

ASX/Media Release

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SANDFIRE AWARDS NEW UNDERGROUND MINING CONTRACT

Sandfire Resources NL (ASX: **SFR**; “Sandfire”) is pleased to announce that it has awarded a new contract for underground mining services at its DeGrussa Copper-Gold Mine in Western Australia to specialist underground mining contractor Byrnegut Australia Pty Ltd.

The contract, which has an estimated value of \$200 million, has been awarded following a competitive tender process. The tender was undertaken ahead of expiry of the existing contract, with Australian Contract Mining Pty Ltd (“ACM”).

The new DeGrussa underground mining contract has a three-year term, with Sandfire having an option to extend for a further two years. It is the single largest operational contract at DeGrussa, employing approximately 150 people and utilising some 30 items of underground mining equipment and associated surface support.

The implementation of the new contract is expected to reduce gross mining costs at DeGrussa by over 10 per cent. This will see a reduction in anticipated mining, decline development and underground sustaining capital. Further unit cost guidance for the 2015 financial year will be provided during the June 2014 Quarterly Presentation.

This anticipated reduction in mining costs is consistent with ongoing efforts by Sandfire’s management to reduce costs, improve efficiencies and streamline all aspects of the DeGrussa Operation. It also reflects the lower contract rates currently being experienced across the Australian resources sector.

Byrnegut is a specialist underground mining contractor offering a diverse range of specialist mining services in Australia and overseas. It has a strong depth of experience in mine development and production techniques, combined with extensive knowledge in occupational Health & Safety, equipment management and maintenance, purchasing and contract administration.

Current major contracts held by Byrnegut in Australia include underground mining services at Newcrest’s Telfer Gold Mine, Gwalia Gold Mine for St Barbara Limited, the Jundee Gold Mine currently subject to acquisition by Northern Star Resources, OZ Minerals Prominent Hill Copper Mine and Kingsgate’s Challenger Gold Mine in South Australia. Internationally, key contracts include the Obuasi Gold Mine in Ghana, Bulyanhulu Gold Mine in Tanzania, Palabora in South Africa and Kibali Gold Mine in the DRC.

Sandfire’s Managing Director & CEO, Mr Karl Simich, said Sandfire was looking forward to working with the Byrnegut team to continue to build on the strong, efficient and safe underground mining practices in place at the DeGrussa underground mine.

“I would like to take this opportunity to thank ACM for their significant contribution to the success of the DeGrussa operation over the past three years during the underground mine development and the successful ramp-up of the operation to a steady-state level of 1.5Mtpa.”



“We want to build on our excellent track record at DeGrussa to ensure that we remain one of Australia’s most efficient, profitable and safe underground mines for many years to come,” Mr Simich added.

Sandfire’s Chief Operating Officer, Mr Michael Spreadborough, said the Company had established an implementation team to work closely with Byrnescut and ACM to assist in managing a seamless and efficient transition with limited disruption to mining operations and production.

“Once Byrnescut is fully established at site, we will be working with them to further strengthen all aspects of our underground operations including productivity initiatives and safety systems,” he said.

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