



## **\$106.5M NET ANNUAL PROFIT\* PROVIDES STRONG FOUNDATION FOR SANDFIRE'S NEXT KEY GROWTH STEPS**

Consistent production and record low costs underpin another strong financial performance as Sandfire advances its growth and diversification strategy

### Highlights

- Sales revenue of \$592.2M (FY18: \$570.0M): payable metal sales 65,074t Cu (FY18: 60,247t Cu) and 39,265oz Au (FY18: 35,692oz Au)
- Strong cash flow from operating activities of \$210.4M (FY18: \$245.0M) – \$267.4M prior to payments for exploration and evaluation expenses (FY18: \$284.6M)
- DeGrussa Operations segment earnings before net finance and income tax expense of \$225.7M (FY18: \$226.3M)
- Profit before net finance and income tax expense of \$153.1M (FY18: \$173.8M)
- Net profit attributable to members of \$106.5M (FY18: \$123.0M)
- Group net profit after income tax of \$104.0M (FY18: \$120.8M)
- Earnings per share of 65.23cps (FY18: 77.85cps) (basic and diluted)
- Final dividend of 16cps fully-franked (FY18: 19cps fully-franked); FY19 dividends 23cps fully-franked (FY18: 27cps fully-franked)
- Group cash and deposits of \$247.4M (FY18: \$243.4M)

\* Net profit refers to the net profit attributable to the equity holders of the parent entity, Sandfire Resources NL.

Sandfire Resources NL (ASX: SFR: "Sandfire") is pleased to report another outstanding financial result, delivering a net annual profit after tax attributable to equity holders of **\$106.5 million** for the 12 months to 30 June 2019 despite the fall in copper prices during the year.

The strong result, which compares with last year's record profit of \$123.0 million, was underpinned by record copper and gold production and record low C1 costs at the DeGrussa Operation which, together with a lower Australian Dollar, helped offset the fall in copper prices. The outstanding performance – Sandfire's second-best financial result in seven years of operations reflects the quality and consistency of the DeGrussa Operation as the springboard for its growth aspirations to build a diversified portfolio of high-quality base metal assets.

The Company continued its track record of shareholder returns by declaring a final fully-franked dividend of **16cps** (FY18: 19cps fully-franked), increasing the total payout for FY19 to 23cps fully-franked (FY18: 27cps fully-franked).

The strong financial result was underpinned by strong FY2019 production from DeGrussa of 69,394 tonnes of contained copper and 44,455 ounces of contained gold at a record low C1 cost of

US\$0.83/lb (FY18: 64,918t Cu and 39,273oz Au at a C1 cost of US\$0.93/lb). This represents the Company's best-ever operational performance in terms of volumes and costs.

The result was struck on sales revenue of \$592.2 million (FY18: \$570.0 million) from payable metal sales totalling 65,074 tonnes of payable copper and 39,265 ounces of payable gold (FY18: 60,247t of payable copper and 35,692oz of payable gold).

The lower prevailing copper price during the year, offset partially by a fall in the Australian-US Dollar exchange rate, was impacted largely by geopolitical concerns including the escalating US-China Trade War and concerns over softening global economic growth.

Profit before net finance expense and income tax expense was \$153.1 million (FY18: \$173.8 million). The DeGrussa Operations segment generated earnings before net finance and income tax expense of \$225.7 million (FY18: \$226.3 million), which included depreciation and amortisation charges of \$139.7 million (FY18: \$129.8 million), for the DeGrussa Operations.

The bottom line result equates to earnings per share of 65.23cps (FY18: 77.85cps) (basic and diluted) and allowed Sandfire to declare a final fully-franked dividend of 16cps (FY18: 19cps). Combined with the 7cps fully-franked interim dividend, this takes the full-year payout to 23cps fully-franked (FY18: 27cps fully-franked), which equates to ~35% of earnings for the full year.

Cash flow from operating activities was \$210.4 million (FY18: \$245.0 million) and \$267.4 million prior to payments for exploration and evaluation expenses (FY18: \$284.6 million).

The Company maintained a strong year-end Group cash position to \$247.4 million (FY2018: \$243.3 million) after making dividend payments of \$41.5 million, income tax payments of \$82.1 million and expending \$154.0 million on mine property development and acquisitions and \$57.0 million on exploration and evaluation. The Company remains debt-free.

*This information should be read in conjunction with Sandfire's audited consolidated 2019 Financial Report and accompanying notes.*

## **Management Comment and Outlook**

Sandfire's Managing Director, Mr Karl Simich, said the Company delivered another impressive and well-rounded performance in the 2019 financial year, despite the headwinds of a weaker copper price environment, growing geopolitical uncertainty and market volatility.

"The quality, grade and consistency of the DeGrussa Operation once again shone through with the Project delivering its best-ever production performance in terms of key physicals and record low operating costs underpinned by a focus on cost control and optimisation," he said.

"This allowed us to post a net profit after tax of \$104.0 million, marginally below last year's record result, while continuing to maintain impressively strong operating margins and cash-flows."

"We maintained a strong year-end group cash position of \$247.4 million after paying out \$41.5 million in dividends, \$82.1 million in tax and expending \$154.0 million on mine property development and acquisitions and \$57.0 million on exploration and organic growth – which reflects our willingness to continue to invest strongly in the growth and diversification of our business," Mr Simich said.

"Other highlights during the year included the successful development and ramp-up of the new high-grade Monty Copper-Gold Mine, which is now feeding ore into the DeGrussa Concentrator, and the significant progress we made in advancing our global growth strategy.

"A key focus during the year was to strengthen and diversify Sandfire's global development and exploration pipeline, expand our reserve base and build a credible longer-term growth strategy that

centres on developing new mines that fit strategically with our corporate vision and our operational capabilities.

“In this regard, through our 85%-owned North American subsidiary, Sandfire Resources America Inc., we made excellent progress with advancing permitting at the high-grade Black Butte Copper Project in Montana, USA, and progressing a Feasibility Study on the development of a new showcase underground copper mine ahead of a decision to mine.

“In June, we announced the proposed acquisition of MOD Resources Ltd, a transaction that will add a third emerging production hub based around the advanced T3 Copper Project in Botswana plus a belt-scale 11,700km<sup>2</sup> land-holding in the Kalahari Copper Belt which provides an exceptional pipeline of exploration opportunities.

“We are looking forward to completing that acquisition in late October this year, finalising the integration of the MOD Resources team, commencing exploration activities on the ground in Botswana and moving ahead with the optimisation of the T3 Feasibility Study and the development of that project next year.

“On other fronts, we are continuing to advance our multi-pronged exploration efforts in the Doolgunna Region and we have increased our stake in Adriatic Metals to 12.78%.

“With production for FY2020 forecast to increase to 70-75kt of copper and 38-42koz of gold, at a C1 cash cost of US\$0.90-0.95/lb, a debt-free balance sheet and strong available liquidity we are in an exceptionally strong position at a time of significant opportunity in the global base metals sector.

“We remain positive on the outlook for copper given the metal’s supply and demand fundamentals, particularly in light of looming demand from the electric vehicle and energy storage sectors, and we have a strong global growth pipeline which is being advanced by a committed and extremely capable team that will be able to bring our next generation of mines on-stream and underpin Sandfire’s next growth chapter.”

**ENDS**

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**Forward-Looking Statements**

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