



## **DEGRUSSA UNDERGROUND DEVELOPMENT COMMENCES**

*MAIDEN BLAST MARKS THE START OF BOX-CUT EXCAVATION FOR "EVANS DECLINE"*

Sandfire Resources NL (ASX: **SFR**; "Sandfire") is pleased to advise that excavation of the box-cut to establish the portal entrance to the decline to access the underground orebodies at its 100%-owned **DeGrussa Copper-Gold Project** in Western Australia has commenced following approval to commence mining and development from the Department of Mines and Petroleum.

The maiden blast for the box-cut excavation, which is located 300 metres from the planned open pit, occurred at 5.30pm on Thursday, 21 April 2011 (*see left-hand picture below*) and the first load-out of blasted material from the box-cut was completed at 6.15am on Saturday, 23 April (*see right-hand picture below*).



The decline portal will be established within a few weeks and decline development will commence, continuing for the next 18 months. Based on current schedules, ore drive development (and ore production) will commence in Q1 CY2012 with the first stope expected to come on stream in Q4 CY2012, and the underground operation ramping up to its full 1.5Mtpa production rate by Q2 CY2013.

The underground decline has been named the "Evans Decline", after Sandfire's Technical Director, Mr John Evans, in recognition of his instrumental role in the discovery and drill-out of the DeGrussa Copper-Gold Project.

Waste pre-stripping of the open pit has also commenced to provide initial ore for commissioning of the DeGrussa concentrator as well as initial Direct Shipping Ore for sale to customers.

Camp construction is advancing well with capacity to accommodate 150 people in place. The camp is expected to be able to accommodate 250 people by the end of Q2 CY2011.

The maiden blast – which comes almost exactly two years after the first cautionary announcement was issued about the discovery of massive sulphide mineralisation on 30 April 2009 – marks another key step towards development of a premier copper-gold mine at DeGrussa.



Sandfire's Managing Director, Mr Karl Simich, said the maiden blast was another fantastic milestone for the Company and the Project. "It is hard to believe that it was just two years ago that we received the first indications of a significant discovery at DeGrussa during a small RC drill campaign targeting oxide gold mineralisation," he said.

"We are now embarking on the development of a world-class mining operation with full on-site construction on track to start by mid-year. That should put us on track to produce our first copper at DeGrussa within three years of the discovery – an outstanding achievement," Mr Simich added.

**ENDS**

For further information contact:

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**Karl Simich – Managing Director/CEO**

**John Evans – Executive Technical Director**

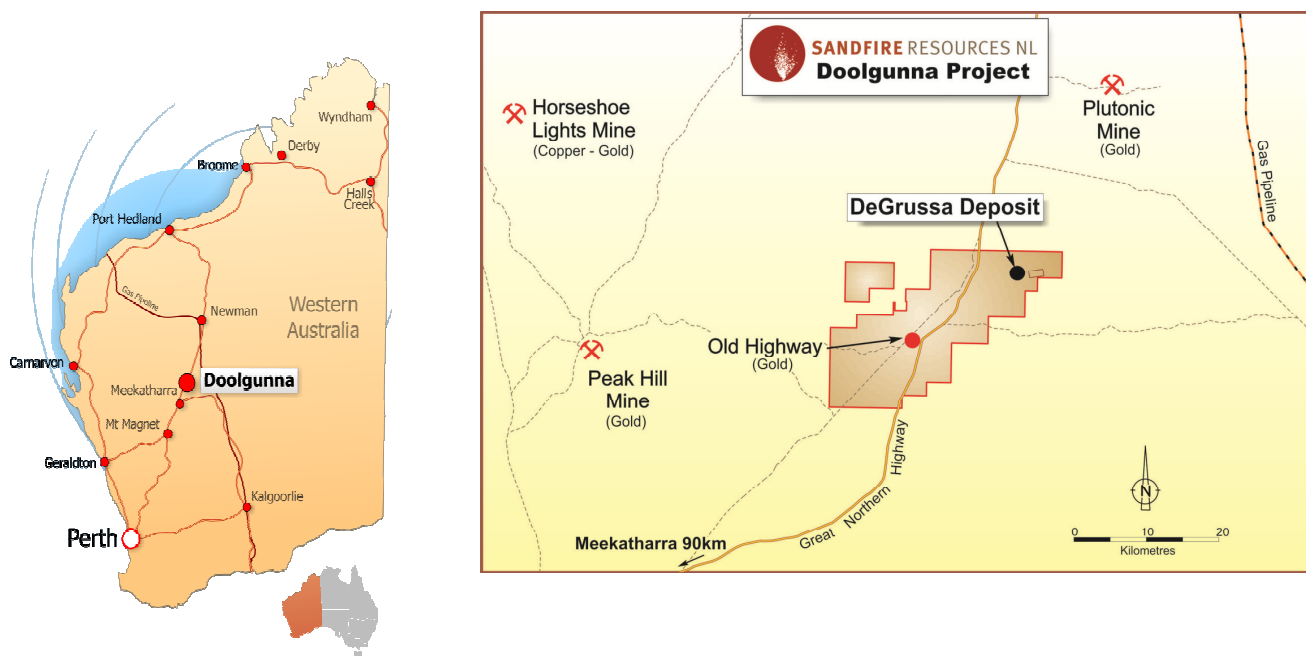
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### ***DeGrussa Copper-Gold Project Location, Western Australia***



### **Forward-Looking Statements**

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