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SANDFIRE REACHES AGREEMENT TO FARM INTO TALISMAN MINING'S DOOLGUNNA COPPER-GOLD PROJECTS

RIGHT TO EARN UP TO A 70% INTEREST IN THREE KEY PROJECTS BY SPENDING \$15M OVER 5.5 YEARS

Sandfire Resources NL (ASX: **SFR**; "Sandfire") is pleased to announce that it has further expanded its strategic footprint and regional exploration focus in the highly prospective Bryah Basin region of Western Australia after reaching agreement with Talisman Mining Limited (ASX: TLM; "Talisman") to farm into its three key Doolgunna copper-gold projects.

Under the agreement, Sandfire can earn up to a 70% interest in Talisman's Springfield, Halloween and Halloween West Projects ("the Projects") by spending a minimum of \$15 million on exploration over 5.5 years, with a minimum expenditure commitment of \$5 million within two years.

The Springfield Project lies immediately along strike to the east from Sandfire's flagship 100%-owned DeGrussa Copper-Gold mine (see Figure 1 below). The Halloween and Halloween West Projects abut Sandfire's Doolgunna Project to the west. The projects contain extensions of the volcanic rock package which hosts the DeGrussa VMS deposits.

Talisman has invested more than \$20 million exploring its Doolgunna Projects over the past three years, assembling a comprehensive geo-scientific database and identifying a series of high-quality VMS copper-gold exploration targets, especially across the Springfield Project and within the interpreted extension of the DeGrussa Mine Corridor.

Sandfire's Managing Director, Mr Karl Simich, said the agreement with Talisman further expanded Sandfire's strategic footprint in the Bryah Basin region, providing the opportunity to collaborate with another junior explorer operating in the region in the ongoing search for major new VMS discoveries.

"This follows the farm-in and joint venture agreement we announced last month with Ventnor Resources covering the Thaduna/Green Dragon Project and adds further weight to our evolving regional position," Mr Simich said.

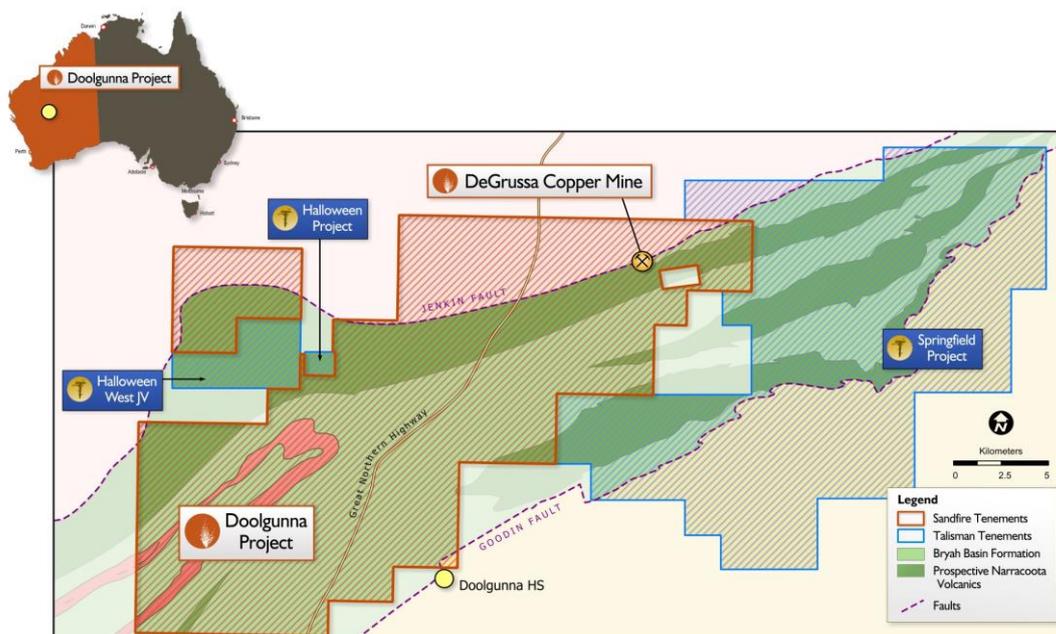
"We will be able to bring our considerable geological and technical expertise, as well as our funding capability, to the exploration of Talisman's high quality ground position in the Bryah Basin which contains extensions of the prospective stratigraphy that hosts the DeGrussa VMS deposits.

"With a minimum expenditure commitment of \$5 million over two years, this provides us with a low-risk opportunity to evaluate the Talisman ground package and work with their technical team to test a series of quality targets with the option, if we are successful, to earn up to a 70% interest in stages by spending a total of \$15 million.

"This complements and enhances our ongoing exploration campaign within the DeGrussa Mine Corridor and across our broader Doolgunna tenement, where we have an annual budget of \$20 million targeting new discoveries and extensions to our existing deposits," Mr Simich added.



Figure 1 – Sandfire’s DeGrussa Project and Talisman’s Doolgunna Projects



Key Agreement Terms

The Agreement grants Sandfire the right to farm into an exploration joint venture interest in Talisman’s wholly-owned Springfield and Halloween Exploration Projects, as well as its joint venture rights over the Halloween West Project (Talisman’s Doolgunna Copper-Gold Projects). The key commercial terms of the Agreement are:

- Sandfire has the right to earn a 70% interest in the Doolgunna Copper-Gold Projects by spending a minimum of \$15 million on exploration across the Doolgunna Projects within 5.5 years;
- Sandfire has a minimum expenditure commitment of \$5 million within the first two years before it can elect to either:
 - i. withdraw from the agreement with no further commitment; or
 - ii. spend an additional \$5 million within a further 2-year period to earn a 51% interest in the Doolgunna Copper-Gold Projects (First Earn-in);
- After satisfying the First Earn-In Conditions, Sandfire has the option to either cease sole funding or to acquire a further 19% in the Tenements, taking its total interest to 70%, by sole funding a further \$5 million on Exploration Expenditure within 18 months (Second Earn-In);
- If Sandfire gives a notice ceasing sole funding prior to fulfilling the Second Earn-in Conditions, it shall be deemed to have earned a 51% interest (First Interest) and the joint venture will be formed on that basis with Talisman retaining its 49% interest by contributing to exploration expenditure on a pro rata basis or dilute under industry standard terms; and
- Should Sandfire sole fund \$15 million and earn a 70% joint venture interest, Talisman will have the right to maintain its 30% interest by contributing to exploration expenditure on a pro rata basis or dilute under industry standard terms.

Under the terms of the Agreement, Sandfire will manage all exploration activities during the farm-in period.

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