



ASX/Media Release

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FIRST COPPER CONCENTRATE PRODUCED AT DEGRUSSA

ORE COMMISSIONING UNDERWAY: FIRST STOPE ORE TO BE FIRED WITHIN WEEKS

Sandfire Resources NL (ASX: **SFR**; "Sandfire") is pleased to advise that it has successfully produced first copper concentrate from its 100%-owned **DeGrussa Copper-Gold Project** in Western Australia, with ore commissioning of the 1.5Mtpa processing facility underway following the introduction of ore to the SAG mill.

The engineering, procurement and construction (EPC) contractor, Abesque, has completed construction of the DeGrussa Concentrator and are now actioning punch list items and supporting ore commissioning. The regrind mill is undergoing final wet commissioning before being introduced into the pre commissioning process. The handover of the concentrator to Sandfire and production ramp-up will occur on the finalisation of punch list items.

Underground mining is proceeding on schedule with the first stoping horizon in the Conductor 1 orebody fully developed, and development of the second horizon well advanced. The first stoping ore is scheduled to be fired during October 2012, with the underground mine expected to reach full production rates in H1 2013.

A total of 78,000 tonnes of massive sulphide ore with an average grade of 4.3% Cu has been mined from the underground and open pit mines and is stockpiled on the ROM pad ready for processing.

Sandfire's Managing Director, Mr Karl Simich, said the project development team at DeGrussa had achieved another important milestone with the introduction of first ore into the SAG mill and production of the first copper concentrate.

"This signals the start of our ramp-up towards full production, which we expect to achieve during the first half of 2013," Mr Simich said. "The contractor is now in the process of handing the plant over to our operations team and we are on track to ramp up copper production to our targeted annualised rate of 77,000tpa."

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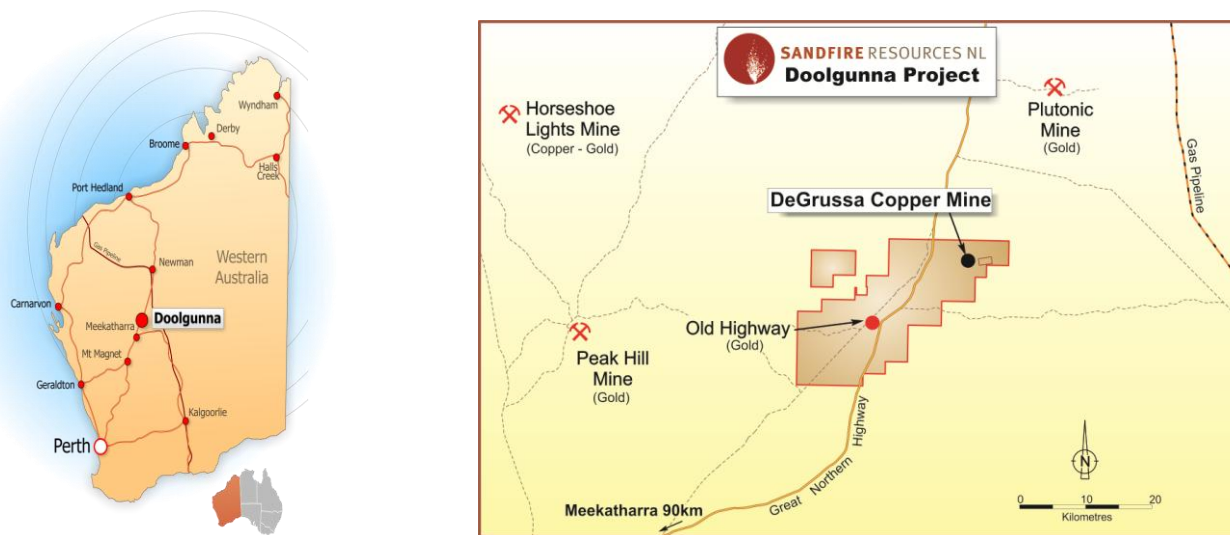
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Figure 1 – DeGrussa Copper Mine location



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