

30 September 2022

Sandfire lifts Group Production Guidance and completes key financing milestones

Highlights

- Sandfire lifts 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).
- Strong production start to FY2023 with September Quarter 2022 contained copper production expected to be on guidance at ~28kt Cu and zinc production above guidance at ~18kt Zn from MATSA and DeGrussa Copper Operations.
- DeGrussa Copper Operations set to continue processing low-grade copper stockpiles to January 2023 following final sulphide processing around the end of October 2022.
- US\$140M Motheo Project Finance Facility with Nedbank and Société Générale signed ahead of conditions precedent satisfaction and first drawdown.
- Scheduled US\$118M debt repayment for the MATSA acquisition to be made in Spain on 30 September 2022.
- ANZ Corporate Debt Facility to be reduced by US\$98M (A\$150M) on 30 September 2022, with a US\$33M (A\$50M) Facility remaining.

Sandfire Resources Limited (**Sandfire or the Company**) is pleased to advise that it has executed final documentation for the US\$140 million Project Finance Facility with Nedbank and Société Générale to underpin the construction of its new 5.2Mtpa Motheo Copper Mine in Botswana, with peak production of 55ktpa contained copper in concentrate with silver credits.

The Company will complete scheduled repayments against both the MATSA Financing Facility and the ANZ Corporate Debt Facility today, resulting in a significant reduction in its overall debt position from operating cash flows.

A US\$33 million (A\$50 million) Facility remains secured by the DeGrussa Copper Operations in Western Australia with ANZ, with the decision to continue operations at DeGrussa for a further three months to facilitate the processing of low-grade stockpiles remaining on site.

MOTHEO PROJECT FINANCE FACILITY

Sandfire has executed the US\$140 million Motheo Project Finance Facility with Nedbank and Société Générale, following the receipt of credit committee approvals in late August 2022. Conditions precedent are in the process of being satisfied ahead of first drawdown. The Motheo Project Finance Facility has a 7 year tenure with scheduled repayments commencing in December 2023.

Construction of the Motheo Copper Mine is being funded through a combination of cash and the proceeds of the Motheo Project Finance Facility, underpinning the current development ahead of expansion of the operations to 5.2Mtpa driven by the inclusion of the A4 Open Pit.

The Motheo development is proceeding well, with construction activities significantly advanced and first production on track to be achieved in the June Quarter of FY2023.

As at 30 September 2022, a total of approximately US\$185 million has been invested of the estimated US\$325.5 million development capital.

The recently completed Definitive Feasibility Study (DFS) for the 5.2Mtpa Motheo Expansion Project (see the Company's ASX releases and related presentation released on 30 August 2022) has mapped out a clear pathway for an immediate expansion based on the satellite A4 Deposit. This will drive production up to a peak of 55ktpa of contained copper in concentrate with silver credits.

Total development capital for the Motheo Copper Project expansion case is estimated at US\$397.4 million, incorporating development costs for the A4 Open Pit and 5.2Mtpa plant expansion of US\$47.9 million.

MATSA FINANCING FACILITY

Following the completion of the transformational acquisition of the MATSA Copper Operations in south-west Spain in February this year, Sandfire has completed the first scheduled US\$118 million repayment against the US\$650 million MATSA Financing Facility.

The US\$650 million facility, with a high-quality international banking group, formed an integral part of Sandfire's funding package for the acquisition funding along with an equity raising and the Corporate Debt Facility.

The completion of the first scheduled repayment just eight months into the Company's ownership of MATSA is a significant milestone, which has reduced the outstanding balance on the facility to US\$532 million.

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 details and terms of the US\$650 million MATSA Syndicated Debt Facility and associated MATSA hedging and A\$200 million (US\$145 million) Corporate Debt Facility with ANZ and associated DeGrussa hedging were provided by the Company in the ASX announcement dated 27 October 2021.

DEGRUSSA PROCESSING EXTENSION

Underground mining operations are completing at the DeGrussa Copper Operations in Western Australia, with the final stopes to be extracted and hauled to surface by early October 2022.

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.

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.

Plan 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.

Reflecting the solid operating results of the September 2022 Quarter, and with the addition of copper and gold production scheduled from the DeGrussa processing extension, Sandfire lifts 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).

Further details will be provided in the September 2022 Quarterly Report, due for release in late October 2022.

CORPORATE UPDATE

Sandfire will also pay down US\$98 million (A\$150 million) against its A\$200 million ANZ Corporate Debt Facility on 30 September 2022.

A US\$33 million (A\$50 million) Corporate Facility, secured against the continued DeGrussa Operations, remains drawn. This facility is currently repayable on 31 December 2022.

Following the repayments against the MATSA and the ANZ Corporate Facilities, Sandfire's total Group debt has been reduced by around a third, to US\$565 million.

Management Comment

Karl Simich, Sandfire's Managing Director and CEO, said:

'Completing the Motheo Project Finance Facility and making these significant debt repayments on schedule, just eight months after completing the transformational MATSA acquisition, are significant achievements.'

'I would like to acknowledge the work of our Project and Commercial Teams, for completing the Motheo Project Finance Facility on schedule, and to acknowledge the tremendous support of the high-quality international banks Nedbank and Société Générale that have underpinned it.'

'All aspects of the Motheo Project are progressing extremely well and remains on track to achieve first production in the June Quarter of next year. The proceeds of the debt facility will underpin the delivery of Sandfire's 5.2Mtpa long-term production hub in the Kalahari Copper Belt.'

"The completion of the first MATSA repayment reflects our commitment to disciplined capital management and shows we are on track to rapidly de-leverage our balance sheet. MATSA is continuing to deliver, and I have no doubt that the strong cash-flows generated by this world-class asset will continue to underpin Sandfire's business for many years to come."

'Finally, it is pleasing to announce formal approval for the DeGrussa Processing Extension Project. This will see processing operations continue in Western Australia until early next year, based on processing low-grade stockpiles remaining on site with already sunk mining costs. This is expected to generate approximately 2,000 tonnes of copper and 2,000 ounces of gold and generate valuable additional revenue. We have lifted our 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).'

'DeGrussa has been a wonderful operation which has consistently exceeded expectations, from the first drill-hole right until the end - with the 1.6Mtpa Concentrator set to continue running for at least

three months more than we originally anticipated. This is a fantastic result and a credit to the hard work and commitment of our entire team.'

ENDS

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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 also 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.

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