ASX Announcement **25 February 2016**

SANDFIRE ANNOUNCES FIRST-HALF FINANCIAL RESULTS

Maintains dividend stream to shareholders, further reduces debt and invests strongly in exploration and growth despite lower copper prices

Highlights

- **Sales revenue $228.3M (1HFY15: $261.8M): metal sales 30,454t Cu (1HFY15: 32,500t Cu) and 14,467oz Au (1HFY15: 18,330oz Au)**
- **Cash flow from operating activities of $47.6M (1HFY15: $100.3M) – $66.2M prior to payments for exploration and evaluation expenses**
- **DeGrussa Mine segment earnings before net finance and income tax $50.2M (1HFY15: $68.1M)**
- **Profit before net finance and income tax of $26.0M (1HFY15: $50.3M)**
- **Interim profit after income tax of $15.7M (1HFY15: $30.6M)**
- **Earnings per share of 10.0cps (basic and diluted) (1HFY15: 19.6cps)**
- **Interim dividend of 2.0cps (fully-franked) (1HFY15: 3.0cps unfranked)**
- **Group cash of $51.2M at 31 December 2015; finance facility balance reduced to $75.0M**

Sandfire Resources NL (ASX: SFR: “Sandfire”) is pleased to report its financial results for the six months to 31 December 2015, underpinned by another consistent and low-cost performance by the DeGrussa Copper-Gold Mine in Western Australia.

The Company posted an interim net profit after income tax of $15.7 million (1HFY2015: $30.6 million), reflecting the lower received copper price during the period which was only partially offset by a lower Australian/US Dollar exchange rate. Sandfire maintained its strong commitment to shareholder returns, declaring an interim fully-franked dividend of 2 cents per share.

The result, which equates to earnings per share of 10.0 cents (basic and diluted), was struck on sales revenue of $228.3 million (1HFY2015: $261.8 million), from metal sales totalling 30,454 tonnes of contained copper (1HFY2015: 32,500 tonnes) and 14,467oz of gold (1HFY2014: 18,330oz).

The fall in sales revenue reflected a higher year-end concentrate holding (due to a shipment held over to January 2016) and the lower US Dollar copper price, which fell by approximately 18 per cent during the half and was only partially offset by lower US/Australian Dollar exchange rate.

Cash flow from operating activities was $47.6 million (1HFY2015: $100.3 million) after payments for exploration and evaluation totalling $18.6 million.

Profit before net finance and income tax was $26.0 million (1HFY2015: $50.3 million), while pre-tax earnings were $22.9 million (1HFY2015: $44.9 million). The DeGrussa Mine segment generated earnings before net finance and income tax of $50.2 million (1HFY2015: $68.1 million) after depreciation and amortisation charges of $44.7 million (1HFY2014: $41.8 million).

The result also included realised and unrealised quotational pricing (QP) losses of $16.4 million, driven by the reduction in USD copper price.

The cash-flow generation of the DeGrussa Mine segment, notwithstanding the lower copper price environment, enabled Sandfire to further reduce its debt while at the same time continue to fund capital development, as well as an aggressive exploration campaign predominantly focused on the high-grade Monty copper-gold discovery 10km east of DeGrussa.

On a group-wide basis, the cash generated by the DeGrussa Mine segment was deployed predominantly towards debt retirement and capital requirements, with $47.8 million applied to finance facility repayments and interest, $35.1 million to mine development and $8.4 million for plant and equipment.

The balance was applied to exploration and evaluation of $18.6 million and $4.2 million to increasing the Company's stake in Tintina Resources to a controlling interest of 57%. $3.1 million will be applied for the interim dividend payment announced today.

As at 31 December 2015, Sandfire had cash of $51.2 million, having completed a total of $45 million in finance facility repayments during the period, reducing the outstanding balance on the DeGrussa finance facility to $75 million as at 31 December 2015. A total of $10 million of quarterly finance facility payments are scheduled for 2HFY2016, which will reduce the outstanding balance of the finance facility to $65 million by 30 June 2016.

This information should be read in conjunction with Sandfire's December 2015 Half-Year Financial Report and accompanying notes.

Management Comment and Outlook

Sandfire's Managing Director, Mr Karl Simich, said DeGrussa had delivered another standout performance in the first half, either achieving or exceeding all of its key production and cost targets.

"DeGrussa continues to deliver strong cash-flows despite a challenging business environment, and this is testament both to the grade and quality of the deposit and the continued focus of our team on controlling costs, delivering on targets and continually improving our performance," he said.

"This has allowed us to maintain a balanced, measured and considered approach to shareholder returns, operational cash flow requirements, mine development and debt reduction – an approach which continues to stand the Company in excellent stead for future growth.

"We have maintained our commitment to an ongoing dividend stream to shareholders at a time when many resource companies have been forced to drastically reduce their dividend payments," Mr Simich continued. "At the same time, we were able to repay $45 million worth of debt while still investing strongly in our exploration and growth opportunities.

"This has reduced the outstanding balance of our debt facility to just $75 million at the 31 December balance date – ensuring that the Company has a very strong balance sheet to fund future growth.

"We invested just over $35 million on mine development at DeGrussa, which remains on track with both the Conductor 4 and 5 deposits on stream, diversifying our underground production and ore sources and setting up a strong foundation for the next few years of operations.

"In addition, the cash flow from DeGrussa has allowed us to fund a range of important long-term growth initiatives, including an aggressive exploration program focused on the high-grade Monty VMS copper-gold discovery and the acquisition of an additional stake in Tintina Resources to provide Sandfire with a controlling position in an outstanding high-grade copper project in North America," he continued.

"Looking to the next six months, we are on track to achieve the upper end of our full year production guidance range of 65-68,000 tonnes of copper with C1 cash costs forecast at the lower end of the US$0.95-1.05 per pound guidance range. That means we are well placed to take advantage of any improvement in the Australian Dollar copper price.

"At the same time, shareholders can look forward to a strong line-up of news-flow, commencing with the publication of a maiden JORC Resource estimate for the Monty deposit, scheduled for the end of March. Other upcoming milestones include a maiden Ore Reserve for the C5 deposit as part of our annual resource and reserve update, and the publication of a new life-of-mine plan for the next few years, which is expected during the June Quarter.

"We are also continuing to step-up our exploration activities at DeGrussa-Doolgunna with work gathering momentum along the 5km long Monty corridor, at the Homer prospect and at other priority target areas within our overall 1,600 square kilometre tenement package.

"We believe that it is still early days in the discovery history of this emerging VMS province, and we are looking forward to further success as exploration continues to gather momentum," he added.

ENDS

For further information contact:

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

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

Forward-Looking Statements

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