

ASX RELEASE

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SANDFIRE ENTERS INTO MANGANESE AGREEMENT WITH MINERAL RESOURCES

Sandfire to retain free-carried interest in ongoing exploration & development of prospective NT Manganese Project and receive 30% of future profits before interest and tax

Sandfire Resources NL (ASX: **SFR**; **Sandfire**) is pleased to announce that it has entered into an agreement with mining services and contracting company Mineral Resources Limited (ASX: **MIN**) to fund the ongoing exploration and development of its highly prospective **Borrooloola Manganese Project** in the Northern Territory.

The agreement will see Mineral Resources – through its wholly-owned subsidiary, Process Minerals International (PMI), which has a successful track record in the manganese industry – solely fund and operate an exploration and development program at the Borrooloola Project, which covers more than 10,000 sq km.

Mineral Resources/PMI will also solely fund the full cost of any mining operation (including all capital costs) established at Borrooloola as well as meeting all associated operating expenses of any manganese operations.

In return, Mineral Resources/PMI will be entitled to 70% of profits (before interest and tax) flowing from the future sale of manganese products.

Essentially, under the agreement Sandfire will receive 30% of the profit (before interest and tax) from all manganese operations undertaken by Mineral Resources/PMI and importantly at no risk or cost to Sandfire.

The deal also provides for full accommodation of Sandfire's agreement with Korean steel maker POSCO, under which POSCO is entitled to buy 30% of all manganese produced from any operation. POSCO is Sandfire's largest shareholder with a stake of 17.5%.

The arrangement with Mineral Resources/PMI relates only to the manganese (and any other minerals associated with the manganese at the time of extraction/production) and importantly Sandfire maintains 100% ownership of all these tenements and 100% of the rights to any other commodity on the tenements.

Sandfire Managing Director, Karl Simich said the agreement with Mineral Resources/PMI gave Sandfire substantial exposure to the immense exploration and value potential of the manganese at Borrooloola at no cost.

"We are delighted that Mineral Resources will use its extensive experience in the manganese industry and financial resources to undertake an exploration program on these highly prospective tenements," Mr Simich said. "Sandfire stands to benefit enormously without having to commit resources to the project."

Chris Ellison, Mineral Resources Executive Director and key stakeholder, has welcomed the finalisation of the agreement with Sandfire, calling it a positive means for both companies to work together in the interests of their shareholders. "The agreement with Sandfire at Borrooloola allows Mineral Resources to expand its manganese portfolio of operations outside Western Australia and gain access to an alternative long life manganese resource to supplement the Woodie Woodie, Peak Hill and Balfour Downs operations," Mr Ellison said.

Mr Simich said the Mineral Resources/PMI agreement would enable Sandfire to focus its financial resources and management time on its highly promising Doolgunna copper-gold project in Western Australia, where drilling has returned some spectacular high-grade results and aggressive exploration is continuing.

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