



## DECEMBER 2018 QUARTERLY REPORT

**Strong Quarter sees FY19 production guidance strengthened and C1 cost guidance lowered; Ramp-up of Monty Copper-Gold Mine underway as Sandfire completes 100% acquisition**

### Highlights

#### Production & Operations

Contained metal production	September 2018 Quarter	December 2018 Quarter	December 2018 Half Year	FY2019 Guidance
<b>Copper (t)</b>	17,924	16,888	34,813	63,000 – 67,000
<b>Gold (oz)</b>	11,141	10,427	21,567	37,000 – 40,000
<b>C1 cost (US\$/lb)</b>	0.89	0.85	0.87	~0.90 - 0.95

- Continued strong mine production and milling rates maintained for the Quarter.
- The new concentrate thickener and filter have performed to expectations and have been stress-tested at higher feed grades ahead of the introduction of high-grade ore from the new Monty Copper-Gold Mine.
- FY2019 guidance strengthened: upper end of both 63-67kt Cu and 37-40koz Au; C1 lowered to ~US\$0.90-0.95/lb.

#### Development Projects

- First development ore intersected at the Monty Copper-Gold Mine in December, with total decline and lateral development advancing to 4,372m at Quarter-end. Development of second and third diamond drill drives completed, with rigs commencing drilling in early January 2019.
- Kick-off meetings held with key consultants, led by Denver-based GR Engineering Services Limited, for the commencement of the Feasibility Study for the Black Butte Copper Project in central Montana, USA. Permitting continuing following a slight delay due to the introduction of a new State-wide numeric standard for nitrogen. Draft EIS now expected in March 2019 Quarter.

#### Exploration

- Multi-pronged exploration programs continuing across Sandfire's Greater Doolgunna Project (6,588km<sup>2</sup>) with extensive Aircore, Reverse Circulation and diamond drill programs advancing over the Morck Well and Enterprise Projects, supported by down-hole and surface EM surveys.
- Drilling commencing in the March 2019 Quarter on large porphyry target at Rain Hill, within the 100%-owned Temora Project in New South Wales.

#### Corporate

- Growth pipeline further strengthened with completion of the acquisition of Talisman Mining Ltd's 30% interest in the Springfield Joint Venture and Sandfire increasing its ownership of the Black Butte Copper Project in Montana, USA to 86%, following participation in the C\$18.9M rights offering completed by Sandfire Resources America Inc. during the Quarter.
- Option exercised to enter into Joint Venture agreement with White Rock Minerals Ltd (ASX: WRM) over the high-grade zinc VMS Red Mountain Project in Alaska.
- Participation in Adriatic Metals Plc's (ASX: ADT) share placement to maintain 7.7% equity stake.
- Group cash on hand as at 31 December 2018: \$179.0 million (unaudited).

## 1.0 SAFETY PERFORMANCE

The Total Recordable Injury Frequency Rate (TRIFR) for the Sandfire Group at the end of December was 7.3 (September Quarter: 8.6). 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 the continued roll-out of new software to assist in managing and improving the safety culture and the management of risk for both employees and contractors.

## 2.0 OPERATIONS OVERVIEW

Copper production for the Quarter was 16,888 tonnes (September Quarter: 17,924 tonnes). C1 cash operating costs for the Quarter were US\$0.85/lb, down from US\$0.89/lb in the September Quarter.

Mine production for the Quarter was 392,115 tonnes grading 4.67% Cu, with production sourced from all lenses at DeGrussa.

A total of 402,488 tonnes of ore grading 4.57% Cu was milled for the Quarter, with copper recovery averaging 91.7%.

## 3.0 MINING & PRODUCTION

### 3.1 Overview

December 2018 Quarter – DG Production Statistics		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined	392,115	4.7	1.9	18,324	24,329
	Milled	402,488	4.6	1.9	18,414	24,630
	<b>Production</b>	<b>69,805</b>	<b>24.2</b>	<b>4.7</b>	<b>16,888</b>	<b>10,427</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.

### 3.2 Underground Mining

During the Quarter, production was sourced from all lenses at DeGrussa with the mine remaining in balance between production and back-fill.

### 3.3 Processing

Mill throughput for the Quarter was slightly below forecast. This was attributable to low concentrate storage capacity in the early part of the Quarter, minor mechanical issues with the pebble crusher which limited throughput rate, restrictions placed on copper concentrate production during periods of high head grade and concentrate thickener bottlenecks.

Copper recovery was slightly below forecast during the first two months of the quarter due to lower feed grades, but increased to 93.7% in December as the treated ore grade rose to 5.72%. Copper recovery averaged 91.7% for the Quarter.

### 3.4 Projects

The solar farm has been actively producing into the DeGrussa electrical network, providing on average 21.8% of the overall power usage for the December Quarter.

### 3.5 Guidance – FY2019

Targeted copper production for FY2019 remains unchanged, with copper production expected to be at the upper end of the guidance range of 63,000-67,000 tonnes of contained copper metal and gold production at the upper end of the guidance range of 37,000-40,000 ounces. Guidance for headline C1 cash operating costs has been lowered to ~US\$0.90-0.95/lb.

## 4.0 SALES AND MARKETING

### 4.1 Copper Concentrate Shipments

A total of 83,480 dry metric tonnes of concentrate containing 20,047 tonnes of copper (19,203 tonnes payable) and 13,345 ounces of gold (12,426 ounces payable) was sold for the Quarter. 8 shipments were completed from Port Hedland and Geraldton in the Quarter.

Concentrate stocks at the end of the Quarter were 22,500 tonnes, containing around 5,500 tonnes of copper.

## 5.0 DEVELOPMENT PROJECTS

### 5.1 Monty Copper-Gold Mine

The underground mining contractor, Byrnescut Australia Pty Ltd, continues to progress underground development activities at Monty and, by Quarter-end, the underground decline had advanced to 1,957 metres, compared to a corresponding budget of 2,099 metres.

First ore was intersected on the 5370 Level in December, in line with budget and forecast. Total ore production was 4,858 tonnes at 2.66% Cu. The lower grade is mainly attributed to ore development occurring along areas of weaker mineralisation in the upper levels of the mine (Level 5390 and 5370), which had been identified during grade control drilling.

An additional 2,106 tonnes at 1.09% Cu was mined as mineralised waste.

Development of the second and third diamond drill drives was completed during the Quarter, with rigs now operating from all three drives. A total of 19,795m of diamond grade control drilling was completed during the Quarter.

First stoping ore is scheduled to be mined during the March 2019 Quarter.

### 5.2 DeGrussa Oxide Copper Project

The column test work planned for the DeGrussa Oxide Copper Project has been completed with the report due from the laboratory for full analysis.

The ore sorting pilot testing is complete and laboratory testing to determine the initial acid demand have been completed so that suitable bottle roll tests can commence.

### 5.3 Black Butte Copper Project, USA (Sandfire: 86%)

*Sandfire holds an 86% interest, via North American-listed company Sandfire Resources America Inc. (formerly Tintina Resources Inc.) (TSX-V: SFR) in the premier, high-grade Black Butte Copper Project, located in central Montana in the United States. The project is being permitted by Tintina Montana Inc. (Tintina), a 100%-owned subsidiary of Sandfire Resources America Inc. and is located close to existing road, power and rail infrastructure, with the ability to access a residential workforce located nearby. Located on private ranch land, the Black Butte copper resource consists of three flat-lying sedimentary hosted copper deposits which have been extensively drilled by Tintina (over 53,000m of diamond drilling).*

*An Updated Technical Report and Preliminary Economic Assessment (PEA) completed by Tintina in July 2013 was based on reported NI 43-101 Measured and Indicated Resources totalling 15.7Mt grading 3.4% Cu, 0.1% Co and 14g/t Ag for 533,600t of contained copper and Inferred Resources totalling 2.3Mt grading 2.8% Cu, 0.09% Co and 14g/t Ag for 63,500t of contained copper calculated using a 1.6% copper cut-off grade for the Johnny Lee Upper Zone and Lowry deposits, and a 1.5% Cu cut-off for the Johnny Lee Lower Zone. This makes Black Butte one of the top-10 undeveloped copper projects worldwide by grade.*

*The PEA confirmed that the Black Butte deposit has the potential to underpin a robust underground mining operation with forecast life-of-mine production of ~30,000tpa of copper-in-concentrate over a mine life of ~11 years.*

## Permitting Progress

Permitting of the Black Butte Project continued during the Quarter following a slight delay to the process which has arisen due to the Project being the first new copper mine in Montana required to meet a new State-wide numeric standard for nitrogen during the growing season.

By working with the MT Department of Environmental Quality (MT DEQ) to meet these new requirements of the accompanying Montana Pollution Discharge Elimination System (MPDES) permit, the Company has chosen to enhance its project design to include a treated water reservoir. This enables it to meet these strict Montana non-degradation standards year-round.

This work has resulted in a minor delay due to the time needed to add additional information to the Environmental Impact Statement (EIS) for review. The schedule for completing the draft EIS has now been extended to the March 2019 Quarter. The issuance of the Draft EIS will be followed by a public comment period.

The newly-incorporated enhancement further underlines the project's credentials as a state-of-the-art, 21st century mine development.

## Feasibility Study (FS)

Kick-off meetings for the Black Butte Feasibility Study, which is being led by Denver-based GR Engineering Services Limited, took place in White Sulphur Springs, Montana on November 5th and 6th. Under GR Engineering Services Limited's lead, Mining Plus Pty Ltd will prepare the Mineral Reserve Statement and SRK Consulting will prepare the Mineral Resource Statement.

The Feasibility Study is scheduled for completion mid CY2019. In order to augment the Feasibility Study, the Company commenced a drilling program in the last week of October 2018 to collect additional data required for resource verification and geotechnical data.

## Corporate Activities

During the Quarter, Sandfire Resources America Inc. closed its oversubscribed Rights Offering, raising a total of C\$18.9 million to fund ongoing permitting activities, the Feasibility Study and future development costs related to the Black Butte Copper Project. Sandfire subscribed for its full entitlement under the Rights Offer, increasing its ownership of the Company to 86%.

For further details refer to the market releases of Sandfire Resources America Inc., available on the company website [www.sandfireamerica.com](http://www.sandfireamerica.com).

## 6.0 EXPLORATION

### 6.1 Overview

Sandfire continues to progress a tightly focused, multi-disciplinary exploration campaign across the Greater Doolgunna Project (see Figure 1) to test for extensions to the known cluster of volcanogenic massive sulphide (VMS) deposits at DeGrussa and Monty, and to unlock the broader potential of the Doolgunna region for additional VMS and structurally-hosted copper deposits.

Key components of the Company's exploration activity during the December Quarter included:

- Continuation of the major Aircore (AC) drilling program through the Morck Well Project, part of the Auris Minerals Ltd farm-in, to aid geological interpretation and provide quality geochemical coverage of the interpreted Karalundi Formation, which hosts the DeGrussa and Monty copper-gold deposits.
- Reverse Circulation (RC) drilling at the Morck Well Project to test the south-west strike extension of the sediment horizon hosting sulphides intersected by initial AC drilling.
- AC drilling at the Enterprise Project to extend a number of the lines in the original programme over stratigraphic contacts along the southern margin of the Karalundi Formation.
- Continuation of Moving Loop Electromagnetic (MLEM) surveying over the Karalundi Formation.
- Down-hole Electro Magnetics (DHEM) surveying of a number of recently-completed drill holes.
- Continued gravity surveying to cover the Karalundi Formation throughout the wider Doolgunna area. Data acquisition during the December Quarter was predominantly within the Springfield Project area.

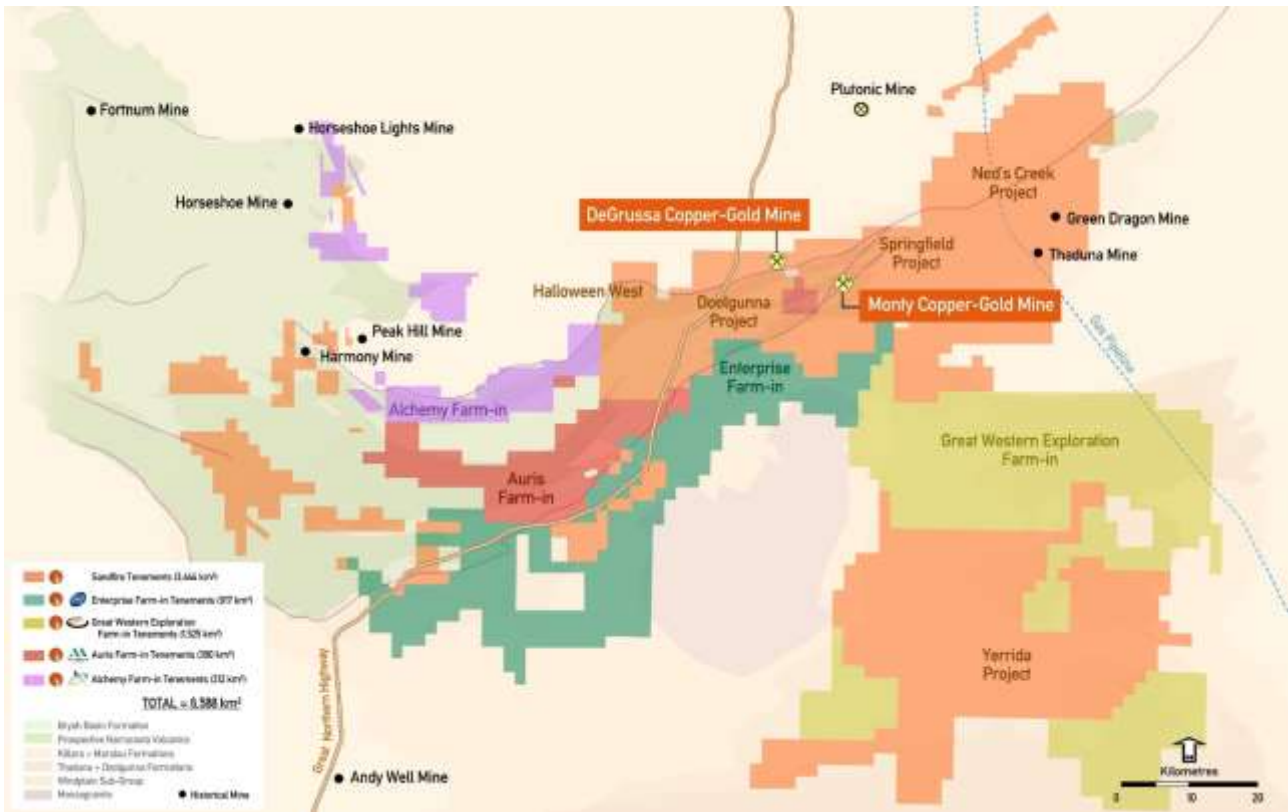


Figure 1: Sandfire's tenement holding in the Greater Doolgunna region.

The aggregate exploration metres drilled on Sandfire's wholly-owned and JV tenements during the December 2018 Quarter are summarised below.

Project	AC/RAB Drilling (m)	RC Drilling (m)	UG Diamond Drilling (m)	Surface Diamond Drilling (m)	Total Drilling (m)
Doolgunna (SFR 100%)	-	-	-	913	913
Ned's Creek (SFR 100%)	5,444	-	-	529	5,973
Springfield (SFR 100%)	-	-	19,802	-	19,802
Enterprise JV (Earn-in)	1,795	1,237	-	-	3,032
Auris JV (Earn-in)	39,802	2,613	-	1,456	43,871
<b>TOTAL December 2018 Quarter</b>	<b>47,041</b>	<b>3,850</b>	<b>19,802</b>	<b>2,898</b>	<b>73,591</b>

## 6.2 Greater Doolgunna Project

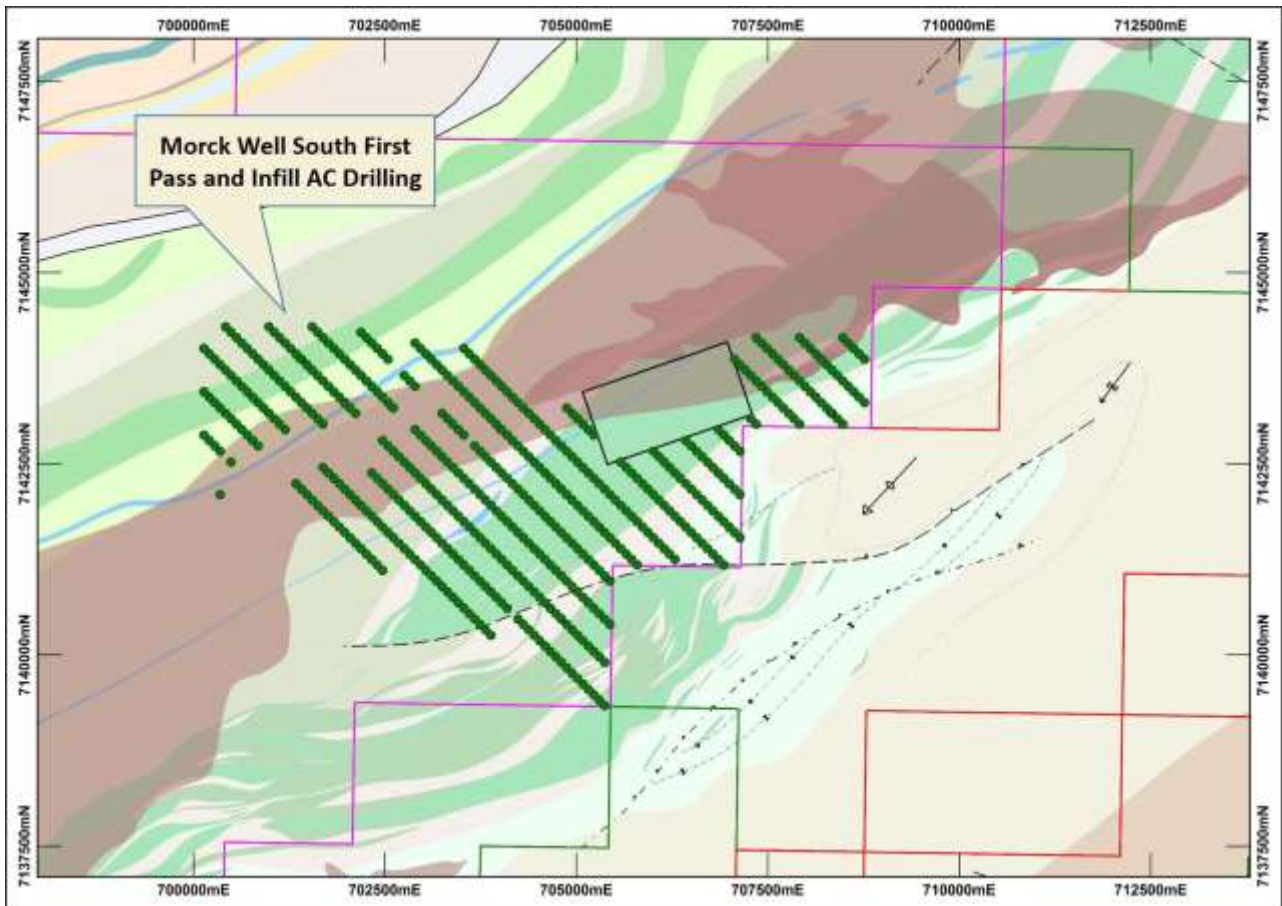
The Greater Doolgunna Project, which includes 100% Sandfire tenure, Joint Venture and Farm in projects, covers an aggregate contiguous exploration area of 6,588km<sup>2</sup> (Figure 1). This includes over 90km of strike extent in host VMS lithologies. Much of this stratigraphy is obscured beneath transported cover and requires systematic AC drilling to test the bedrock geochemistry and identify prospective areas.

### 6.2.1 Morck Well Project

Sandfire entered into a farm-in agreement with Auris Minerals Ltd (ASX: AUR) and Fe Ltd (ASX: FEL) in relation to their Morck Well JV Project (Auris 80%: Fe 20%) located 22km south-west from DeGrussa and Auris' 100% owned Doolgunna Project, in February 2018. Sandfire can earn up to a 70% interest in five exploration tenements in the eastern portion of the Bryah Basin.

Extensive programs of AC and RC drilling were completed within the Morck Well Project during the Quarter.

Regional AC drilling continued on the first-pass 400x100m pattern designed to test the Karalundi Formation within the Morck Well South prospect area, with the aim of providing high quality geochemistry and assisting with detailed geological interpretation and target generation. A total of 513 holes were completed for a total advance of 39,802m (Figure 2).



**Figure 2: AC Drilling at the Morck Well Project during the Quarter.**

Four RC holes were completed as part of a programme designed to test the south-west strike extension of the sediment horizon hosting sulphides intersected by initial AC drilling in the Morck Well Project (Figure 3).

Two diamond holes were also completed, the first targeting a small off-hole DHEM conductor identified proximal to MWDD0001 in DHEM surveying and the second targeting a deep intersection of the Morck Well host sediment horizon below and between MWRC0001 and MWRC0002.

The first phase of high-resolution gravity data was completed along the Karalundi Formation, which covers a portion of the Morck Well tenure. The data is successfully mapping the stratigraphy beneath variable cover, with data processing continuing.

A large, significant MLEM programme is ongoing to test the prospective Karalundi Formation throughout the Morck Well Project. This programme is expected to continue throughout the March Quarter to identify any potential bedrock conductors similar to those identified and the Homestead and Vulcan West Prospects.

DHEM has successfully isolated a small lens of copper mineralised sulphide from the interpretation of data in drill hole MWDD0001 and followed up with MWDD0003A. Further work is ongoing to identify any possible extensions/offsets to the conductive source. No further anomalous responses have been identified in the data.

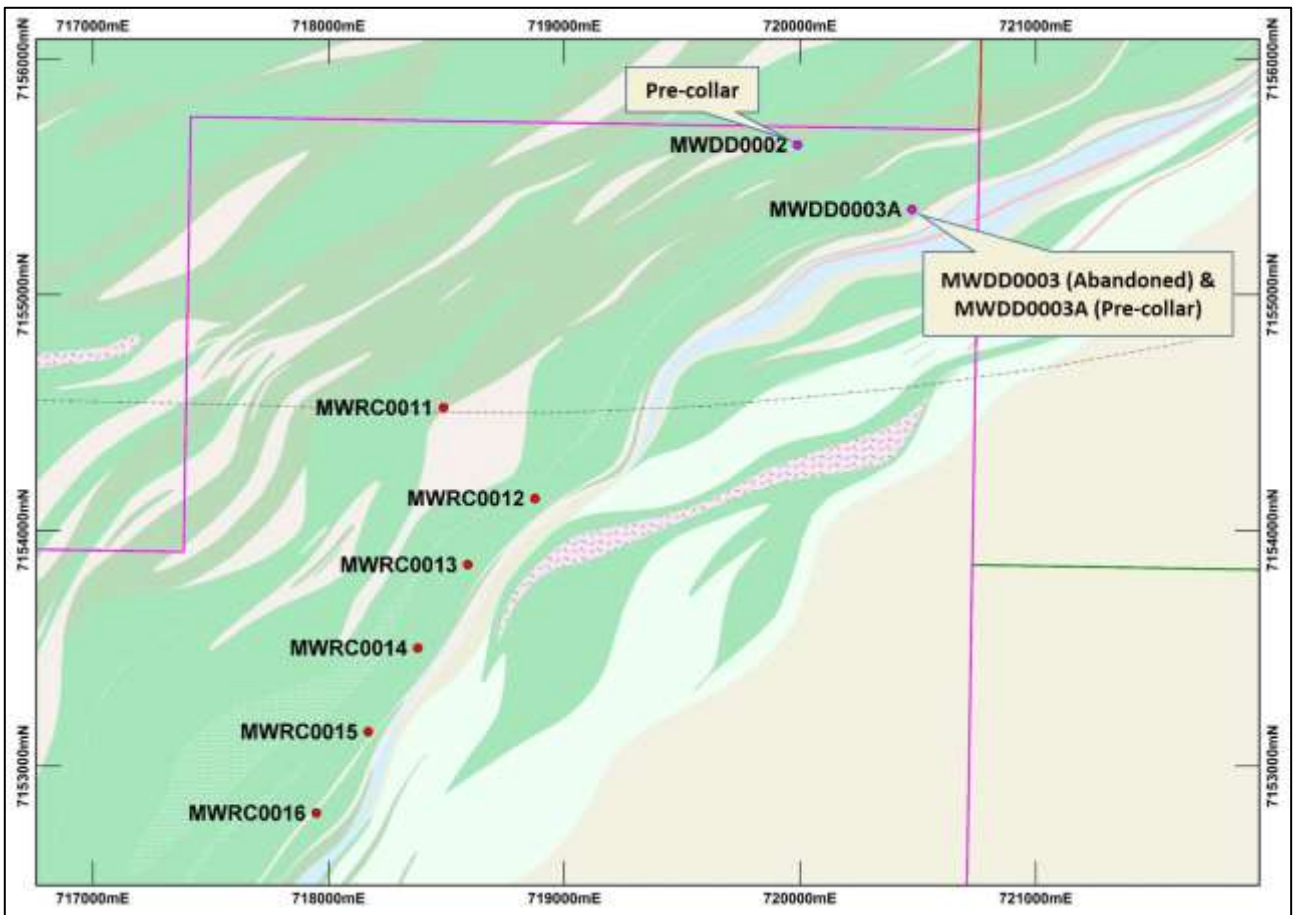


Figure 3: RC & Diamond Drilling at the Morck Well Project during the Quarter.

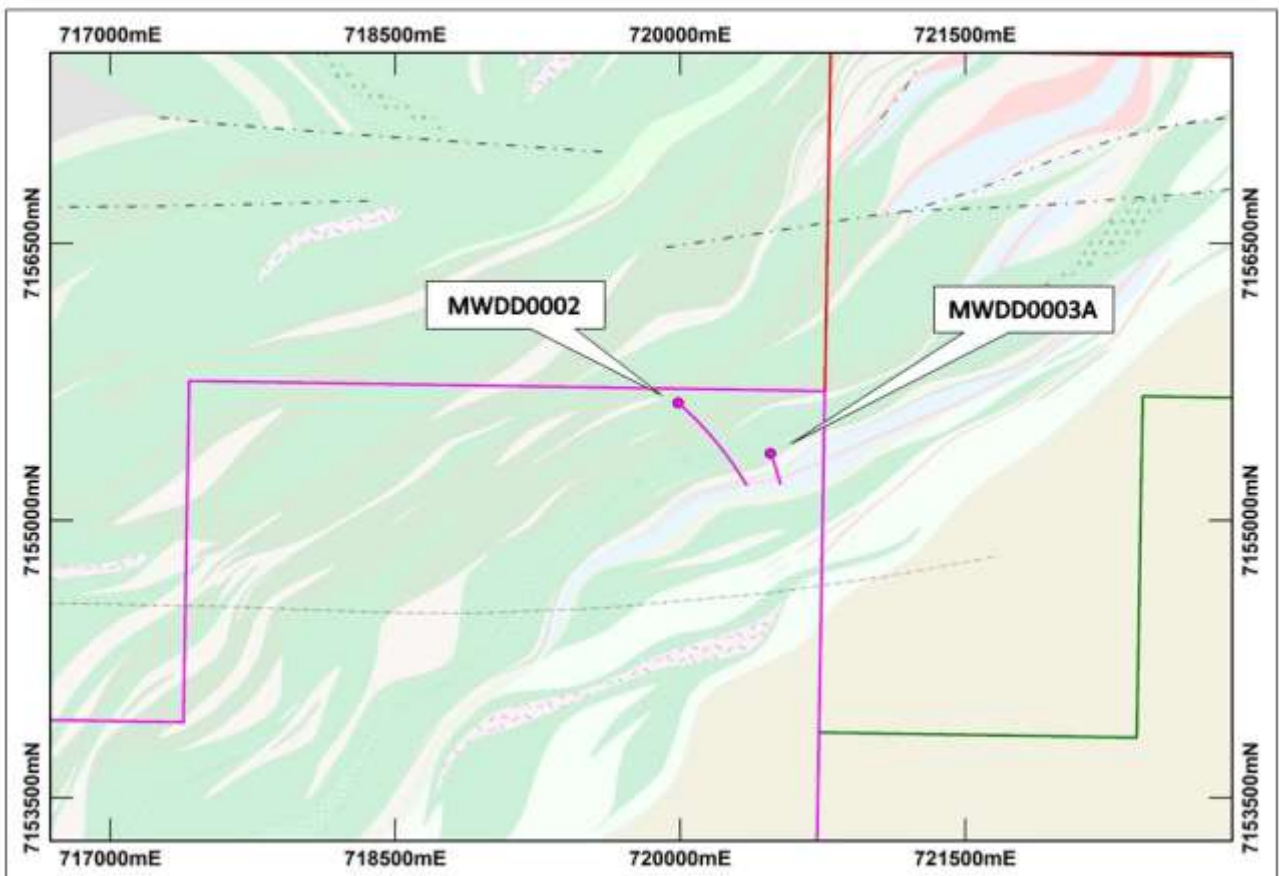


Figure 4: Diamond Drilling at the Morck Well Project during the Quarter.

The significant geology and mineralised intersections made in RC and diamond drilling further confirm the prospectivity of the immediate Morck Well Project area. Drilling intersected host sediment horizons in positions approximate to the modelled interpretation, providing a higher level of confidence in planning and results going forward.

Further, the significant geology, coinciding with moderate to significant mineralisation intersected in RC and diamond drilling targeting the south-western continuation of the host sediment horizon, highlights the prospectivity of the wider Morck Well Project area.

Geological interpretation is an ongoing process and is being updated and reviewed regularly with the completion of new drilling and the return of assays. A significant number of assays are still pending for the Morck Well South prospect area, and drilling is now almost complete through the mid-eastern portion of the Karalundi trend at Morck Well. Once received, assays will be used to confirm and improve the geological interpretation of recently completed drilling.

### **6.2.2 Enterprise Project**

*Sandfire entered into a Farm-in Agreement with Enterprise Metals Ltd (ASX: ENT) in October 2016 to earn up to a 75% interest in Enterprise's Doolgunna Project, which adjoins Sandfire's Doolgunna tenements to the south. The Enterprise tenements cover over 60km of strike along the southern boundary of the Bryah Basin and the northern part of the Yerrida Basin. The southern Bryah Basin contains the Narracoota/Karalundi Formations which host the DeGrussa and Monty copper-gold deposits. The Company considers that the Enterprise tenements offer the potential for new copper-gold discoveries.*

Three RC exploration drill holes were completed for a total advance of 1,237m. The drilling was targeting a subtle DHEM anomaly at Vulcan, as well as continued systematic targeting along the Morck Well–Homestead –Vulcan West prospective trend.

AC drilling re-commenced at the Enterprise Project during the Quarter, with 25 drill holes (EFAC3120 to EFAC3144) completed for a total advance of 1,795m. Drilling was targeted at line extensions and in-fill positions to previous AC drilling completed throughout the Mount Leake Prospect. This in-fill and line extension programme was approximately 30% complete at Quarter-end.

The drilling completed during the reporting period has proven the geological interpretation largely correct, with contacts between stratigraphic units mostly intersected in their interpreted locations.

### **6.2.3 Doolgunna Project – 100% Sandfire**

Diamond drilling was conducted at Sandfire's 100%-owned Doolgunna tenements during the December Quarter.

DGDD434, which was completed to an end-of-hole depth of 913m, targeted a deep intersection of the Morck Well host-sediment horizon between and below MWRC0001 and MWRC0003 by approximately 400m.

DGDD434 intersected the host sediment horizon in the approximated, extrapolated position from geological interpretation and modelling of the host sediment horizon in MWRC0001 – 0003. While not directly intersecting any significant mineralisation, DHEM geophysical surveying will be completed during the March 2019 Quarter to search for any conductors in close proximity to the drill hole at depth.

### **6.2.4 Ned's Creek Project (including Thaduna)**

*The Ned's Creek Project comprises over 900km<sup>2</sup> of prospective geology and surrounds the historical Thaduna Project, which is located 40km east of DeGrussa and represents the largest copper resource in the Doolgunna-Bryah Basin Region outside of Sandfire's DeGrussa-Doolgunna Project.*

Diamond and AC drilling was conducted at the Ned's Creek Project during the December Quarter.

One diamond hole was completed at the Enigma prospect to target one of the recently identified anomalies in AMT and AEM inversions, interpreted to possibly represent a feeder structure to Enigma (Figure 5).

NCDD0005 intersected a mixed sequence of quartz wacke and conglomerate, with lesser siltstone and sandy dolomite, followed by an interval of siltstone with thin dolomites. Trace disseminated and replacement style pyrite was observed, almost always associated with carbon alteration in this siltstone and minor dolomite package.



Disseminated pyrite and carbon alteration was also observed in the thick sequence of dolomite that followed, before drilling intersected another mixed sequence of quartz wacke and arenite, and siltstone. Massive dolomite then continued to the end of hole.

Carbon alteration and trace disseminated pyrite were intersected on multiple occasions throughout the drill hole, though not in significant enough quantities to indicate economic potential of the target.

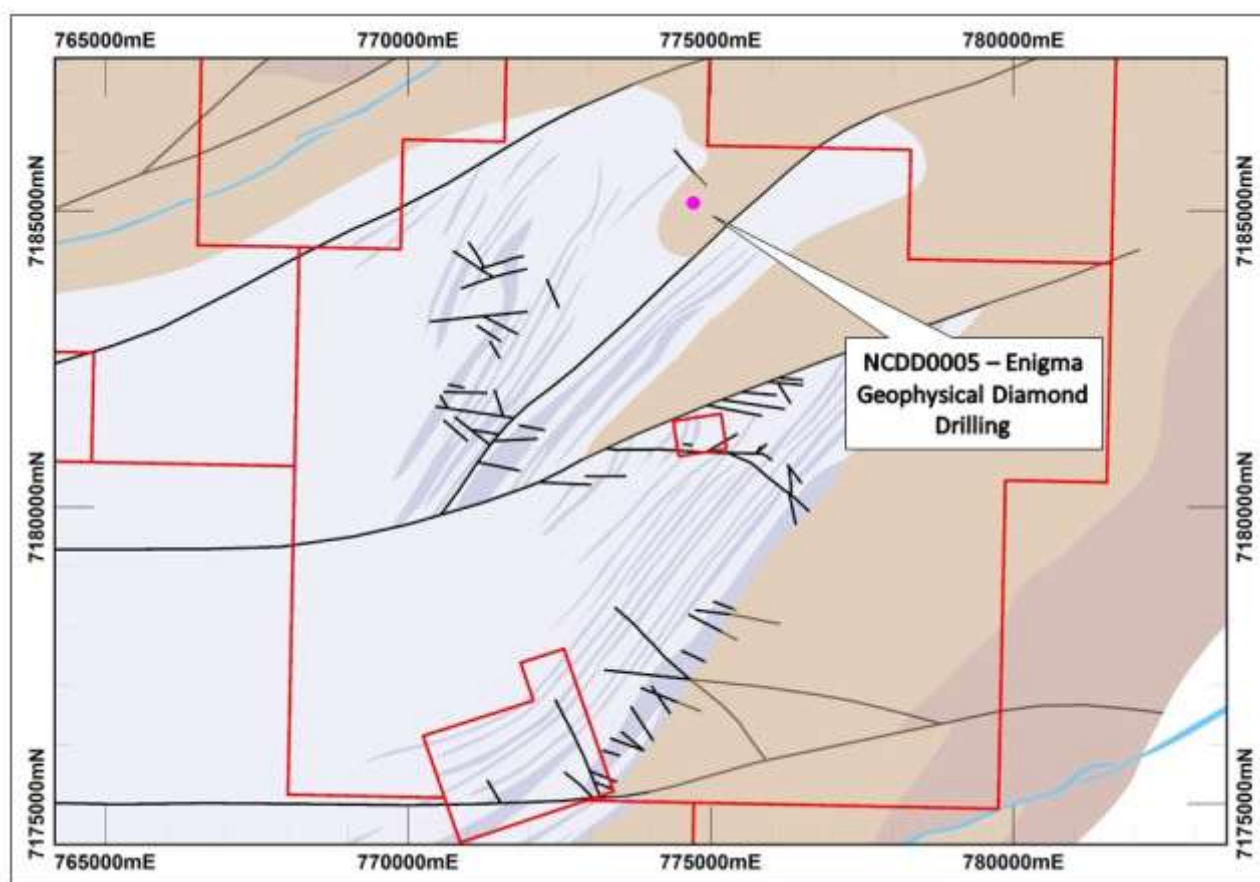


Figure 5: AC & Diamond drilling completed at the Ned's Creek Project during the Quarter.

AC drilling was also undertaken at the Copper Mine Road Prospect, with 71 holes completed for 4,876m.

Drilling was designed to target interpreted structural features to the west of the Ned's Creek project area, with the aim of identifying structurally-hosted copper mineralisation similar to that seen at Thaduna and Green Dragon.

Although several structures were intersected in drilling, no carbon or chlorite alteration zones were observed that are typically associated with the structurally-hosted copper mineralisation in the project area.

A number of similar first-pass drill patterns remain as part of the Copper Mine Road proposal, pending completion of required approvals.

### 6.2.5 Yerrida North Project

Sandfire entered into a Farm-in Agreement with Great Western Exploration Ltd (ASX: GTE) in April 2017 to earn up to an initial 70% interest in GTE's Northern Yerrida tenements, located 25km south of the DeGrussa mining operation. Sandfire has the right to farm into 11 of GTE's Exploration Licenses in the Northern Yerrida basin, Western Australia, covering a total area of 1,560km<sup>2</sup>.

During the Quarter Sandfire undertook historical data compilation followed by reconnaissance field-truthing across prospective stratigraphy in the Yerrida Basin. This work complements the detailed structural and geological interpretation undertaken in the September 2018 Quarter.

With relatively little detailed historical work undertaken across the tenure, there is a paucity of existing data, requiring further field work but also providing good potential for green fields targeting. Increased field work and systematic refinement of geological interpretation will continue into 2019 to better define prospective targets.

## 6.2.6 Springfield Project

The Springfield Project comprises the Springfield, Halloween and Halloween West Projects, which abut Sandfire's DeGrussa-Doolgunna tenements. Sandfire acquired 100% interest in all three of these projects in October 2018 after completing the acquisition of Talisman Mining Ltd's 30% interest in the former Springfield Joint Ventures.

No work was undertaken on the Springfield Project during the Quarter.

## 7.0 AUSTRALIAN EXPLORATION

Sandfire has a number of exploration interests and joint ventures around Australia exploring for base and precious metals. The exploration programs are focused on prospective terranes with the potential for discovery of a significant new deposit that can be developed.



Figure 6: Sandfire's Eastern Australian Projects.

### 7.1 New South Wales Projects

A number of 100%-owned project areas are held in the Lachlan Fold Belt of New South Wales which are prospective for porphyry copper-gold mineralisation as found at Northparkes (China Moly), Cadia (Newcrest) and Cowal (Evolution). A farm-in agreement to earn up to 80% is held with Gold Fields Australasia Pty Ltd on the Marsden South Project.

Drilling in the March 2019 Quarter will test a number of high priority porphyry copper-gold prospects in the Temora belt. Targets to be tested with diamond drilling include complex magnetic highs and lows in a large alteration systems within the Rain Hill intrusive complex.

### 7.2 Northern Territory - Borroloola Project

The Borroloola Project is located north of the McArthur River Mine (Xstrata), and is prospective for base metals and sedimentary manganese. Sandfire has signed two farm-out agreements to advance the Borroloola Project. The Batten Trough JV covering the eastern portion of the tenements is under an option and joint venture agreement with MMG Exploration Pty Ltd, which can earn up to an 80% interest. The Borroloola West JV covering the western portion is under an agreement with Pacifico Minerals Ltd, which has now earned a 51% interest in the Project and Sandfire is a contributing 49% JV partner.

MMG completed a significant geophysical and drilling program across the tenements with no significant results reported. The future strategy is being evaluated for the Joint Venture.

### 7.3 Queensland Projects

*A number of projects are held in the eastern succession of the Mount Isa region south and east of Cloncurry in northwest Queensland which are prospective for Broken Hill type (BHT) lead-zinc-silver deposits such as the Cannington deposit (South 32) and the Ernest Henry iron oxide-copper-gold (IOCG) deposits (Xstrata). A Joint Venture is held over the Altia project with Minotaur Exploration Ltd (ASX: MEP) with a 60% interest held.*

No significant results were reported from the latest program and a limited program is being evaluated for next quarter.

## 8.0 CORPORATE

### 8.1 Joint Venture with White Rock Minerals

During the Quarter, Sandfire exercised its option to enter into a Joint Venture Agreement with White Rock Minerals (ASX: WRM) regarding White Rock's high-grade zinc and precious metals VMS Red Mountain Project in central Alaska.

Under the terms of the Subscription Agreement, the parties must use their best endeavours to negotiate the terms of the Joint Venture within three months using an AMPLA (Australian Mining and Petroleum Law Association) model document and the following as the guiding principles for the content of the Joint Venture:

- Stage 1: Sandfire to fund a total of \$20 million over four years to earn 51%, with a minimum expenditure by Sandfire of \$6 million in Year One.
- Stage 2: Sandfire to fund a further \$10 million and deliver a pre-feasibility study (PFS) over an additional two years to earn 70%, which may be extended by Sandfire for a further year in certain circumstances.
- Stage 3: White Rock may elect to contribute to the Joint Venture. If White Rock elects not to contribute, Sandfire can sole fund Stage 3 to earn 80% by completion of a definitive feasibility study.
- Stage 4: White Rock may elect to contribute to the Joint Venture. If White Rock elects not to contribute, Sandfire will earn 90% and White Rock's 10% interest will be earned from project cash flow.

White Rock is entitled to continue managing the project for at least the first year of the earn-in and to be paid a management fee equal to 10% above all project expenses, with 50% of the fee to be paid on signing of the Joint Venture and the balance to be paid in 3 equal instalments on a quarterly basis thereafter.

Ongoing management responsibility of the project will be subject to annual review and after the first year will be at Sandfire's election.

The parties have commenced negotiation of the Joint Venture Agreement.

Sandfire currently holds a 12.7% stake in White Rock Minerals, and has previously provided an unsecured A\$1 million convertible loan to White Rock.

### 8.2 Participation in Adriatic Metals Share Placement

During the Quarter Sandfire participated in an Institutional Placement undertaken by Adriatic Metals (ASX: ADT). The Company maintained its 7.7% stake via its anti-dilution rights.

### 8.3 Cash position

Company cash on hand as at 31 December 2018 totalled \$164.7 million (unaudited). Group cash on hand as at 31 December 2018 totalled \$179.0 million (unaudited).

### 8.4 Finance Facility

Sandfire's financing arrangements continue to be supported by a secured loan facility with ANZ secured by a fixed and floating charge over the Company's assets. Aside from minor borrowings under a bonding facility there is no debt drawn under these facilities and the available amount to be drawn remains nil. The facilities expire in late February 2019 unless extended by mutual agreement.

## 8.5 Investor Call and Webcast

A teleconference on the Quarterly results will be held for the investment community on Wednesday 30<sup>th</sup> January 2019 commencing at 10.00am (AWST) / 1.00pm (AEDT). Investors, brokers, analysts and media can join the teleconference by dialling the following numbers:



**Within Australia (Toll Free):** 1 800 558 698  
**Alternate Australia Toll Free:** 1 800 809 971  
**International:** +61-2 9007 3187

**Conference ID:** 325219

The Quarterly Report and an accompanying slide presentation will be available via the ASX Company Announcements Platform (ASX code: SFR) as well as at 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 via the BRR Media service website at <https://webcasting.boardroom.media/broadcast/5c1ae6ccfab04b5461986c07>.

### ENDS

#### For further information, please contact:

Karl Simich – Managing Director/CEO  
Office: +61 8 6430 3800

#### Media Inquiries:

Nicholas Read – Read Corporate:  
Mobile: +61 419 929 046 (Nicholas Read)

## Competent Person's Statements

### Exploration Results Doolgunna

The information in this report that relates to Exploration Results at Doolgunna is based on information compiled by Mr Shannan Bamforth who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Bamforth 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 Bamforth 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

This ASX release may include forward-looking statements. These forward-looking statements are not historical facts but rather are based on Sandfire's current expectations, estimates and assumptions about the industry in which Sandfire operates, and beliefs and assumptions regarding Sandfire's future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are only predictions and are not guaranteed, and they are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of Sandfire. 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. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Actual values, results or events may be materially different to those expressed or implied in this release. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement.

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 this statement 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 this statement 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.

