



SANDFIRE COMPLETES FIRST SHIPMENT OF DSO CHALCOCITE

Sandfire Resources NL (ASX: **SFR**; “Sandfire”) is pleased to announce that it has completed the first shipment of Direct Shipping Ore (DSO) from its flagship DeGrussa Copper-Gold Project, located 900km north of Perth in Western Australia following the announcement of first production from the open pit during the March 2012 quarter.

The first shipment – comprising 6,600 dry tonnes of DSO grading approximately 30% Cu has departed from Geraldton on the Flinterland for delivery to customers in China. The shipment has an estimated value at the current spot copper price of approximately A\$13 million, with final pricing subject to a quotational period. The high-grade DSO mined from the open pit will be sold under two sales contracts, with MRI Trading AG and Yunnan Copper Corporation Ltd.



This first shipment marks Sandfire’s transition to producer status in the open pit operations, with regular DSO shipments expected over the remainder of CY2012 as the open pit progresses through chalcocite, oxide and sulphide material. The open pit mine commenced in May 2011 and is on schedule, with over 7.7 million bank cubic metres of material mined to date.

Sandfire’s Managing Director, Mr Karl Simich, said the first shipment of DeGrussa copper ore three years after the discovery of DeGrussa marked another outstanding achievement by the Company, and signals its formal transition to producer status and elevating it to the ranks of Australian mining companies.

* Estimate based on spot copper price of USD7,702/t and AUD/USD 0.985 (21 May 2012)

“The sale of this remarkably high-grade ore over the coming months will, at current spot prices, generate significant value for the Company and its shareholders over a 9-month period.” Mr Simich said.

“The overall project is now more than 80 per cent complete and we remain on schedule and on budget, with the overall objective of delivering first underground ore to the SAG mill during Q3 CY2012. That will put us on track to ramp up production to an annualised level of 77,000tpa of copper and 36,000ozpa of gold by early CY 2013.”

Underground mine development is also progressing on schedule with the Evans Decline currently advanced 1,300m from the portal and other development in sulphide ore. Construction of the 1.5Mtpa flotation plant is also on schedule and budget, with all major equipment on site.

Mr Simich said the next key milestone for the Company would be the completion of sales agreements for the high-quality copper sulphide concentrate to be produced by the Project from the 1.5Mtpa plant to be commissioned later in the year.

“Discussions for concentrate sale agreements are well advanced with strong interest shown both by existing and new customers and attractive offers received to secure long-term off-take arrangements for our high-grade, clean concentrate,” he added.

ENDS

For further information contact:

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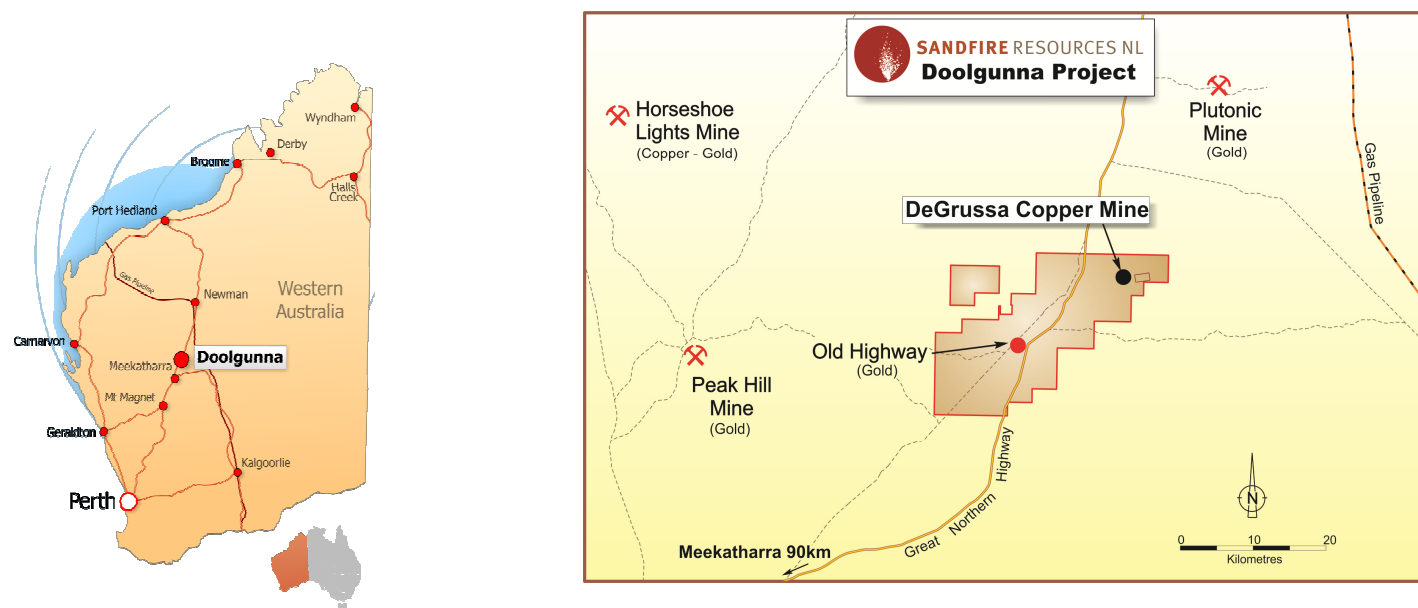
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Figure 1 – DeGrussa Copper-Gold Project location



Forward-Looking Statements

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