



28 October 2021

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

**Lodgement of September 2021 Quarterly Report and Presentation  
Investor Conference Call and Webcast Details**

I am pleased to attach the following items for immediate release to the market:

1. September 2021 Quarterly Report; and
2. September 2021 Quarterly Report Presentation.

In addition, a teleconference and live webcast on the September 2021 Quarterly Report will be held for the investment community at 10.00am (AWST) / 1.00pm (AEST) today.

The September 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

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## September 2021 Quarterly Report

### Highlights

#### DEGRUSSA OPERATIONS (AUSTRALIA)

Contained metal production	September 2021 Quarter	FY 2022 Guidance
Copper (t)	15,946	64 – 68,000
Gold (oz)	7,515	30 – 34,000
C1 cost (US\$/lb)	1.13	1.00 – 1.10

- FY2022 guidance: **64-68kt Cu** and **30-34koz Au**; C1 costs **~US\$1.00-\$1.10/lb**.
- Sandfire continues to maintain appropriate protocols to minimise the transmission of COVID-19, with no significant disruption to the Company's operations to date.
- Maiden Mineral Resource estimate pending and Scoping Study in progress for the Old Highway Gold Prospect and expected to be completed in the March 2022 Quarter.

#### KALAHARI (BOTSWANA, NAMIBIA)

- Construction activities continued to ramp up at the Motheo Copper Mine with the 200-person construction camp operational, construction of the access road continuing and bulk earthworks underway. Detailed process plant engineering design is now complete.
- Maiden Probable Ore Reserve estimation completed for the A4 Deposit, located 8km west of Motheo, confirming A4 as a high-grade source of additional ore feed for Motheo:
  - **9.7Mt at 1.2% Cu and 18g/t Ag** for **114kt of contained copper metal** and 5.7Moz of contained silver, representing 85% of the contained copper in the updated A4 Mineral Resource announced last quarter.
- Pre-Feasibility Study (PFS) completed to inform the A4 Ore Reserve indicates outstanding project economics from an expanded 5.2Mtpa Motheo mining operation, compared to the initial 3.2Mtpa base case development scenario:
  - **116% increase** in pre-tax NPV<sub>7%</sub> to **US\$672 million** (\$937 million) and **IRR of 36%**.
  - Mine life of **10.5 years**, peak production of **60ktpa of copper-in-concentrate**, strip ratio of 6.5 waste to ore.
  - **15% decrease** in LOM all-in sustaining costs to **US\$1.56/lb**.
- Opportunities identified to further enhance the outcomes of the A4 PFS through integrated mine scheduling and pit optimisations, with these enhancements to be incorporated in a Definitive Feasibility Study (DFS) for the 5.2Mtpa Motheo Expansion. The DFS is expected to be completed in Q3 of FY2022.
- Total pre-production development capital increased to US\$366 million (A\$504 million), incorporating development costs for the A4 open pit to first Motheo production plus updated cost forecasts.

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- Outstanding potential for further resource growth confirmed, with step-out drilling confirming high-grade mineralisation ~1.2km south-west of the A4 Mineral Resource envelope:
  - **45m at 2.2% Cu and 42.6g/t Ag from 439m** in MO-A4-207D

## BLACK BUTTE (USA)

- Sandfire Resources America Inc. took another important step in advancing the fully-permitted Black Butte Copper Project with the acquisition of key property covering the proposed surface infrastructure.
- US\$12 million Bridge Loan Agreement finalised with Sandfire Resources America to complete proposed work programs at Black Butte and provide working capital.

## CORPORATE AND FINANCIAL

- Sandfire announced the transformational US\$1.865 billion (A\$2.572 billion) acquisition of the MATSA Mining Complex in Spain, delivering a world-class mining complex comprising three underground mines feeding a 4.7Mtpa central processing facility producing 100-120ktpa Cu Eq.
- The transaction immediately transforms Sandfire into one of Australia's largest copper-focused producers, with pro-forma FY2022 production of 170-194kt Cu Eq at a MATSA C1 cost of US\$0.40-0.50/lb and DeGrussa C1 cost of US\$1.00-1.10/lb (refer 23 September 2021 ASX announcement).
- The transaction is fully-funded following completion of a A\$1.248 billion (US\$905 million) fully underwritten equity raising (institutional entitlement offer and placement completed on 27 September and retail entitlement offer completed on 18 October) and committed debt facilities.
- Record \$170.1 million net annual profit for FY2021, underpinning a record final dividend of 26cps fully-franked, which was paid on 22 September 2021.
- Group cash on hand at 30 September 2021 of \$405.5 million (unaudited) following US\$100M initial deposit for the MATSA acquisition.
- Sale of Sandfire's 16% investment in Adriatic Metals Plc (ASX: ADT) subsequent to quarter-end for gross proceeds of A\$97 million.

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## 1 MANAGEMENT OVERVIEW

Sandfire Managing Director and CEO, Karl Simich, said: "The September Quarter is set to go down as a defining period in Sandfire's history, with the transformational US\$1.865 billion acquisition of the world-class MATSA mining complex in Spain immediately propelling the Company into the ranks of the world's leading diversified global base metals producers.

"It is extremely rare to find a base metals asset that offers MATSA's compelling combination of scale, grade, mine life and exploration upside, and I am delighted that we have been able to move so quickly and decisively to complete the acquisition and lock in the required debt and equity funding.

"This has been ranked as the largest all-cash deal ever done by an Australian miner, and it is a real credit to everyone involved – our senior management team, advisers, the investors who

underpinned the capital raising and the bankers who are providing the debt – that we have been able to be successful in a highly competitive bidding process.

“I would like to sincerely thank everyone who has contributed to this remarkable outcome, which sets Sandfire up for our next phase of growth and success. Importantly, MATSA is a Tier-1 asset in every respect and is set to become the backbone of the Company’s global operations over the next decade and beyond.

“The quality and uniqueness of this asset is reflected in the calibre of the investors and banks who are supporting us. We are looking forward to providing the market with further information on the huge potential that we see at MATSA as we move closer to completing the acquisition.

“Importantly, following the MATSA transaction Sandfire retains a balance sheet to continue to develop the Motheo Copper Mine in Botswana and progress our global exploration initiatives.

“On that front, the September Quarter has seen exciting progress in Botswana, with construction of the Motheo mine ramping up, the delivery of a maiden Ore Reserve for the satellite A4 deposit and the completion of a positive Pre-Feasibility Study for the 5.2Mtpa ‘expansion case’ at Motheo.

“The PFS indicated that an expanded 5.2Mtpa project development would deliver a positive uplift in the project’s overall economic credentials, including an 88 per cent increase in pre-tax net cash-flow to US\$1.24 billion.

“Given these positive results, Sandfire will proceed immediately to a DFS for the 5.2Mtpa Expansion Case, with the intention of blending high-grade ore from the A4 Open Pit with baseload feed from the T3 Open Pit. The DFS work is already well advanced, and we expect to announce the details of the DFS in the first quarter of the 2022 calendar year. We also delivered some exciting exploration news from Botswana during the quarter, with step-out drilling at the A4 deposit highlighting the untapped potential in the broader Kalahari Copper Belt.

“All of this has been achieved against the backdrop of another period of strong performance from the DeGrussa Copper-Gold Mine, which delivered another solid production and cost performance in line with guidance and continues to deliver outstanding operating margins.”

## **2 COVID-19 BUSINESS RESPONSE**

The health and wellbeing of our people, contractors and stakeholders is of paramount importance to us, with the Company continuing to maintain strict protocols across our operations to minimise the potential transmission of COVID-19.

The Company’s head office and DeGrussa Operations continue to operate without interruption with Western Australia remaining largely COVID-free due to the strict border restrictions and other protocols in place to protect the State from the spread of the Delta variant.

In Botswana, the number of new COVID-19 cases continues to decline thanks to the implementation of universal health protocols and World Health Organisation (WHO) instructions. More than 30% of the population has received the first dose, while over 16% is fully vaccinated. In Montana, USA, Sandfire America has continued to adhere to strict COVID-19 protocols. The vaccine roll-out continues to progress across Meagher County with over 47% of the State now fully vaccinated.

### 3 SAFETY PERFORMANCE

The Total Recordable Injury Frequency Rate (TRIFR) for the Group at the end of the September Quarter was 5.6 (June 2021 Quarter: 4.0). 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).

Safety system developments continue to focus on the prevention of incidents and principal hazard management, with programs to assist in managing and continually improving the safety culture and the management of risk for both employees and contractors.

### 4 DEGRUSSA OPERATIONS, WESTERN AUSTRALIA

#### 4.1 Overview

DeGrussa Operations Production Statistics		Units	Q1 FY22	FY22 Guidance
DeGrussa U/G	Mined	Tonnes	303,102	
	Copper Grade	%	3.2	
	Gold Grade	g/t	1.17	
Monty U/G	Mined	Tonnes	116,050	
	Copper Grade	%	6.0	
	Gold Grade	g/t	1.49	
<b>Total</b>	<b>Mined</b>	<b>Tonnes</b>	<b>419,152</b>	
	<b>Copper Grade</b>	<b>%</b>	<b>4.0</b>	
	<b>Gold Grade</b>	<b>g/t</b>	<b>1.26</b>	
Concentrator	Milled	Tonnes	405,048	
	Copper Grade	%	4.2	
	Gold Grade	g/t	1.34	
<b>Concentrate produced</b>	<b>Concentrate</b>		<b>67,477</b>	
	<b>Contained Copper</b>	<b>Tonnes</b>	<b>15,946</b>	<b>64 to 68,000</b>
	<b>Contained Gold</b>		<b>7,515</b>	<b>30 to 34,000</b>
Concentrate sold	Concentrate		72,021	
	Contained Copper	Tonnes	16,872	
	Contained Gold		8,694	
<b>Operating cost</b>	<b>C1 cost</b>	<b>US\$/lb</b>	<b>1.13</b>	<b>1.00-1.10</b>

**Note:** Mining and production statistics are rounded to the nearest 0.1% Cu grade and 0.1 g/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.

#### 4.2 Underground Mining

During the Quarter, production was sourced from the DeGrussa and Monty Mines with the mine remaining in balance between production and back-fill. Mine production rates from the DeGrussa Mine were in line with the mine plan.

Mining rates at the Monty Mine continued to exceed forecast. This combined performance resulted in a total of 419,152 tonnes mined for the Quarter.

### 4.3 Processing

Processed ore tonnes of 405,048 tonnes for the Quarter continued to be in line with plan and was supported by high plant utilisation late in the Quarter. Mill throughput rates remained on target with strong copper recovery of 92.9%.

### 4.4 Operating Costs

C1 operating costs of US\$1.13/lb Cu were marginally above plan for the quarter. Sandfire expects cost for the year to be towards the upper end of its guidance range of US\$1.00-\$1.10/lb Cu, driven by higher diesel and power prices, and higher shipping and demurrage charges currently being seen in global markets.

<b>FY22 Operating costs US\$/lb</b>	<b>Q1 FY22</b>	<b>FY22 Guidance</b>
Mining	0.53	
Processing	0.32	
Business services	0.13	
Transport Costs	0.39	
Treatment and refining	0.16	
C1 cost (pre by-product credit)	1.53	
By-product credit	(0.40)	
<b>C1 cost</b>	<b>1.13</b>	<b>1.00 to 1.10</b>
Royalties	0.22	
<b>Production cost</b>	<b>1.35</b>	
Depreciation and amortisation	1.07	
<b>Total production cost</b>	<b>2.42</b>	

**Note:** Operating cost are rounded to the nearest US\$0.01. Errors may occur due to rounding. Production statistics are subject to change following reconciliation and finalisation subsequent to the end of the Quarter.

### 4.5 Guidance – FY2022

FY2022 production is expected to be within the range of 64-68,000 tonnes of contained copper and at the upper end of 30-34,000 ounces of contained gold. FY2022 C1 cash operating costs are expected to be at the upper end of the range of US\$1.00-\$1.10/lb.

Refer to Sandfire's September 2021 Quarterly Report Presentation (released today, 28 October 2021) for further detail and guidance on operating parameters, unit costs and capital expenditure for FY2022.



## 5 KALAHARI, BOTSWANA

### 5.1 Motheo Copper Mine Development

Site activities continued at Motheo throughout the September Quarter, with the 200-person construction camp now operational and initial borrow pit and temporary haul roads developed. Construction of the access road is continuing and the bulk earthworks contractor for the processing plant has mobilised and commenced clearing vegetation from the plant site.



**Figure 1: Clearing of topsoil T3 Stage 1 Open Pit and for the process plant and accommodation village in the background.**

The detailed process plant engineering design, being undertaken by Lycopodium, was substantially completed in October 2021. Design and procurement of the 132kV sub-station and powerline is well advanced and design of the 750-bed accommodation facility is complete, with mobilisation to site early in the December 2021 Quarter.

Key construction contracts that have been awarded since the end of the June 2021 Quarter include process plant bulk earthworks, process plant concrete works, international equipment transport and logistics, 11kV power distribution, construction camp catering and Medical & Emergency Management Services.

### 5.2 A4 Mineral Resource Update and Maiden Ore Reserve

Sandfire delivered an updated Mineral Resource Estimate and maiden Ore Reserve for the satellite A4 Deposit, located 8km west of the Company's Motheo Copper Mine in Botswana, during the September Quarter.

The Company reported an updated JORC 2012 Indicated and Inferred Mineral Resource Estimate for the A4 Copper-Silver Deposit on 21 July 2021, delivering a 34 per cent increase in contained copper.

The updated A4 Mineral Resource Estimate (MRE) now totals **9.8Mt at 1.4% Cu and 21g/t Ag for 134,000t of contained copper and 6.6Moz of contained silver** (using a 0.5% Cu cut-off and constrained by a US\$4.50/lb copper price optimised pit shell).

**Table 1 – July 2021 A4 Mineral Resource**

Cu % Cut-off	Mineral Resource Category	Weathering	Tonnes	Copper Grade (% Cu)	Silver Grade (ppm Ag)	Contained Cu (t)	Contained Ag (oz)
0.50%	Indicated	Saprolite	550,000	1.0	7.0	6,000	100,000
		Saprock	1,340,000	1.5	14.0	20,000	600,000
		Fresh	7,000,000	1.4	24.0	99,000	5,400,000
	<b>Total Indicated</b>		8,900,000	1.4	22.0	124,000	6,200,000
	Inferred	Saprolite	30,000	1.4	2.0	-	-
		Saprock	40,000	0.9	6.0	-	-
		Fresh	850,000	1.0	16.0	9,000	400,000
	<b>Total Inferred</b>		920,000	1.0	15.0	9,000	400,000
	<b>GRAND TOTAL</b>		9,820,000	1.4	21.0	134,000	6,600,000

**Note:** Calculations have been rounded to the nearest: 10kt; 0.1% Cu grade; 1kt Cu metal; 1g/t Ag grade; and 100koz Ag metal. Differences may occur due to rounding.

Full details of the July 2021 A4 Mineral Resource Estimate were provided in the Company's ASX Announcement dated 21 July 2021.

Based on the July 2021 A4 Mineral Resource Estimate, Sandfire delivered a maiden JORC 2012 Probable Ore Reserve estimate for the A4 deposit totalling **9.7Mt at 1.2% copper and 18g/t silver for 114kt of contained copper metal and 5.7Moz of contained silver** (Table 2). This reflects an outstanding Resource-to-Reserve conversion rate of 85%.

**Table 2: A4 Open Pit Ore Reserve**

Ore Reserve Category	Tonnes (Mt)	Copper Grade (%)	Contained Copper (Kt)	Silver Grade (g/t)	Contained Silver (Moz)
Probable	9.7	1.2	114	18.0	5.7
<b>Total</b>	<b>9.7</b>	<b>1.2</b>	<b>114</b>	<b>18.0</b>	<b>5.7</b>

**Notes:**

1. The Probable Ore Reserve is based on the Indicated category of the Mineral Resource. No Inferred category has been included.
2. The copper cut-off grade is variable, based on silver credits, contaminant penalties and variable metal recovery dependent on head grades for copper, silver, sulphur, arsenic, lead, zinc and the ratio of copper to acid soluble copper. A net smelter return (NSR) value was used to define the economic material for the Ore Reserve Estimate. An elevated copper cut-off grade of 0.5% was used for the majority of the life of mine (LOM). Material between the NSR marginal cut-off and the elevated cut-off was used to maintain plant feed and manage total material movement rates.
3. The minimum copper grade used in the NSR calculations was 0.25% Cu after deducting any acid soluble copper. In a scheduling period, the lowest average grade of ore added to the process plant feed was 0.54% Cu.
4. Ore Reserves are estimated based on a copper price of US\$3.40/lb and a silver price of \$18.77/oz.
5. Ore loss and dilution were applied to the Mineral Resource model which resulted in an ore loss of approximately 12% at 0.79% Cu and a diluted tonnage addition of approximately 16% at 0.0% Cu.
6. Metallurgical test work recoveries were applied in accordance to the recovery algorithms developed from the variability test work program conducted for the pre-feasibility study.



### 5.3 Motheo Expansion Case Pre-Feasibility Study (PFS)

Supporting the estimation and reporting of the A4 Ore Reserve outlined above, Sandfire has completed a Pre-Feasibility Study (PFS) for the expansion of the Motheo Processing Plant. The PFS confirmed the strong business case for development of the A4 Deposit as part of an expanded 5.2Mtpa Motheo Production Hub strategy.

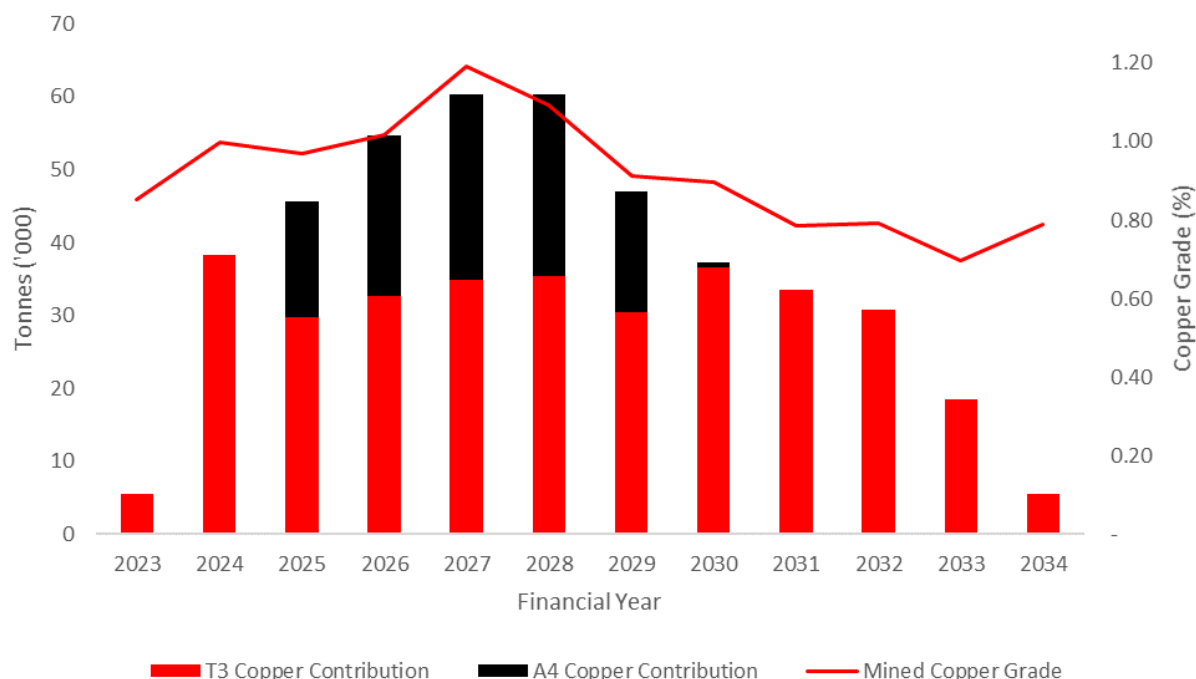


Figure 2: Motheo – Expansion PFS Production profile.

Key outcomes of the PFS for an expanded 5.2Mtpa mining operation compared to the initial 3.2Mtpa base case development scenario (see ASX Announcement 1 December 2020) include:

- **47% increase** in estimated life-of-mine (LOM) revenue to **US\$3.6 billion** (\$4.9 billion) using an updated forecast long-term copper price of US\$3.49/lb.
- **116% increase** in pre-tax NPV<sub>7%</sub> to **US\$682 million** (\$937 million) and **IRR of 36%**.
- **99% increase** in post-tax NPV<sub>7%</sub> to **US\$417 million** (\$574 million).
- **88% increase** in pre-tax net cash-flow to **US\$1.24 billion** (\$1.7 billion).
- **Payback** period reduced to **2.9 years** (previously 3.8 years) from production start.
- Additional **US\$71 million** (\$98 million) **pre-production capital** (inclusive of US\$20m pre-approved) for process plant expansion to 5.2Mtpa and development of A4 Open Pit.
- Mine life of **10.5 years**, peak **production of 60ktpa** copper in concentrate, strip ratio of 6.5 waste:ore.
- **20% decrease** in LOM C1 cash costs to **US\$1.32/lb** and **15% decrease** LOM AISC to **US\$1.56/lb**.

Work programs to support the 5.2Mtpa Motheo Expansion DFS are well underway. Subject to the granting of the mining licence for A4 and timing of the award of contracts, early works site construction activities are scheduled to commence in Q1 FY2023. Following construction and plant expansion commissioning, first copper concentrate production from A4 is expected around Q1 FY2025, 24 months from commencing site works.

## 5.4 Capital cost

Total development capital for the Motheo Project has increased to US\$366 million (\$504 million), incorporating development costs for the A4 Open Pit and expansion of the processing plant, plus an updated cost forecast for the Motheo Processing Plant to account for increased steel costs and foreign exchange movements. As at 30 September 2021, US\$46.3 million of capital expenditure has been completed, with a further US\$73.4 million of expenditure committed.

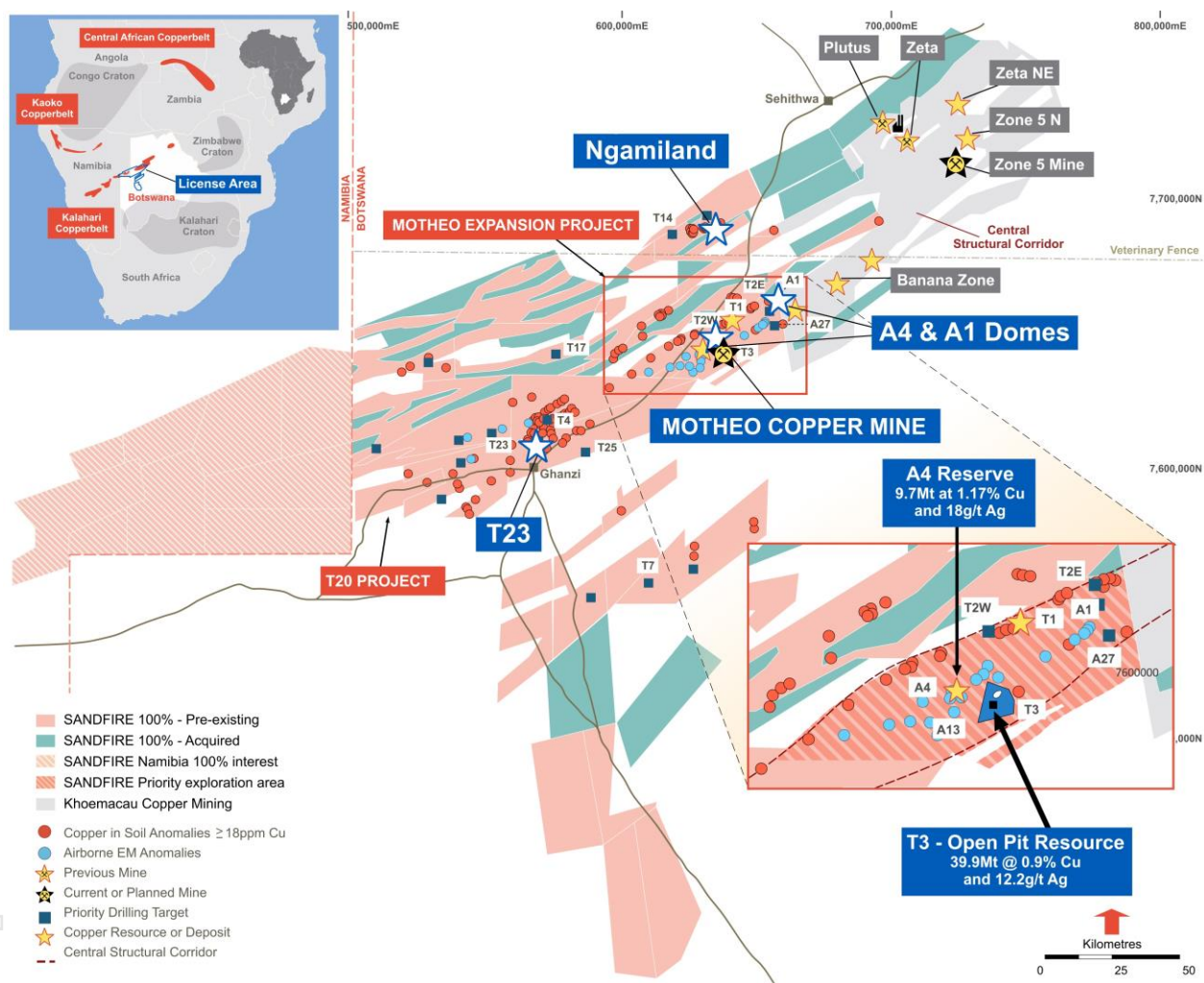
**Table 3: Capital Expenditure Update**

Capital Expenditure	US\$M
3.2Mtpa Base Case DFS estimate	259.3
3.2Mtpa cost inflation	35.9
A4 development and plant expansion to 5.2Mtpa (inclusive of pre-approved US\$20m)	70.9
<b>Total Capital</b>	<b>366.1</b>

Sandfire intends to fund the development of the Motheo Copper Mine through a combination of cash and project debt. Negotiations for debt financing of a minimum of US\$160 million for the Base Case 3.2Mtpa development have been significantly advanced, with the Company's shortlist of potential international lenders set to complete due diligence over the next month prior to credit committee approvals. Sandfire has also commenced discussions with the same group of potential lenders to contribute a targeted 50% of the funding required for the additional A4 development.

## 5.5 Kalahari Exploration

Subsequent to the end of the quarter, Sandfire completed the acquisition of 11 exploration licences which are contiguous with and complimentary to Sandfire's existing exploration ground holding in the Kalahari Copper Belt. Sandfire has also completed Option Agreements on several other exploration licences in the region. The acquisition and option agreements consolidate Sandfire's exploration holdings in the central Kalahari Copper Belt and extend Sandfire licences up to 100km into the Eastern Kalahari Copper Belt.



**Figure 3: Regional Location Plan with Kalahari licence holdings (as of 21 October 2021) showing the Motheo Copper Mine, including the T3 Open Pit, A4 Deposit, multiple exploration targets, the neighbouring Khoemacau Copper Mining licences and deposits (source: Khoemacau Copper Mining's website [www.khoemacau.com](http://www.khoemacau.com)) and the Company's extensive ground-position in Botswana and Namibia.**

Sandfire has an expanded exploration program underway in the Kalahari Copper Belt, aimed at:

- Targeting high-grade satellite discoveries within the Motheo Expansion Project area with the potential to increase the scale of the Motheo Production Hub;
- Delineating additional Resources with the potential to extend mine life; and
- Targeting major new regional discoveries to unlock the copper belt's broader potential.

### 5.5.1 Motheo Expansion Project

During the Quarter, exploration was focused on the ~1,000km<sup>2</sup> Motheo Expansion Project, within a 30km radius of the Motheo Copper Mine. The geological and structural understanding of this area has advanced significantly during the quarter highlighting the potential for new discoveries in addition to T3 and A4 - which currently form the basis for the Motheo Production Hub.

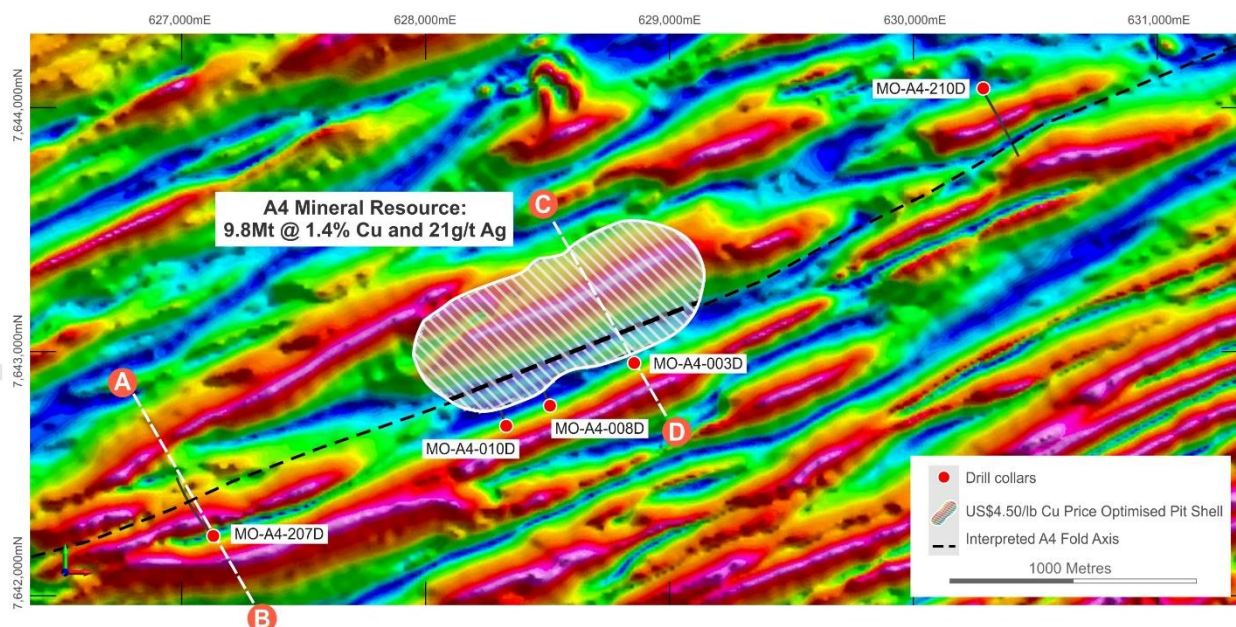
Step-out drilling at the A4 Dome during the Quarter returned an outstanding high-grade vein-hosted copper-silver intersection some 1.2km to the south-west of the current A4 Deposit July 2021 Mineral Resource envelope.

The new intercept, in diamond hole MO-A4-207D, is located on an interpreted structure with minimal previous drilling which potentially opens up an exciting new area for exploration in close proximity to the updated A4 Mineral Resource:

#### MO-A4-207D:

- **45m @ 2.20% Cu and 42.6g/t Ag from 441.2m including (down hole widths):**
  - **6.78m @ 3.59% Cu & 68.5 g/t Ag from 441.2m; and**
  - **2.1m @ 8.25% Cu & 158 g/t Ag from 456.78m; and**
  - **7.12m @ 3.13% Cu and 66 g/t Ag from 462.6m.**

MO-A4-207D is located approximately 1.2km south-west of the western end of the A4 Mineral Resource.



**Figure 4: Magnetic image of the A4 Dome showing MO-A4-207D, MO-A4-210D, MO-A4-003D, MO-A4-008D, MO-A4-010D, the interpreted A4 Dome fold axis and the A4 Resource pit shell (Magnetic data - RTP\_TDR).**



### 5.5.2 Regional Kalahari Exploration

Significant progress has been made in systematically compiling and interpreting the wider geological and structural setting of the Kalahari Copper Belt. This belt-scale interpretation is supported by a detailed review of the AEM data combined with geological and other geophysical data from known deposits in the region.

Several compelling targets have been identified for drilling on Sandfire's licences west and north of the Motheo Expansion Project.

Regional exploration continued throughout the September Quarter, with three drill rigs targeting extensions to known mineralisation in the T4-T23 area ~80km west of the Motheo Hub, and at the T5, T14 and T45 targets ~60km north of the Motheo Hub.

## 6 BLACK BUTTE COPPER PROJECT, MONTANA, USA

*Sandfire holds an 87% interest, via North American-listed company Sandfire Resources America Inc. (TSX-V: SFR), in the high-grade Black Butte Copper Project, located in central Montana in the United States.*

### 6.1 Exploration Program

During the Quarter, Sandfire Resources America reported final comprehensive drill results of the winter 2021 exploration core drilling program, with four of the nine exploration holes returning intercepts of greater than 1.2% copper.

The exploration drilling, which was completed in March 2021, focused on drilling new targets that could be accessed from the currently planned and fully permitted underground mine in the Johnny Lee area.

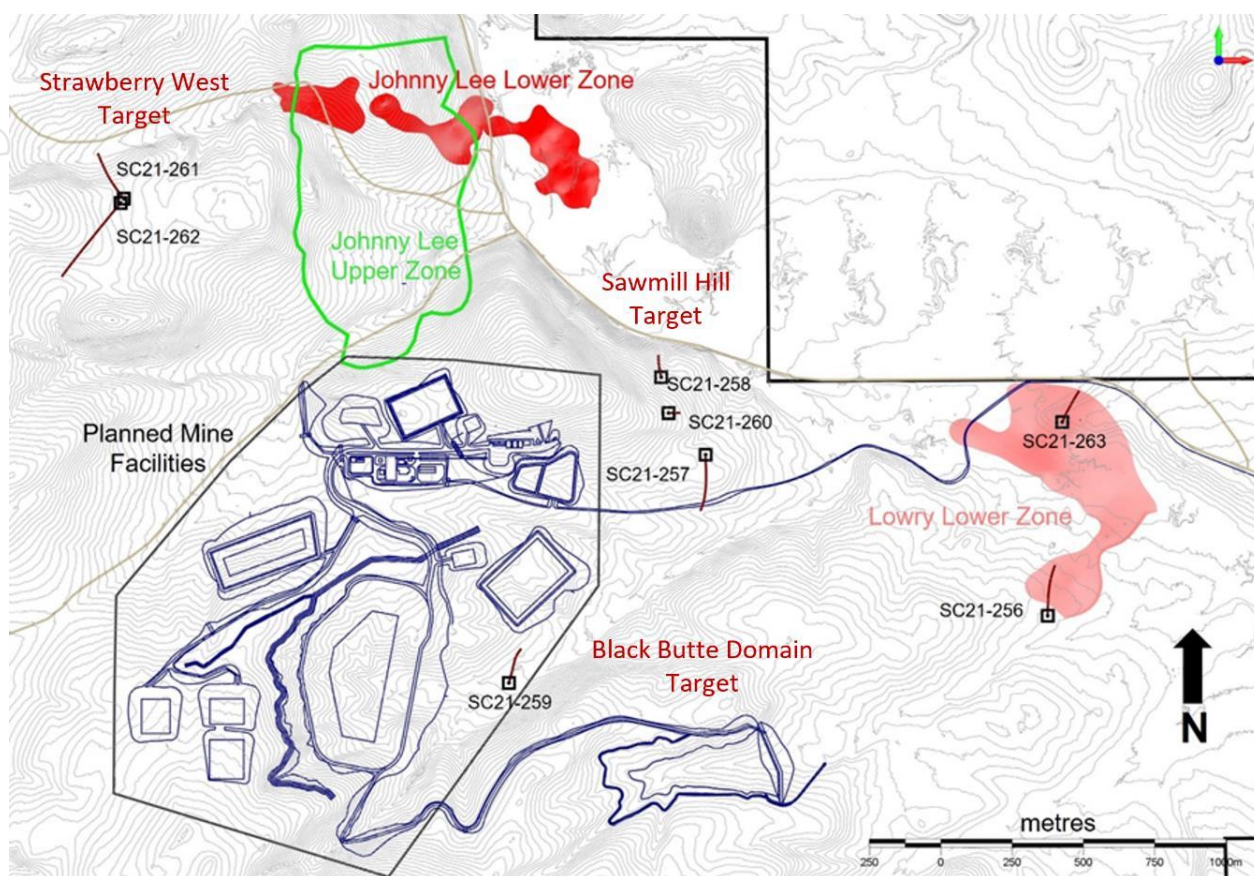
Highlights of the exploration program included:

- Hole SC21-256 – Lowry South extension in Lowry Lower Copper Zone - 12.45m of 3.4% copper and 6.5g/t silver (previously reported in the Company's 27 May 2021 release).
- Hole SC21-262 – Strawberry West Upper Copper Zone – 6.8m of 1.2% copper and 33.0g/t silver.
- Hole SC21-263 – Lowry North extension in Lowry Middle Copper Zone - 9.8m of 1.7% copper and 12.2g/t silver.
- Hole SC21-263 – Lowry North extension in Lowry Lower Copper Zone - 7.1m of 1.4% copper and 6.5g/t silver.

Hole SC21-263 intercepted copper mineralisation in both the Lowry Middle Copper Zone and Lowry Lower Copper Zone, and so extended both zones north and east of previous intercepts. Together with the intersection in SC21-256 (reported 27 May 2021) these results show positive potential for expansion of the Lowry Lower Copper Zone in areas of its higher grades.

Hole SC21-262 tested the Upper Sulfide Zone in the Strawberry West area, about 600m west of the Johnny Lee Upper Copper Zone. Results from this hole plus historic holes outline a Strawberry West Upper Copper Zone reachable by underground access from the future Johnny Lee mine area.





**Figure 5: Site plan of Exploration drilling completed at the Black Butte Project January-March 2021.**

Full details of the assay results reported from Black Butte during the Quarter are available from Sandfire Resources America's website, [www.sandfireamerica.com](http://www.sandfireamerica.com).

Sandfire America is in the preparation stages for a fall-winter 2021-2022 drill program which will include 14,000m of infill drilling in the Lowry deposit to upgrade and expand the Middle Copper Zone and Lower Copper Zone resources.

Approvals for the program have been received from the MT DEQ and a contract has been entered into with American Drilling to commence in August 2021 and work through to March/April 2022. The results of this drilling will support a Lowry Pre-Feasibility Study planned for completion in 2022.

Additional work for the prefeasibility study will include hydrologic, metallurgical, mining, and geotechnical studies.

## **6.2 Acquisition of key mine property**

Sandfire Resources America acquired a key property covering the proposed surface infrastructure for the Black Butte Project.

The acquisition of the 534.9-acre Mine Property from Bar Z Ranch Inc. was completed by Tintina Montana Inc., a wholly-owned subsidiary of Sandfire Resources America Inc., on July 22, 2021

This property encompasses a majority of the area of surface disturbance and activity allowed in the Mine Operating Permit for the Johnny Lee Deposit, which was approved by the Montana Department of Environmental Quality (MT DEQ) on 17 August 2020.

Facilities include the future underground mine entrance and portal pad, mill facility, contact water reservoir, cemented tailings facility, and other features. The purchase was conducted under the arrangement outlined in the Company's contract with the surface property owner, Bar Z. The land sale only encompasses surface rights and does not include the associated Mineral Rights, which will continue to be owned by their current owners.

### **6.3 US\$12M Bridge Loan Agreement**

During the Quarter, Sandfire's wholly owned subsidiary, Sandfire BC Holdings (Australia) Pty Ltd, entered into a bridge loan agreement with Sandfire Resources America Inc. and Tintina Montana Inc. (a wholly-owned subsidiary of Sandfire Resources America).

Pursuant to the Agreement, among other things, Sandfire BC will lend an aggregate of up to US\$12.0 million to Tintina Montana through one or more advances. The Loan shall bear interest at the rate of five percent (5%) per annum, payable in monthly instalments, and the Loan will have a latest maturity date of June 30, 2022, subject to the terms of the Agreement.

In connection with the Loan, Sandfire Resources America will act as guarantor to Sandfire BC. Tintina Montana will issue a promissory note to Sandfire BC in respect of each advance under the Loan on the date of the applicable advance.

Sandfire Resources America intends to use the proceeds of the Loan to complete the proposed work program on the Company's Black Butte Copper Project and working capital purposes. Sandfire Resources America intends to service and repay the Loan by completing either debt or equity financings.

### **6.4 Legal Update**

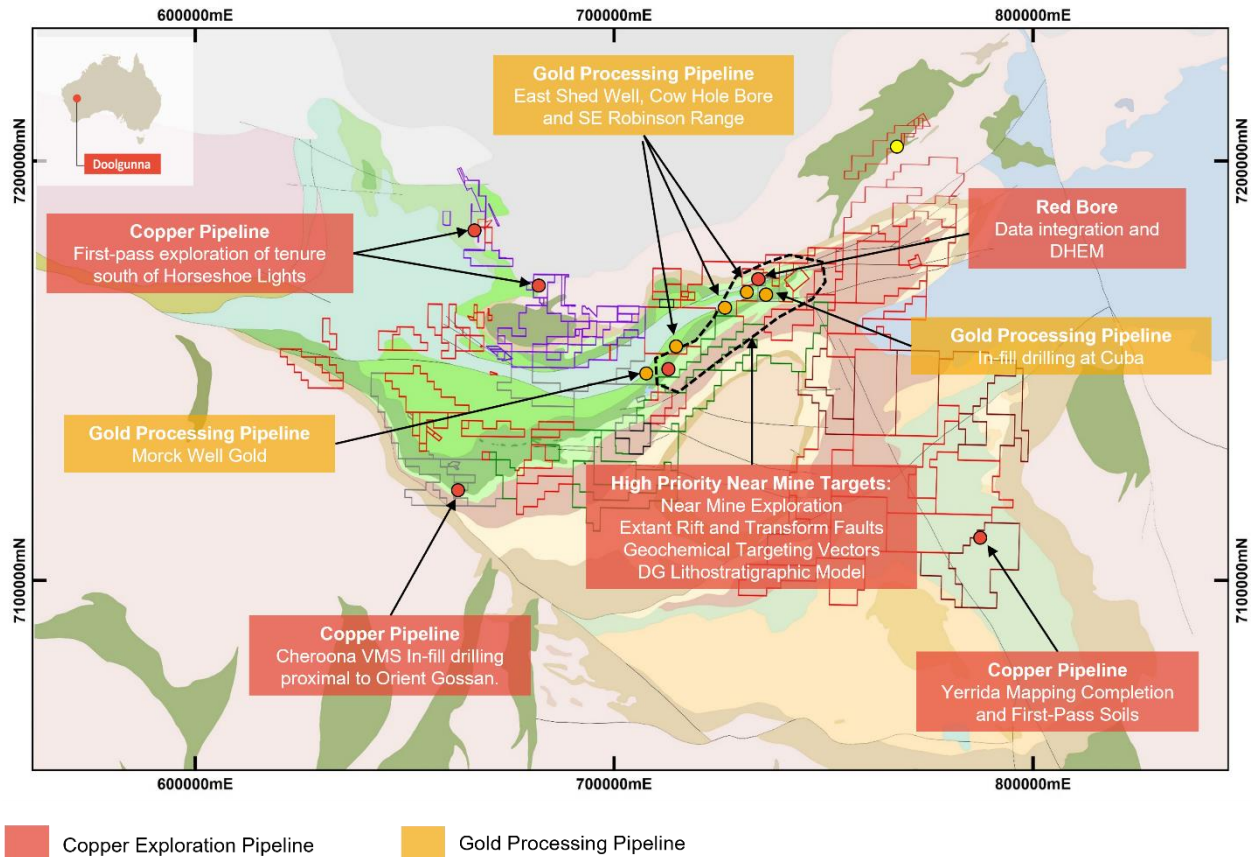
On July 16, 2021, District Court Judge Bidegary heard oral arguments for summary judgement from plaintiffs and defendants regarding a legal complaint filed on June 4, 2020 by the plaintiffs claiming to represent the environmental community. The suit was filed jointly against the MT DEQ and Tintina Montana Inc.

Additional intervenors in the suit supporting the MT DEQ and Tintina Montana Inc, include Meagher County, Broadwater County, and the Montana Department of Justice. A decision on the case is pending and may take several months.

To date, the legal challenge has not resulted in any interference with development activities and construction continues. While the Company does not believe that the legal challenge has any merit, it does have the potential to delay the development timeline.

## 7 AUSTRALIAN EXPLORATION

### 7.1 Doolgunna Province Exploration, Western Australia



**Figure 6: Sandfire's tenement holding in the Doolgunna-Bryah Basin region**

Sandfire continues to progress a dual track exploration programme across the Doolgunna Province (see Figure 6). The Copper Exploration Pipeline targets potential extensions to the DeGrussa and Monty VMS systems and other VMS hosted copper mineralisation, and the Gold Processing Pipeline targeting gold mineralisation that could support the development of a gold processing train at the DeGrussa processing plant. Key components of the Company's exploration activities during the Quarter are listed below.

- Ground based geophysics and AC drilling undertaken at numerous prospects located mainly in the Western portion of tenure; no results of note.
- MT survey completed at DeGrussa to aid development of deep targets (>500m below surface)
- Early stage exploration at Yerrida has identified large (+10km) surface geochemical anomalies (both copper and gold) which require follow up work.

## **7.2 Eastern Australian Exploration, New South Wales**

### **7.2.1 Cobar Project**

Two targets were drill tested with diamond holes during the Quarter. In addition a regional airborne magnetics program was completed across a substantial portion of the Cobar project. Several small ground geophysics programs were also completed in the 100% owned tenure.

### **7.2.2 Endeavor Joint Venture, Cobar District**

Two diamond drill holes were completed targeting the southern extension of the Endeavor deposit. Both holes were designed as platforms for downhole EM (DHEM) surveys. The results of these surveys are currently being reviewed.

### **7.2.3 Temora Project, Macquarie Arc**

Preparations are ongoing for the commencement of the drilling season at the Macquarie Arc following the grain harvest. Planned work for the season will include Diamond, RC and AC drilling and IP geophysical surveys.

## **8 CORPORATE AND FINANCIAL**

### **8.1 Acquisition of MATSA Mining Complex**

During the Quarter, Sandfire entered into a binding sale and purchase agreement (SPA) with Trafigura and Mubadala Investment Company to acquire 100% of Minas De Aguas Teñidas (MATSA) for a total consideration of US\$1,865 million (A\$2,572 million<sup>1</sup>).

The agreed transaction delivers Sandfire the MATSA Mining Complex in Spain, which comprises three underground mining operations feeding a world-class 4.7Mtpa central processing facility with state-of-the-art infrastructure producing 100-120,000 tonnes of copper equivalent (CuEq) per annum.

The transaction provides Sandfire with exposure to a long-life and first-quartile low-cost operation, with ~12 years mine life based on Resources and significant life extension and exploration potential, and a successful track record of replacing and growing Resources and Reserves.

Upon completion, the transaction will immediately transform Sandfire into one of Australia's largest copper focused producers, with proforma FY22 production of 170-194kt CuEq at a MATSA C1 cost of US\$0.40-0.50/lb and DeGrussa C1 cost of US\$1.00-1.10/lb<sup>2</sup>.

Full details of the proposed MATSA acquisition were provided in the Company's ASX Announcement dated 23 September 2021.

<sup>1</sup> Acquisition price of A\$2,572 million calculated using an AUD:USD exchange rate of 0.725.

<sup>2</sup> Proforma assumes full year of MATSA production added to Sandfire's guidance for FY2022 for illustrative purposes. The Transaction is expected to complete in the March 2022 Quarter. C1 costs are net of by-products credits.



## 8.2 Sale of investment in Adriatic Metals Plc

Subsequent to the end of the Quarter, Sandfire sold an aggregate of 34,600,780 CHESS depositary interests (CDIs) representing ordinary shares in the capital of Adriatic Metals Plc (ASX: ADT), representing approximately 16 percent of Adriatic's existing issued ordinary share capital, at a price of \$2.80 per Secondary Placing Share. The sale realised aggregate gross proceeds of \$97 million.

Following settlement of the Secondary Placing, which took place on 18 October 2021, Sandfire has no remaining interest in Adriatic's issued share capital.

## 8.3 Final Dividend

On 31 August 2021, Sandfire announced its annual financial results for FY2021, including a record net profit attributable to members of \$170.1 million on total sales revenue of \$813.0 million. The Company declared a final fully franked dividend of 26 cents per share for FY2021 and the dividend was paid on 22 September 2020.

## 8.4 Cash position

Group cash on hand at 30 September 2021 totalled \$405.5 million (unaudited).

## 8.5 Investor Call and Webcast

A teleconference on the Quarterly results will be held for the investment community on Thursday 28<sup>th</sup> October commencing at 10.00am (AWST) / 1.00pm (AEDT).

### Participant Access Link:

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/10017160-mas66g.html>

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

<https://webcast.boardroom.media/sandfire-resources-limited/20211028/NaN615cf438d05dec001b14b3dc>

Please note that it is recommended that you log on at least five minutes before the scheduled commencement time.

The September 2021 Quarterly Report and slide 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:

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This announcement is authorised for release by Sandfire's Managing Director and CEO, Karl Simich.

This Quarterly Report should be read in conjunction with the September 2021 Quarterly Report Presentation released today, 28 October 2021.



**A4 Ore Reserve**

The information in this release that relates to Open Pit Ore Reserves, is based on information compiled by Mr Jake Fitzsimons who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Fitzsimons is employed by Orelogy Consulting Pty Ltd 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 Fitzsimons consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**T3 Ore Reserve**

The information in this release that relates to Open Pit Ore Reserves, is based on information compiled by Mr Jake Fitzsimons who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Fitzsimons is employed by Orelogy Consulting Pty Ltd 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 Fitzsimons consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**T3 and A4 Mineral Resource**

The information in this release that relates to T3 Mineral Resources is based on information compiled by Mr Callum Browne who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Browne was 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 Browne consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The information in this release that relates to the A4 Mineral Resource is based on and fairly represents information and supporting documentation prepared by Mr Mark Zammit who is a Member of the Australian Institute of Geoscientists. Mr Zammit is a full time employee of Cube Consulting Pty Ltd. Mr Zammit has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Zammit consents to the inclusion in this release of the matters based on the information in the form and context in which it appears.

**Motho Expansion Case**

The Expansion Case to 5.2Mtpa referred to in this release, where it relates to A4 and other prospects, is based on the T3 Mineral Resource Estimate and Ore Reserve, the 3.2Mtpa Definitive Feasibility Study completed in December 2020, A4 Mineral Resource Estimate and Ore Reserve and the 5.2Mtpa Pre-Feasibility Study. The 5.2Mtpa Pre-Feasibility Study has been completed to an overall level of accuracy of  $\pm 15\text{-}25\%$  and is based on material assumptions outlined in the Company's ASX Announcement titled 'Maiden Ore Reserve for A4 Deposit and PFS confirms 5.2Mtpa Motheo Copper Project', dated 22 September 2021.

**Exploration Results – Tshukudu**

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

**Exploration and Resource Targets**

Any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. While Sandfire is continuing exploration programs aimed at reporting additional JORC compliant resources for the Company's Projects, there has been insufficient exploration to define mineral resources in addition to the current JORC compliant Mineral Resource inventory and it is uncertain if further exploration will result in the determination of additional JORC compliant Mineral Resources.

**Forward-Looking Statements**

Certain statements made during or in connection with this report 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.

**ASX releases referred to in this announcement:**

Maiden Ore Reserve for A4 Deposit and PFS confirms 5.2Mtpa 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).