



## SANDFIRE REACHES AGREEMENT TO ACQUIRE TALISMAN'S 30% INTEREST IN THE SPRINGFIELD JOINT VENTURES

Sandfire Resources NL (ASX: SFR; **Sandfire**) is pleased to announce that it has reached in-principle agreement with Talisman Mining Limited (ASX: TLM; **Talisman**) to acquire Talisman's 30% interest in the Springfield Exploration and Mining Joint Ventures in the Doolgunna region of WA for approximately \$72 million<sup>1</sup> in cash plus an ongoing 1% Net Smelter Return (NSR) royalty on future discoveries at Springfield Joint Ventures<sup>2</sup> (**NSR Royalty**).

Consolidation of 100% ownership of the Monty copper-gold mine and surrounding exploration tenure strengthens Sandfire's exploration and development pipeline in the Bryah Basin. The Springfield Joint Ventures include the Monty copper-gold deposit, currently being developed as a new satellite underground mine to feed Sandfire's nearby DeGrussa Copper-Gold Mine (the Springfield Mining Joint Venture) and the surrounding exploration tenements (the Springfield Exploration Joint Venture). The package also includes Talisman's interest in the Halloween West Project (see Figure 1).

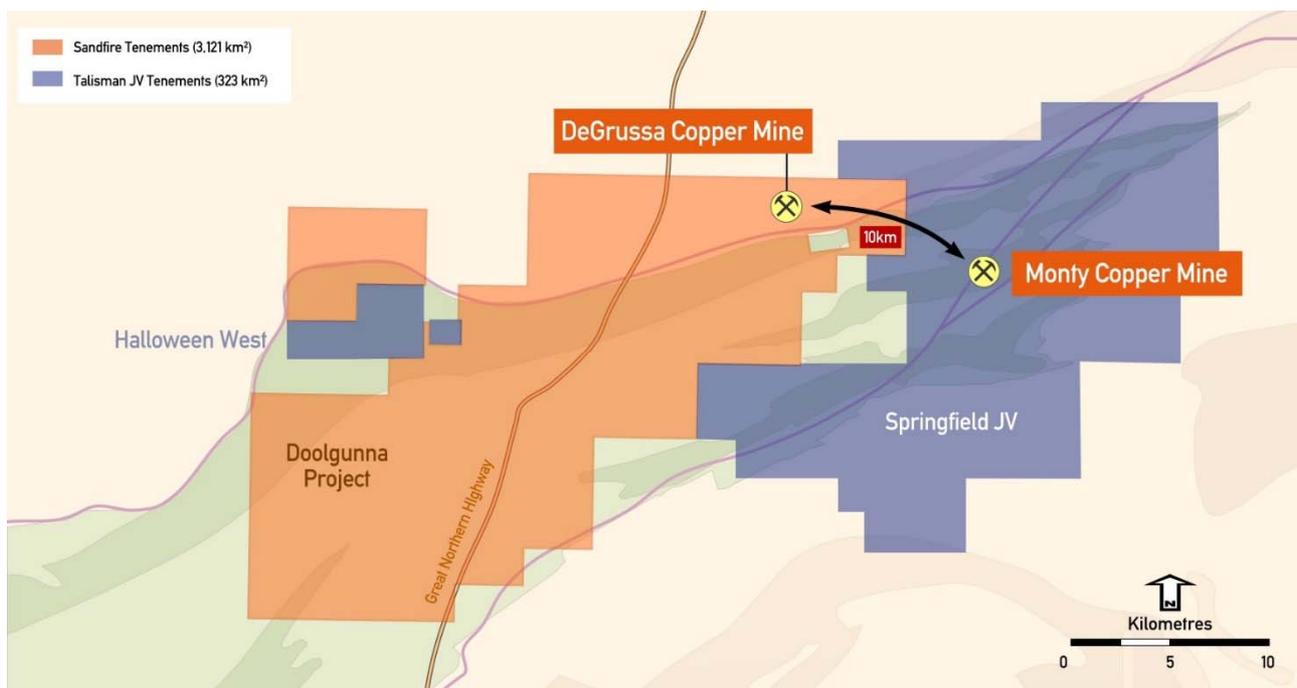


Figure 1: Location Plan showing the Springfield Joint Venture and Halloween West tenements relative to Sandfire's 100%-owned Doolgunna Project.

Refer to Figure 2 for the full regional location plan showing Sandfire's holdings across the Greater Doolgunna Project, including farm-in joint ventures.

<sup>1</sup> Purchase price of \$72.3 million for Talisman's subsidiary, Talisman A Pty Ltd, is on a debt-free and cash-free basis effective as at 5 June 2018. Provided satisfactory commercial terms can be reached with Taurus Mining Finance Fund (**TMFF**), it is intended Sandfire will effectively assume, via its acquisition of Talisman A, the existing 2.25% gross payable copper and gold revenue royalty held by Taurus Mining Finance Fund with such royalty being limited to 30 per cent of the Monty Mineral Resource in Table 1 (**Taurus Royalty**). Refer to Talisman's ASX release on 30 October 2017 for further details of the Taurus Royalty.

<sup>2</sup> 1% NSR royalty also applies to ore sales from Monty in the event that total copper and gold produced and sold exceeds 74,396 tonnes of copper and 38,428 ounces of gold (representing the total estimated production from the Monty Feasibility Mine Plan on a 100% basis).

Under the agreement, Sandfire will acquire 100 per cent of the shares in Talisman A Pty Ltd (**Talisman A**), a 100%-owned Talisman subsidiary that holds its joint venture interests in the Springfield and Halloween West Projects. Sandfire will fund the acquisition from existing cash reserves on hand of \$188 million (as at 31 March 2018).

### **Conditions and Timetable**

Completion of the transaction is subject to the following conditions:

- Satisfactory completion of limited confirmatory corporate, legal and commercial due diligence;
- Taurus Mining Fund and certain other Taurus parties providing consent to Sandfire's acquisition of the shares in Talisman A, the grant to Talisman of the NSR Royalty and the Taurus Royalty remaining on foot on appropriate commercial terms satisfactory to Sandfire and otherwise with such modifications as Sandfire and certain Taurus parties agree;
- Execution of a binding share sale agreement in respect of the Talisman A shares; and
- Talisman shareholder approval at a General Meeting proposed to be convened by the Board of Talisman by late July 2018 with the resolution being appropriately recommended and supported by the Talisman board and major shareholders.

Subject to final confirmation from ASX, Sandfire expects that the transaction will be subject to approval by at least 50% of Talisman shareholders at an Extraordinary General Meeting (EGM).

The Board of Talisman unanimously supports the proposed Transaction. Talisman has also advised Sandfire that Talisman's largest shareholder, Mr Kerry Harmanis, supports the proposed Transaction.

### **Mining Joint Venture – Monty Mineral Resource, Ore Reserve and Mine Plan**

The acquisition of Talisman's 30% interest in the Springfield Mining Joint Venture will give Sandfire 100% ownership of the Monty copper-gold deposit, located 10km from the DeGrussa Copper-Gold Mine including its 1.6Mtpa processing plant (Figure 1).

The maiden Monty Mineral Resource was announced on 13 April 2016 (refer to Sandfire's ASX release titled 'Maiden High-Grade Mineral Resource for Monty VMS Deposit' dated 13 April 2016). Following completion of the Study, the maiden Ore Reserve and Mine Plan was announced on 6 April 2017 (refer to Sandfire's ASX release titled 'Sandfire Announce Positive Monty Feasibility Study' dated 6 April 2017).

**Table 1: Monty Mineral Resource, Ore Reserve and Mine Plan (100% basis)**

	Mt	Cu (%)	Au (g/t)	Contained Cu (t)	Contained Au (oz)
Mineral Resource	1.05	9.4	1.6	99,000	55,000
Ore Reserve	0.92	8.7	1.4	80,000	42,000
Mine Plan	0.80	9.4	1.5	74,000	38,000

### **Management Comment**

Sandfire's Managing Director and CEO, Mr Karl Simich, said the Company was pleased to have reached agreement with Talisman to consolidate 100 per cent ownership of the Springfield Project on terms which deliver positive outcomes for both companies.

"Since our original farm-in deal in December 2013, we have had a long and positive collaboration with Talisman which paved the way for the discovery of the high-grade Monty deposit in 2015 and ultimately the development of the first satellite mining operation outside of our existing DeGrussa operations," he said.

“The transaction allows Talisman and its shareholders to crystallise significant upfront value for their share of the Springfield Project on attractive terms, allowing them to focus on their other projects in NSW and WA while retaining exposure to any future exploration success via an ongoing royalty over any future discoveries made at the Springfield Joint Ventures.

“From Sandfire’s perspective, the transaction will simplify and streamline the development of Monty and any further exploration going forward. As the owner of the only operating base metals processing plant in the region, our strategic focus is on consolidating growth opportunities in the district which allow us to leverage this infrastructure and further strengthen our dominant footprint across the Bryah Basin, which now totals over 6,200km<sup>2</sup>.”

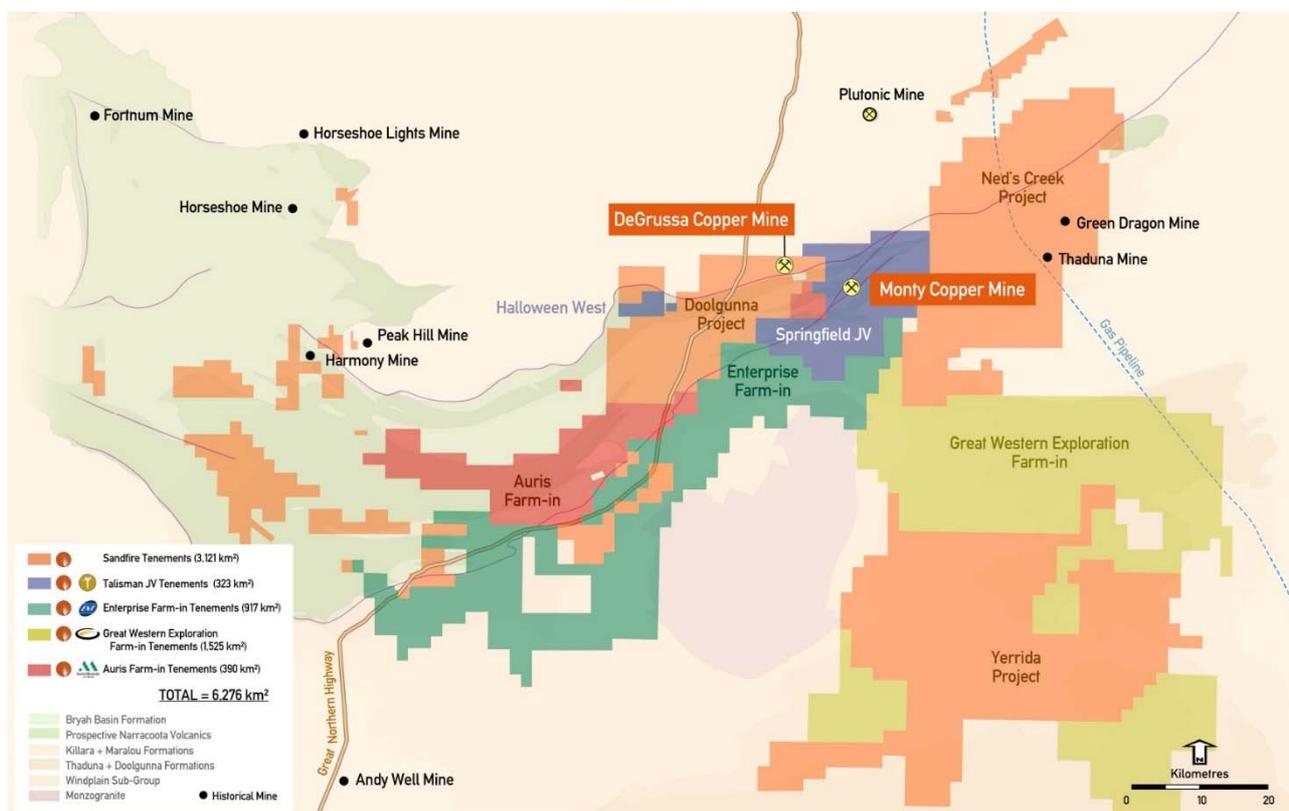
**ENDS**

**For further information contact:**

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

Read Corporate  
 Mobile: +61 419 929 046 (Nicholas Read)  
 Mobile: +61 421 619 084 (Paul Armstrong)

**Figure 2: Regional Location Plan showing Sandfire’s holdings across the Greater Doolgunna Project, including farm-in joint ventures.**



## Forward-Looking Statements

Certain statements made during or in connection with this statement contain or comprise certain forward-looking statements regarding Sandfire's Mineral Resources and Reserves, exploration operations, project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Sandfire believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statements and 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, 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. 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.