



**SANDFIRE RESOURCES NL**

ASX Code: SFR

**December 2013  
Half Year Results Presentation and  
Operations Update – Webcast**

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**20 February 2014**

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## Forward-Looking Statements



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# Headline Financial Results for the 6 Months to 31 December 2013

Interim profit following a solid performance; strong outlook for FY2014



- Sales revenue of **\$249.6M** from **30,098t** copper, **14,437oz** gold
- Strong cash flow from operating activities of **\$114.8M**
- DeGrussa Mine earnings before net finance and income tax of **\$75.6M** (**\$120.8M** prior to depreciation and amortisation)
- Profit before net finance and income tax of **\$55.9M** (**\$101.5M** prior to depreciation and amortisation)
- Interim net profit after tax **\$33.5M**
- Earnings per share of **21.5cps** (basic and diluted)
- Cash and deposits at 31 December 2013 of **\$74.8M**
- **\$55M** in finance facility repayments completed; reducing finance facility balance to \$230M at 31 December 2013



# 1H FY2014 Highlights – Period in Review

Strong 1H FY2014 production; ramp-up of Concentrator and underground mine; FY2014 guidance and costs



- **Ramp-up of underground mine** to 1.5Mtpa production rate achieved
- **Optimisation of 1.5Mtpa Concentrator:** 1H FY2014 production **31,938t contained copper, 14,570oz gold**
- **Recoveries increased to 90% for December 2013 Quarter** as planned following cessation of processing open pit sulphide material and increased plant stability
- Further recovery enhancement initiatives underway **targeting 92% in 2H FY2014**
- **Strong production outlook for FY2014** with production weighted towards second half due to grade and recovery profile
- **FY2014 production guidance:** mid-point of **65-75,000t** of copper, lower end of **35-45,000oz** gold, influencing C1 cash costs at upper end of **US\$1.05-1.15/lb**
- **New phase of regional exploration** underway following Talisman and Ventnor joint ventures



# December 2013 Half Year Presentation – Headline Income



## Statement of Comprehensive Income Review – Key Results

(\$'000)	1H FY2014	2H FY2013	1H FY2013
Sales revenue	249,609	234,893	272,438
Profit before net finance and income tax	55,943	22,281	119,855
Net finance expense	(8,190)	(10,370)	(6,098)
Profit before income tax	47,753	11,911	113,757
Income tax expense	(14,249)	(3,003)	(34,667)
<b>Net profit for the period</b>	<b>33,504</b>	<b>8,908</b>	<b>79,090</b>

- Strong sales revenue of \$249.6M
- Late December 2013 sale deferred to January 2014, impacting revenue and bottom line result
- Depreciation & amortisation expenses of \$45.6M for the year
- \$14.2M tax expense; no tax payable for the period
- Net profit \$33.5M: prior comparative period (1H FY2013) result included very high grade and margin DSO chalcocite program

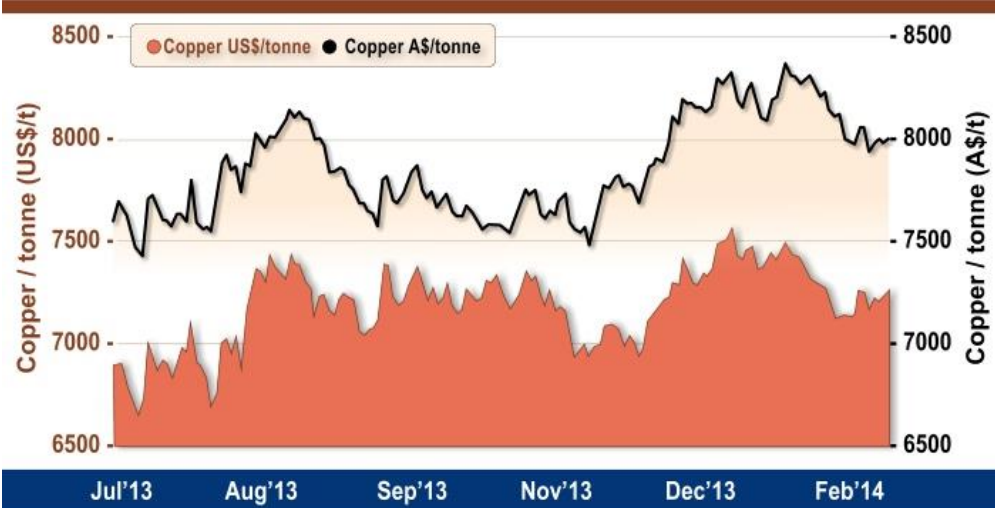


# Commodity Prices and Exchange Rate

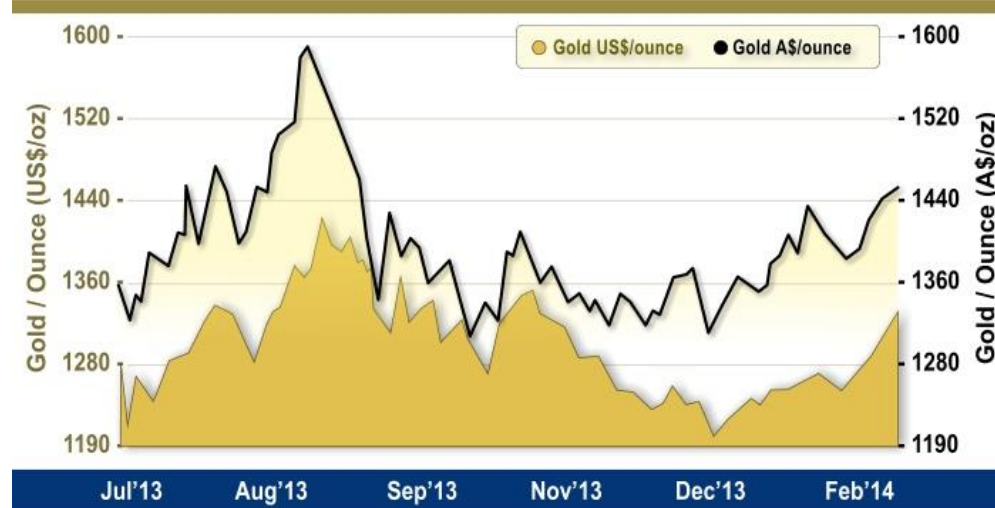
Market rates – copper, gold and currency



## COPPER PRICE (\$/tonne)



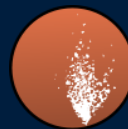
## GOLD PRICE (\$/ounce)



- USD copper price weakened during 2013
- Impact on revenue more than offset by the falling AUD to around US\$0.90
- AUD copper spot pricing has risen above A\$8,000 per tonne – underpinning strong operating cash flows
- AUD gold price stabilising and showing signs of improvement

# December 2013 Half Year Presentation

## Segment Review



(\$'000)	DeGrussa Mine		Other Operations		Group
	1H FY2014	Expl and BD	Corporate	Treasury	1H FY2014
Sales revenue	249,609	-	-	-	249,609
Metal and price adjustment gains (losses)	-	-	-	1,779	1,779
Other income	-	-	-	-	-
Changes in inventories of finished goods and work in progress	(5,791)	-	-	-	(5,791)
Mine operations costs	(60,905)	-	-	-	(60,905)
Employee benefit expenses	(15,573)	(4,045)	(3,733)	-	(23,351)
Freight, treatment and refining expenses	(34,713)	-	-	-	(34,713)
Royalties expense	(11,867)	-	-	-	(11,867)
Exploration and evaluation expenses	-	(10,163)	-	-	(10,163)
Depreciation and amortisation expenses	(45,143)	(249)	(181)	-	(45,573)
Share of net loss of associate	-	-	-	-	-
Reversal of impairment loss	-	-	196	-	196
Other expenses	-	-	(3,278)	-	(3,278)
<b>Profit before net finance and income tax</b>	<b>75,617</b>	<b>(14,457)</b>	<b>(6,996)</b>	<b>1,779</b>	<b>55,943</b>



# December 2013 Half Year Presentation

## Statement of Financial Position Review



(\$'000)	December 2013	June 2013
<b>ASSETS</b>		
Cash and cash equivalents	74,790	77,070
Trade and other receivables	9,451	8,491
Inventories	34,212	38,507
Other current assets	781	1,954
<b>Total current assets</b>	<b>119,234</b>	<b>126,022</b>
Receivables	144	84
Inventories	11,698	11,698
Mine properties	189,477	177,752
Property, plant and equipment	237,871	245,924
Other financial assets	378	183
Exploration and evaluation assets	3,148	-
Deferred tax assets	-	2,939
<b>Total non-current assets</b>	<b>442,716</b>	<b>438,580</b>
<b>TOTAL ASSETS</b>	<b>561,950</b>	<b>564,602</b>

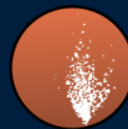
- Cash – includes \$64M relating to finance facility accounts
- Inventories – Concentrates (15,000t at 25% Cu), ore stockpiles (80,000t U/G) and stores
- Mine properties – Underground development – \$40M addition for the period, \$28M D&A





# December 2013 Half Year Presentation

## Statement of Financial Position Review



(\$'000)	December 2013	June 2013
<b>LIABILITIES</b>		
Trade and other payables	50,534	43,932
Interest bearing liabilities	99,243	163,906
Provisions	2,914	2,360
<b>Total current liabilities</b>	<b>152,691</b>	<b>210,198</b>
Trade and other payables	889	553
Interest bearing liabilities	129,294	119,542
Provisions	21,247	22,654
Deferred tax liabilities	11,309	-
<b>Total non-current liabilities</b>	<b>162,739</b>	<b>142,749</b>
<b>TOTAL LIABILITIES</b>	<b>315,430</b>	<b>352,947</b>
<b>NET ASSETS</b>	<b>246,520</b>	<b>211,655</b>

- \$55M of scheduled repayments completed during reporting period – \$15M Sept 2013; \$40M Dec 2013; \$230M remaining balance

- Current – \$100M scheduled quarterly repayments (\$40M Mar 2014; \$30M Jun 2014; \$10M Sep 14; \$20M Dec 14)

- Non current – \$130M (Mar to Dec 2015)



# Operations Update

Quarterly copper production on track: solid mining and processing performance



- Underground mine maintaining 1.5Mtpa steady-state production rate
- Paste plant performance stabilised and achieving target rates under gravity flow conditions
- Development of C1 and C4/C5 declines advanced +360m from Evans Decline junction – C4/C5 decline recommenced mid-February 2014
- Total underground development progressed to +17km
- Copper recoveries averaging 91.5% for March Quarter-to-date
- Head grade increasing as expected into 5.0-5.5% Cu range
- Copper production for March 2014 Quarter-to-date approaching 10,000 tonnes



# Summary

DeGrussa ramp-up completed; strong production and margin outlook; exploration gathering momentum



- Sales revenue of \$249.6M from 30,098t copper, 14,437oz gold
- Strong cash flow from operating activities of \$114.8M
- DeGrussa Mine earnings before net finance and income tax of \$75.6M (\$120.8M prior to depreciation and amortisation)
- Strong production performance: ramp-up to 1.5Mtpa completed
- Strong production and cost outlook for remainder of FY2014 driven by increasing grade and recovery profile
- Aggressive underground and near-mine exploration continuing
- New phase of regional exploration underway in 2014 following new Doolgunna joint ventures



**A premier, high-grade Australian copper producer.**



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