progressed in parallel with the preliminary earthworks and bonding activities outlined above.

## 6.0 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 6: Sandfire's Australian Projects.

### 6.1 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). New 100%-owned tenements have been granted in the Cobar basin and a farm-in agreement continues on the Coomeratta project with Sandfire having the right to earn an 80% interest.*

Results from drilling at the Temora project are being evaluated with encouragement for a significant geophysical and drilling program for later in the year when the local crops are harvested.

The proposed program will focus on epithermal style gold mineralisation encountered in AC and diamond drilling at the Fields prospect. The gold anomaly currently extends over 400m in strike and requires additional ground electrical geophysics and an AC program to define the extent of the anomaly.

Exploration will also focus on further porphyry-style mineralisation in the Temora region with a number of targets highlighted for drill testing during the next field season.

Drill testing of the Coomeratta project in the Cobar district has been completed with three diamond holes drilled at the main alteration systems. Results are pending.

## 6.2 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 farm-out agreements to advance the Borroloola Project. 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. The new North Batten Property Option and Joint Venture agreement allows Teck Australia Pty Ltd (Teck) to earn a 75% interest in the project.*

Teck has commenced planning and review work over the North Batten Property in the Northern Territory as part of the Joint Venture.

## 6.3 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 (60% interest) is held over the Altia project with Minotaur Exploration Ltd (ASX: MEP).*

*A recent new Breena Plains JV has been signed with Minotaur's and OZ Minerals Ltd's (ASX: OZL) in which the Cloncurry Alliance can earn up to a 75% over 5 years in a large tenement package held by Sandfire near Cloncurry, Queensland.*

The Cloncurry Alliance has now advised Sandfire that work can commence following the earlier inability to access the tenement areas as a result of restrictions arising from the COVID-19 pandemic.

Ground-based exploration is expected to commence during the next quarter.

## 7.0 CORPORATE AND FINANCIAL

### 7.1 Strategic growth plan

On 1 July, Sandfire announced details of a Board Succession Plan, senior management restructure and other corporate and strategic organisational changes designed to ensure the Company is appropriately structured and resourced for its next growth phase.

The changes follow a detailed strategic and structural review, which has confirmed Sandfire's key growth objectives as it makes the transition from a single-mine company into an international, multi-asset base and precious metals producer.

The key elements of the strategic plan recognise the Company's international expansion plans and current operating and market conditions, while also renewing its efforts to deliver both organic and inorganic growth opportunities. The key pillars of the strategic growth plan are summarised below:

- 1. Execute delivery** – Optimisation of the existing DeGrussa Operation, incorporating the DeGrussa and Monty Copper-Gold Mines, and optimisation of the Feasibility Study on the T3 Copper-Silver Project in Botswana. Further, drilling near-mine targets aimed at increasing available mining inventory to establish long-term mining hubs. Advancing the Black Butte Copper Project in the USA to a decision to mine and financing considerations following the recent positive Record of Decision.
- 2. Build a sustainable production profile** – In addition to existing operations, to develop new operational centres and execute new business development opportunities, leveraging off Sandfire's strong balance sheet and its strength in project evaluation and execution.
- 3. Accelerate discovery** – Utilise our skills and resources to accelerate the discovery of further economic resources across our regions.
- 4. Align and empower our people** – Development of a "fit-for-purpose" largely decentralised Group organisational structure across Board, management and staff, with overall Sandfire corporate control and oversight boosted by local knowledge and supported by strong technical capability, systems and execution. Implement a refined executive team structure focused on strategy delivery and supported by the new business structure, with empowered, accountable and incentivised leaders and staff in appropriate positions.

- 5. Optimise capital structure** – Funding Sandfire’s global development plan while maintaining the strength of the Company’s balance sheet and continuing to strike a balance between the requirement to fund our project development, business development and organic growth opportunities while maximising long-term value and returns to shareholders.

## 7.2 Cash position

Group cash on hand as at 30 June 2020 totalled \$291 million (unaudited).

## 7.3 Non cash impairment

A review of the oxide copper stockpile inventory and regional resources near the DeGrussa Operation has been undertaken. Based on current information, it is anticipated that the review will result in a non-cash impairment of \$23.6 million in the 30 June 2020 financial statements (unaudited). Adjustments arising from an impairment will be a non-cash item and will not have any impact on the Company’s cash-flow, operations, finance facilities and any FY2020 final dividend payment.

## 7.4 Finance Facility

ANZ continues to hold security via a fixed and floating charge over the Company’s assets. Aside from minor borrowings under a bonding facility there is no other debt drawn under financing facilities and no amounts available to be drawn.

## 7.5 Investor Call and Webcast

A teleconference on the Quarterly results will be held for the investment community on Thursday 30<sup>th</sup> July commencing at 10.00am (AWST) / 12.00pm (AEST). Investors, brokers, analysts and media can join the teleconference [clicking here](#).

The June Quarterly Report and accompanying slide presentation will be available via the ASX Company Announcements Platform (Code: SFR) and Sandfire’s website at [www.sandfire.com.au](http://www.sandfire.com.au).

A live webcast of the teleconference and synchronised slide presentation will also be available via the BRR Media service by [clicking here](#).

## ENDS

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*This announcement is authorised for release by Sandfire’s Managing Director and CEO, Karl Simich.*

**This report should be read in conjunction with the June 2020 Quarterly Report Presentation released today.**

### 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 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 Bamforth consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Exploration Results – Tshukudu Exploration Project

The information in this report that relates to Exploration Results at the Tshukudu Exploration Project, Botswana is based on information compiled by Mr Julian Hanna who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hanna is a permanent employee of Sandfire 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 Hanna 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 continuing exploration programs aimed at reporting additional JORC compliant resources for the Company’s Projects, 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 report contain or comprise certain forward-looking statements regarding Sandfire's Mineral Resources and Reserves, exploration and 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. There is continuing uncertainty as to the full impact of COVID-19 on Sandfire's business, the Australian economy, share markets and the economies in which Sandfire conducts business. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess the full impact of COVID-19 on Sandfire's business or the price of Sandfire securities.

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 these forward-looking statements 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 forward-looking statements 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.