



**SANDFIRE**  
RESOURCES NL

A QUALITY COPPER-GOLD COMPANY  
ASX Code: SFR

## June 2017 Full Year Results Webcast – 30 August 2017

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# Important Information and Disclaimer

## **Competent Person's Statement – Ore Reserves and Mine Plan**

- ▶ The information in this report that relates to Ore Reserves and Mine Plan is based on information compiled by Mr Neil Hastings who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hastings 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 Hastings consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **Competent Person's Statement – Mineral Resources**

- ▶ The information in this report that relates to Mineral Resources is based on information compiled by Mr Ekow Taylor who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Taylor 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 Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **Competent Person's Statement – Exploration Results**

- ▶ The information in this report that relates to Exploration Results 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.





# Important Information and Disclaimer

## 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 confident that it will report additional JORC compliant resources for the DeGrussa Project, 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.

## JORC Compliance Statement

- ▶ The DeGrussa VHMS (volcanic-hosted massive sulphide) copper-gold deposit is located 900 kilometres north of Perth and 150 kilometres north of Meekatharra in the Peak Hill Mineral Field. The system is hosted within a sequence of metasediments and mafic intrusions situated in the Bryah Basin that have been metamorphosed and structurally disrupted.
- ▶ The sulphide mineralisation consists of massive sulphide and semi-massive sulphide mineralisation. Primary sulphide minerals present are pyrite, chalcopyrite, pyrrhotite and sphalerite, together with magnetite. The sulphide mineralisation is interpreted to be derived from volcanic activity. The deposit shares characteristics with numerous VHMS deposits worldwide. Sandfire are currently exploring the defined prospective sequence in its 100% held tenements and Joint Venture / Farm-In areas.







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Operating Results – FY2017

Karl Simich – Chief Executive Officer





# FY2017 in Review

- ▶ **FY2017 production:** 67,088t copper and 38,623oz gold; C1 US\$0.93/lb
- ▶ **FY2018 production guidance maintained:** 63-66,000t copper, 35-38,000oz gold; C1 cash cost US\$1.00-1.05/lb (FX 0.77 and gold US\$1,240/oz)
- ▶ **Safety TRIFR reduced:** 6.3 (1H FY2017) to 4.9 (June 2017)
- ▶ **Monty Copper-Gold Project (Springfield JV) Feasibility Study completed and works commenced**
- ▶ **Multi-pronged exploration programs:** at Doolgunna, Enterprise JV and Springfield JV
- ▶ **Bank debt fully repaid:** final \$50M paid on 31 January 2017; increased cash holdings to \$126.7M (Group)
- ▶ **Increased holding in Tintina Resources Inc (TSX-V: TAU) to 78.1%\*** (developing the high-quality Black Butte Copper Project, central Montana, USA)

\* Increased during FY2017 through participation in a rights issues; and subsequently through direct share acquisition on 31 July 2017.







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## Financial Results – FY2017

Matthew Fitzgerald – Chief Financial Officer





# Headline Financial Results for the Full Year Ended 30 June 2017



## Sandfire maintains strong operational and financial performance

- ▶ Sales revenue and price adjustment gains of **\$532.5M**
- ▶ Strong cash flow from operating activities of **\$216.1M** (**\$248.3M** prior to payments for exploration and evaluation expenses)
- ▶ DeGrussa Mine segment earnings before net finance and income tax expense of **\$158.5M**
- ▶ Profit before net finance and income tax expense of **\$114.2M**
- ▶ Profit before income tax expense of **\$110.4M**
- ▶ Net profit after tax **\$75.0M**
- ▶ Net profit after tax attributable to members **\$77.5M**
- ▶ Earnings per share of **49.2cps** (basic and diluted)
- ▶ Cash at 30 June 2017 of **\$126.7M** (Group)
- ▶ Finance facility fully repaid (balance of **\$50.0M** fully repaid on 31 January 2017)





# Headline Financial Results for the Full Year Ended 30 June 2017



## Sandfire increases dividend payments

- ▶ Maintaining dividend stream from profitable operations and increased copper price
- ▶ Interim dividend for 1HFY2017 of 5.0cps (fully franked)
- ▶ **Final dividend for FY2017 of 13.0cps (fully franked)**
- ▶ Overall FY2017 payout ratio based on ~35% of earnings per share adjusted for the impact of net loss from Tintina Resources
- ▶ Continuing to balance shareholder returns (dividends, capital growth, business development and exploration) with operational cash flow requirements (reducing mine development and capital expenditure)



# June 2017 Full Year Presentation – Headline Income

## Income Statement Review – Key Results

(\$'000)	Jun 2017	Jun 2016
Sales revenue and price gains	532,548	485,817
Profit before net finance and income tax expense	114,172	74,956
Net finance expense	(3,768)	(6,580)
Profit before income tax expense	110,404	68,376
Income tax expense	(35,388)	(22,006)
Net profit for the year	75,016	46,370

COPPER and AUD Prices



- ▶ Revenue from copper and gold production – Increased on strong production and rising USD copper markets
- ▶ Significant realised and unrealised price adjustment gains during QP, resulting from the increase in USD copper \$19.4M for FY2017
- ▶ Reduction in DeGrussa Mine Segment cash operating costs across mine operations, employees and freight, treatment and refining \$14.0M
- ▶ Impact of non-DeGrussa segments - exploration and evaluation and other activities loss \$44.3M





# June 2017 Full Year Presentation – Balance Sheet

## Balance Sheet Review

(\$'000)	June 2017	June 2016
<b>ASSETS</b>		
Cash and cash equivalents	126,743	66,223
Trade and other receivables	15,970	20,467
Inventories	26,473	30,070
Other current assets	3,006	3,407
<b>Total current assets</b>	<b>172,192</b>	<b>120,167</b>
Inventories	11,698	11,698
Exploration and evaluation assets	21,852	18,489
Property, plant and equipment	369,016	407,186
Other non-current assets	1,151	1,213
<b>Total non-current assets</b>	<b>403,717</b>	<b>438,586</b>
<b>TOTAL ASSETS</b>	<b>575,909</b>	<b>558,753</b>

- ▶ Cash – \$127M - \$50M debt repayment 31 January 2017, \$22M dividend payments
- ▶ Property, plant and equipment – Underground development continues into C4 and C5 orebodies, \$60M cash outflow for FY2017; strategic capital programs (rougher column cell, paste plant and underground pump station)



# June 2017 Full Year Presentation – Balance Sheet

## Balance Sheet Review

(\$'000)	June 2017	June 2016
<b>LIABILITIES</b>		
Trade and other payables	35,478	30,885
Interest bearing liabilities	1,567	1,767
Income tax payable	20,460	7,222
Provisions	3,352	3,563
<b>Total current liabilities</b>	<b>60,857</b>	<b>43,437</b>
Trade and other payables	97	117
Interest bearing liabilities	210	50,094
Provisions	24,534	27,675
Deferred tax liabilities	48,361	53,822
<b>Total non-current liabilities</b>	<b>73,202</b>	<b>131,708</b>
<b>TOTAL LIABILITIES</b>	<b>134,059</b>	<b>175,145</b>
<b>NET ASSETS</b>	<b>441,850</b>	<b>383,608</b>

- ▶ Income tax payable - \$20M payable for FY2017
- ▶ Finance facility – \$50M repaid 31 January 2017
- ▶ Deferred tax liability – a result of taxable income lagging accounting profit





# June 2017 Full Year Presentation – Cash

## Cashflow and Dividends

Sales Receipts and Gains

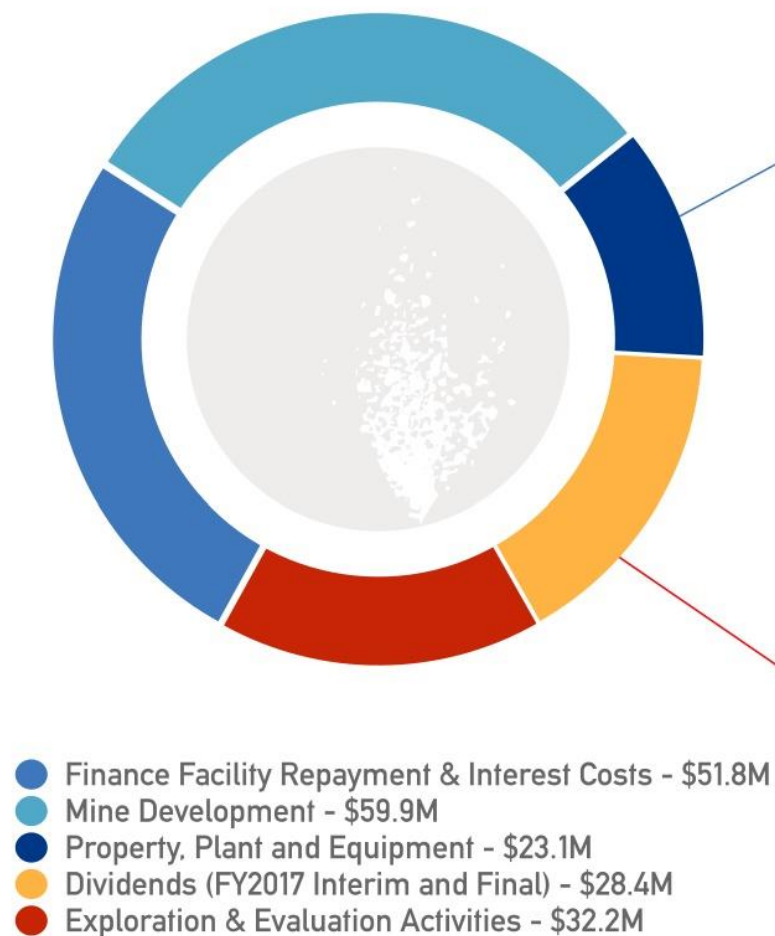
\$534.8M

Operating cash flow prior to  
exploration and evaluation

\$248.3M

46% Margin

## USES OF CASH GENERATION:



## DEBT & CAPITAL:



- Finance Facility Repayment & Interest Costs - \$51.8M
- Mine Development - \$59.9M
- Property, Plant and Equipment - \$23.1M

## SHAREHOLDER RETURN & GROWTH:



- Dividends (FY2017 Interim and Final) - \$28.4M
- Exploration & Evaluation Activities - \$32.2M



# Summary and Outlook

## Continued strong outlook for FY2018 and beyond

- ▶ **Consistent, low-cost copper-gold production**
  - FY2017 performance: 67,088t Cu, 38,623oz Au at C1 US\$0.93/lb
  - FY2018 guidance maintained: 63-66,000t Cu, 35-38,000oz Au at C1 US\$1.00-1.05/lb
- ▶ New chapter of **discovery and development success** at DeGrussa
  - High-grade Monty VMS discovery, feasibility study, approvals and development commenced – driving rising copper production in FY2019 and beyond
  - Re-rated district exploration potential
- ▶ **Cash flow** funding growth and shareholder returns
  - Increased dividend stream for shareholders
  - Committed exploration to further extend mine life
  - 78% interest in high-grade USA copper project development (Black Butte)
- ▶ **Emerging** international and domestic growth pipeline







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