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## SANDFIRE ANNOUNCES MAIDEN ANNUAL PROFIT 12 months ended 30 June 2013

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- Sales revenue of **\$507.3M**: metal sales of 62,154t contained copper and 41,725oz of gold
  - Strong operating cash flow from operating activities of **\$250.2M**
  - DeGrussa Mine segment earnings before net finance and income tax of **\$194.5M**
  - Profit before net finance and income tax of **\$142.1M**
  - Maiden annual net profit after income tax of **\$88.0M** – no tax payable for the year
  - Earnings per share of 57.48cps (basic) and 57.38cps (diluted)
  - Strong production for FY14 year-to-date, with record mill throughput in July
  - Production guidance of 65-75kt Cu, 35-45koz Au confirmed for FY2014
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Sandfire Resources NL (ASX: **SFR**: "Sandfire") is pleased to announce a maiden annual net profit after income tax of **\$88.0M** for the year ended 30 June 2013. The net profit after income tax equates to earnings per share of 57.48 cents (basic) and 57.38 cents (diluted).

The DeGrussa Copper Mine in Western Australia achieved a strong financial performance in its commissioning and ramp-up year. Sales revenue of **\$507.3M**, from metal sales totalling 62,154 tonnes of contained copper and 41,725 ounces of gold, drove strong cash flow from operating activities of **\$250.2 million**. Profit before net finance and income tax was **\$142.1M**.

The DeGrussa Mine segment generated earnings before net finance and income tax of **\$194.5M** after depreciation and amortisation charges of **\$123.4M**.

Sales revenue consisted of high-grade DSO (31,921 tonnes of contained Cu) produced from the open pit and plant concentrate production (30,233 tonnes of contained Cu) during ramp up of the underground mine and Concentrator from October 2012. Total contained metal production for the 12 months to 30 June 2013 was 64,017 tonnes of copper and 42,697 ounces of gold.

The overall result included total charges for depreciation and amortisation (D&A) of \$125.8 million, including \$69.6 million of non-recurring charges relating to amortisation of development and production phase stripping for Stage 1 and 2 of the open pit. \$56.2M million related to underground mine development, Concentrator, other mine infrastructure and assets.



As previously outlined in the March 2013 Quarterly Report, the second half result included a reduction in DSO production and sales based on final results.

The financial performance of the operation during the second half was also impacted by the previously announced impact of blending transitional open pit sulphide material on overall Concentrator recovery.

As at 30 June 2013, Sandfire had \$77.1 million in cash, having made two finance facility repayments during the year totalling \$95 million. The next scheduled payment of \$45M is due at the end of September 2013. The balance of the \$380 million DeGrussa finance facility was reduced to \$285 million as at 30 June 2013.

This information should be read in conjunction with Sandfire's audited consolidated 2013 Financial Report and accompanying notes.

### **Operations Update**

Underground mine development has been accelerated to provide access to the deeper Conductor 4 and 5 deposits and is continuing ahead of schedule with the new Conductor 4/5 and Conductor 1 Declines advancing from the junction off the Evans Decline.

This accelerated development will provide significant production flexibility, securing the long-term future of the DeGrussa Operation, whilst also providing underground drilling positions to target existing lenses as well as extensions and repeats of the known deposits.

Stoping operations in the DeGrussa and Conductor 1 deposits are continuing, with five stopes in various stages of production. The paste plant is ramping up to full production levels.

The ramp-up of the DeGrussa Concentrator has continued with pleasing progress achieved for the September 2013 Quarter so far. Record mill throughput was achieved for the month of July with over 131,700 dry tonnes of ore milled at a grade of over 5% Cu, resulting in production of 5,674 tonnes of contained copper. Copper recovery of 83% was above forecast, with recoveries impacted by blending of the remaining stockpiled open pit sulphide ore. The Company expects to achieve production for the September Quarter in the range of 14-16,000 tonnes of copper.

Sandfire reiterates its production guidance for FY2014 of 65-75,000 tonnes of copper and 35-45,000oz of gold at a forecast C1 cash operating cost in the range of US\$1.05-1.15/lb, weighted towards the December to June Quarters due to processing of the remaining transitional open pit material in the September 2013 Quarter:

As outlined previously, FY2014 copper and gold production is expected to come solely from the concentrator, with the DSO and oxide gold production and sales programs now complete.

Refer to Sandfire's June 2013 Financial Results Presentation (released today) for current guidance on operating parameters, production guidance, unit costs and capital expenditure.

### **Management Comment**

Sandfire's Managing Director, Mr Karl Simich, said the delivery of a strong maiden annual profit result capped a year that had seen a number of important achievements, including the successful transition from open pit to underground operations, the ramp-up of the DeGrussa Concentrator and a significant investment in underground capital development to secure the long-term future of the mine.

"This is a very pleasing result, with the DeGrussa operation generating earnings before net finance, taxation, depreciation and amortisation of over \$317 million. That is a tremendous result in anyone's language given this was a ramp-up year where we completed a highly profitable open pit DSO program, plant construction and ramp-up, with a substantial investment in underground mine development.

“The result was skewed towards the first half, which saw the majority of the benefits of the low cost DSO production. Higher depreciation and amortisation charges relating to the completion of Stage II of the open pit operations, adjustments on final DSO sales, a lower and more volatile copper price and the processing of transitional open pit sulphide material were all reflected in the second half.

“With record production in July and final blending of open pit ore approaching, we are looking forward to a very strong year ahead for DeGrussa and Sandfire,” Mr Simich said.

## ENDS

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### Forward-Looking Statements

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