SANDFIRE RESOURCES NL
LEVEL 1, 31 VENTNOR AVE
WEST PERTH WA 6005
ABN 55 105 154 185
PO BOX 1495
WEST PERTH WA 6872
www.sandfire.com.au
T +61 8 6430 3800
F +61 8 6430 3849
E admin@sandfire.com.au

Half-Year Financial Report

For the six months ended 31 December 2017

ASX Code: SFR

CONTENTS

CORPORATE INFORMATION

ABN 55 105 154 185

Directors

Derek La Ferla	*Independent Non-Executive Chairman*
Karl Simich	*Managing Director and Chief Executive Officer*
Robert Scott	*Independent Non-Executive Director*
Paul Hallam	*Independent Non-Executive Director*
Maree Arnason	*Independent Non-Executive Director*
Roric Smith	*Independent Non-Executive Director*

Company Secretary

Matthew Fitzgerald	*Chief Financial Officer and Joint Company Secretary*
Robert Klug	*Chief Commercial Officer and Joint Company Secretary*

Registered Office and Principal Place of Business

Level 1, 31 Ventnor Avenue
West Perth WA 6005
Tel: +61 8 6430 3800
Fax: +61 8 6430 3849
Email: admin@sandfire.com.au
Web: www.sandfire.com.au

Share registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Tel: 1300 992 916 (within Australia)
+61 3 9628 2200
Fax: +61 8 9315 2233
Email: registrar@securitytransfer.com.au

Auditors

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

Home Exchange

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

ASX Code

Sandfire Resources NL shares are listed on the Australian Stock Exchange (ASX).
Ordinary fully paid shares: SFR

DeGrussa and Monty Mineral Resource and Ore Reserve

The information in this report that relates to the DeGrussa and Monty Mineral Resource 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 Resource 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 Resource and Ore Reserve. 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.

The information in this report that relates to the DeGrussa and Monty Ore Reserve 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 Resources NL 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.

Black Butte Mineral Resource

The information in this report that relates to Black Butte Mineral Resource is based on information compiled by Mr. Michael J. Lechner who is a Registered Member of SME, a CPG with AIPG, a RPG in Arizona, and a P. Geo. In British Columbia. Mr. Lechner is an independent consultant 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 Lechner 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.

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.

JORC Compliance Statement

A summary of the information used in this release is as follows.

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.

DeGrussa is located wholly within Mining Lease 52/1046. This tenement is subject to the Yugunga-Nya (WC99/046) and Gingirana Claims (WC06/002). A Land Access Agreement was executed with both claimant groups in November 2010. Sandfire is required to make royalty payments to the State and affected Native Title Claimants on a periodical basis.

Drilling of the DeGrussa massive sulphide lens (of which there are four defined lenses of mineralisation) and surrounding area is by diamond drill holes of NQ2 diameter core and, to a lesser extent, by Reverse Circulation (RC) face sampling hammer drilling. The nominal drill-hole spacing is less than 80m x 40m in the inferred areas of the Mineral Resource and increases in density as the classification increases to Measured where nominal 13m x 20m drill hole spacing is achieved. Drilling has been by conventional diamond drilling with a small number holes aided by the use of navigational drilling tools. RC drilling was completed with a nominal 140mm face sampling hammer and split on a cone or riffle splitter. Drill-hole collar locations were surveyed using RTK GPS, and all holes were down-hole surveyed using high speed gyroscopic survey tools.

Sampling of diamond core was based on geological intervals (standard length 0.5 m to 1.3 m). The core was cut into half or quarter (NQ2) to give sample weights up to 3 kg. RC samples were 1.0m samples down-hole, with sample weights between 3.5kg and 7kg depending on material type. Field quality control procedures involved assay standards, along with blanks and duplicates. These QC samples were inserted at an average rate of 1:15.

The sample preparation of diamond core involved oven drying, coarse crushing of the core sample down to ~10 mm followed by pulverisation of the entire sample to a grind size of 90% passing 75 micron. A pulp sub-sample was collected for analysis by either four acid digest with an ICP/OES, ICP/MS (multi element) finish or formed into fused beads for XRF determination on base metals and a fire assay for Au.

All reported assays have been length weighted. No top-cuts have been applied. A nominal 0.3% Cu lower cut-off is applied. High grade intervals internal to broader zones of sulphide mineralisation are reported as included intervals.

The attitude of the ore bodies at DeGrussa is variable but there is a dominant southerly dip from ~40 to 90 degrees flat-lying and is drilled to grid west with drill holes inclined between -60 and -90 degrees. As such the dominant hole direction is north and with varying intersection angles all results are clearly defined as either down hole or approximate true width.

Density of the massive sulphide orebody ranges from 2.8g/cm3 to 4.9g/cm3, with an average density reading of 3.7g/cm3. Geotechnical and structural readings recorded from diamond drilling include recovery, RQD, structure type, dip, dip direction, alpha and beta angles, and descriptive information. All data is stored in the tables Oriented Structure, Geotechnical RQD, Core Recovery, Interval Structure as appropriate.

A suite of multi-element assays are completed on each mineralised sample and include all economic and typical deleterious elements in copper concentrates. This suite includes Cu, Au, Ag, Zn, Pb, S, Fe, Sb, Bi, Cd and As.

Regional drilling has been completed using a combination of RC and AC drilling. A majority of the drilling is preliminary in nature and starts with 800m x 100m AC drilling where the geology and geochemistry is revaluated to determine the requirement for follow 400m x 100m drilling. If significant anomalism is identified in the AC drilling then follow up RC drilling will be conducted to determine the opportunity for delineating potentially economic mineralisation. Whist the main aim of the exploration at Doolgunna is to identify additional VHMS mineralisation in some areas of regional land holding it is currently the interpreted that there is shear zones located on the contact between dolerite and sediments hosting auriferous quartz vein stockworks with some coincident copper.

AC and RC regional samples are prepared at Ultra Trace in Perth with the original samples being dried at 80° for up to 24 hours and weighed, and Boyd crushed to -4mm. Samples are then split to less than 2kg through linear splitter and excess retained. Sample splits are weighed at a frequency of 1/20 and entered into the job results file. Pulverising is completed using LM5 mill to 90% passing 75%µm. Assaying is completed using a Mixed 4 Acid Digest (MAD) 0.3g charge and MAD Hotbox 0.15g charge methods with ICPOES or ICPMS. The samples are digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric acids and conducted for multi elements including Cu, Pb, Zn, Ag, As, Fe, S, Sb, Bi, Mo. The MAD Hotbox method is an extended digest method that approaches a total digest for many elements however some refractory minerals are not completely attacked. The elements are then determined by ICPOES or ICPMS finish. Samples are analysed for Au, Pd and Pt by firing a 40g of sample with ICP AES/MS finish.

The directors present their report together with the consolidated financial report of the consolidated entity (referred to as the Group) consisting of the parent entity, Sandfire Resources NL (the Company or Sandfire), and the entities it controlled, for the six months ended 31 December 2017 and the independent auditor's review report thereon.

Directors

The directors of the Company in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Name	Period of Directorship
Mr Derek La Ferla *Independent Non-Executive Chairman*	Appointed 17 May 2010
Mr Karl M Simich *Managing Director and Chief Executive Officer*	Appointed Director 27 September 2007 Managing Director and Chief Executive Officer since 1 July 2009
Mr Robert N Scott *Independent Non-Executive Director*	Appointed 30 July 2010
Mr Paul Hallam *Independent Non-Executive Director*	Appointed 21 May 2013
Ms Maree Arnason *Independent Non-Executive Director*	Appointed 18 December 2015
Dr Roric Smith *Independent Non-Executive Director*	Appointed 31 December 2016

Dividends

Since the end of the financial period, the Board of Directors have resolved to pay a fully franked dividend of 8 cents per share, to be paid on 20 March 2018. The record date for entitlement to this dividend is 6 March 2018. The financial impact of this dividend amounting to $12,638,000 has not been recognised in the Financial Statements for the half year ended 31 December 2017 and will be recognised in subsequent Financial Statements.

Details in relation to dividends announced or paid since 1 July 2017, other than as above, are set out below.

Record date	Date of payment	Period	Amount per share (cents)	Franked amount per share (cents)	Total dividends $000
12 September 2017	26 September 2017	2017 FY Final	13	13	20,537
7 March 2017	21 March 2017	2017 FY Interim	5	5	7,887
12 September 2016	26 September 2016	2016 FY Final	9	9	14,191

Operational and financial review

Sandfire Resources NL is a mid-tier Australian mining and exploration company based in Perth, Western Australia, which is listed on the Australian Securities Exchange (ASX:SFR). Sandfire operates its flagship 100%-owned DeGrussa Copper Mine, located 900km north of Perth, and is permitting the Black Butte Copper Project in Montana, USA.

The principal activities of the Group during the six months ended 31 December 2017 were:

- Production and sale of copper, gold and silver from the Group's DeGrussa Mine in Western Australia; and
- Exploration, evaluation and development of mineral tenements and projects in Australia and overseas.

Review of results

- Net profit after tax of $59.5 million;
- Profit before net finance income, income tax expense and depreciation and amortisation of $150.1 million;
- Operating cash flow of $106.3 million;
- Net assets of $475.5 million, with cash of $164.4 million as at 31 December 2017;
- Total Recordable Injury Frequency Rate (TRIFR) of 4.6 at half-year;
- Copper production of 31,521 contained tonnes and gold production of 18,799 contained ounces.

Degrussa Copper Project, Western Australia (WA)

The DeGrussa Copper Project is located within Sandfire's 100%-owned Doolgunna Project, a 400 square kilometre tenement package in WA's Bryah Basin mineral province, approximately 900km north-east of Perth. The Project is located within an established mining district, approximately 150km north of the regional mining hub of Meekatharra, and includes the DeGrussa Copper Mine.

Operational and financial review (continued)

DeGrussa Copper Mine

Overview

A summary of copper and gold production and sales for the half year is provided below:

		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined	844,287	4.0	1.5	34,088	41,626
	Milled	850,350	4.0	1.6	34,482	43,314
	Production	**130,101**	**24.2**	**4.5**	**31,521**	**18,799**
	Concentrate sales	125,586	24.1	4.6	30,222	18,504

Note: Mining and production statistics are rounded to the nearest 0.1% Cu grade and 0.1 g/t Au grade. Errors may occur due to rounding.

Underground Mining

Production was sourced from all lenses at DeGrussa with the mine remaining in balance between production and backfill.

Processing

Mill throughput for the half year was as planned with an extended planned maintenance shutdown completed in November and planned minor maintenance carried out in other months.

Copper recovery during the half year was impacted by elevated talc in the ore feed from the C1 deposit. Talc will float naturally and downgrades the concentrate. To offset this impact to concentrate grade, less composite particles are accepted to the concentrate stream, resulting in a recovery reduction. The treatment methodology for the higher talc stopes was concluded in early December.

The successful commissioning of the rougher column cell during the half year delivered a positive uplift in copper recovery in line with expectations, approaching a ~1.4% improvement (based on comparable Cu:S ratio ore and averaging talc levels).

Production Guidance

Targeted copper production for FY2018 is expected to be in the range of 63-66,000 tonnes of contained copper metal with gold production within the range of 35-38,000 ounces. Headline C1 cash operating costs are expected to be within the range of US$1.00-1.05 per lb.

Sales & Marketing

A total of 125,586 tonnes of concentrate was sold during the half year ended 31 December 2017 containing 30,222 tonnes of copper and 18,504 ounces of gold. 12 shipments were completed from Port Hedland and Geraldton.

Infrastructure Projects

DeGrussa Solar Facility

Solar production from the solar farm peaked in October producing 2108 MWh reducing slightly to 2061 MWh in December due to less direct sunlight hours. The solar inverter control system software was updated to prevent outages, and these have been effective so far to date.

Development Projects

Springfield Mining Joint Venture - Monty Copper Gold Project

Strong progress was achieved with the development of the new satellite Monty Copper-Gold Project, located 10km east of DeGrussa, during the half year, with site infrastructure works significantly advanced and underground development advancing ahead of schedule. The Springfield Mining Joint Venture comprises participating interests of Sandfire (manager – 70%) and Talisman Mining Ltd (ASX: TLM; "Talisman") (30% interest).

By 31 December 2017, completed infrastructure items included the Monty box-cut, the haul road between Monty and DeGrussa, the water pipeline from DeGrussa and mine site infrastructure including central facilities, raw water storage tanks and electrical reticulation.

Other development and construction projects are also on schedule, including site office buildings, power station installation and reticulation, fuel storage facility, site communications installation (fibre optic cable connection to DeGrussa), ore haulage contracts and installation of permanent underground ventilation.

The underground development made excellent progress after the underground mining contractor, Byrnecut Australia Pty Ltd, took the first cut into the portal. Underground development had advanced to 346 metres, which was ahead of the schedule in the Feasibility Study budget of 286 metres.

Operational and financial review (continued)

Total development advance (including the decline) was 560 metres, compared to the Feasibility Study budget of 440 metres. This includes development of the ventilation shaft, which has been sunk to a depth of approximately 40 metres.

DeGrussa Oxide Copper Project

Column test work continued during the half year focused on the use of glycine in the processing route with and without cement addition. These tests have been devised to reproduce a heap leach environment. The test work will continue through until February 2018, with further work planned including additional drilling of the oxide stockpiles for variability purposes, preparation of process design criteria for both a heap leach pilot and commercial operation, ore sorting test work and collection of samples from the Thaduna, Green Dragon and Enigma deposits to establish their suitability for processing using the glycine technology.

Black Butte Copper Project, USA (Sandfire: 78%)

Sandfire holds a 78% interest, via North American-listed company Sandfire Resources America Inc (TSXV: SFR) (formerly Tintina Resources Inc), in the premier, high-grade Black Butte Copper Project, located in central Montana in the United States. The project is located close to existing road, power and rail infrastructure, with the ability to access a residential workforce located nearby and competitive sources of materials and power. Located on private ranch land, the Black Butte Project copper resource consists of three flat-lying sedimentary hosted copper deposits which have been extensively drilled by Tintina (over 53,000m of diamond drilling).

An Updated Technical Report and Preliminary Economic Assessment (PEA) completed by Tintina in July 2013 was based on reported NI 43-101 Measured and Indicated Resources totalling 15.7Mt grading 3.4% Cu, 0.1% Co and 14g/t Ag for 533,600t of contained copper and Inferred Resources totalling 2.3Mt grading 2.8% Cu, 0.09% Co and 14g/t Ag for 63,500t of contained copper (calculated using a 1.6% copper cut-off grade) for the Johnny Lee Upper Zone and Lowry deposits, and a 1.5% Cu cut-off for the Johnny Lee Lower Zone. This makes Black Butte one of the top-10 undeveloped copper projects worldwide by grade.

The PEA confirmed that the deposit has the potential to underpin a robust underground mining operation with forecast life-of-mine production of ~30,000tpa of copper-in-concentrate over a mine life of ~11 years, based on total mill throughput of 11.8 million tonnes at an average head grade of 3.1% Cu.

Following receipt of the Draft Operating Permit for the Black Butte Project in September 2017, the Scoping Period for the Environmental Impact Statement ("EIS") concluded on 16 November 2017, clearing the way for the EIS to proceed.

A tentative schedule has been established moving forward which includes receipt of a draft EIS from the Montana Department of Environmental Quality ("MT DEQ") in mid-2018, followed by a public comment period, and a Final EIS and Record of Decision before the end of CY2018. This will allow construction and development of the underground mine to commence on private ranch land in Meagher County.

In addition to the EIS, Sandfire is required to obtain a number of ancillary permits which will be incorporated in to the Final EIS and Record of Decision. To date, the Company has received a 301 Permit from the Meagher County Conservation District, 318 and 401 Permits from the MT DEQ, and a 404 Permit from the United States Army Corp of Engineers.

Other permits required from the MT DEQ which are currently in process are a Montana Pollutant Discharge Elimination System (MPDES) and an Air Quality Permit. These permits are expected to be in place prior to a Final EIS being issued. The proposed underground mine at Black Butte is designed to provide economic opportunity to Central Montana while fully protecting the Smith River Watershed.

Australia and International Exploration

The Greater Doolgunna Project, Western Australia (WA)

The Greater Doolgunna Project, which includes the Springfield Exploration Joint Venture, the Ned's Creek Project, the Enterprise Metals Farm-in and the Great Western Exploration Farm-in, provides an aggregate contiguous exploration area of 5,846km^2. This includes over 90km of strike extent in host VMS lithologies. Much of this stratigraphy is obscured beneath transported cover and requires systematic aircore (AC) drilling to test the bedrock geochemistry and identify prospective areas.

Australian Exploration

Sandfire has a number of exploration projects around Australia including the Temora, Marsden South and Wingrunner Projects in New South Wales (NSW); the Breena Blains, Wilgunya and Altia Projects in Queensland; and the Borroloola Project in the Northern Territory.

Details of these projects can be found on the Company's website www.sandfire.com.au and the Company's December 2017 Quarterly Report ASX announcement, released on 30 January 2018.

Operational and financial review (continued)

Corporate

Investment in Sandfire Resources America Inc

During July 2017, the Group increased its stake in North American copper development company Sandfire Resources America Inc ("SFR America"; TSXV: SFR) (formerly Tintina Resources Inc) to 78% from 61%, by acquiring a further 17% interest. The additional shareholding, comprising 54,632,580 shares, was acquired by the Company in an off-market transaction from Electrum Global Holdings L.P. Total consideration for the purchase amounted to C$7,130,000 ($7,123,000).

In October 2017, the Group also executed its rights to purchase their pro rata of common shares offered under Tintina's rights offer, which closed on 23 October 2017. The additional shareholding, comprising 140,315,465 shares at an average price of C$0.06 per share, did not result in a change to the Group's holding percentage of SFR America. Total consideration for the purchase amounted to C$8,419,000 ($8,666,000).

Investment in Kingston Resources Ltd

WCB Resources Ltd and Kingston Resources Ltd ("Kingston"; ASX: KSN) announced the execution of a Binding Heads of Agreement (HOA) during the period to merge the two companies by way of an Arrangement Agreement under Canadian Law. The merger, which was formally approved in November 2017, resulted in the Group's previously held investment in Toronto based listed explorer, WCB Resources Ltd, converting to an interest (113,499,999 ordinary shares) in Australian based exploration company, Kingston.

Management

On 4 September 2017 experienced mining executive Mr Richard Beazley was appointed as Chief Operating Officer, replacing Mr Martin Reed, who filled the role of Interim Chief Operating Officer from October 2016.

Financial review

6 months ended 31 December 2017	DeGrussa Copper Mine $000	Other [A] $000	Group $ million
Sales revenue	280,934	-	280,934
Realised and unrealised price adjustment gain	15,266	-	15,266
Profit (loss) before net finance income and income tax expense	105,440	(21,247)	84,193
Profit before income tax expense			85,416
Net profit			59,510
Basic and diluted earnings per share			37.7

A Includes the Exploration & Evaluation segment and Other Activities as detailed in Note 5 to the consolidated Financial Statements.

The DeGrussa Copper Mine contributed profit before net finance and income tax of $105.4 million (2016: $76.4 million) from underground mining and concentrator operations. Other includes the Exploration and Evaluation segment and the Group's corporate expenses that cannot be directly attributed to the Group's operating segments, and contributed a loss before net finance and income tax of $21.2 million (2016: loss of $22.7 million).

Dividends of $20.5 million were declared during the period in respect of the 2017 financial year. Subsequent to period end, the Directors of the Company announced an interim fully franked dividend of 8 cents per share, to be paid on 20 March 2018. The record date for entitlement to this dividend is 6 March 2018. The financial impact of this dividend amounting to $12,638,000 has not been recognised in the Financial Statements for the half-year ended 31 December 2017 and will be recognised in subsequent Financial Statements.

Sales revenue

DeGrussa Copper Mine	31 Dec 2017 $000	31 Dec 2017 %
Revenue from sales of copper in concentrate	248,658	88.5%
Revenue from sales of gold in concentrate	28,097	10.0%
Revenue from sales of silver in concentrate	2,617	1.0%
Revenue from sales of gold bearing material	1,562	0.5%
	280,934	**100.0%**

A total of 12 shipments were completed from Port Headland and Geraldton during the period. Realised and unrealised priced adjustment gains of $15.3 million were recorded for the period as a result of a net increase in commodity prices during quotational sales periods (QP).

Operational and financial review (continued)

Operations costs

DeGrussa Mine segment	31 Dec 2017 $000	31 Dec 2016 $000
Mine operations costs	62,176	57,233
Employee benefit expenses	13,253	16,456
Freight, treatment and refining expenses	37,951	41,893
Changes in inventories of finished goods and work in progress	(3,685)	5,119
	109,695	**120,701**

Royalties

Royalties are levied at 5.0% for copper sold as concentrate and 2.5% for gold, plus native title payments. As DeGrussa's production value is heavily weighted towards copper production, the combined royalty rate approximates the 5% level (net of allowable deductions).

Exploration and evaluation

Significant exploration and evaluation activities continued in and around the DeGrussa Copper Mine with the objective of discovering further ore bodies and lenses to establish a copper-gold VMS camp. For the period ended 31 December 2017, the Group's Exploration and Evaluation segment contributed a loss before net financing expense and income tax of $15.1 million (2016: $16.9 million). In accordance with the Group's accounting policy, exploration and evaluation expenditure is expensed as incurred.

Exploration and evaluation expenditure comprises expenditure on the Group's projects, including:

a) Near-mine and Doolgunna regional exploration, which include a number of joint venture earn-in arrangements, most significantly the Springfield Exploration Joint Venture with Talisman Mining Ltd;
b) Other Australian exploration projects; and
c) Expenditure arising on the consolidation of the Group's controlled entities, including the Group's investment in Sandfire Resources America Inc.

Depreciation and amortisation

	WDV December 2017 $000	WDV June 2017 $000	Depreciation and amortisation during the period $000
Mine development	179,339	190,320	47,283
Plant and equipment, including assets under construction	170,466	178,696	18,646
Total depreciation and amortisation	349,805	369,016	**65,929**

Investments – SFR America

SFR America contributed $2.0 million (2016: $3.5 million) in losses to the Group's result for the six month period ended 31 December 2017. $1.6 million (2016: $2.1 million) of these losses are attributable to the members of the parent entity.

Investments – Kingston

The Group has discontinued the use of the equity method of accounting for its previously held investment in WCB as a result of the merger transaction that was completed during the reporting period between WCB and Kingston (see the Corporate section of the Operational and Financial Review for details). The de-recognition of the WCB investment resulted in a gain of $1.6 million during the half year, recognised and disclosed as part of other revenue in the Group's Consolidated Income Statement.

The Group accounts for its resulting investment in Kingston at fair value, as an available-for-sale financial asset. The carrying value of the investment as at 31 December 2017 is $2.3 million.

Income tax expense

Income tax expense of $25.9 million for the period consists of current and deferred tax expense and is based on the corporate tax rate of 30% on taxable income of the Group, adjusted for temporary differences between tax and accounting treatments. Cash tax payments during the period amounted to $39.2 million. As at 31 December 2017, the Group had $15.7 million current tax payable with respect to the 2018 financial year.

Financial Position

Net assets of the Group have increased by $33.6 million to $475.5 million during the reporting period.

Operational and financial review (continued)

Cash balance

Group cash on hand was $164.4 million as at 31 December 2017 (the Company $150.3 million).

Trade and other receivables

Trade and other receivables include remaining funds from the sale of concentrate subject to provisional pricing and quotational periods at the time of sale.

Mine properties

The Company invested $18.9 million in underground mine development activities during the period at the DeGrussa Copper Mine, to establish decline and development access to the sulphide ore bodies ahead of stoping activities.

A further $5.7 million has been invested in the development of the new satellite Monty Copper-Gold Project during the reporting period.

Property, plant and equipment, including assets under construction

Plant and equipment, including assets under construction, at cost have increased by $19.8 million to $371.6 million at the end of the period.

Current and deferred tax liabilities

Taxable profit on operations during the period exceeded the tax instalments resulting in the Group booking a current income tax liability of $15.7 million at period end. In addition, the Group has booked a net deferred tax liability position of $39.9 million at balance date, which predominantly relates to the differing tax depreciation and amortisation rates of mining assets and equipment compared to accounting rates.

Interest bearing liabilities – finance facilities

On 29 August 2017 the Group reduced the redrawable amount of the $85 million Revolver Facility to nil.

Cash Flows

Operating activities

Net cash inflow from operating activities was $106.3 million for the period. Net cash flow from operating activities prior to exploration and evaluation activities was $122.4 million for the period.

Investing activities

Net cash outflow from investing activities was $50.3 million for the period. This included payments for property, plant, equipment purchases, including assets under construction, ($21.0 million) and mine properties ($22.3 million).

Financing activities

Net cash outflow from financing activities of $18.6 million for the period includes dividend payments ($20.5 million).

Significant events after the balance date

Dividends

Subsequent to period end, the Directors of the Company announced an interim fully franked dividend of 8 cents per share. The total amount of the dividend ($12,638,000) has not been provided for in the 31 December 2017 Financial Statements.

Rounding

The amounts contained in this financial report have been rounded to the nearest $1,000 (unless rounding is applicable) where noted ($000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Auditor independence declaration

The Directors received the following declaration from the auditor of Sandfire Resources NL.

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the Directors of Sandfire Resources NL

As lead auditor for the review of Sandfire Resources NL for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sandfire Resources NL and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

F Drummond
Partner
19 February 2018

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

FD:AR:Sandfire:047

Signed in accordance with a resolution of the Directors.

Derek La Ferla
Non-Executive Chairman

Karl Simich
Managing Director and Chief Executive Officer

West Perth, 19 February 2018

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Note	31 Dec 2017 $000	31 Dec 2016 $000
Sales revenue		280,934	247,989
Realised and unrealised price adjustment gain		15,266	11,920
Other income		777	1,547
Changes in inventories of finished goods and work in progress		3,685	(5,119)
Mine operations costs		(62,176)	(57,233)
Employee benefit expenses		(21,445)	(24,239)
Freight, treatment and refining expenses		(37,951)	(41,893)
Royalties expense		(14,518)	(11,396)
Exploration and evaluation expenses		(11,492)	(11,516)
Depreciation and amortisation expenses		(65,929)	(53,140)
Share of net loss of equity accounted investments		-	(72)
Impairment expense		-	(135)
Administrative expenses		(2,958)	(3,006)
Profit before net finance income (expense) and income tax expense		**84,193**	**53,707**
Finance income		1,983	2,688
Finance expense		(760)	(3,481)
Net finance income (expense)		1,223	(793)
Profit before income tax expense		**85,416**	**52,914**
Income tax expense	6	(25,906)	(16,985)
Net profit for the period		**59,510**	**35,929**
Attributable to:			
Equity holders of the parent		59,955	37,334
Non-controlling interests		(445)	(1,405)
		59,510	**35,929**
Earnings per share (EPS):			
Basic and diluted EPS attributable to ordinary equity holders of the parent (cents)		37.7	22.8

The consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	31 Dec 2017 $000	31 Dec 2016 $000
Net profit for the financial period	**59,510**	**35,929**
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Foreign currency translation differences, net of income tax	(919)	121
Gain on revaluation of available-for-sale financial assets, net of income tax	26	26
Other comprehensive income for the period, net of tax	(893)	147
Total comprehensive income for the period, net of tax	**58,617**	**36,076**
Attributable to:		
Equity holders of the parent	59,312	37,378
Non-controlling interests	(695)	(1,302)
	58,617	**36,076**

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	31 Dec 2017 $000	30 Jun 2017 $000
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**
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**
EQUITY		
Issued capital	231,195	230,733
Reserves	(2,953)	2,938
Retained profits	242,528	203,110
Equity attributable to equity holders of the parent	**470,770**	**436,781**
Non-controlling interest	4,712	5,069
TOTAL EQUITY	**475,482**	**441,850**

The consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Note	Issued capital $000	Foreign currency translation reserve $000	Other reserves* $000	Retained profits $000	Total $000	Non-controlling interests $000	Total equity $000
At 1 July 2017		**230,733**	**28**	**2,910**	**203,110**	**436,781**	**5,069**	**441,850**
Profit for the period		-	-	-	59,955	59,955	(445)	59,510
Other comprehensive income		-	(669)	26	-	(643)	(250)	(893)
Total comprehensive income for the period		**-**	**(669)**	**26**	**59,955**	**59,312**	**(695)**	**58,617**
Transactions with owners in their capacity as owners:								
Issue of shares - vesting of share based payments		547	-	(547)	-	-	-	-
Capital raising costs		(85)	-	-	-	(85)	(23)	(108)
Share based payments recognised		-	-	492	-	492	13	505
Dividends	7	-	-	-	(20,537)	(20,537)	-	(20,537)
Acquisition of shares in controlled entity		-	-	(5,193)	-	(5,193)	(2,057)	(7,250)
Rights issue in controlled entity		-	-	-	-	-	2,405	2,405
At 31 December 2017		**231,195**	**(641)**	**(2,312)**	**242,528**	**470,770**	**4,712**	**475,482**

* Other reserves consist of share based payments reserve, fair value reserve and equity reserve.

	Issued capital $000	Foreign currency translation reserve $000	Other reserves* $000	Retained profits $000	Total $000	Non-controlling interests $000	Total equity $000
At 1 July 2016	**228,014**	**415**	**1,954**	**147,602**	**377,985**	**5,623**	**383,608**
Profit for the period	-	-	-	37,334	37,334	(1,405)	35,929
Other comprehensive income	-	18	26	-	44	103	147
Total comprehensive income for the period	**-**	**18**	**26**	**37,334**	**37,378**	**(1,302)**	**36,076**
Transactions with owners in their capacity as owners:							
Issue of shares	2,300	-	-	-	2,300	-	2,300
Capital raising costs	(78)	-	-	-	(78)	(44)	(122)
Share based payments recognised	-	-	542	-	542	28	570
Share based payments lapsed	-	-	(76)	76	-	-	-
Dividends	-	-	-	(14,191)	(14,191)	-	(14,191)
Rights issue in controlled entity	-	-	(101)	-	(101)	1,930	1,829
At 31 December 2016	**230,236**	**433**	**2,345**	**170,821**	**403,385**	**6,235**	**410,070**

* Other reserves consist of share based payments reserve, fair value reserve and equity reserve.

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SIX MONTHS ENDED 31 DECEMBER 2017

	31 Dec 2017 $000	31 Dec 2016 $000
Cash flows from operating activities		
Cash receipts	294,068	258,687
Cash paid to suppliers and employees	(133,563)	(132,468)
Income tax paid	(39,214)	(13,995)
Payments for exploration and evaluation	(16,119)	(16,166)
Interest received	1,162	625
Net cash inflow from operating activities	**106,334**	**96,683**
Cash flows from investing activities		
Payments for exploration and evaluation assets	-	(159)
Proceeds from sale of property, plant and equipment	100	5
Payments for property, plant and equipment, including assets under construction	(20,953)	(6,505)
Payments for mine properties	(22,302)	(34,944)
Payments for investments	(7,123)	-
Refund of security deposits and bonds	10	13
Net cash outflow from investing activities	**(50,268)**	**(41,590)**
Cash flows from financing activities		
Proceeds from share issue – SFR America	2,405	1,829
Share issue costs	(108)	(122)
Repayment of finance lease liabilities	(109)	(544)
Interest and other costs of finance paid	(46)	(997)
Cash dividend paid to equity holders	(20,483)	(14,421)
Net cash outflow from financing activities	**(18,341)**	**(14,255)**
Net increase in cash and cash equivalents	**37,725**	**40,838**
Net foreign exchange differences	(46)	26
Cash and cash equivalents at the beginning of the period	126,743	66,223
Cash and cash equivalents at the end of the period	**164,422**	**107,087**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Corporate information

Sandfire Resources NL is a for profit company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX). The nature of the operations and principal activities of the Company are described in the Directors' report. Information on the Group's structure is provided in Note 4.

2 Basis of preparation and changes to the Group's accounting policies

The interim consolidated financial statements of the Group for the six months ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 19 February 2018.

The interim consolidated financial statements for the six months ended 31 December 2017 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2017. The annual report of the Group as at and for the year ended 30 June 2017 is available on request from the Company's registered office or at www.sandfire.com.au.

The accounting policies adopted are consistent with those applied by the Group in the preparation of the annual consolidated financial statements for the year ended 30 June 2017, except for the adoption of the new standards and amendments which became mandatory for the first time this reporting period commencing 1 July 2017. The adoption of these standards and amendments did not result in a material adjustment to the amounts or disclosures in the current or prior period. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 Critical accounting estimates and judgements

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual consolidated financial statements as at and for the year ended 30 June 2017.

4 Information relating to subsidiaries

The interim consolidated financial statements of the Group include:

Name	Note	Country of incorporation	% equity interest		
			31 Dec 2017	**30 June 2017**	**31 Dec 2016**
Sandfire Resources America Inc	(i)	Canada	78.06	61.18	61.18
Sandfire BC Holdings (Australia) Pty Ltd		Australia	100.00	100.00	100.00
Sandfire BC Holdings Inc		Canada	100.00	100.00	100.00
SFR Copper & Gold Peru S.A.		Peru	100.00	100.00	100.00

During July 2017, the Group increased its stake in North American copper development company Sandfire Resources America Inc ("SFR America"; TSXV: SFR) (formerly Tintina Resources Inc) to 78% from 61%, by acquiring a further 17% interest. The additional shareholding, comprising 54,632,580 shares, was acquired by the Company in an off-market transaction from Electrum Global Holdings L.P. Total consideration for the purchase amounted to C$7,130,000 ($7,123,000).

In October 2017, the Group also executed its rights to purchase their pro rata of common shares offered under Tintina's rights offer, which closed on 23 October 2017. The additional shareholding, comprising 140,315,465 shares at an average price of C$0.06 per share, did not result in a change to the Group's holding of SFR America. Total consideration for the purchase amounted to C$8,419,000 ($8,666,000).

5 Segment information

An operating segment is a component of the Group that engage in business activities from which it may earn revenue and incur expenditure and about which separate financial information is available that is evaluated regularly by the Group's chief operating decision makers (CODM) in deciding how to allocate resources and in assessing performance.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team and the Board of Directors. The Group has the following operating segments:

Segment name	Description
DeGrussa Copper Mine	This segment consists of a copper-gold mine located in the Bryah Basin mineral province of Western Australia, approximately 900 kilometres north-east of Perth and 150 kilometres north of Meekatharra. The DeGrussa Copper Mine generates revenue from the sale of copper-gold products to customers in Asia.
Exploration and evaluation	This segment includes exploration and evaluation of the mineral tenements in Australia and overseas, including exploring for potential repeats of the DeGrussa Volcanogenic Massive Sulphide (VMS) mineralised system at the Doolgunna Projects and the Group's investment in Sandfire America Resources Inc.

Other activities include the Group's corporate office, which includes all corporate expenses that cannot be directly attributed to the operation of the Group's operating segments.

Segment information that is evaluated by key management personnel is prepared in conformity with the accounting policies adopted for preparing the financial statements of the Group.

Segment results

	DeGrussa Mine $000	Exploration & evaluation $000	Other activities $000	Group $000
Income statement for the six months ended 31 Dec 2017				
Sales revenue	280,934	-	-	280,934
Realised and unrealised price adjustment gain	15,266	-	-	15,266
Other income	(813)	1,590[A]	-	777
Changes in inventories of finished goods and work in progress	3,685	-	-	3,685
Mine operations costs	(62,176)	-	-	(62,176)
Employee benefit expenses	(13,253)	(5,085)	(3,107)	(21,445)
Freight, treatment and refining expenses	(37,951)	-	-	(37,951)
Royalties expense	(14,518)	-	-	(14,518)
Exploration and evaluation expenses	-	(11,492)	-	(11,492)
Depreciation and amortisation expenses	(65,734)	(119)	(76)	(65,929)
Administrative expenses	-	-	(2,958)	(2,958)
Profit (loss) before net finance and income tax expense	**105,440**	**(15,106)**	**(6,141)**	**84,193**
Finance income				1,983
Finance expense				(760)
Profit before income tax expense				**85,416**
Income tax expense				(25,906)
Net profit for the period				**59,510**

A The Group has discontinued the use of the equity method of accounting for its previously held investment in WCB Resources Inc (WCB) as a result of the merger transaction that was completed during the reporting period between WCB and Kingston Resources Ltd (Kingston). The de-recognition of the WCB investment resulted in a gain of $1,590,000 during the half year.

The Group accounts for its resulting investment in Kingston at fair value, as an available-for-sale financial asset. The carrying value of the investment as at 31 December 2017 is $2,270,000.

5 Segment information (continued)

	DeGrussa Mine $000	Exploration & evaluation $000	Other activities $000	Group $000
Income statement for the six months ended 31 Dec 2016				
Sales revenue	247,989	-	-	247,989
Realised and unrealised price adjustment gain	11,920	-	-	11,920
Other income	1,547	-	-	1,547
Changes in inventories of finished goods and work in progress	(5,119)	-	-	(5,119)
Mine operations costs	(57,233)	-	-	(57,233)
Employee benefit expenses	(16,456)	(5,024)	(2,759)	(24,239)
Freight, treatment and refining expenses	(41,893)	-	-	(41,893)
Royalties expense	(11,396)	-	-	(11,396)
Exploration and evaluation expenses	-	(11,516)	-	(11,516)
Depreciation and amortisation expenses	(52,926)	(109)	(105)	(53,140)
Share of net loss of equity accounted investments	-	(72)	-	(72)
Impairment expense	-	(135)	-	(135)
Administrative expenses	-	-	(3,006)	(3,006)
Profit (loss) before net finance and income tax expense	**76,433**	**(16,856)**	**(5,870)**	**53,707**
Finance income				2,688
Finance expense				(3,481)
Profit before income tax				**52,914**
Income tax expense				(16,985)
Net profit for the period				**35,929**

Adjustments and eliminations

Net finance income, finance costs and taxes are not allocated to individual segments as they are managed on a Group basis.

6 Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The major components of income tax expense in the consolidated interim income statement are:

	31 Dec 2017 $000	31 Dec 2016 $000
Income taxes		
Current income tax expense	35,045	15,564
Deferred income tax expense related to origination and reversal of temporary differences	(8,971)	1,650
Over provision in prior periods	(168)	(229)
Income tax expense	**25,906**	**16,985**
Income tax expense (benefit) recognised in other comprehensive income	-	-
Total income tax expense	**25,906**	**16,985**

7 Dividends paid and proposed

	Note	31 Dec 2017 $000	31 Dec 2016 $000
Cash dividends on ordinary shares declared and paid:			
Final franked dividend for 2017: 13 cents per share (2016: 9 cents per share)		20,537	14,191
Proposed dividends on ordinary shares:			
First cash dividend for 2018: 8 cents per share (2017: 5 cents per share)	(i)	12,638	7,887

(i) Subsequent 31 December 2017, the Board resolved to pay a fully franked dividend of 8 cents per share, to be paid on 20 March 2018. The record date for entitlement to this dividend is 6 March 2018. The financial impact of this dividend amounting to $12,638,000 has not been recognised in the Financial Statements for the half year ended 31 December 2017 and will be recognised in subsequent Financial Statements.

8 Financial assets and liabilities

During the current reporting period, the Group's principal financial liabilities comprised trade and other payables and interest bearing liabilities, predominantly in the form of finance leases. The Group's principal financial assets comprise trade and other receivables, cash and short-term deposits that arise directly from its operations and available-for-sale (AFS) investments.

Carrying amounts and fair value

The following table shows the fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value measurement hierarchy as at 31 December 2017.

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets					
AFS quoted equity shares	(i)	2,505	-	-	2,505
Trade receivables	(ii)	-	13,808	-	13,808
		2,505	13,808	-	16,313

(i) Fair value is determined using the quoted market price at the balance sheet date.

(ii) Trade receivables relate to concentrate sale contracts that are still subject to price adjustments where the final consideration to be received will be determined based on prevailing London Metals Exchange (LME) metal prices at the final settlement date. Sales that are still subject to price adjustments at balance date are fair valued by estimating the present value of the final settlement price using the LME forward metals prices at balance date.

The fair value of the financial instruments as at 30 June 2017 are summarised in the table below.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
AFS quoted equity shares	209	-	-	209
Trade receivables	-	12,712	-	12,712
	209	12,712	-	12,921

The carrying amount of all financial assets and all financial liabilities, recognised in the balance sheet approximates their fair value.

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements, during the six month period ended 31 December 2017 or the comparative period ended 30 June 2017.

9 Significant events after the reporting date

Dividends

Subsequent to period end, the Directors of the Company announced an interim fully franked dividend of 8 cents per share. The total amount of the dividend ($12,638,000) has not been provided for in the 31 December 2017 Financial Statements.

In accordance with a resolution of the directors of Sandfire Resources NL, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of Sandfire Resources NL for the half-year ended 31 December 2017 are in accordance with the *Corporations Act 2001,* including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

      (ii) complying with AASB 134 (Interim Financial Reporting) and the *Corporations Regulations 2001;*

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial period ending 31 December 2017.

On behalf of the Board

Derek La Ferla
Non-Executive Chairman

Karl Simich
Managing Director and Chief Executive Officer

West Perth, 19 February 2018

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's review report to the Members of Sandfire Resources NL

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Sandfire Resources NL (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 December 2017, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated balance sheet of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Building a better working world

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Ernst & Young

Ernst & Young

F Drummond
Partner
Perth
19 February 2018