

7 July 2021

Sandfire secures Mining Licence for Motheo Copper Mine

Highlights

- Mining Licence for the Motheo Copper Mine granted by the Government of Botswana.
- The grant of the Mining Licence represents the last major permitting milestone required for full-scale construction of the US\$279M (A\$364M) project to commence, with initial site works already underway.
- Updated Mineral Resource for the satellite A4 deposit expected to be finalised in the coming weeks, forming the cornerstone of the strategy to rapidly expand production at the Motheo Production Hub from 3.2Mtpa to 5.2Mtpa.
- Sandfire remains on-track to commence mining at Motheo in early CY2022 and deliver first production in early 2023.

Sandfire Resources Ltd (ASX: SFR; "Sandfire" or "the Company") is pleased to advise that the Mining Licence has been granted for its Motheo Copper Mine in Botswana, representing the final major permitting milestone required for full-scale construction of the project to commence.

Initial site works at Motheo commenced earlier this year, with sterilisation drilling, a 15km access road and construction of a 200-person camp already well advanced. Following the award of the Mining Licence, Sandfire will now mobilise additional personnel to site to commence construction of the process plant and other infrastructure. Orders have already been placed for all key process equipment and long-lead items.

Sandfire recently announced the award of the mining contract for the T3 pit to African Mining Services (AMS), the surface mining business of diversified global mining services group Perenti Global Ltd (ASX: PRN) (see ASX announcement, 9 June 2021), with the award of the Mining Licence satisfying one of the two key conditions required to finalise the contract.

The T3-Motheo Definitive Feasibility Study, completed in December 2020, confirmed strong economic and technical outcomes from an initial Base Case 3.2Mtpa processing capacity and open pit development of the T3 Deposit.

The DFS outlined a robust initial 12.5-year operation, producing on average ~30kt of contained copper and 1.2Moz of contained silver per annum over the first 10 years of operations, with relatively low capital intensity and robust operating margins.

The T3-Motheo DFS was based on a forecast copper price of US\$3.16/lb reflecting long-term consensus pricing at the time the feasibility study was completed. The Base Case 3.2Mtpa project development was projected to generate US\$664 million (A\$867 million) in pre-tax free cashflow and US\$987 million (A\$1,289 million) in EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), at a forecast all-in sustaining cost of US\$1.76/lb over its first 10 years of operations. Since the completion of the study, the average long-term broker price forecast for copper has increased to US\$3.43/lb and the current spot price for copper is around US\$4.30/lb.

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

As part of the Mining Licence approval process, the Government of Botswana has a right to acquire up to a 15% fully contributing interest in the T3-Motheo Project. The Government of Botswana has not yet notified Sandfire of its intention regarding the acquisition of an ownership stake.

The Motheo Copper Mine will be developed over a two-year period, with mining to commence in early CY2022 and commissioning and ramp-up scheduled for early CY2023.

Sandfire is also working towards completion of an updated Mineral Resource for the A4 deposit, which is expected to be completed in the coming weeks. This will underpin a Feasibility Study on the development of this satellite deposit, which forms a key part of the Company's strategy to rapidly expand production at the Motheo Production Hub from the Base Case 3.2Mtpa to 5.2Mtpa.

Management Comment

Sandfire's Managing Director and CEO, Mr Karl Simich, said the award of the Mining Licence represented a major milestone that would see a significant increase in construction and development activities on site.

"We are absolutely delighted to now be in a position to move to full-scale construction at Motheo, with our construction crews expected to mobilise to site over the next few days.

"I would like to thank the Government of Botswana for their support throughout the approvals process, which will see Motheo come on-stream in 2023 as one of very few new copper mines commencing production globally.

"Motheo is expected to generate approximately 1,000 jobs during construction and 600 full-time jobs during operations, and represents the foundation for Sandfire's long-term growth plans in Botswana. Our vision is that Motheo will form the centre of a new, long-life copper production hub in the central portion of the world-class Kalahari Copper Belt, where we hold an extensive ground-holding spanning Botswana and Namibia.

"Sandfire is looking forward to becoming a major long-term player in the Kalahari Copper Belt, which represents one of the last under-explored large-scale copper provinces anywhere in the world," he said.

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 Managing Director and CEO, Karl Simich.

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.

There is continuing uncertainty as to the full impact of COVID-19 on Sandfire's business, the Australian economy, share markets and the economies in which Sandfire conducts business. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess the full impact of COVID-19 on Sandfire's business or the price of Sandfire securities.

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.