



20 October 2022

ASX Limited  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

Sandfire Resources Ltd (**Sandfire** or **the Company**) is pleased to attach the following items for immediate release to the market:

1. September 2022 Quarterly Report;
2. Motheo A1 Satellite Prospect Exploration Update; and
3. September 2022 Quarterly Report Presentation.

In addition, a teleconference and live webcast on the Company's September 2022 Quarterly Report will be held for the investment community at 11.00am (AWST) / 1.00pm (AEST) today.

The September 2022 Quarterly Report and accompanying slide presentation will be available via the ASX Company Announcements Platform (ASX 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 by [clicking here](#).

Yours sincerely

**Matthew Fitzgerald**  
Chief Financial Officer  
and Company Secretary

**Sandfire Resources Ltd**

Level 2, 10 Kings Park Road  
West Perth WA 6005

PO Box 1495  
West Perth WA 6872

T: +61 8 6430 3800  
F: +61 8 6430 3849

ABN 55 105 154 185  
[www.sandfire.com.au](http://www.sandfire.com.au)

20 October 2022

## September 2022 Quarterly Report

Strong September Quarter sees Sandfire upgrade FY2023 production guidance; Motheo Copper Project Expansion DFS confirms pathway for expanded 5.2Mtpa processing operation in the Kalahari Copper Belt.

Contained metal production and costs	Sep 2022 Quarter	FY2023 Guidance
Total Copper (t)	28,056	83 – 91,000
Total Zinc (t)	19,535	78 – 83,000
Total Lead (t)	2,477	6 – 10,000
Total Gold (oz)	8,215	12 – 14,000
Total Silver (Moz)	0.7	2.2 – 3.2
C1 cost (US\$/lb Cu)	1.73	~1.72

### Highlights

- Group FY2023 guidance increased to 83-91kt Cu, 78-83kt Zn, 6-10kt Pb, 12-14koz Au and 2.2-3.2Moz Ag at a C1 unit cost of ~US\$1.72/lb Cu.
- Strong performance from the MATSA Copper Operations (MATSA) in Spain, with production for the September Quarter of 13,747t Cu, 19,535t Zn, 2,477t Pb and 0.6Moz Ag contained.
- Updated Proved and Probable Ore Reserve estimate completed for MATSA setting the foundation for long-term growth.
- Underground mining completed at the DeGrussa Operations subsequent to Quarter-end, with processing of transitional stockpiles and mineralised waste stockpiles to commence following final sulphide processing around the end of October 2022.
- Construction of the 3.2Mtpa Motheo Copper Mine in Botswana progressing on schedule for first production as guided from early in the June 2023 Quarter.
- Expansion of the Motheo Copper Project from 3.2Mtpa to 5.2Mtpa confirmed following the completion of a positive Definitive Feasibility Study (DFS), including the A4 Deposit and an expanded processing plant.
- US\$140M Motheo Project Finance Facility with Nedbank and Société Générale signed; first draw-down of US\$55M completed subsequent to Quarter-end.
- Scheduled US\$118M debt repayment for the MATSA acquisition completed; ANZ Corporate Debt Facility reduced by US\$98M (A\$150M), with a A\$50M (US\$32M) Facility remaining.
- Cash holding at Quarter-end of US\$189.8M and net debt of US\$374.7M (excluding capitalised transaction costs), following MATSA and Corporate Facility repayments.
- Founder Karl Simich stepped down as Managing Director and CEO after 15 years at the helm, with Sandfire's Chief Operating Officer, Jason Grace, appointed as Acting CEO while an ongoing global executive search process is concluded.

## Management Overview

Sandfire's Acting CEO, Jason Grace, said: 'The September Quarter saw Sandfire continue to make strong progress across the business as we focus on consolidating and optimising the MATSA Copper Operations in Spain while delivering our new Motheo Copper Mine in Botswana.

'Thanks to a solid overall operational performance at MATSA and DeGrussa during the September Quarter, we have lifted our Group production guidance for FY2023 to 83-91kt of copper, 78-83kt zinc, 6-10kt lead, 12-14koz gold and 2.2-3.2Moz silver.

'Part of this guidance update was based on approval for the DeGrussa Processing Extension Project at the end of the Quarter, which will see processing operations continue in Western Australia until early next calendar year, based on processing heavily transitional stockpiles and mineralised waste stockpiles on site.

'As previously foreshadowed, underground mining operations at DeGrussa were completed shortly after the end of the September Quarter, with processing of sulphide ore to continue to the end of October.

'At MATSA, we posted another quarter of successful operations under Sandfire's ownership, with a solid mining and processing performance. The completion of an updated Ore Reserve estimate for MATSA provides a solid foundation for our ongoing work to optimise and implement a 5-year production plan, and to establish a base for a multi-decade operation.

'We hosted a successful investor and media site visit to MATSA during the Quarter, which provided a great opportunity to showcase the quality of the asset to investors and highlight the enormous upside that we see in the form of resource-to-reserve conversion, near-mine growth potential and regional exploration upside.

'On other fronts, we continued to make outstanding progress at the Motheo Copper Mine in Botswana, with the delivery of a positive DFS for the 5.2Mtpa Expansion Case mapping a clear pathway for us to establish a major, new long-term copper mining hub in the Kalahari Copper Belt.

'Construction of the initial 3.2Mtpa project at Motheo is advancing on schedule, with first production on track for the June Quarter next year and the expansion project to immediately ramp up following the receipt of environmental and mining approvals.

'In terms of capital management, the September Quarter saw a significant reduction in Sandfire's overall debt position, with the completion of initial repayments against both the MATSA Financing Facility and the ANZ Corporate Debt Facility. We were also pleased to execute final documentation for a US\$140 million debt facility to underpin the construction of the Motheo Project.'

## 1 Execute Delivery

### 1.1 Safety

The Total Recordable Injury Frequency Rate (TRIFR) for the Group at the end of the September Quarter was 4.0 (June 2022 Quarter: 3.8). 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).

The management of safety systems continues to focus on the prevention of incidents, the management of risks for both employees and contractors including principal hazards, and programs to assist with continual improvement of the safety culture at all of the Company's operations and exploration activities.

### 1.2 FY2023 Guidance

Reflecting the solid operating results of the September 2022 Quarter, and the additional copper and gold production scheduled from the DeGrussa processing extension project, Sandfire has lifted its Group production guidance for FY2023 to 83-91kt Cu, 78-83kt Zn, 6-10kt Pb, 12-14koz Au and 2.2-3.2Moz Ag (previously 81-89kt Cu, 78-83kt Zn, 6-10kt Pb, 10-12koz Au and 2.2-3.2Moz Ag).

### 1.3 MATSA Copper Operations, Spain

#### 1.3.1 Operations overview

MATSA Copper Operations Production Statistics <sup>1, 2</sup>		Units	Sep 2022 Quarter	FY2023 Guidance
Mining	Total Ore	Tonnes	1,125,250	
	Ore – Cupriferous	Tonnes	456,684	
	Grade – Cupriferous	Cu%	1.4	
	Ore – Poly	Tonnes	668,566	
	Grade – Poly	Cu%	1.7	
	Grade – Poly	Zn%	4.1	
Concentrator	Total Milled	Tonnes	1,077,749	
	Ore – Cupriferous	Tonnes	408,991	
	Grade – Cupriferous	Cu%	1.7	
	Ore – Poly	Tonnes	668,758	
	Grade – Poly	Cu%	1.7	
	Grade – Poly	Zn%	4.1	
<b>Concentrate Produced</b>	<b>Concentrate</b>	<b>Tonnes</b>	<b>122,442</b>	
	<b>Contained Copper</b>	<b>Tonnes</b>	<b>13,747</b>	<b>60-65kt</b>
	<b>Contained Zinc</b>	<b>Tonnes</b>	<b>19,535</b>	<b>78-83kt</b>
	<b>Contained Lead</b>	<b>Tonnes</b>	<b>2,477</b>	<b>6-10kt</b>
	<b>Contained Silver</b>	<b>Ounces</b>	<b>0.6Moz</b>	<b>2.0-3.0Moz</b>
<b>Operating cost</b>	<b>C1 unit cost</b>	<b>US\$/lb</b>	<b>2.19</b>	<b>1.78</b>

#### Notes:

<sup>1</sup> Refer to Sandfire's September 2022 Quarterly Report Presentation for further details relating to mining, processing, sales, costs and capital expenditure, released today, 20 October 2022.

<sup>2</sup> Mining and production statistics are rounded to the nearest 0.1% Cu and Zn grade. Errors may occur due to rounding. Production statistics are subject to change following reconciliation and finalisation subsequent to the end of the Quarter.

### 1.3.2 Mining

Since acquisition, MATSA has continued to deliver reliable mine production with performance in the September Quarter achieving an annualised rate of approximately 4.5Mtpa across all three mines. The performance is primarily due to improved short-term planning approaches and optimisation of stope designs. During the Quarter, mine production was partially offset by lower backfilling rates at Magdalena.

Overall mined copper grades were in line with expectations with zinc and lead grades slightly above plan. Increased zinc grades are a result of continued reduction in stope dilution and slight changes to the timing of production at Magdalena.

### 1.3.3 Processing

Processing for the September Quarter was below mine production rates and achieved an annualised processing rate of approximately 4.3Mtpa. This rate was impacted by unplanned maintenance on Line 3 during July 2022.

Copper metal production was in line with expectations and zinc metal production exceeded target due to higher than forecast mined grades from Aguas Teñidas and Magdalena.

### 1.3.4 Operating Costs

Despite the ongoing challenge of elevated energy costs in Europe MATSA continues to generate solid EBITDA margins. Energy costs in the September Quarter continued to track well above long term averages. MATSA is currently undertaking a competitive tender process for longer term power supply and it is expected that new agreements will be implemented in the March Quarter.

Site controllable costs at MATSA continue to track within expectations.

### 1.3.5 Updated Ore Reserve Estimate

Sandfire reported an updated Ore Reserve estimate for MATSA totalling 37.1Mt at 1.6% Cu, 2.6% Zn, 0.8% Pb and 36.1g/t Ag containing an estimated 593kt of copper, 975kt of zinc, 286kt of lead and 43.0Moz of silver with an estimated Net Smelter Return (NSR) of US\$116/t<sup>1</sup> (using an NSR cut-off). The updated Ore Reserve estimate, reported as at 30 April 2022, represents Sandfire's first Ore Reserve estimate for MATSA since it assumed ownership of the project on 1 February 2022.

The Ore Reserve estimation was completed employing industry best practice and robust NSR methodology utilising Sandfire's technical expertise at MATSA and corporate technical services. The MATSA Ore Reserve has been updated based on updated Mineral Resources (as announced on 30 June 2022) and changes to modifying factors.

This has resulted in a net overall increase in the MATSA Ore Reserve of 1.2Mt, a decrease of 53kt of contained copper and increase of 46kt of contained zinc after accounting for annual mining depletion and adjustments to modifying factors.

Full details of the updated MATSA Ore Reserve Estimate are provided in the Company's ASX Announcement dated 28 July 2022, titled '37Mt Ore Reserve cements foundation for long-term growth at Sandfire's MATSA Copper Operations'.

---

<sup>1</sup> The estimation of the Ore Reserve NSR US\$/t value and applied NSR cut-off can be found in Sandfire's ASX announcement titled, '37Mt Ore Reserve cements foundation for long-term growth at Sandfire's MATSA Copper Operations' (release date: 28 July 2022).

## 1.4 DeGrussa Operations, Western Australia

### 1.4.1 Overview

DeGrussa Operations Production Statistics <sup>1, 2</sup>		Units	Sep 2022 Quarter	FY2023 Guidance
Mining	Total Ore	Tonnes	437,196	
	Copper Grade	%	3.9	
	Gold Grade	g/t	1.5	
Concentrator	Milled	Tonnes	385,110	
	Copper Grade	%	4.1	
	Gold Grade	g/t	1.4	
<b>Concentrate produced</b>	<b>Concentrate</b>	<b>Tonnes</b>	<b>60,635</b>	
	<b>Contained Copper</b>	<b>Tonnes</b>	<b>14,309</b>	<b>19–21kt</b>
	<b>Contained Gold</b>	<b>Ounces</b>	<b>8,215</b>	<b>12-14koz</b>
	<b>Contained Silver</b>	<b>Ounces</b>	<b>67koz</b>	<b>70-90koz</b>
<b>Operating cost</b>	<b>C1 unit cost</b>	<b>US\$/lb</b>	<b>1.34</b>	<b>1.54</b>

#### Notes:

<sup>1</sup> Refer to Sandfire's September 2022 Quarterly Report Presentation for further details relating to mining, processing, sales, costs and capital expenditure, released today, 20 October 2022.

<sup>2</sup> Mining and production statistics are rounded to the nearest 0.1% Cu grade and 0.1g/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.

### 1.4.2 Mining

Underground mining operations have been completed at the DeGrussa Operations, with the final stopes extracted and hauled to surface in September for the Monty Underground Mine and in early October for the DeGrussa Underground Mine.

### 1.4.3 Processing

Processing for the September Quarter continued to be in line with plan and was supported by high plant utilisation. Mill throughput rates were lower than usual due to a plant scale trial being undertaken to assess the viability of processing transitional and low grade ore stockpiles.

Processing of run-of-mine stockpiles will continue until around the end of October 2022, after which the 1.6Mtpa DeGrussa Concentrator will transition to low-grade copper stockpiles (see DeGrussa Processing Extension Project in section 1.4.5 below).

### 1.4.4 Operating Costs

C1 unit operating costs were US\$1.34 per pound for the September Quarter, below guidance despite the inflationary pressures in the sector and broader economy and positively impacted by increased copper production from higher mined grades and improved recoveries.

### 1.4.5 DeGrussa Processing Extension Project

Following completion of a positive Feasibility Study, Sandfire will commence the DeGrussa Processing Extension Project, based on processing heavily transitional stockpiles and mineralised waste stockpiles remaining on site at the end of the current operations.

This process is based on utilising the existing DeGrussa flotation plant with minimal circuit changes, adopting a simplistic approach to treat whole stockpiles with oxide reagents.

The processing plant is expected to continue operating until January 2023, treating approximately 310kt of ore at an average grade of around 1% Cu. Due to the transitional mineralogy and grade of this ore, recovery is targeted to be around 70% for copper and 40% for gold. This is expected to deliver approximately 2kt of copper and 2koz of gold contained within around 10,000t of concentrate at a grade of around 22% copper and 5g/t gold.

Plant scale trials on processing of oxide copper stockpiles have also commenced and are scheduled to be completed in October 2022. Results of these trials may support further extension of processing at DeGrussa beyond January 2023.

## 2 Sustain and Grow Our Production Pipeline

### 2.1 Motheo Copper Project, Botswana

#### 2.1.1 Motheo Copper Mine (3.2Mtpa) Construction and Development

Development at Motheo is proceeding on schedule, with first production expected in the June 2023 Quarter. Construction activities are continuing with over 1,800 personnel currently on site, over 10,000m<sup>3</sup> of concrete poured and 1,000 tonnes of structural steel erected to date.

Some of the key recent developments include:

- All structural concrete works and ROM pad earthworks are complete.
- 132kV transmission line effectively complete.
- Bulk waste for the tailings storage facility (TSF) walls complete and HDPE lining progressing.
- HV Substation and switching station almost complete with commissioning planning underway.
- Primary crusher structure well advanced and crusher install commenced.
- SAG Mill discharge end shell sections installed, and lubrication piping install ongoing.
- Structural, Mechanical and Piping (SMP) Contractor approximately 43% complete.
- Plant Electrical and Instrumentation (E&I) Contractor approximately 17% complete.
- Pre-strip advancing on schedule with 5.2M BCM mined to date, first ore has been mined and stockpiled.
- Contract for concentrate transport logistics (site shed to ship - Walvis Bay) awarded.
- Motheo Mine Village complete with landscaping continuing.

#### 2.1.2 Motheo Expansion Project Definitive Feasibility Study

During the Quarter Sandfire completed a Definitive Feasibility Study (DFS) for the Motheo Expansion Project, supporting the planned expansion of the Motheo Copper Mine from 3.2Mtpa to 5.2Mtpa through the inclusion of the A4 Deposit and an expanded processing plant.

The DFS showed outstanding project economics from an expanded 5.2Mtpa processing operation, mining both the T3 and A4 Deposits, compared to the 3.2Mtpa development scenario currently in progress.

Key highlights of the study included:

- Pre-tax NPV<sub>7%</sub> of US\$548 million and IRR of 29% using consensus metal prices of Cu US\$3.57/lb, Ag US\$20/oz
- Mine life of 10 years with peak production of 55ktpa copper-in-concentrate
- Strip ratio of 6.2 waste to ore
- LOM production: 440kt Cu and 18.4Moz Ag
- LOM all-in sustaining costs of US\$1.79/lb.

The total combined T3 and A4 JORC 2012 Probable Ore Reserve estimate comprises **49.6Mt at 1.0% Cu and 14g/t Ag for 474kt of contained copper metal and 21.3Moz of contained silver.**

## Motheo Copper Project Open Pit Ore Reserve

Ore Reserve Category	Tonnes (Mt)	Grade Cu (%)	Contained Cu (kt)	Grade Ag (g/t)	Contained Ag (Moz)
Probable - T3 and A4 Deposit	49.6	0.96	474	13.6	21.3
<b>Total Ore Reserve</b>	<b>49.6</b>	<b>0.96</b>	<b>474</b>	<b>13.6</b>	<b>21.3</b>

The DFS confirmed the strong business case for development of the A4 Deposit, the first satellite deposit to the Motheo Copper Mine, as part of an expanded 5.2Mtpa Motheo Production Hub strategy.

In completing the DFS, Sandfire was able to leverage off the work currently underway for the development and construction of the 3.2Mtpa Motheo Copper Mine and the prior work completed on the 3.2Mtpa DFS.

Subject to the timing of the award of contracts, site construction activities for the process plant expansion are scheduled to commence in the March Quarter of FY2023. Design work for the plant expansion has commenced and the delivery to site of the 4.5MW Ball Mill has also commenced. No other long-lead delivery equipment is required for the plant expansion. Following process plant expansion construction and commissioning works, increased plant throughput at 5.2Mtpa is expected to commence in the March Quarter of FY2024.

The project's economics are robust and have withstood the significant increases currently seen in input pricing for mining costs, diesel supply, reagents, grinding media and labour.

The estimated operating cost for the combined 5.2Mtpa T3 and A4 operation varies throughout the life of mine as changes occur in the cost to mine and process the deposits. The average operating cash cost (C1) over the life-of-mine, on a payable copper basis, is estimated to be approximately US\$1.47/lb of copper. C1 consists of US\$0.84/lb mining costs, US\$0.56/lb processing cost inclusive of power, site administration and offsite logistics costs of US\$0.23/lb, US\$0.19/lb treatment and refining charges, and a silver by-product credit of US\$0.35/lb copper. The estimated All-in Sustaining Cost (AISC), which includes C1 plus sustaining capital, is US\$1.79/lb.

A summary of key DFS parameters and comparison to the 5.2Mtpa PFS released in September 2021 (adjusted to reflect current consensus metals pricing) are presented in the table below.

Key drivers	Unit	5.2Mtpa DFS	5.2Mtpa PFS	Variance (%)
<b>Physicals</b>				
Life of Mine (processing)	Years	10.0	10.5	(5%)
Waste : Ore (inc. pre-strip)		6.2	6.5	(5%)
Cu grade	%	0.94	0.96	(2%)
Ag grade	g/t	13.1	13.4	(2%)
Cu recovery	%	92.9	92.3	0.6%
Ag recovery	%	86.4	88.2	(2%)
Cu in concentrate	kt	440	437	1%
<b>Economic</b>				
Cu price (LOM average) <sup>1</sup>	US\$/lb	3.57	3.49	2%
Ag price (LOM average)	US\$/oz	20.00	21.51	(7%)
LOM Revenue	US\$'B	3.7	3.6	3%
Capex: Development & Pre-strip	US\$'M	397	366	(8%)
Capex: LOM	US\$'M	499	454	(10%)
Net cash flow (pre-tax)	US\$'M	1,071	1,241	(14%)
NPV (pre-tax, real, 7.0%)	US\$'M	548	682	(20%)
NPV (post-tax, real, 7.0%)	US\$'M	339	417	(19%)



Key drivers	Unit	5.2Mtpa DFS	5.2Mtpa PFS	Variance (%)
<b>Economic (continued)</b>				
IRR (pre-tax, real)	%	29.0	36.2	(20%)
Capital payback (from 1st production)	Years	3.3	2.9	(15%)
C1: LOM	US\$/lb	1.47	1.32	(11%)
AISC: LOM	US\$/lb	1.79	1.56	(15%)

**Notes:**

<sup>1</sup> Financial outcomes from the 5.2Mtpa PFS released on 22 September 2021 have been updated using an assumed copper price of US\$3.57/lb (compared with US\$3.49/lb used in the 22 September 2021 ASX announcement), reflecting long-term consensus forecasts, and bringing them in-line with the assumptions used in the Expansion Case 5.2Mtpa DFS reported in this announcement.

Total development capital is estimated at US\$397.4 million, including future development costs for the A4 Open Pit and 5.2Mtpa plant expansion of US\$47.9 million. LOM capital is estimated at US\$499 million. As at 30 September 2022, the Company had invested US\$220 million (55%) of the US\$397.4 million development capital.

Sandfire intends to fund the development of the Motheo Copper Mine and expansion to 5.2Mtpa through a combination of cash and project debt (see section 2.1.3 for details).

The Government of Botswana has a right to acquire up to a 15% fully contributing interest in the A4 Deposit executed at the granting of the Mining Licence. The Government of Botswana did not take up the interest in the initial 3.2Mtpa T3 development.

Key critical path items for the 5.2Mtpa expansion have been identified as the Environmental and Social Impact Assessment (ESIA) and Mining Licence approvals, with both of these items being actively progressed. Botswana's Department of Environmental Affairs (DEA) has recently approved the environmental scoping document and the terms of reference, allowing the full ESIA to be submitted in the coming weeks.

### 2.1.3 Motheo Project Finance Facility

Sandfire executed a US\$140 million Motheo Project Finance Facility (Facility) with Nedbank and Société Générale in September 2022, following the receipt of credit committee approvals in August 2022. First drawdown on the Facility for US\$55 million was received in early October 2022. The Facility has a 7-year tenure with scheduled repayments commencing in December 2023.

## 2.2 Black Butte Copper Project, Montana, USA

Sandfire's 87%-owned subsidiary, Sandfire Resources America Inc. (Sandfire America) announced that the District Court Judge issued an order on remedies that will allow Phase I Construction of the Black Butte Copper Project to be completed under the existing permit.

The order on remedies relates to a ruling in a lawsuit against the Montana Department of Environmental Quality (MT DEQ) and Tintina Montana Inc. (Tintina), a wholly owned subsidiary of Sandfire, filed by mining adversaries on June 4, 2020, challenging the MT DEQ's Record of Decision (ROD) relating to the Black Butte Copper Project.

The ruling found that the MT DEQ had violated aspects of the Montana Environmental Policy Act (MEPA) and the Montana Metal Mine Reclamation Act (MMRA) in its grant of a Mine Operating Permit for the Black Butte Copper Project. On July 1, 2022, plaintiffs and defendants filed a joint motion recommending a stipulated order for remedies.

By granting the stipulated motion, the Judge's Order will allow Tintina to complete Phase I Construction under the existing permit while it pursues various legal and technical strategies with the objective of moving the project past Phase I.

### 3 Accelerate Discovery

Exploration remains a key focus for Sandfire. The Company maintains a systematic, multi-pronged exploration program across our large landholdings globally.

#### 3.1 Iberian Pyrite Belt Exploration, Spain and Portugal

##### 3.1.1 MATSA Exploration, Spain

Exploration continued to test near-mine and greenfield targets with four drill rigs completing a total of 12 holes during the Quarter. Productivity was low due to the European summer holiday season.

Three holes drilled at the La Corte prospect (located on the Tocanos Investigation Permit, in proximity to the Aguas Teñidas mine) identified near-surface, low-tenor copper and zinc mineralisation. Breccia hosted, disseminated and semi-massive sulphides were intersected. An Electromagnetic (EM) survey is planned to aid further drill targeting.

Drilling at the Berbellina, River Seca, Enjambre, Sopressa and Nueva Esperanza prospect failed to identify any significant mineralisation.

##### 3.1.2 Portugal Exploration

A single hole was completed during the Quarter on the Ermidas permit testing residual gravity anomalies combined with favourable stratigraphy and anomalous copper geochemistry. The drill holes failed to intersect any significant mineralisation and no further target testing is required. Work recommenced on the Alvalade Project (JV with Canadian-listed company, Avrupa Minerals) with the aim of testing a significant number of regional targets over the course of FY2023. A diamond drillhole testing for extensions of the Lousal copper mine is in progress.

#### 3.2 Kalahari Copper Belt Exploration, Botswana and Namibia

Drilling at the A1 prospect, located 19km north-east of the Motheo Copper Mine, progressed during the Quarter with a total of 24 holes completed by the end of the September. 35 holes have been completed at the prospect, with assays received from 25. Highlights include:

- **A1DD005:** 11.5m @ 2.0% Cu and 9g/t Ag from 130.5m
- **A1RC009:** 8m @ 1.6% Cu and 3g/t Ag from 120m and 15m @ 1.4% Cu and 20g/t Ag from 135m
- **A1DD003:** 9m @ 0.9% Cu and 5g/t Ag from 129m and 8.4m @ 1.4% Cu and 19g/t Ag from 149.6m
- **A1RC008:** 4m @ 6.0% Cu and 10g/t Ag from 135m
- **A1RC011:** 9m @ 1.4% Cu and 3g/t Ag from 104m

First-pass drilling has outlined extensive structurally controlled copper-silver mineralisation over a 1.8km strike length at the A1 Dome. Further details can be found in the Company's ASX Announcement titled, 'Motheo A1 Satellite Prospect Exploration Update', dated 20 October 2022.

Six diamond drill holes were completed at T23 during the Quarter. Wide, low grade, foliation hosted and/or deformed stratiform chalcocite and bornite mineralisation has been shown to continue through a defined trend along the T23 anticline, with a strike length of over 1.4km. Assay results are pending for recently drilled holes to the west of the prospect, where mineralisation appears to be intensifying but plunging to depth. Further detailed work is ongoing to assess the economics of this prospect.

One diamond hole was drilled to test the Okwa Basement Complex at the far north of the Kalahari Suture Zone. No significant sulphide mineralisation has been intersected in the limited drilling to date, and the area is still considered to be prospective for Ni-Cu mineralisation.

First pass geochemical soil sampling continues across targets defined from a selection of historical data and newly identified targets derived from integration of various geophysical datasets and continuing improvements in interpretation of the geological and mineralised settings.

### **3.3 Doolgunna Province Exploration, Western Australia**

The deep drilling program at DeGrussa continued during the Quarter with the completion of five diamond holes. At the DeGrussa SW project, a hole was drilled to ~1,000m depth and tested prospective structures and stratigraphy. Drilling intersected DeGrussa formation mafic lithologies with trace pyrrhotite. Assays and DHEM survey are pending.

Two diamond holes were drilled at the Talisman Project to test for mineralisation below a supergene enrichment zone. No significant mineralisation was identified, and no further work is warranted.

At the Ned's Creek Project, a diamond hole was drilled to ~560m with the hole designed to test the prospective structures intersecting the highly conductive Lower Johnson Cairn Formation. Drilling intersected dolomitic facies with zones of black shales of the Johnson Cairn Formation. No mineralisation was identified and no follow-up is required.

A single hole at the Morck Well prospect was completed at a depth of ~380m. The hole successfully tested the interpreted location of favourable host stratigraphy for VMS mineralisation. DHEM surveys are planned for the December 2022 Quarter.

Work has progressed at the Yerrida Basin interpreting prospective horizons for sedimentary hosted copper and volcanic hosted massive sulphide mineralisation. This dataset has been combined with an updated structural interpretation of the basin. Several prospective areas have been identified and will be tested with soil sampling and an Airborne Gravity Gradiometry survey in the December 2022 Quarter.

### **3.4 Eastern Australia Exploration, New South Wales**

No significant work was completed on the Macquarie Arc Project during the Quarter and this project will be divested.

Field work resumed on the Cobar projects with the completion of an IP survey and 520 station gravity survey at the Elsinore and Balgoo prospects respectively. Diamond drill testing of the Elsinore prospect started late in the Quarter. The 500m deep diamond hole is designed to test a coincident IP/magnetic/gravity anomaly on the western margin of the Cobar basin.

### **3.5 Black Butte Copper Exploration, Montana, USA**

Sandfire America reported diamond drill results from the 2021-2022 Resource Definition core drilling at the Lowry Deposit, located 1,500m east of the Johnny Lee Deposit, to support a pre-feasibility technical report for Lowry.

Sixteen new holes were completed for 8,936 meters of core between September 2021 and March 2022. Drilling in the Lowry Middle Copper Zone (LMCZ) largely confirmed grades and thicknesses of previous drilling, defined resource edges more clearly, and infilled gaps within the previous drill pattern. Drilling in the Lowry Lower Copper Zone delineated an area with somewhat higher copper grades which remains open for further expansion. Several holes intercepted copper mineralisation above the LMCZ in the Lowry Upper Copper Zone.

For further details of the drilling results, refer to Sandfire America's news release titled, 'Sandfire Resources America Inc. Reports High Grade Copper Intersections at the Black Butte Copper Project', dated 16 August 2022, available on their website at <https://sandfireamerica.com/>.

The results of this drilling will support a Lowry Pre-Feasibility Study planned for completion in 2023. Additional work for the Pre-Feasibility Study will include hydrologic, metallurgical, mining, and geotechnical studies.

## **4 Our People**

### **4.1 CEO transition**

Following the completion of Sandfire's portfolio transformation and the achievement of several key pillars of its growth strategy, Karl Simich has stepped down as the Company's Managing Director and Chief Executive Officer (CEO).

Mr Simich led Sandfire from its early days as a junior explorer, through the discovery, financing development and successful 10-year operation of the highly profitable DeGrussa Copper Operations. More recently, he oversaw the implementation of Sandfire's international expansion strategy to become a globally significant copper miner, with operations and development projects now spanning three continents.

Sandfire's Chief Operating Officer, highly experienced mining executive Jason Grace, has been appointed as Acting CEO while an ongoing global executive search process for Mr Simich's successor is concluded. Mr Grace will be supported by Sandfire's Chief Financial Officer Matthew Fitzgerald.

## **5 Optimise Capital Strategy and Engagement**

### **5.1 Cash position and debt facilities**

Sandfire completed scheduled repayments against both the MATSA Financing Facility and the ANZ Corporate Debt Facility during the Quarter, resulting in a significant reduction in its overall debt position from operating cash flows.

The first scheduled repayment of US\$118 million against the US\$650 million MATSA Financing Facility was completed on 30 September 2022. The next repayment of US\$80 million is due in January 2023, with subsequent repayments due as follows under the current repayment schedule:

- FY2024: US\$170 million
- FY2025: US\$119 million
- FY2026: US\$96 million
- FY2027: US\$67 million

The ANZ Corporate Debt Facility was reduced by US\$98 million (A\$150 million) on 30 September 2022, with a A\$50 million (US\$32 million) Corporate Facility remaining, secured against the DeGrussa Copper Operations.

The details and terms of the MATSA Financing Facility and associated MATSA hedging, and the ANZ Corporate Debt Facility and associated DeGrussa hedging were provided by the Company in the ASX announcement titled 'Sandfire moving toward completion of the acquisition of the MATSA Mining Complex in Spain', dated 27 October 2021.

Group cash on hand at 30 September 2022 totalled US\$189.8 million (unaudited).

## 5.2 Investor call and webcast

A Teleconference on the Quarterly results will be held for the investment community on **Thursday, 20th October** commencing at **11.00am (AWST) / 2.00pm (AEDT)**.

To participate in the live Teleconference, investors and media are invited to click on the link below to register:

<https://s1.c-conf.com/diamondpass/10025692-q10t6m.html>

A live webcast of the Teleconference and synchronised slide presentation will be available via the Loghic Connect service, via the link below:

<https://kapara.rdbk.com.au/landers/84d731.html>

It's recommended that you log on at least five minutes before the scheduled commencement time.

The September 2022 Quarterly Report and accompanying Presentation will be available via the ASX Company Announcements Platform (ASX code: SFR) and at Sandfire's website [www.sandfire.com.au](http://www.sandfire.com.au).

**- ENDS -**

**For further information, please contact:**

Sandfire Resources Ltd  
Ben Crowley – Head of Investor Relations  
Office: +61 8 6430 3800

**Media Inquiries:**

Read Corporate  
Nicholas Read  
Mobile: +61 419 929 046

**This announcement is authorised for release by Sandfire's Acting CEO, Jason Grace.**

### Exploration Results

The information in this report that relates to Exploration Results at the A1 Prospect, is based on information compiled by Mr Richard Holmes who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Holmes 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 Holmes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Forward-Looking Statements

Certain statements made during or in connection with this release 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.

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.

### ASX releases referred to in this announcement:

37Mt Ore Reserve cements foundation for long-term growth at Sandfire's MATSA Copper Operations – Sandfire Resources Ltd (28 July 2022).

147Mt Mineral Resource sets strong foundation for optimisation and long-term growth at MATSA – Sandfire Resources Ltd (30 June 2022).

Maiden Ore Reserve for A4 Deposit and PFS confirms 5.2 Mtpa Motheo Copper Project – Sandfire Resources Ltd (22 September 2021).

Sandfire delivers 34% increase in contained copper at satellite A4 Copper-Silver Deposit at Motheo – Sandfire Resources Ltd (21 July 2021).

Sandfire approves development of new long-life copper mine in Botswana - Sandfire Resources Ltd (1 December 2020).