



ASX/Media Release

14 September 2012

COMMISSIONING OF DEGRUSSA PROCESSING PLANT

DEGRUSSA COPPER-GOLD PROJECT DEVELOPMENT NEARS COMPLETION

Sandfire Resources NL (ASX: **SFR**; "Sandfire") is pleased to advise that commissioning of the 1.5Mtpa processing facility at its 100%-owned **DeGrussa Copper-Gold Project** in Western Australia is underway. Crushed rock has been introduced to the SAG mill and slurry flow established through to the tailings storage facility.

Dry and water commissioning started in the crusher in August and has progressed in stages through the SAG and ball mills, the rougher/scavenger flotation section, tailings thickener and tailings pumps to the tailings storage facility. The cleaner circuit, including the re-cleaner and scavenger flotation cells and associated pumps has also been commissioned. The reagents systems are charged and have been operated on a trial basis.

Dry commissioning of the concentrate thickener, storage tank and filter is in progress. The various instruments and field devices are being calibrated as systems are brought on line.

Finishing works will continue over the coming weeks including final installation of small bore pipe, electrical terminations and lighting. Following this, the engineering, procurement and construction (EPC) contractor, Abesque, is expected to complete full wet commissioning and formally hand over the DeGrussa Concentrator for ore commissioning around the end of September 2012.

The ramp-up schedule for the Concentrator is targeting steady-state nameplate production rates by early CY 2013, in line with previous guidance.

Concentrator production, together with production of high-grade chalcocite direct shipping ore from the open pit operations, will underpin the Company's previously announced production guidance of 77,000 tonnes of payable copper for FY 2013.

Sandfire's Managing Director, Mr Karl Simich, said the commencement of commissioning of the DeGrussa Concentrator within 12 months of the contractor mobilising to site was an outstanding achievement.

"Our Project Development Team, headed by Martin Reed, along with our EPC contractor – Abesque, continue to do a fantastic job," Mr Simich said. "We are now in a position to complete commissioning and ramp-up of the project to steady-state nameplate operation in line with the schedule and budget outlined in our Definitive Feasibility Study".

ENDS

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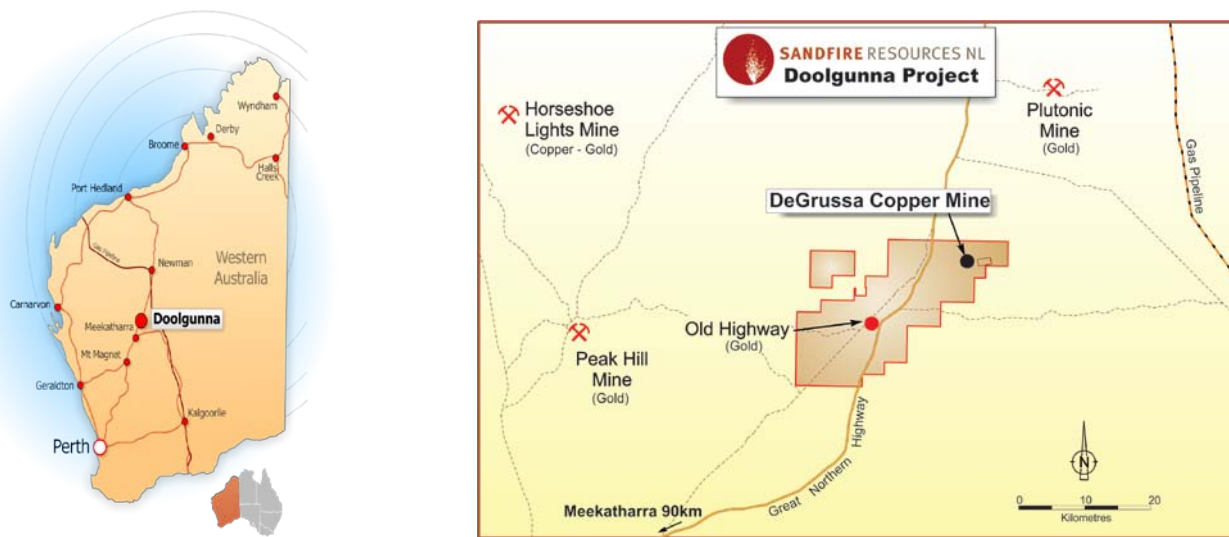
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Figure 1 – DeGrussa Copper Mine location



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