



SANDFIRE
RESOURCES NL

ASX Code: SFR

A QUALITY COPPER-GOLD PRODUCER

December 2017 Half Year Results Presentation – 20 February 2018

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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 was a permanent employee of Sandfire Resources NL at the time of Mineral Resources compilation 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 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.





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 is currently exploring the defined prospective sequence in its 100% held tenements, Joint Venture and Farm-In areas.





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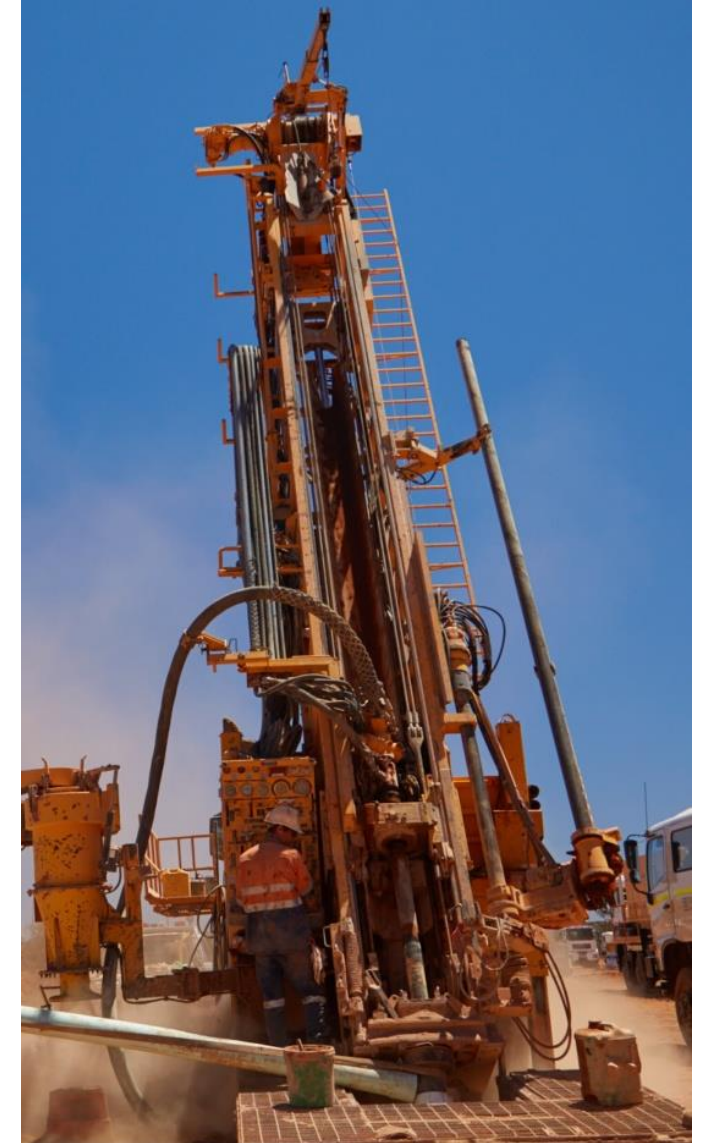
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Operating Results – 1H FY2018

Karl Simich – Chief Executive Officer



- ▶ **1HFY2018 production:** 31,521t copper and 18,799oz gold; C1 US\$1.00/lb
- ▶ **FY2018 production guidance maintained:** 63-66kt of contained copper, 35-38koz gold; C1 cash cost US\$1.00-1.05/lb
- ▶ **Safety TRIFR reduced:** 5.0 (June 2017) to 4.6 (December 2017)
- ▶ Monty Copper-Gold Project (Springfield JV) **decline development ahead of schedule**
- ▶ **Multi-pronged exploration programs** at Doolgunna, Enterprise Farm-In and Springfield JV
- ▶ **Increased cash holding:** \$150.3M (Company); to \$164.4M (Group)
- ▶ **Permitting final stage (EIS) for the Black Butte Copper Project, central Montana, USA (TSX-V: SFR):** 78% owned Sandfire Resources America Inc developing the high-quality Black Butte Project





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Financial Results – 1HFY2018

Matthew Fitzgerald – Chief Financial Officer



Sandfire maintains strong operational and financial performance

- ▶ Record sales revenue and price adjustment gains of **\$296.2M**
- ▶ Strong cash flow from operating activities of **\$106.3M** (**\$122.5M** prior to payments for exploration and evaluation expenses)
- ▶ DeGrussa Mine segment earnings before net finance and income tax expense of **\$105.4M**
- ▶ Profit before net finance and income tax expense of **\$84.2M**
- ▶ Profit before income tax expense of **\$85.4M**
- ▶ Net profit after tax **\$59.5M**
- ▶ Net profit after tax attributable to members **\$60.0M**
- ▶ Earnings per share of **37.7cps** (basic and diluted)
- ▶ Cash at 31 December 2017 of **\$164.4M** (Group)



Sandfire increases dividend payments

- ▶ Maintaining dividend stream from profitable operations and increased copper price
- ▶ **Interim dividend for 1HFY2018 of 8.0cps (fully franked)**
- ▶ Continuing to balance shareholder returns and growth (dividends, business development and exploration) with operational cash flow requirements (Monty development, reducing DeGrussa mine development and capital expenditure)



December 2017 Half Year Presentation – Headline Income



Income Statement Review – Key Results

(\$'000)	Dec 2017	Dec 2016
Sales revenue and price gains	296,200	259,909
Profit before net finance and income tax expense	84,193	53,707
Net finance income (expense)	1,223	(793)
Profit before income tax expense	85,416	52,914
Income tax expense	(25,906)	(16,985)
Net profit for the year	59,510	35,929

COPPER and AUD Prices



- ▶ Revenue from copper and gold production – increased on rising USD copper markets
- ▶ Significant realised and unrealised price adjustment gains during QPs
- ▶ Reduction in DeGrussa Mine Segment cash operating costs across mine operations, employees and freight, treatment and refining and stock adjustments \$11.0M (9%)
- ▶ Impact of non-DeGrussa Mine segments - exploration and evaluation and other activities loss \$21.2M



Balance Sheet Review

(\$'000)	December 2017	June 2017
ASSETS		
Cash and cash equivalents	164,422	126,743
Trade and other receivables	16,670	15,970
Inventories	29,367	26,473
Other current assets	1,829	3,006
Total current assets	212,288	172,192
Inventories	11,698	11,698
Exploration and evaluation assets	22,943	21,852
Property, plant and equipment	349,805	369,016
Other non-current assets	2,961	1,151
Total non-current assets	387,407	403,717
TOTAL ASSETS	599,695	575,909

- Cash of \$164.4M – Increased \$37.7M following \$39.2M income tax, \$20.5M final FY2017 dividend and \$14.4M internally funded Monty development.



Balance Sheet Review

(\$'000)	December 2017	June 2017
LIABILITIES		
Trade and other payables	36,998	35,478
Interest bearing liabilities	439	1,567
Income tax payable	15,657	20,460
Provisions	3,474	3,352
Total current liabilities	56,568	60,857
Trade and other payables	-	97
Interest bearing liabilities	360	210
Provisions	27,431	24,534
Deferred tax liabilities	39,854	48,361
Total non-current liabilities	67,645	73,202
TOTAL LIABILITIES	124,213	134,059
NET ASSETS	475,482	441,850

- ▶ Income tax payable - \$39.2M paid during the half year
- ▶ Deferred tax liability – a result of taxable income lagging accounting profit, now reversing



Continued strong outlook for FY2018 and beyond

- ▶ **Consistent, low-cost copper-gold production**
 - 1H FY2018 performance: 31,521t Cu, 18,799oz Au at C1 US\$1.00/lb
 - FY2018 guidance maintained: 63-66kt Cu, 35-38koz Au at C1 US\$1.00-1.05/lb
- ▶ **Monty Copper-Gold Project** development (Springfield JV) progressing ahead of schedule
- ▶ Multi-pronged exploration programs across 5,846km²
 - Doolgunna, Springfield JV, Enterprise JV
- ▶ **Cash flow** funding growth and shareholder returns
 - Increased interim 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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