



ASX/Media Release

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SANDFIRE TO RAISE \$102M TO ACCELERATE DEVELOPMENT OF THE DEGRUSSA COPPER-GOLD PROJECT LAUNCHES UNDERWRITTEN ENTITLEMENT OFFER AND PLACEMENT

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HIGHLIGHTS

- Underwritten \$30 million share placement to institutional and sophisticated investors to be undertaken via institutional bookbuild with an underwritten floor price of \$7.00
- Underwritten 1 for 12 accelerated non-renounceable pro-rata entitlement offer to raise \$72 million at an offer price of \$6.60
- Proceeds to be used to assist funding feasibility studies for the DeGrussa Copper-Gold Project, initial open pit development and allow for deposits for long-lead time items for plant construction and for other pre-development activities
- Proceeds of the raising, together with existing cash resources of \$35 million, to also be used to underpin continued exploration both in the near-mine environment and regionally

Sandfire Resources NL (ASX: SFR; "Sandfire") is pleased to announce a \$102 million equity raising to underpin initial development and ongoing exploration of its DeGrussa Copper-Gold Project in Western Australia, positioning it to commence construction in 2011 and deliver first open pit production by the end of that year.

The equity raising will comprise a 1 for 12 accelerated non-renounceable pro-rata entitlement offer ("Entitlement Offer") to raise approximately \$72 million, and an underwritten institutional placement ("Placement", together the "Offer") to raise a minimum of \$30 million.

The proceeds of the raising will be utilised, together with Sandfire's existing cash resources of approximately \$35 million, to assist in funding:

- completion of the current Pre-Feasibility Study ("PFS") scheduled for this Quarter and the Definitive Feasibility Study ("DFS") of the DeGrussa Project scheduled for the end of the first Quarter of calendar 2011;
- completion of other pre-development and infrastructure activities required for the DeGrussa Project, as well as completion of the approvals process;
- pre-stripping of the initial open pit, which is targeted to commence, subject to receipt of approvals, in the second Quarter of calendar 2011 to extract the high grade near-surface oxide and chalcocite material which lies above the main ore bodies. A portion of this has been classified as direct shipping material, with first production targeted by the end of 2011;
- deposits to be placed for the acquisition of key long-lead items for the proposed 1.5Mtpa concentrator; and
- working capital.

Sandfire's Managing Director, Mr Karl Simich, said the proceeds of the raising would enable the Company to maintain the current development momentum at DeGrussa and move from Pre-Feasibility through Feasibility and into construction and development scheduled for the middle of next year.

"After considering a range of funding alternatives in conjunction with our corporate adviser, Goldman Sachs, we decided that this was the best option for shareholders for a number of reasons," Mr Simich said.

"Firstly, it facilitates the introduction of new Australian and International institutional investors to the Company's



register while allowing existing shareholders to participate on attractive terms.”

“Secondly, it enables the Company to complete the DFS and enter into project funding discussions in a strong financial position and with the ability to commence development of the high-grade open pit resources at DeGrussa while construction of the plant and underground development commences. This will ensure that we are able to commence copper-gold production in a timely manner.”

“Finally, it ensures that we can maintain our robust exploration activities at DeGrussa, both within the 6km long near-mine corridor and more broadly within our 400km² tenement position, where we consider there is potential for additional new discoveries.”

Sandfire recently announced plans to increase the targeted design throughput rate for the DeGrussa processing facility to 1.5Mtpa following the Phase III resource upgrade to 10.67 million tonnes grading @ 5.6% copper, 1.9g/t gold, 15g/t silver (containing 600,000t copper, 660,000oz gold, 5.1Moz silver) (see ASX Announcement – 3 September 2010).

Sandfire expects to announce a further update to this resource inventory later in November following completion of in-fill drilling and a revised resource estimate for the dispersion zone of near-surface oxide copper.

Entitlement Offer and Placement

The Entitlement Offer will be made on the basis of 1 new Sandfire ordinary share for every 12 existing Sandfire ordinary shares held at 5pm Perth time on Friday 19 November 2010 (“Record Date”).

The Entitlement Offer is underwritten and will raise approximately A\$72 million. The Entitlement Offer will consist of an institutional component (“Institutional Entitlement Offer”) and a retail component (“Retail Entitlement Offer”).

The Entitlement Offer price will be \$6.60, which represents a 15.2% discount to Sandfire’s last close on Monday 15 November 2010, and a 14.2% discount to the theoretical ex-rights price (“TERP”).

The Placement is underwritten and will raise a minimum of A\$30 million. The Placement price will be determined by way of a bookbuild process (“Institutional Bookbuild”) starting from an underwritten floor price of \$7.00, representing a 10% discount to last close on Monday 15 November 2010. The Institutional Bookbuild will also incorporate shares equal in number to entitlements not taken up by institutional shareholders and entitlements that would have been offered to ineligible institutional shareholders.

New shares issued in the Offer will rank equally with existing Sandfire ordinary shares.

Key Dates

Institutional offer opens	Tuesday, 16 November 2010
Institutional offer closes	Wednesday, 17 November 2010
Trading recommences	Thursday, 18 November 2010
Record date	5.00pm Perth Time, Friday 19 November 2010
Retail offer opens	Monday, 22 November 2010
Retail offer booklet dispatch completed	Tuesday, 23 November 2010
Institutional settlement	Thursday, 25 November 2010
Institutional allotment and trading	Friday, 26 November 2010
Retail offer closes	Wednesday, 8 December 2010
Issue of New Shares under the Retail offer	Thursday, 16 December 2010
New Shares expected to commence trading	Friday, 17 December 2010

The above timetable is indicative only. References to time and date are references to time in Perth, Australia. Sandfire reserves the right to amend any or all of these events, dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Sandfire reserves the right to extend the closing dates for the offers, to accept late applications either generally or, in particular cases, to withdraw the offers without prior notice. The commencement of quotation of the New Shares is subject to confirmation from ASX.

Sandfire expects to announce the outcome of the Institutional Entitlement Offer and Institutional Bookbuild to the market prior to commencement of trading on Thursday, 18 November 2010.

For further information, please contact:

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This release does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The securities to be issued in the proposed offering have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act"), or under the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States, unless the securities have been registered under the Securities Act, or in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Forward-Looking Statements

Certain statements made during or in connection with this statement, including, without limitation, those concerning exploration targets, contain or comprise certain forward-looking statements regarding Sandfire's exploration operations, economic performance and financial condition. Although Sandfire believes that the expectations reflected in such forward-looking statements are reasonable, 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, 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. 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.

Exploration and Resource Targets

Any discussion in relation to the potential quantity and grade of Exploration Targets for the DeGrussa Project is only conceptual in nature. While Sandfire is confident that it will report additional JORC compliant resources for the DeGrussa Project, there has been insufficient exploration to define mineral resources in addition to the current JORC compliant resource inventory and it is uncertain if further exploration will result in the determination of additional JORC compliant Mineral Resources.

Appendix 1 – Phase III JORC Resource Mineral Inventory

Deposit	Resource Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Silver (g/t)	Contained Copper (tonnes)	Contained Gold (ounces)	Contained Silver (ounces)
DeGrussa Oxide	<i>Inferred</i>	0.10	8.8	2.2	11	8,000	7,000	33,000
DeGrussa Supergene Chalcocite	<i>Indicated</i>	0.25	17.6	2.6	21	43,000	20,000	165,000
DeGrussa Primary	<i>Indicated</i>	1.38	8.2	2.4	21	113,000	106,000	936,000
Conductor 1	<i>Indicated</i>	5.80	4.9	1.7	13	282,000	314,000	2,413,000
	<i>Inferred</i>	0.32	4.1	1.5	12	13,000	16,000	121,000
Conductor 4	<i>Indicated</i>	0.73	4.4	1.4	10	32,000	33,000	237,000
	<i>Inferred</i>	1.05	3.9	1.9	13	41,000	63,000	441,000
Conductor 5	<i>Inferred</i>	1.05	6.4	3.0	21	67,000	101,000	709,000
TOTAL	<i>Indicated</i>	8.15	5.8	1.8	14	470,000	474,000	3,750,000
	<i>Inferred</i>	2.52	5.2	2.3	15	130,000	186,000	1,305,000
	TOTAL	10.67	5.6	1.9	15	600,000	660,000	5,055,000

Notes:

1. Values have been rounded and differences may occur.
2. The resources for DeGrussa Oxide, DeGrussa Supergene Chalcocite, DeGrussa Primary, Conductor 1 and Conductor 4 were estimated by Coffey Mining Pty Ltd and were based on 148 diamond drill holes and 8 RC drill holes. Drilling coverage is predominantly defined on a notional 40m by 40m drill spacing on North-South orientated cross-sections.
3. The resource for Conductor 5 was estimated by McDonald Speijers and was based on 10 diamond drill holes. Drilling coverage is predominantly defined on a notional 80m by 80m intersection spacing.

Cautionary note regarding ore reserves and mineral resources

Investors should be aware that as an Australian company with securities listed on the ASX, Sandfire is subject to Australian disclosure requirements and standards, including the continuous disclosure requirements of the Australian Corporations Act and the ASX. Australian disclosure requirements and standards are different from those of the other jurisdictions. In addition, investors should note that it is a requirement of the ASX listing rules that the reporting of ore reserves and mineral resources in Australia comply with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"), whereas mining companies in other countries may be required to report their mineral reserves and/or resources in accordance with other guidelines (for example, SEC Industry Guide 7 in the United States). Investors should note that while Sandfire's mineral resource estimates comply with the JORC Code, they may not comply with the relevant guidelines in other countries, and do not comply with SEC Industry Guide 7. For example, the reporting regime in the United States under SEC Industry Guide 7 prohibits the reporting of mineral estimates other than proven or probable reserves. While under the JORC Code Sandfire has reported mineral resources, under the U.S. reporting regime Sandfire would be unable to report these mineral resources. Investors should note that Sandfire's ore reserves may be lower if they were calculated under SEC Industry Guide 7. Investors should not assume that quantities reported as "resources" will be converted to reserves under the JORC Code or any other reporting regime or that Sandfire will be able to legally and economically extract them.