



DECEMBER 2019 QUARTERLY REPORT

DeGrussa delivers strong quarterly production as Sandfire completes integration of Botswana copper assets and commences major exploration push in Kalahari Copper Belt

Highlights

Production & Operations

Contained metal production	September 2019 Quarter	December 2019 Quarter	December 2019 Half Year	FY2020 Guidance
Copper (t)	16,730	18,258	34,988	70,000 – 72,000
Gold (oz)	8,647	10,723	19,370	38,000 – 40,000
C1 cost (US\$/lb)	0.87	0.83	0.84	~0.90

- Continued strong mine production and milling rates maintained for the Quarter.
- FY2020 guidance maintained: 70-72kt Cu and 38-40koz Au; C1 ~US\$0.90/lb.

Development Projects

- Optimisation of the Feasibility Study for the T3 Copper-Silver Project in Botswana underway focusing on open pit optimisation, plant scale and operating costs.
- ESIA approval and grant of Mining Licence for T3 expected in the March 2020 Quarter. Updated Feasibility Study and Ore Reserve scheduled for June 2020 Quarter, with project funding and Decision to Mine to follow.
- Final Environmental Impact Statement (EIS) and Record of Decision (ROD) for the Black Butte Copper Project in Montana expected in the near-term, with Feasibility Study to follow with final requirements of the EIS and ROD.
- Updated NI 43-101 Mineral Resource estimate completed for the Johnny Lee deposit at Black Butte, comprising Measured and Indicated Resource of 10.9Mt at 2.9% Cu for 311kt contained copper and Inferred Resource of 2.7Mt at 3.0% Cu for 80kt contained copper (at a 1.0% Cu cut-off grade).

Exploration

- Multi-pronged exploration programs continuing across Sandfire's Greater Doolgunna Project with extensive programs of RC, diamond and AC drilling completed during the Quarter at the Springfield, Enterprise, Peak Hill, Bryah, Doolgunna, Cheroona, Morck Well and Ned's Creek Projects.
- Expanded exploration program at the Tshukudu Exploration Project in the Kalahari Copper Belt delivers strong early results with a significant new zone of copper mineralisation intersected at the A4 Dome, 8km west of the T3 Project.
- Drilling continues at the Temora project in New South Wales intersecting encouraging mineralisation for discovery of higher grade porphyry style deposits at the Monza prospect.

Corporate

- Cornerstone investment in Adriatic Metals Plc (ASX: ADT) increased, providing exposure to Adriatic's high-grade polymetallic projects in Bosnia-Herzegovina.
- Group cash on hand at 31 December 2019 of \$201.7 million, following \$46 million payment to complete the acquisition of MOD Resources Ltd and payment of a \$28 million interim dividend to shareholders.

1.0 SAFETY PERFORMANCE

The Total Recordable Injury Frequency Rate (TRIFR) for the Sandfire Group at the end of the December Quarter was 6.0 (September Quarter: 4.7). Recordable injuries include those that result in any days away from work (Lost Time Injuries), those where an employee or contractor cannot perform all or any part of their normal shift (Restricted Duty Injuries), as well as any injury that requires services that only a medical practitioner can provide (Medical Treatment Injuries).

Safety system developments continue to focus on the prevention of incidents and principal hazard management, with new programs to assist in managing and improving the safety culture and the management of risk for both employees and contractors.

2.0 OPERATIONS OVERVIEW

Copper production for the Quarter was 18,258 tonnes of contained copper (September Quarter: 16,730 tonnes). C1 cash operating costs for the Quarter were US\$0.83/lb (September Quarter: US\$0.87/lb).

Mine production for the Quarter was 407,904 tonnes with production sourced from all lenses at the DeGrussa Copper-Gold Mine (316,431 tonnes grading 4.7% Cu) and from the satellite Monty Copper-Gold Mine (91,473 tonnes grading 5.9% Cu).

A total of 402,626 tonnes of ore at average feed grade of 4.9% Cu was milled for the Quarter, with copper recovery averaging 92.9% and gold recovery averaging 44.5%.

3.0 MINING & PRODUCTION

3.1 Overview

December 2019 Quarter – Production Statistics		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined – DeGrussa	316,431	4.7	2.1	14,748	21,500
	Mined – Monty	91,473	5.9	1.0	5,403	2,963
Mined – Total		407,904	4.9	1.9	20,151	24,462
Milled		402,626	4.9	1.9	19,644	24,102
Production		77,087	23.7	4.3	18,258	10,723

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. Production statistics are subject to change following reconciliation and finalisation subsequent to the end of the Quarter.

3.2 Underground Mining

During the Quarter, production was sourced from all lenses at DeGrussa and Monty with the mine remaining in balance between production and back-fill.

Monty grade control drilling was completed during the December Quarter, defining the geometry of the deposit and stope design to a high level of detail and paving the way for an updated Ore Reserve, which is expected to be announced in the June 2020 Quarter.

The updated Ore Reserve is expected to be broadly in line with the current Reserve in terms of tonnes and grade, and will be used to inform the mine plan, development and production guidance going forward.

3.3 Processing

Mill throughput for the December Quarter was above target on tonnes driven by higher mill availability and utilisation. Strong copper recovery was achieved for the ore profile presented during the Quarter with continued improvements achieved in blending strategies.

The impact on recoveries associated with the blending of transitional ore from the DeGrussa crown pillar during the September Quarter are controlled, with variability reduced and a successful campaign blending strategy in place.

3.4 Guidance – FY2020

FY2020 production guidance is maintained at 70,000 – 72,000 tonnes of contained copper with gold production between 38,000 – 40,000 ounces of contained gold. Headline C1 cash operating costs are expected to be approximately US\$0.90/lb.

Refer to Sandfire's December 2019 Quarterly Report Presentation (released today, 29 January 2020) for further detail and guidance on operating parameters, unit costs and planned capital expenditure for FY2020.

4.0 SALES AND MARKETING

4.1 Copper Concentrate Shipments

A total of 73,519 dry metric tonnes of concentrate containing 17,420 tonnes of copper (16,668 tonnes payable) and 9,776 ounces of gold (9,121 ounces payable) was sold during the December Quarter. 7 shipments were completed from Port Hedland and Geraldton in the Quarter.

5.0 DEVELOPMENT PROJECTS

5.1 Black Butte Copper, USA (Sandfire: 85%)

Sandfire holds an 85% interest, via North American-listed company Sandfire Resources America Inc. (TSX-V: SFR), in the premier, high-grade Black Butte Copper Project, located in central Montana in the United States. This high-quality project, which is one of the world's highest-grade undeveloped copper projects, is in the final stages of permitting.

Located on privately-owned ranch land close to existing road, grid power and rail infrastructure with the ability to access a residential workforce located nearby, the project is being developed as a wholly-underground mine with minimal surface footprint. The planned mine development will utilise best-practice technology and modern mining techniques to extract the high-grade copper mineralisation while minimising environmental impact, protecting all water resources and setting mining best-practice standards in addressing Montana's strict "non-degradation" water standards.

Mineral Resource Update

During the Quarter, Sandfire Resources America Inc. (Sandfire America) announced an updated NI 43-101 Mineral Resource estimate for the Johnny Lee Deposit, the cornerstone deposit of the Black Butte Copper Project in Montana, USA. The updated Resource comprises:

- Measured and Indicated Mineral Resource of 10.9Mt at an average copper grade of 2.9% Cu for 311,000t of contained copper (at a 1.0% Cu cutoff grade); and
- Inferred Mineral Resource of 2.7Mt at an average copper grade of 3.0% Cu for 80,000t of contained copper (at a 1.0% Cu cut-off grade).

Full details of the Mineral Resource estimate are provided in Sandfire's ASX Announcement dated 30 October 2019. Mineral Resources for the Lowry Deposit remain unchanged and current as of the effective date listed in the Preliminary Economic Assessment completed by Sandfire America in July 2013.

The updated Mineral Resource, which was based on 48 additional diamond drill holes completed by Sandfire America, has upgraded the geological confidence in the Mineral Resource estimate and provided a detailed structural model for the Upper Copper Zone of the Johnny Lee Deposit and an increased understanding of the recovery characteristics of the mineralisation based on extensive metallurgical studies undertaken as part of the ongoing Feasibility Study.

Permitting Progress

The next step in the Montana Department of Environmental Quality's (MT DEQ) process will be to respond to public comments and issue a final Environmental Impact Statement (EIS). The MT DEQ can then issue a Record of Decision (ROD) that approves the application as submitted, approves the application with modifications, or denies the application if it does not meet the laws of the State of Montana. The EIS and ROD are both expected to be issued in the near term.

Feasibility Study (FS)

Work on the Black Butte Copper Project's FS commenced in October 2018 and is progressing well with the recent finalisation of the process flow sheets, reagents regime and geology wireframes for the Johnny Lee Upper and Lower Copper Zones. The FS is nearing completion with minor adjustments expected to reflect the outcomes of the EIS and ROD. The FS will be issued following receipt of the EIS and ROD.

The FS team includes Denver-based GR Engineering Services Ltd as the lead consultant, with SRK Consulting overseeing the Mineral Resource preparation and Mining Plus conducting mine design and Mineral Reserve preparation.

For further details refer to the market releases of Sandfire Resources America Inc. available on the company's website www.sandfireamerica.com.

5.2 T3 Copper-Silver Project, Botswana

Sandfire completed the acquisition of 100% of MOD Resources Ltd (ASX/LSE: MOD) on 23 October 2019, providing the Company with a large land-holding in the highly prospective Kalahari Copper Belt in Botswana, including the advanced T3 Copper-Silver Project.

Feasibility Study Optimisation

MOD completed a Feasibility Study for the T3 Project in March 2019. Sandfire has commenced a detailed review and optimisation of the T3 Feasibility Study. The updated Feasibility Study and Ore Reserve are expected to be delivered in the June 2020 Quarter, paving the way for a decision to mine.

Key areas of assessment during the December Quarter included pit scheduling and plant size, with studies underway on the merits of a constructing a processing plant larger than the 3.0Mtpa plant considered in the MOD March 2019 Feasibility Study.

Project Permitting

MOD has submitted an Environmental and Social Impact Assessment (ESIA) for the T3 Project together with a Mining Licence Application. Government approval for both of these permits is expected to be received in the March 2020 Quarter.

Kalahari Copper Belt Exploration

The Tshukudu Project comprises 11,700km² of highly prospective tenure surrounding the Company's T3 Copper-Silver Project. The Tshukudu licenses represent a rare belt-scale exploration opportunity globally, comprising an extensive and strategic position along the 200km centre of a major emerging sediment-hosted copper belt. There has been minimal prior drilling and no modern or systematic exploration such as airborne electromagnetics (AEM) nor extensive soil sampling programs on the Sandfire licenses.

After completing the acquisition of MOD in late October 2019 and successfully integrating MOD's assets and key team members, Sandfire has embarked on a significant expanded exploration program starting at the A4 Dome.

An exploration budget of \$10-12 million has been set for the period to 30 June 2020 with the initial focus of activity on the T3 Expansion Project, which is focused on drilling three high-priority targets identified within a 25km radius of T3.

Recent drilling at the A4 Dome, located 8km west of T3, has defined a significant new zone of shallow vein-hosted copper mineralisation. As a result of this early success, Sandfire has expanded the area being targeted for drilling and has increased the number of diamond drill rigs on site to five.

Full details regarding the initial drilling results from A4 Dome and the progress of Sandfire's exploration campaign in the wider Kalahari Copper Belt are provided in the Company's ASX announcement dated 24 January 2020.

6.0 EXPLORATION

6.1 Overview

Sandfire continues to progress a tightly focused, multi-disciplinary exploration campaign across the Greater Doolgunna Project (see Figure 1) to test for extensions to the known cluster of Volcanogenic Massive Sulphide (VMS) deposits at DeGrussa and Monty, and to unlock the broader potential of the Doolgunna region for additional VMS and structurally-hosted copper deposits.

Key components of the Company's exploration activities during the December Quarter are listed below.

- Reverse Circulation (RC) drilling at the Peak Hill Project to test multi-element geochemical anomalism returned from first pass aircore (AC) drilling through the Peak Hill trend.
- AC drilling at the Bryah Project to test potential Karalundi Formation sediments and interpreted Narracoota Formation geology within the Bryah South Prospect.
- RC drilling at the Doolgunna Project to follow-up a geochemical index anomaly (from DeGrussa/Monty Index Studies) that was coincident with anomalous results from Cu:Fe ratio studies across the project area.
- RC drilling at the Morck Well Project to test AEM and moving loop electromagnetic (MLEM) anomalies.
- RC drilling at the Springfield Project to test down-dip of anomalous Cu intercepts in the Southern Volcanics.
- RC drilling at the Cheroona Project to test anomalous multi-element geochemistry within historic shallow RC drilling in the Karalundi stratigraphy.

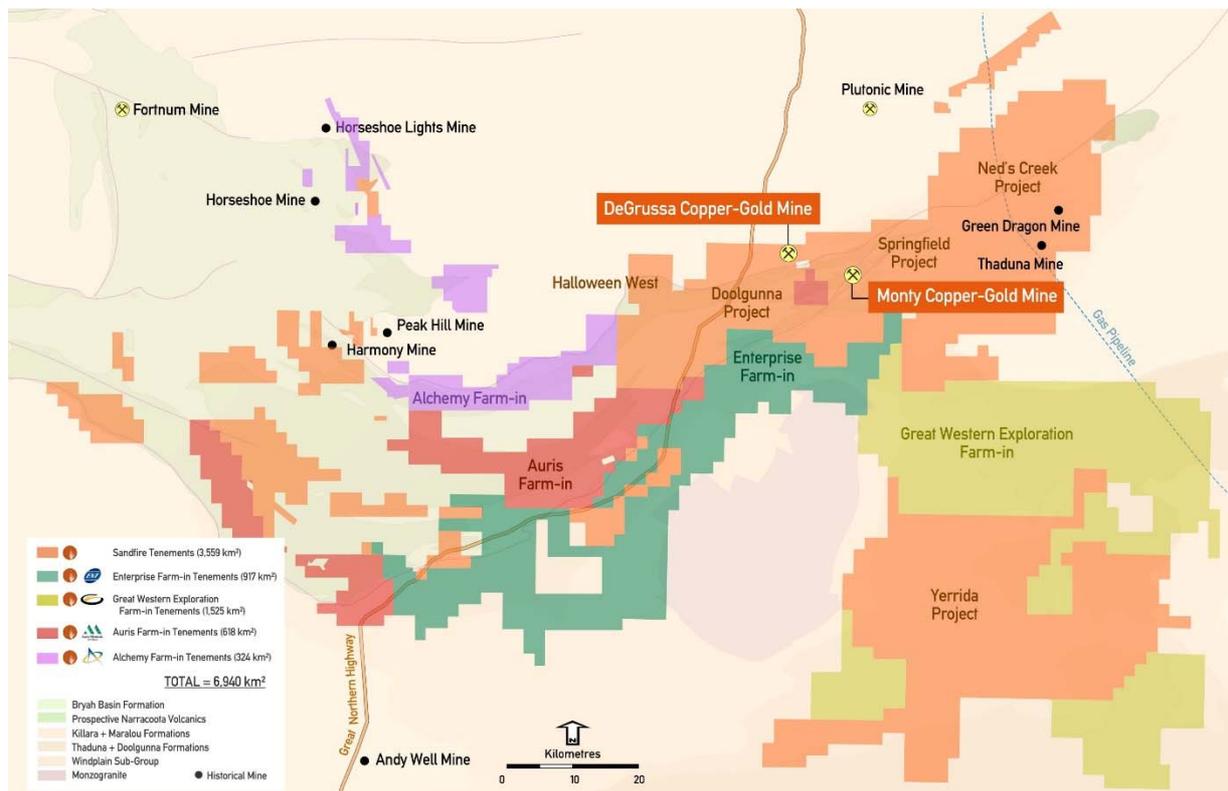


Figure 1: Sandfire's tenement holding in the Greater Doolgunna region.

The aggregate metres drilled on Sandfire's wholly-owned and JV tenements during the December Quarter are summarised below.

Project	AC/RAB Drilling (m)	RC Drilling (m)	UG Diamond Drilling (m)	Surface Diamond Drilling (m)	Total Drilling (m)
Doolgunna (SFR 100%)	-	448	-	-	448
Ned's Creek (SFR 100%)	-	373	-	-	373
Springfield (SFR 100%)	-	418	-	310	728
West Bryah (SFR 100%)	14,604	-	-	-	14,604
Auris JV (Morck Well Earn-in)	15,025	2,092	-	-	17,117
Auris JV (Cashman Earn-in)	22,665	694	-	-	23,359
Alchemy JV (Earn-in)	12,554	1,294	-	-	13,848
Monty (SFR 100%)	-	-	4,440	-	4,440
Total	64,848	5,319	4,440	310	74,917

6.2 Greater Doolgunna Project

The Greater Doolgunna Project, which includes 100% Sandfire tenure, Joint Venture and Farm in projects, covers an aggregate contiguous exploration area of 6,940km² (Figure 1). This includes over 90km of strike extent in host VMS lithologies. Much of this stratigraphy is obscured beneath transported cover and requires targeted AC drilling to test the bedrock geochemistry and identify prospective areas.

6.2.1 Morck Well Project

Sandfire entered into a farm-in agreement with Auris Minerals Ltd (ASX: AUR) and Fe Ltd (ASX: FEL) in relation to their Morck Well JV Project (Auris 80%: Fe 20%), located 22km south-west from DeGrussa and Auris' 100%-owned Doolgunna Project, in February 2018. Sandfire can earn up to a 70% interest in five exploration tenements in the eastern portion of the Bryah Basin.

Five RC drill holes were completed at the Morck Well Project during the reporting period, for a total advance of 2,092m.

Drilling was designed to test an anomalous MLEM survey response, an anomalous AEM survey response and anomalous geochemistry and prospective stratigraphy along strike from MWRC0010 and MWDD0004 in the Morck Well project area.

Regional AC drilling continued at the Morck Well Project during the reporting period with 222 drill holes (MWAC1968 – MWAC2000, MWAC2015 – MWAC2195 and MWAC2201 – MWAC2208) completed for a total advance of 15,025m by the end of the Quarter. First-pass drilling has now been completed at the Tetris Prospect, located to the south east of Morck Well.

6.2.2 Peak Hill Project

At the Peak Hill Project, Sandfire is exploring and earning an interest in the whole and part tenements that cover the base metal prospective area of the Bryah Basin Project. Under the terms of the agreement, Sandfire can earn up to 80% in Alchemy Resources Ltd's (ASX: ALY) interests (excluding iron ore rights) through Earn-In Expenditure. The Peak Hill Project area contains more than 60km of strike extent of the Narracoota – Karalundi volcano-sedimentary sequence that is prospective for the discovery of VMS-style copper-gold deposits.

RC drilling was completed at the Peak Hill Project during the Quarter, with four exploration drill holes completed for a total advance of 1,294m. Drilling was designed to test anomalous geochemistry identified in first-pass AC drill holes.

In addition, 180 AC drill holes were completed for a total advance of 12,554m as part of the 800m-line spaced programme through the West Range, Central Range and Quartz Bore Prospects, designed to test previously interpreted Karalundi and Narracoota Formation stratigraphy.

Drilling to date has been used for lithochemical analysis, fingerprinting the mafic units within the previously interpreted Karalundi and Narracoota Formation, to aid with ongoing geological interpretation of the area.

Completion of the 800m-line spacing will provide a comprehensive insight into the base metal and trace element geochemistry of the Peak Hill area to aid in further targeting for RC drilling as assay results are returned.

Preliminary first-pass interpretation is ongoing and is focused on defining the principal stratigraphic units and integrating drill hole data from historical IGO Ltd and Alchemy drilling with the results from Sandfire's first pass 800m AC programme.

6.2.3 Enterprise Project

Sandfire entered into a Farm-in Agreement with Enterprise Metals Ltd (ASX: ENT) in October 2016 to earn up to a 75% interest in Enterprise's Doolgunna Project, which adjoins Sandfire's Doolgunna tenements to the south. The Enterprise tenements cover over 60km of strike along the southern boundary of the Bryah Basin and the northern part of the Yerrida Basin. The southern Bryah Basin contains the Narracoota/Karalundi Formations which host the DeGrussa and Monty copper-gold deposits. The Company considers that the Enterprise tenements offer the potential for new copper-gold discoveries.

Downhole EM surveying of four RC drill holes (EFRC0028, EFRC0059, EFRC0061 and EFRC0062) which were drilled earlier in the year was completed. No anomalous responses were observed in any of the drill holes.

Ongoing activities will include a review of the current geophysical and geochemical datasets in order to assess where infill MLEM surveying can best be used to target VMS mineralisation.

6.2.4 Doolgunna Project – 100% Sandfire

One RC drill hole (DGRC912) was completed at the Homestead Prospect, targeting a geochemical index and Cu:Fe ratio anomaly.

The hole was completed to an end-of-hole depth of 448m, intersecting a large package of sedimentary breccia followed by dolerite suggesting the dip of stratigraphy is steeper than previously interpreted in the immediate area.

A small package of chlorite altered sediments including siltstone and quartz arenite was intersected deeper in the drill hole, with moderate disseminated pyrite in the hanging wall and footwall dolerite. This suggests there is mineralised prospectivity along this sediment horizon, although initial interpretation of down-hole electromagnetic (DHEM) surveying does not identify any off-hole conductors nearby.

Further interpretation of DHEM results of DGRC912 will be completed and prospectivity assessed.

6.2.5 Bryah Project

145 AC drill holes were completed at the Bryah Project during the Quarter, for a total advance of 14,604m. Drilling occurred within the Bryah South Prospect targeting interpreted Karalundi and Narracoota geology under untested cover.

Drilling intersected significant basalt and dolerite to the south-west before thick packages of sedimentary breccia, siltstone, arenite and wacke and minor carbonaceous sediments were intersected moving towards the north-east. The mafic units intersected are interpreted to be of the Narracoota Formation however the sediments are still being interrogated due to the variability of geology intersected.

Integration of lithochemical assay data into the current Bryah Basin stratigraphical interpretation is ongoing and will continue in stages as the programme progresses.

6.2.6 Springfield Project

One RC drill hole and one pre-collar was completed at the Southern Volcanics Prospect for a total advance of 728m.

TLRC0094 advanced to an end-of-hole depth of 418m and was designed to test a significant copper anomaly intersected in recently completed AC drill holes in close proximity to observed mineralisation.

TLRC0094 was commenced and completed in sediments with a thick package of mineralised dolerite separating them for the majority of the drill hole.

While the presence of minor pyrite and trace chalcopyrite and pyrrhotite in the dolerite potentially explains the geochemical anomalism, the strong chlorite alteration and trace sulphide mineralisation seen occasionally in the sediments provides further encouragement that there are multiple prospective horizons in the vicinity.

6.2.7 Ned's Creek Project

Four RC drill holes were completed at the Ned's Creek Project for a total advance of 373m during the Quarter. Drilling occurred within the Enigma Prospect, targeting the supergene copper oxide mineralisation within the Johnson Cairn Formation.

Four vertical RC drill holes (NCRC0019 – NCRC0022) were completed at Enigma as part of an eight-hole program across the Enigma and North Enigma Prospects designed to trial various RC drilling methods in an area known for poor ground and drilling conditions.

In addition to testing the efficiency of alternate drill bits, the completed drilling was sampled and assayed appropriately for use in further Enigma studies.

Drilling primarily intersected dolomitic wackstones and mudstones, siltstones, quartz arenites and quartzites of the Johnson Cairn Formation. The weathering profile is interpreted to be dominated by intense silica-overprinting and uncemented infill/collapse breccias.

Copper oxide and carbonate and minor sulphide mineralisation was intersected at depths between 15-120m, with the strongest mineralisation intervals occurring at depth, slightly above the base of the saprolite. The shallow "perched" zones of copper mineralisation are thought to result from paleo-water table movement.

6.2.8 Cheroona Project

Two RC exploration drill holes (CHRC0003 and CHRC0004) were completed for a total advance of 694m during the Quarter. Drilling was designed to target anomalous geochemistry intersected in historical Auris AC and RC drilling.

CHRC0003 intersected interbedded dolerites and sediments indicating the presence of prospective sedimentary package of the DeGrussa Member. The hole successfully intersected a magnetite and haematite exhalite sequence with jaspers and disseminated pyrite throughout, a potential indicator of nearby VMS systems.

CHRC0004 intersected a large package of varied sediments and mafics and no significant mineralisation or geologically favourable indicators were observed. Initial interpretation is that this drill hole may have been drilled too low in the stratigraphy and intersected Magazine member lithologies of the Karalundi Formation.

In addition, 380 drill holes were completed at the Orient, East Orient and North-East Orient Prospects as part of the first-pass AC drill programme designed across the prospective Karalundi Formation stratigraphy.

Drilling of the regional first pass AC programme has identified Doolgunna Formation, Karalundi Formation and Narracoota Formation lithologies, suggesting the stratigraphic relationships seen at the Ruby Well and White Well Prospects (Enterprise Project) continue south-west through the Cheroona Project. Integration with significant field mapping and geophysical datasets is suggesting structural complexity exists throughout the project area with possible stratigraphic repeats, being incorporated into the ongoing interpretation and targeting.

7.0 AUSTRALIAN EXPLORATION

Sandfire has a number of exploration interests and joint ventures around Australia exploring for base and precious metals. The exploration programs are focused on prospective terranes with the potential for discovery of a significant new deposit that can be developed.



Figure 2: Sandfire's Australian Projects.

7.1 New South Wales Projects

A number of 100%-owned project areas are held in the Lachlan Fold Belt of New South Wales which are prospective for porphyry copper-gold mineralisation as found at Northparkes (China Moly), Cadia (Newcrest) and Cowal (Evolution). New 100%-owned tenements have been granted in the Cobar basin and a farm-in agreement continues on the Coomeratta project with Sandfire having the right to earn an 80% interest.

Drilling commenced in the December Quarter and continues at the Temora project with a number of diamond holes completed at the Monza project. A breccia pipe with strong visible chalcopyrite and molybdenum was intersected close to a historical high grade intercept, while follow up drilling shows strong indications of porphyry mineralisation along strike, giving potential for a larger system.

Diamond drilling is ongoing at Harold Bell and Homer prospects, with down hole EM planned to further define the Monza mineralisation.

An AC program also commenced in the Quarter and continues at Monza, Green Creek, Fields and Woolshed. Encouraging geological and geochemical results have been received from wide spaced holes at the Fields prospect and follow up drilling will commence in the March Quarter.

Further programs are being assessed and planned for the Cobar district.

7.2 Northern Territory – Borroloola Project

The Borroloola Project is located north of the McArthur River Mine (Xstrata), and is prospective for base metals and sedimentary manganese. Sandfire has signed farm-out agreements to advance the Borroloola Project. The Borroloola West JV covering the western portion is under an agreement with Pacifico Minerals Ltd, which has now earned a 51% interest in the Project and Sandfire is a contributing 49% JV partner.

Negotiations continue on a potential Joint Venture covering the eastern portion of the Borroloola Project tenements.

7.3 Queensland Projects

A number of projects are held in the eastern succession of the Mount Isa region south and east of Cloncurry in northwest Queensland which are prospective for Broken Hill type (BHT) lead-zinc-silver deposits such as the Cannington deposit (South 32) and the Ernest Henry iron oxide-copper-gold (IOCG) deposits (Xstrata). A Joint Venture is held over the Altia project with Minotaur Exploration Ltd (ASX: MEP) with a 60% interest held.

Options are being pursued for the tenement holding following a strategic review of the district and Sandfire's exploration portfolio.

8.0 CORPORATE

8.1 Acquisition of MOD Resources Ltd

During the Quarter Sandfire completed the acquisition of 100 per cent of MOD Resources Ltd (ASX: MOD) which was announced on 25 June 2019 and detailed in MOD's Scheme Booklet released to the ASX on 22 August 2019.

The completion of the acquisition followed the receipt of approval from MOD shareholders and approval from the Supreme Court of Western Australia.

8.2 Final Dividend

The Company paid a final fully franked dividend of 16 cents per share on 29 November 2019.

8.3 Increased stake in Adriatic Metals Plc

During the Quarter Sandfire increased its stake in Adriatic Metals Plc (ASX: ADT).

Sandfire and Adriatic have entered into a strategic partnership agreement under which Adriatic will have access to Sandfire's significant technical expertise to develop the Veovaca and Rupice projects in Bosnia-Herzegovina, as well as further strategic support to unlock the potential from Adriatic's regional exploration portfolio.

8.4 Cash position

Company cash on hand as at 31 December 2019 totalled \$199.0 million. Group cash on hand as at 31 December 2019 totalled \$201.7 million. Major cash payments during the December Quarter included \$46 million as consideration for the acquisition of MOD Resources Ltd and \$28 million final dividend payment.

8.5 Finance Facility

ANZ continues to hold security via a fixed and floating charge over the Company's assets. Aside from minor borrowings under a bonding facility there is no other debt drawn under financing facilities and no amounts available to be drawn.

8.6 Investor Call and Webcast

A teleconference on the Quarterly results will be held for the investment community on Wednesday 29th January 2020 commencing at 10.00am (AWST) / 1.00pm (AEDT). Investors, brokers, analysts and media can join the teleconference by clicking on the following link: <https://s1.c-conf.com/diamondpass/10003618-invite.html>.

The December 2019 Quarterly Report and accompanying slide presentation will be available via the ASX Company Announcements Platform (ASX code: **SFR**) as well as at Sandfire's website at www.sandfire.com.au.

A live webcast of the teleconference and synchronised slide presentation will also be available via the BRR Media service website at <https://webcasting.boardroom.media/broadcast/5e1d5892faf62d3f0d924845>.

ENDS

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Exploration Results - Doolgunna

The information in this report that relates to Exploration Results at Doolgunna 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 Resources Ltd 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 continuing exploration programs aimed at reporting additional JORC compliant resources for the Company's Projects, 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

This report may include forward-looking statements. These forward-looking statements are not historical facts but rather are based on Sandfire's current expectations, estimates and assumptions about the industry in which Sandfire operates, and beliefs and assumptions regarding Sandfire's future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are only predictions and are not guaranteed, and they are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of Sandfire. 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. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Actual values, results or events may be materially different to those expressed or implied in this release. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement.

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