SANDFIRE RESOURCES NL

Sandfire Resources NL ABN 55 105 154 185
Level 1, 31 Ventnor Ave, West Perth Western Australia 6005
Phone: +61 8 6430 3800 **Fax:** +61 8 6430 3849
Email: info@sandfire.com.au **Web:** www.sandfire.com.au

26 February 2015

Mr Sebastian Bednarczyk
Adviser, Issuers (Perth)
ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Sebastian,

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2014 AND APPENDIX 4D

I am pleased to attach the following items for immediate release to the market:

1. ASX release on the Company's financial results for the 6 months ended 31 December 2014 and operations update.
2. December 2014 Half Year Report and Appendix 4D.
3. December 2014 Half Year Report Presentation and Operations Update.

A teleconference on the December 2014 half year financial results with Sandfire's Chief Operating Officer, Mr Mike Spreadborough, and Chief Financial Officer, Mr Matthew Fitzgerald, will be held for the investment community on Thursday 26 February, commencing at **10.00am (WST) / 1.00pm (AEST)**. Investors, brokers and analysts can join the teleconference by dialling the following numbers:

Within Australia (Toll Free):	**1 800 558 698**
Alternate Australia (Toll Free):	**1 800 809 971**
International:	**+61-2 9007 3187**
Conference ID:	**172519**

In addition, a live webcast of the teleconference and synchronised slide presentation will be available via the BRR Media service by clicking on the following link: http://webcasting.brrmedia.com/broadcast/133635

Please note that a recording of the webcast presentation and investor teleconference will be available for replay shortly after the conclusion of the teleconference. This can be accessed via the BRR Media link above or at the Sandfire website at http://www.sandfire.com.au.

Yours sincerely,

Matthew Fitzgerald
Chief Financial Officer and Joint Company Secretary

For further information contact:
Sandfire Resources NL
Karl Simich – Managing Director/CEO
Office: +61 8 6430 3800

Read Corporate
Mobile: +61 419 929 046 (Nicholas Read)
Mobile: +61 421 619 084 (Paul Armstrong)




Sandfire Resources NL ABN 55 105 154 185
Level 1, 31 Ventnor Ave, West Perth Western Australia 6005
Phone: +61 8 6430 3800 **Fax:** +61 8 6430 3849
Email: info@sandfire.com.au **Web:** www.sandfire.com.au

ASX Release **26 February 2015**

APPENDIX 4D
Half year ended 31 December 2014

Results for Announcement to the Market	**$'000**	**Up/Down**	**Movement**
Revenue from ordinary activities	264,236	Up	6%
Profit after tax from ordinary activities attributable to members	30,563	Down	9%
Net profit for the period attributable to members	30,563	Down	9%

Dividend information	**Amount per share**	**Franked amount per share**
Interim dividend per share (cents per share)	3.0	-
Conduit foreign income (CFI) component	Nil	

Interim dividend dates	
Record date for determining entitlements to the interim dividend	12 March 2015
Payment date for the interim dividend	26 March 2015

Net tangible assets	**2014**	**2013**
Net tangible assets per ordinary security	$1.99	$1.58

Additional Appendix 4D disclosure requirements can be found in the Director's Report and the 31 December 2014 financial statements and accompanying notes.

This information should be read in conjunction with Sandfire's reviewed Half-year Financial Report which is enclosed.

For further information contact:

Sandfire Resources NL
Matthew Fitzgerald – CFO and Joint Company Secretary
Office: +61 8 6430 3800




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 2014

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*
Paul Hallam	*Independent Non-Executive Director*
W John Evans	*Non-Executive Director*
Robert Scott	*Independent Non-Executive Director*
Soocheol Shin	*Non-Executive Director*

Management and Company Secretary

Mike Spreadborough	*Chief Operating Officer*
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: +61 8 9315 2333
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
Exchange Plaza
2 The Esplanade
Perth WA 6000

ASX Code

Ordinary fully paid shares: SFR

Competent Person's Statement – Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Mr Shannan Bamforth who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Bamforth is a permanent employee of Sandfire Resources NL and has sufficient experience that is relevant to the style of mineralization 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. 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 Resources NL'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 Resources NL 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 Resources NL, 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 Resources NL 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.

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 2014 and the independent auditor's review report thereon.

1 Directors

The directors of the Company at any time during or since the end of the period 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 W John Evans *Non-Executive Director*	Appointed Executive Technical Director 2 October 2007 Non-Executive Director since 1 January 2013
Mr Robert N Scott *Independent Non-Executive Director*	Appointed 30 July 2010
Mr Soocheol Shin *Non-Executive Director*	Appointed 28 February 2012
Mr Paul Hallam *Independent Non-Executive Director*	Appointed 21 May 2013

2 Dividends

Since the end of the financial period, the Board of Directors has resolved to pay an unfranked dividend of 3 cents per share, to be paid on 26 March 2015. The record date for entitlement to this dividend is 12 March 2015. The financial impact of this dividend amounting to $4,679,000 has not been recognised in the Consolidated Interim Financial Statements for the half year ended 31 December 2014 and will be recognised in subsequent Financial Statements.

The details in relation to dividends announced or paid since 1 July 2014 are set out below. No dividends were declared or paid during the previous half year ended 31 December 2013.

Record date	Date of payment	Amount per share (cents)	Franked amount per share (cents)	Total dividends $000
12 September 2014	10 October 2014	10	-	15,564

3 Review and results of operations

3.1 Project review, strategies and future prospects

DEGRUSSA COPPER-GOLD PROJECT, Western Australia (100%)

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. Including 100% owned ground and tenements held in joint venture with other companies, Sandfire controls 1,700 square kilometres of contiguous exploration ground in this region, including a 65km strike length of prospective VMS horizon.

DeGrussa Copper Mine

Overview

Copper production for the 6 month period ended 31 December 2014 was 31,413 tonnes and gold production was 17,737 ounces (2013: 31,938 tonnes of copper and 15,570 ounces of gold). A summary of copper and gold production and sales for the year to date is provided below.

1H FY 2015 Production Statistics		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined	602,034	5.3	1.8	31,713	34,475
	Milled	702,157	5.0	1.7	35,132	38,996
	Production	**130,147**	**24.1**	**4.2**	**31,413**	**17,737**
	Copper and gold sales	133,738	24.3	4.3	32,500	18,330

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.

3 Review and results of operations

3.1 Project review, strategies and future prospects (continued)

Underground Mining

Underground mining progressed on schedule throughout the reporting period, with the exception of a temporary suspension of mining activities during November and December as a result of increased water flows into the Conductor 4/5 Decline. These inflows occurred at the location of underground drill holes completed as part of a continuing long-term water management program for the underground mine.

As a precautionary measure, mining activities in the Conductor 1 and DeGrussa orebodies were suspended for a period of 28 days while dewatering and remedial activities were completed, during which time the DeGrussa Concentrator continued to process run-of-mine (ROM) stockpiles.

As a result of the temporary suspension of underground mining, ore production was below the targeted annualised ore production rate of 1.5Mtpa for the reporting period, with a total of 602,034 tonnes of ore mined. The mine recommenced production in December 2014, and by period-end, had returned to production rates exceeding 1.5Mtpa.

The mine remains in balance between production and back-fill with steady performance from the paste plant. The deficit between production and back-fill was caught up during the reporting period, with all stopes filled by the end of November. All paste filling for the remainder of FY2015 will continue by gravity flow.

The mined grade was 5.3% Cu for the reporting period, which was in line with expectations given the current mine sequence.

There was a continued strong focus on underground mine development in both the new Conductor 1 and Conductor 4/5 Declines. The Conductor 1 Decline advanced 57 metres during the reporting period. The development of this decline will enable the Conductor 1 deposit to be fully developed and extracted. Conductor 4 decline development advanced 326 metres and Conductor 5 decline development advanced 234 metres, with all decline development occurring in good ground conditions.

Processing

Key metrics for the DeGrussa Concentrator for the 6 month period ended 31 December 2014 included:

- 702,157 tonnes milled at an average head feed grade of 5.0% Cu;
- Overall copper recovery of 89.4%;
- Concentrate production of 130,147 tonnes; and
- Metal production of 31,413 tonnes of contained copper and 17,737 ounces of contained gold.

The installation of three key enhancement projects at the DeGrussa Concentrator continued throughout the reporting period to increase copper recoveries to the targeted level of +90% and enhance the overall performance and stability of the DeGrussa Concentrator. The plant improvements, which included a pebble crusher; a column flotation cell; and a screen arrangement as part of the SAG mill system in lieu of the existing cyclones, have been installed at a total capital cost of $14 million.

Production Guidance

Production guidance for the second half of FY2015 is expected to be within the range of 33,000-36,000 tonnes of contained copper metal. Headline C1 cash operating costs for FY2015 are expected to be within the range of US$1.10-1.20/lb, with costs in the second half expected to be at the lower end of the guidance range, assisted by the decline in the Australian Dollar and the lower oil price.

Production Guidance – DeGrussa Mine	FY2014	1H FY2015 (Actual)	2H FY2015 (Guidance)	FY2015 (Guidance)
Contained Copper (t)	67,690	31,413	33,000 - 36,000	65,000 - 68,000
Contained gold (oz)	33,893	17,737	18,000 - 20,000	36,000 - 38,000
Head grade (Cu)	5.2%	5.0%	4.9%	4.9%
Head grade (Au)	1.5g/t	1.7g/t	1.7g/t	1.7g/t

Sales & Marketing

Copper Concentrate

A total of 133,738 tonnes of concentrate containing 32,500 tonnes of payable copper was sold for 1H FY2015. Gold sales totalled 18,330 ounces.

Shipments were completed from both Port Hedland and Geraldton.

3 Review and results of operations

3.1 Project review, strategies and future prospects (continued)

Feasibility Studies

Oxide Copper Feasibility Study

The Sandfire Oxide Copper Project at DeGrussa has been extensively tested and a Scoping Study undertaken on the basis of a traditional sulphuric acid heap leach combined with a solvent extraction circuit with a strong electrolyte fed to an electrowinning circuit to produce 99.99-99.999% copper cathode.

The preliminary economics from the Scoping Study indicate that the Oxide Project has an Internal Rate of Return (IRR) exceeding 10% and requiring capital expenditure of over $50 million. The project is sensitive to acid costs, copper recovery and capital costs.

Sandfire now plans to undertake further reviews and optimisation of the flow sheet and capital costs to enhance the project returns. The ongoing review will include consideration of innovative processing options given the metallurgical complexity of the oxide material. This work will be undertaken during 2015.

Near-mine Exploration

Overview

During the reporting period Sandfire continued to progress a tightly focused, multi-disciplined exploration campaign to test for extensions to the known cluster of VMS deposits at DeGrussa and to unlock the broader potential of the Doolgunna region for additional VMS (volcanogenic massive sulphide) deposits or clusters of deposits.

Key components of the Company's exploration activity at DeGrussa during the reporting period included:

- Continued underground drilling focusing on C4 and C5 resource definition and updating the geological model of the DeGrussa deposits;
- Continued first-pass regional exploration over a number of projects within the broader Doolgunna tenement holding;
- The completion of a deep diamond drill hole targeting a conductive anomaly at Talisman's Springfield Project;
- Continuation of EM surveying over the prospective sequence at Talisman's Springfield Project; and
- The continuation of core re-logging and structural interpretation of the Thaduna and Green Dragon copper deposits.

Mine Life Extension

Sandfire has delivered an updated Mine Plan, Mineral Resource and Ore Reserve as at 31 December 2014. The Mine Plan is Sandfire's internal plan which schedules forecasted production parameters, operating and capital works programs. It is developed with the assistance of both internal Sandfire employees and external consultants and includes both Mineral Resources and Ore Reserves.

Table 1 below compares the DeGrussa Mine Plan to the stated Mineral Resource and Ore Reserve by key output and mining tonnes (refer to the Company's ASX Announcement dated 28 January 2015 for full details of the Mineral Resource and Ore Reserve).

Table 1 – December 2014 Comparison of the Underground Mine Plan, Mineral Resource and Ore Reserve

DeGrussa Underground Mine	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Mine Plan	9.6	4.4	1.6	424,000	484,000
Mineral Resource	9.5	5.7	2.0	546,000	616,000
Ore Reserve	7.8	4.4	1.5	343,000	368,000

DeGrussa Underground Mine by orebody	Tonnes (Mt)	DG (Mt)	C1 (Mt)	C4 (Mt)	C5 (Mt)
Mine Plan	9.6	1.1	4.7	2.2	1.5
Mineral Resource	9.5	1.0	4.7	2.4	1.4
Ore Reserve	7.8	1.1	4.6	2.0	-

Note: Mine Plan and Ore Reserve includes mining dilution.

The Company continues to incorporate Inferred Mineral Resources from Conductor 5 and from the upper portion of Conductor 4 into its Mine Plan process due to the geological continuity and high copper grade tenor of these deposits.

3 Review and results of operations

3.1 Project review, strategies and future prospects (continued)

Development of Conductor 4 including decline and sub-level development, ventilation raises and other infrastructure is proceeding on schedule for production from Conductor 4 to commence in early FY2016. Development and diamond drilling of Conductor 5 is continuing with an updated Conductor 5 Mineral Resource and an inaugural Ore Reserve scheduled to be reported in the first half of FY2016. First production from Conductor 5 is expected in FY2017.

The Mine Plan confirms underground mine production continuing at the current rate of 1.5Mtpa. Mine development continues at around 7000m of development per year until early FY2017, then reduces to less than 1000m per year for the remainder of the Mine Plan.

Ore Reserve Update

Diamond drilling and mine planning work has progressed sufficiently for the inaugural Conductor 4 Ore Reserve to be reported as part of the DeGrussa Ore Reserve. The C4 Ore Reserve is 2.0Mt grading 4.5% Cu and 1.5g/t Au for 88,000t contained copper and 94,000oz contained gold. Ore Reserves have been updated based on the December 2014 Mineral Resource model and depletions up to 31 December 2014, as set out in Table 2 below:

Table 2 – December 2014 Ore Reserve

DeGrussa Mine Ore Reserve net of depletion	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Underground Mine	7.8	4.4	1.5	343,000	368,000
Stockpiles (Total)	2.8	1.2	1.0	33,000	88,000
December 2014 – Total	**10.6**	**3.5**	**1.3**	**376,000**	**456,000**

Refer to the Company's ASX Announcement dated 28 January 2015 for full details of the Mineral Resource and Ore Reserve.

Near-mine Extensional Exploration

Underground exploration at DeGrussa during the reporting period was focused on the completion of the Conductor 4 resource definition programme, followed by the commencement of resource definition drilling at Conductor 5. The aim of the Conductor 5 drilling was to in-fill the existing inferred mineral resource and to increase the drill density at the perimeter of the orebody to allow more defined geological modelling. Drilling will continue at C5 in Q3 FY2015.

Drilling during the reporting period also focused on the delineation of feeder zones in the footwall of the C1 deposit (comprising 1,065m of drilling), focusing on scale, shape and alteration zonation. This information will be used in evaluating the prospectivity of feeder zones and the most efficient method of exploration for these potential targets.

DeGrussa Regional Exploration

The Greater Doolgunna Project now includes the Talisman Joint Venture and the tenements acquired from Sipa Resources, which have increased the aggregate contiguous exploration area to 1,700km^2. This includes over 65km of strike extent in VMS lithologies. Much of this stratigraphy is obscured beneath transported alluvium and requires systematic aircore (AC) drilling to test the bedrock geochemistry and identify prospective areas.

A new phase of drilling is scheduled to commence in the coming weeks to test a 7km long geochemical anomaly at the North Robinson Range prospect identified by AC drilling. This extensive geochemical target is located along the prospective mine corridor to the south-west of the DeGrussa Copper Mine and the DeGrussa Aerodrome.

Talisman Joint Venture

In December 2013, Sandfire reached agreement with Talisman Mining Limited (ASX: TLM; "Talisman") to farm into its three key Doolgunna copper-gold projects. Under the agreement, Sandfire can earn up to a 70% interest in Talisman's Springfield, Halloween and Halloween West Projects by spending a minimum of $15 million on exploration over 5.5 years, with a minimum expenditure commitment of $5 million within two years.

The Springfield Project lies immediately along strike to the east from the DeGrussa Copper mine. The Halloween and Halloween West Projects abut the Doolgunna Project to the west.

Preliminary observations from the initial phases of exploration in the JV tenements conducted during the reporting period delivered significant geological encouragement, confirming that the Springfield Project contains interpreted extensions of the volcanic rock package which hosts the DeGrussa VMS deposits.

On the ground, Aircore (AC) drilling was conducted at the Springfield Project throughout the reporting period with 29,266m drilled, with results to be integrated into the geological model and subsequently subjected to a detailed geochemical review.

A Fixed Loop Electromagnetic (FLEM) survey was also ongoing throughout the reporting period over the main prospective sequences of Talisman's tenements.

3 Review and results of operations

3.1 Project review, strategies and future prospects (continued)

Data acquisition and interpretation will be ongoing in Q3FY2015 and Sandfire will continue to evaluate the main prospective sequence with detailed high powered EM.

Thaduna Project Joint Venture

A review of the Ventnor Mineral Resource with updated down-hole survey data was used as the basis for assessing the potential development opportunities at Thaduna. These opportunities included processing sulphide ore through the DeGrussa Flotation Processing Plant and oxide ore through the proposed DeGrussa Copper Oxide Heap Leach and SX-EW Plant.

Thaduna is a narrow and steeply-dipping deposit with potential for a small open pit followed by a small-scale underground mine. A production rate of 350,000 tonnes per annum was supported by the resource and used for the basis of a Scoping Study.

The resource did not identify sufficient quantities of oxide ore to warrant transport and treatment at the proposed DeGrussa plant nor justify a standalone oxide facility at Thaduna. Metallurgical testwork completed on the sulphide ore indicated good rougher flotation response and recoveries through the DeGrussa processing plant.

Due to the size of the deposit and its proximity to DeGrussa, Thaduna was evaluated as a satellite operation to DeGrussa to minimise costs. This eliminated the need for the establishment of significant surface infrastructure, with the major capital cost being an upgrade to a section of the Wiluna North Road to allow transport of the sulphide ore to the DeGrussa processing plant.

Revenue factors, costs and operating parameters from DeGrussa were used as the basis of the study, with the DeGrussa mining contractor providing mining costs for the study on the basis of sharing mining resources where appropriate.

The Scoping Study evaluation determined that, whilst NPV positive under current market conditions, further exploration drilling is required to increase the resource potential with the objective of enhancing the project financial returns. This work will be undertaken in line with the Ventnor JV agreement, with the aim of reviewing the resource and Scoping Study at the completion of drilling.

Australian and International Exploration

The Group also holds and is progressing various exploration joint venture interests across Australia and Internationally.

3.2 Review of financial results

6 months ended 31 December 2014	DeGrussa Copper Mine $ million	Other [A] Operations $ million	Group $ million
Sales revenue	264.2	-	264.2
Profit (loss) before net finance and income tax	68.1	(17.8)	50.3
Profit before income tax			44.9
Net profit			30.5
Basic and diluted earnings per share			19.62 cents

A Includes exploration and other activities as detailed in Note 4 of the consolidated interim financial statements.

The DeGrussa Copper Mine contributed profit before net finance and income tax of $68.1 million (2013: $77.4 million) from underground mining and concentrator operations.

The Group's other operations, including its exploration, business development and other corporate activities, contributed a loss before net finance and income tax of $17.8 million (2013: loss of $21.4 million). The Group declared an unfranked maiden dividend of 10 cents per share on 29 August 2014 which was paid on 10 October 2014. The Group did not declare a dividend during the previous 6 month period ended 31 December 2013.

Sales revenue

6 months ended 31 December 2014	DeGrussa Copper Mine $ million
Revenue from sales of copper in concentrate	238.2
Revenue from sales of gold in concentrate	23.6
Revenue from sales of silver in concentrate	2.4
	264.2

3 Review and results of operations (continued)

3.2 Review of financial results (continued)

Sales revenue during the period came from plant concentrate produced by the 1.5Mtpa processing plant.

Copper represents around 90% of revenue derived from the DeGrussa Mine at current metals prices.

The base metals market commonly works on Quotational Periods (QP) for the final pricing of metal content shipped to smelters for treatment and refining. The Group's QP settlements are usually completed within a range of 1 to 4 months following the month of shipment, at which time the market price of metal content is derived and the value of final sales becomes fixed. Metal and price adjustment gains and losses are recorded at the conclusion of the QP and disclosed separately in the Consolidated Interim Income Statement.

From time to time the Group may utilise QP hedging to either fix the price of sales at the time of shipment or to reduce the length of the QP, therefore reducing the short and medium term exposure to the market price of metal for completed or imminent shipments. 20,700 tonnes of copper sales subject to QP were hedged under vanilla USD copper swaps during the period ended 31 December 2014. A gain of $4.3 million was recorded in the consolidated interim income statement, recognised as part of other income. These hedges were considered to be economic hedges, however were not designated into a hedging relationship for accounting purposes.

Operations costs

6 months ended 31 December 2014	DeGrussa Copper Mine $ million
Mine operations costs	56.6
Employee benefit expenses	17.0
Freight, treatment and refining expenses	40.9
Changes in inventories of finished goods and work in progress	10.6
	125.1

Operations costs include underground mining, plant operations on site, as well as in the transport and shipping of copper concentrate to international markets from the ports of Port Hedland and Geraldton in Western Australia.

Unit costs

Operating costs are predominantly driven by the physical quantity of ore moved in mining and processing operations, irrespective of variations in the copper content of that ore. As a result, unit operating costs tend to vary inversely with head grade as gross operating costs spread over higher copper production.

Operating cost improvements have been achieved in underground mining and mine development operations with commencement of Burnecut as the new underground mine contractor from 1 July 2014. Recent reductions in the diesel price, as the operation's primary source of energy, are now assisting lower operating costs at the DeGrussa mine as well as in our transport and shipping activities.

The Group has provided cost guidance for the 2015 Financial Year in the range US$1.10-1.20 per pound of payable copper production (after gold and silver credits).

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. Further expenditure has been incurred on the Group's other project tenements and on a number of joint venture earn-in arrangements. For the period ended 31 December 2014 the Group's Exploration segment contributed a loss before net financing expense and income tax of $14.3 million (2013: $14.5 million). In accordance with the Group's accounting policy, exploration and evaluation expenditure is expensed as incurred.

3 Review and results of operations (continued)

3.2 Review of financial results (continued)

Depreciation and amortisation

	WDV December 2014 $ million	WDV June 2014 $ million	Depreciation and amortisation during the year $ million
Mine Development	191.3	191.0	23.6
Property, plant and equipment	215.4	205.5	17.3
Rehabilitation, restoration and dismantling	15.6	15.7	1.2
Total depreciation and amortisation			**42.1**

Net finance expense

Finance income is earned from interest on deposited funds.

Finance expenses include: $3.8 million (2013: $7.8 million) of interest incurred on the Group's finance facilities; $0.4 million (2013: $0.3 million) of periodic unwinding of the discount relating to the Group's rehabilitation obligations; and $2.0 million (2013: $nil) relating to the change in fair value of the Group's derivative financial assets.

Finance facility related expenses have reduced from the prior reporting period due to the rapid repayment of the Group's interest bearing liabilities.

Income tax expense

Income tax expense of $14.3 million for the period is based on the corporate tax rate of 30% on taxable income of the Group, adjusted for differences in tax and accounting treatments. No tax is payable in respect to the current reporting period due to the utilisation of tax losses from prior periods. Cash tax payments are expected to commence during the second half of the year ending 30 June 2015.

FINANCIAL POSITION

Net assets of the Group have increased by $17.8 million to $309.6 million during the reporting period.

Cash balance

Cash on hand was $45.8 million, including $17 million held in a Debt Service Reserve Account (DSRA) to cover the March 2015 scheduled facility repayment of $15 million plus interest costs.

Trade and other receivables

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

Inventories

Ore stockpile inventories have decreased in line with the continuation of plant feed during the period of water ingress late in the period. Finished goods (plant concentrate) have reduced back to normal operating levels following a delayed shipment from June into July 2014. Consumables are within with normal operating ranges.

Mine properties

Further investment has been made in underground mine development to establish decline and development access to the sulphide ore bodies ahead of stoping activities, with mine properties at cost increasing by $24.3 million to $384.8 million.

Property, plant and equipment

Property, plant and equipment at cost increased by $17.8 million to $309.4 million at the end of the period.

Investments accounted for using the equity method

The Group accounts for its investment in Tintina Resources Inc (Tintina: TSX.V: TAU) and WCB Resources Ltd (WCB: TSX.V: WCB) using the equity method of accounting. The increase of $11.7 million from the balance as at 30 June 2014 was mainly due to the acquisition of a 35.96% interest in Tintina, net of the Group accounting for its share of associates' net loss after tax.

Refer note 8 to the half-year financial report for details on the Group's investments in associates.

3 Review and results of operations (continued)

3.2 Review of financial results (continued)

Deferred tax assets and deferred tax liabilities

Income tax on profitable operations has resulted in the utilisation of carried forward tax losses recognised as a deferred tax asset. As a result, the Group is in a net deferred tax liability position at balance date. The Group is not required to make any income tax payments relating to the reporting period due to availability of carried forward tax losses.

Interest bearing liabilities

The Group's fully secured $390.0 million project finance facility was established in 2011 to fund the development and construction of the DeGrussa Copper Mine, including $380.0 million in project construction and working capital funding and $4.0 million for environmental bonding.

A total of $250 million has now been repaid against the original $380 million DeGrussa Project Finance Facility, with a total of $30 million repaid during the reporting period. The remaining facility balance of $130 million is disclosed as a current liability as it is fully repayable by 31 December 2015.

The Company maintains a $50 million working capital facility which can be drawn down against the value of saleable copper concentrate inventories held by the Company at the mine and ports. The facility is designed to reduce the potential cash flow impact of timing of concentrate shipments and cash receipts. The new facility follows usual financing conditions, terms and pricing and was not utilised during the reporting period.

CASH FLOWS

Operating activities

Net cash inflow from operating activities was $100.3 million for the period. Net cash flow from operating activities prior to exploration and evaluation activities was $112.8 million for the period.

Investing activities

Net cash outflow from investing activities of $64.2 million for the period includes payments for property, plant and equipment purchases ($17.2 million), mine properties ($32.1 million) and payments for the Tintina investment ($15.9 million).

Financing activities

Net cash outflow from financing activities of $47.9 million for the period includes finance facility repayments ($30.0 million), interest and other costs of finance ($3.8 million) and dividend payments ($15.0 million).

3.3 Corporate

Investment in Tintina Resources Inc

As part of its global business development strategy of securing quality growth opportunities in base metals and gold, the Group secured the opportunity to participate in the ongoing evaluation, exploration and development of one of the highest grade undeveloped copper deposits in North America after acquiring a cornerstone interest in Vancouver-based copper development company Tintina Resources ("Tintina"; TSX.V: TAU).

Sandfire acquired a 36% interest in Tintina on 15 September 2014 by subscribing for 80 million shares in a private placement at C$0.20 per share, which at the date of acquisition amounted to a $15,764,000 investment. In addition, Tintina issued Sandfire 20 million two-year Class A warrants exercisable at C$0.28 per share, 20 million three-year Class B warrants exercisable at C$0.32 per share and 40 million five-year Class C warrants exercisable at C$0.40 per share.

Sandfire is Tintina's largest shareholder (36%), alongside other strategic shareholders including Quantum Partners LP (~21%) and Electrum Strategic Metals LLC (~16%).

Mr Bruce Hooper, Sandfire's Chief Exploration & Business Development Officer, has been appointed President and Chief Executive Officer and a director of Tintina on a secondment basis and Mr Paul Hallam, Sandfire's non-executive director, has also been appointed to the Tintina Board as a non-executive director.

Funds contributed by Sandfire will be used to complete a Feasibility Study for the Black Butte Project ("Project") and to pursue project permitting, as well as to fund further exploration in the district.

The Group accounts for the investment in Tintina using the equity method of accounting. For more details refer to note 8 of the Interim Financial Report.

4 Significant events after the balance date

Dividends

Since the end of the financial period, the Board of Directors has resolved to pay an unfranked dividend of 3 cents per share, to be paid on 26 March 2015. The record date for entitlement to this dividend is 12 March 2015. The financial impact of this dividend amounting to $4,679,000 has not been recognised in the Consolidated Interim Financial Statements for the half year ended 31 December 2014 and will be recognised in subsequent Financial Statements.

Acquisition of Sipa's Thaduna Project

The Company executed an agreement with Sipa Resources Ltd (Sipa) on 24 December 2014 to acquire Sipa's Thaduna Project, including all of Sipa's legal and beneficial interest in E52/1673, E52/1674, E52/1858, E52/2356, E52/2357, and E52/2405 including the rights and benefits which Sipa is entitled to under heritage agreements and native title contracts, and all mining information which is relevant to the Tenements. The project which is located 25km east of DeGrussa, further consolidates Sandfire's control over the highly prospective Doolgunna District.

Under the terms of the Agreement, which settled on 2 February 2015, Sandfire issued Sipa 477,043 ordinary fully paid shares as partial consideration for the acquisition of the exploration tenements. The Company will also pay Sipa a 1% net smelter return ('NSR') royalty on all minerals produced and sold from the Tenements.

5 Auditor independence declaration

We have obtained the following independence declaration from our auditors, Ernst & Young.

EY
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

In relation to our review of the financial report of Sandfire Resources NL for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
25 February 2015

6 Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable and where noted ($'000)) under the option available to the Company under ASIC CO 98/0100.

Signed in accordance with a resolution of the directors:

Derek La Ferla
Non-Executive Chairman

Karl Simich
Managing Director and Chief Executive Officer

Dated at West Perth this 25th day of February 2015.

CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Note	31 Dec 2014 $000	31 Dec 2013 $000
Sales revenue	4	264,236	249,609
Realised and unrealised metal and price adjustment (losses) gains		(13,621)	1,779
Other income		4,311	-
Changes in inventories of finished goods and work in progress		(10,602)	(5,791)
Mine operations costs		(56,570)	(60,905)
Employee benefit expenses		(21,614)	(23,351)
Freight, treatment and refining expenses		(40,860)	(34,713)
Royalties expense		(12,220)	(11,867)
Exploration and evaluation expenses		(9,025)	(10,163)
Depreciation and amortisation expenses		(42,052)	(45,573)
Water ingress expenses		(7,683)	-
Share of net loss of equity accounted investments		(1,706)	-
Administrative expenses		(2,315)	(3,082)
Profit before net finance expense and income tax		**50,279**	**55,943**
Finance income		2,622	1,405
Finance expense		(8,029)	(9,595)
Net finance expense		(5,407)	(8,190)
Profit before income tax		**44,872**	**47,753**
Income tax expense	6	(14,309)	(14,249)
Net profit for the period		**30,563**	**33,504**
Earnings per share (EPS):			
Basic and diluted EPS attributable to ordinary equity holders (cents)		19.62	21.50

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

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	31 Dec 2014 $000	31 Dec 2013 $000
Net profit for the financial period	**30,563**	**33,504**
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Foreign currency translation differences – net of income taxes	1,264	-
Change in fair value of investments in equity securities – net of income tax	118	-
Other comprehensive income for the period, net of tax	1,382	-
Total comprehensive income for the period, net of tax	**31,945**	**33,504**

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

CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	31 Dec 2014 $000	30 Jun 2014 $000
ASSETS			
Cash and cash equivalents	7	45,760	57,590
Trade and other receivables		12,487	14,531
Inventories		27,865	36,501
Other current assets		1,152	2,005
Total current assets		87,264	110,627
Receivables		139	174
Inventories		11,698	11,698
Mine properties		195,272	194,894
Property, plant and equipment		227,059	227,022
Investments accounted for using the equity method	8	14,814	3,829
Other financial assets	8	4,957	2,310
Exploration and evaluation assets		3,148	3,148
Total non-current assets		457,087	443,075
TOTAL ASSETS		**544,351**	**553,702**
LIABILITIES			
Trade and other payables		33,028	45,359
Interest bearing liabilities	9	128,932	75,979
Provisions		2,891	2,672
Total current liabilities		164,851	124,010
Trade and other payables		195	763
Interest bearing liabilities	9	1,105	84,616
Provisions		23,414	21,654
Deferred tax liabilities		45,158	30,851
Total non-current liabilities		69,872	137,884
TOTAL LIABILITIES		**234,723**	**261,894**
NET ASSETS		**309,628**	**291,808**
EQUITY			
Issued capital	10	221,082	219,391
Reserves		7,648	8,109
Retained profits		80,898	64,308
TOTAL EQUITY		**309,628**	**291,808**

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Note	Issued capital $000	Share based payments reserve $000	Foreign currency translation reserve $000	Available for sale reserve $000	Retained profits $000	Total equity $000
For the six months ended 31 December 2014							
At 1 July 2014		**219,391**	**8,109**	**-**	**-**	**64,308**	**291,808**
Profit for the period		-	-	-	-	30,563	30,563
Other comprehensive income		-	-	1,264	118	-	1,382
Total comprehensive income for the period		-	-	1,264	118	30,563	31,945
Transactions with owners in their capacity as owners							
Exercise of options		1,445	-	-	-	-	1,445
Share issue costs net of income tax		(6)	-	-	-	-	(6)
Transfer from share-based payments reserve on exercise of options		252	(252)	-	-	-	-
Expiry of options		-	(1,591)	-	-	1,591	-
Dividends	11	-	-	-	-	(15,564)	(15,564)
At 31 December 2014		**221,082**	**6,266**	**1,264**	**118**	**80,898**	**309,628**

	Issued capital $000	Share based payments reserve $000	Foreign currency translation reserve $000	Available for sale reserve $000	Retained profits $000	Total equity $000
For the six months ended 31 December 2013						
At 1 July 2013	**219,391**	**6,114**	**-**	**-**	**(13,850)**	**211,655**
Profit for the period	-	-	-	-	33,504	33,504
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	33,504	33,504
Transactions with owners in their capacity as owners						
Share based payments recognised at fair value	-	1,361	-	-	-	1,361
At 31 December 2013	**219,391**	**7,475**	-	-	**19,654**	**246,520**

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

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR SIX MONTHS ENDED 31 DECEMBER 2014

	Note	31 Dec 2014 $000	31 Dec 2013 $000
Cash flows from operating activities			
Cash receipts		259,614	250,364
Cash paid to suppliers and employees		(147,644)	(122,937)
Payments for exploration and evaluation		(12,509)	(13,817)
Interest received		874	1,219
Net cash inflow from operating activities		**100,335**	**114,829**
Cash flows from investing activities			
Payments for exploration and evaluation assets		-	(3,148)
Proceeds from sale of property, plant and equipment		13	
Payments for property, plant and equipment		(17,168)	(9,907)
Payments for mine properties		(31,169)	(40,555)
Payments for investments	8	(15,931)	-
Refund of security deposits and bonds		35	-
Payments for security deposits and bonds		-	(60)
Net cash outflow from investing activities		**(64,220)**	**(53,670)**
Cash flows from financing activities			
Proceeds from the conversion of options to shares		1,445	-
Share issue costs		(8)	-
Repayment of borrowings		(30,000)	(55,000)
Repayment of finance lease liabilities		(546)	(525)
Interest and other costs of finance paid		(3,839)	(7,914)
Cash dividend paid to equity holders		(14,997)	-
Net cash outflow from financing activities		**(47,945)**	**(63,439)**
Net decrease in cash and cash equivalents		**(11,830)**	**(2,280)**
Cash and cash equivalents at the beginning of the period		57,590	77,070
Cash and cash equivalents at the end of the period	7	**45,760**	**74,790**

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

1 Corporate information

Sandfire Resources NL (the Company or Sandfire) is a for profit company domiciled and 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.

The consolidated interim financial statements of Sandfire and its subsidiaries (the Group) for the six months ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 25 February 2015.

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

Basis of preparation

The interim consolidated financial statements for the six months ended 31 December 2014 is a condensed general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

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 2014.

The annual report of the Group as at and for the year ended 30 June 2014 is available on request from the Company's registered office or at www.sandfire.com.au.

The Group's interim consolidated financial statements 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.

At balance date the Group had a net working capital deficiency of $77,587,000. Cash and cash equivalents of $45,760,000 included $17,000,000 in Debt Service Reserve account, which is restricted for future finance facility repayments. Current interest bearing liabilities include $130,000,000 of scheduled finance facility repayments up to 31 December 2015, which are forecast to be funded from continued positive operating cash flows post balance date.

The directors have considered the funding and operational status of the business in arriving at their assessment of going concern, including consideration of the following:

- Published market guidance on 2015 operating parameters, copper and gold production and operating and capital cost levels;
- Current operating performance and cash flow generation compared to expectation;
- Current market pricing for copper, gold and currency as well as the published outlook for these markets; and
- Ability to manage the timing of cash flows to meet the obligations of the business as and when due.

The directors believe that the Group will continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

Accounting policies, accounting standards and interpretations

The accounting policies applied by the Group in the preparation of the interim consolidated financial statements are consistent with those applied by the Group in the preparation of the annual consolidated financial statements for the year ended 30 June 2014, except for the adoption of new and amended standards and interpretations as of 1 July 2014.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

New standards, interpretations and amendments thereof, adopted by the Group

From 1 July 2014 the Group has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2014. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Group.

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 2014.

3 Critical accounting estimates and judgements (continued)

Investments accounted for using the equity method – Tintina Resources Inc (Tintina: TSX-V: TAU)

The Group accounts for its investment in Tintina as an equity accounted associate. The following factors have been assessed in determining that the Group has significant influence over Tintina:

- The Group's current shareholder voting rights;
- The Group's potential shareholder voting rights, in the form of warrants held as part of the investment in Tintina;
- The representation that the Group has on the Tintina Board of Directors; and
- The voting rights of other shareholders.

4 Operating segments

The Group has two operating segments as follows:

- The DeGrussa Copper Mine, 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; and
- Exploration, which 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 Project and the Group's investment in Tintina Resources Inc (Tintina) and WCB Resources Ltd (WCB).

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.

in $000	**DeGrussa Mine**	**Exploration**	**Other activities**	**Group**
Income statement for the six months ended 31 Dec 2014				
Sales revenue	264,236	-	-	264,236
Net metal and price adjustments gains (losses)	(13,621)	-	-	(13,621)
Other income	4,311	-	-	4,311
Changes in inventories of finished goods and work in progress	(10,602)	-	-	(10,602)
Mine operations costs	(56,570)	-	-	(56,570)
Employee benefit expenses	(17,033)	(3,484)	(1,097)	(21,614)
Freight, treatment and refining expenses	(40,860)	-	-	(40,860)
Royalties expense	(12,220)	-	-	(12,220)
Exploration and evaluation expenses	-	(9,025)	-	(9,025)
Depreciation and amortisation expenses	(41,836)	(97)	(119)	(42,052)
Water ingress expenses	(7,683)	-	-	(7,683)
Share of net loss of equity accounted investments	-	(1,706)	-	(1,706)
Administrative expenses	-	-	(2,315)	(2,315)
Profit (loss) before net finance and income tax	**68,122**	**(14,312)**	**(3,531)**	**50,279**
Finance income				2,622
Finance expense				(8,029)
Profit (loss) before income tax				**44,872**
Income tax expense				(14,309)
Net profit (loss) for the period				**30,563**

4 Operating segments (continued)

in $000	**DeGrussa Mine**	**Exploration**	**Other activities**	**Group**
Income statement for the six months ended 31 Dec 2013				
Sales revenue	249,609	-	-	249,609
Net metal and price adjustments gains (losses)	1,779	-	-	1,779
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)
Other expenses	-	-	(3,082)	(3,082)
Profit (loss) before net finance and income tax	**77,396**	**(14,457)**	**(6,996)**	**55,943**
Finance income				1,405
Finance expense				(9,595)
Profit (loss) before income tax				**47,753**
Income tax expense				(14,249)
Net profit (loss) for the period				**33,504**

Adjustments and eliminations

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

Segment assets

The Group does not separately disclose assets for its operating segments, as a majority of Group assets are attributable to the DeGrussa Copper Mine segment and the Group does not consider assets attributable to the exploration and other activities segments to be material.

Information about geographical areas and products

	Australia $000	**Asia $000**	**Group $000**
Revenues from external customers six months ended 31 Dec 2014			
Sales of copper in concentrate	-	238,164	238,164
Sales of gold in concentrate	-	23,647	23,647
Sales of silver in concentrate	-	2,425	2,425
Total sales revenue	-	264,236	264,236
Revenues from external customers six months ended 31 Dec 2013			
Sales of copper in concentrate	-	229,182	229,182
Sales of gold in concentrate	-	19,868	19,868
Sales of silver in concentrate	-	559	559
Total sales revenue	-	249,609	249,609

5 Information about subsidiaries

The interim consolidated financial statements of the Group include:

Name	Note	Country of incorporation	% equity interest 2014	2013
Sandfire BC Holdings (Australia) Pty Ltd	(i)	Australia	100.00	-
Sandfire BC Holdings Inc	(ii)	Canada	100.00	-
SFR Copper & Gold Peru S.A.		Peru	100.00	100.00

(i) The wholly owned subsidiary was formed and incorporated by the Company on 21 August 2014.

(ii) The wholly owned subsidiary was formed and incorporated by the Company on 28 August 2014.

Associates

The Group has a 35.96% interest in Tintina Resources Inc (2013: Nil) and a 38.38% interest in WCB Resources Ltd (2013: 38.38%). For more details refer to Note 8.

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 2014 $000	31 Dec 2013 $000
Income taxes		
Current income tax expense	12,496	18,297
Deferred income tax expense related to origination and reversal of temporary differences	2,083	(3,576)
Under (over) provision in prior periods	(270)	(472)
Income tax expense	**14,309**	**14,249**
Income tax expense (benefit) recognised in other comprehensive income	-	-
Total income tax	**14,309**	**14,249**

7 Cash and cash equivalents

	Note	31 Dec 2014 $000	30 Jun 2014 $000
Cash at bank and on hand		28,760	46,190
Debt service reserve account	(i)	17,000	11,400
		45,760	57,590

(i) Under the terms and conditions of the Group's DeGrussa Project Loan Facility (see Note 9), the Group must maintain a cash debt service reserve amount equal to or greater than the next quarter's scheduled amortisation payment and projected interest payment.

8 Investments accounted for using the equity method

	Note	31 Dec 2014 $000	30 Jun 2014 $000
Group's carrying investment value - Tintina Resources Inc	(i)	11,800	-
Group's carrying investment value - WCB Resources Ltd	(ii)	3,014	3,829
		14,814	3,829

(i) Tintina Resources Inc

The Group acquired a 35.96% interest in Tintina Resources Inc (Tintina: TSX-V: TAU), a Toronto listed copper-gold exploration company on 15 September 2014. The Group was issued 80,000,000 shares at CA$0.20 per share, for a total cost AU$15,764,000 prior to acquisition costs, as part of a private share placement.

The Group accounts for the investment in Tintina using the equity method of accounting. Sandfire's investment in Tintina reflects the Group's share of the fair value of Tintina's identifiable assets and liabilities at acquisition date, adjusted for Sandfire's share of Tintina's profit and loss and other comprehensive income.

8 Investments accounted for using the equity method (continued)

The following table illustrates the summarised financial information of the Group's investment in Tintina.

	31 Dec 2014 $000	30 Jun 2014 $000
Current assets	17,079	-
Non-current assets	16,641	-
Current liabilities	(906)	-
Equity	**32,814**	**-**
Group's carrying amount of the investment	**11,800**	
Loss for the period (continuing operations)	**1,680**	**-**
Other comprehensive income - currency translation differences	233	**-**
Total comprehensive loss for the period (continuing operations)	**1,913**	-
Group's share of total comprehensive loss for the period	**688**	**-**

The share of total comprehensive loss after income tax of $688,000 recognised during the period represents the Group's share of total comprehensive loss after tax of Tintina for the 3 month period ended 31 December 2014.

The share price of Tintina as at 31 December 2014 was CA$0.085 per share.

In addition, the Group was issued 20,000,000 two-year Class A warrants exercisable at CA$0.28 per share; 20,000,000 three-year Class B warrants exercisable at CA$0.32 per share; and 40,000,000 five-year Class C warrants exercisable at CA$0.40 per share. The fair value of the Tintina warrants held by the Group is measured at each balance date using the Black-Scholes option pricing model and is included as part of other financial assets within the Group's balance sheet. The periodic movement in the fair value of the warrants is included as part of finance expense in the Group's income statement.

(ii) WCB Resources Limited

The Group accounts for its investment in WCB Resources Ltd (WCB: TSX-V: WCB) using the equity method. WCB is a Toronto listed copper-gold explorer. The Group holds 22,222,222 shares in WCB (30 June 2014: 22,222,222 shares), which equates to an interest of 38.38% at 31 December 2014 (30 June 2014: 38.38%).

The share price of WCB as at 31 December 2014 was CA$0.25 per share (30 June 2014: CA$0.28).

The Group's share of losses after income tax of $1,102,000 recognised during the period represents the Group's share of the net loss of after tax of WCB after adjustments for capitalised exploration expenditure recognised by WCB.

Summarised financial information of WCB

The following information is based on the WCB's interim condensed consolidated financial statements for the three months ended 30 September 2014, which represents WCB's latest publicly released financial statements:

in CAD$000	Assets	Liabilities	Revenue	Net loss after tax
WCB Resources Ltd	8,829	306	30	440

In addition the Group also holds 11,111,111 warrants with an exercise price of CA$0.40 per share expiring 7 October 2015 and 11,111,111 warrants with an exercise price of CA$0.60 per share expiring 7 April 2017. The fair value of the WCB warrants held by the Group is measured at each balance date using the Black-Scholes option pricing model and is included as part of other financial assets within the Group's balance sheet. The periodic movement in the fair value of the warrants is included as part of finance expense in the Group's income statement.

	Note	31 Dec 2014 $000	30 Jun 2014 $000
9 Interest bearing liabilities			
Current interest bearing loans and borrowings			
Obligations under finance leases and hire purchase contracts		946	966
Insurance premium funding		228	1,594
Secured bank loan			
DeGrussa Project Loan Facility	(i)	130,000	75,000
Capitalised finance establishment costs (net of amortisation) offset against Project Loan Facility		(2,242)	(1,581)
Total current interest bearing loans and borrowings		128,932	75,979
Non-current interest bearing loans and borrowings			
Obligations under finance leases and hire purchase contracts		1,105	1,407
Secured bank loan			
DeGrussa Project Loan Facility	(i)	-	85,000
Capitalised finance establishment costs (net of amortisation) offset against Project Loan Facility		-	(1,791)
Total non-current interest bearing loans and borrowings		1,105	84,616
(i) DeGrussa Project Facility			
The Group has access to the following facilities:			
DeGrussa Project Loan Facility		130,000	160,000
Working Capital Facility		50,000	50,000
Bond Facility		4,025	10,000
		184,025	220,000
Facilities utilised at reporting date:			
DeGrussa Project Loan Facility		130,000	160,000
Working Capital Facility		-	-
Bond Facility		3,978	4,035
		133,978	164,035
Facilities not utilised at reporting date:			
DeGrussa Project Loan Facility		-	-
Working Capital Facility		50,000	50,000
Bond Facility		47	5,965
		50,047	55,965

DeGrussa Project Loan Facility

The Group's financing arrangements are provided under a secured loan facility with ANZ and are secured by a fixed and floating charge over the Group's assets, including the DeGrussa Project and the broader Doolgunna Project, and a mining mortgage over the Project tenements.

The facility was designed to underpin the Group's construction and development of its DeGrussa Copper Mine in Western Australia. The facility is repayable in set quarterly instalments (repayments commenced on 31 March 2013) and is to be fully repaid by 31 December 2015.

The bond facility is drawn in the form of bank guarantees to the relevant State Government Department for environmental restoration and property managers for security deposits and does not involve the provision of funds.

Working Capital Facility

The Company has also secured a $50 million working capital facility with ANZ which can be drawn down up to the value of saleable copper concentrate inventories held by the Company at the mine and ports. This facility is designed to reduce the potential cash flow impact of timing of concentrate shipments and cash receipts. This facility, which follows usual financing conditions, terms and pricing, was undrawn at 31 December 2014 and at the date of this report.

	31 Dec 2014 $000	30 Jun 2014 $000
10 Issued capital		
Issued and paid up capital	221,082	219,391

Issued ordinary shares

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Group's residual assets. Ordinary shares have no par value.

	2014 Number	2013 Number
Movement in ordinary shares on issue		
On issue at 1 July	155,640,968	155,640,968
Conversion of options to shares	310,000	-
On issue at 31 December	155,950,968	155,640,968

Posco Australia Pty Ltd (POSA)

Australian Securities Exchange (ASX) has granted the Company a waiver from listing rule 6.18 to the extent necessary to permit the Company to give POSA the right to maintain its percentage interest in the issued capital of the Company by participating in any issue of shares or subscribing for shares (the "Top-Up Right") in respect of a diluting event, subject to the following conditions:

(i) The Top-Up Right lapses if POSA's percentage holding in the Company falls below 10%;

(ii) The Top-Up Right lapses if the strategic relationship between the Company and POSA ceases or changes in such a way that it effectively ceases;

(iii) The Top-Up Right may only be transferred to an entity in the wholly owned group of POSA;

(iv) Any securities issued under the Top-Up-Right are offered to POSA for cash consideration that is no more favourable than offered to third parties; and

(v) The number of securities that may be issued to POSA under the Top-Up Right in the case of any diluting event must not be greater than the number required in order for POSA to maintain its percentage holding immediately before the diluting event.

Movement in shares under option

Options expiring on or before	Exercise Price	On issue 1 Jul 14	Issued	Exercised	Expired	On issue 31 Dec 14
27 November 2014	$4.66	310,000	-	310,000	-	-
27 November 2014	$5.44	310,000	-	-	310,000	-
27 November 2014	$6.22	310,000	-	-	310,000	-
15 June 2015	$3.80	33,333	-	-	-	33,333
15 June 2015	$4.40	133,333	-	-	-	133,333
15 June 2015	$5.00	333,335	-	-	-	333,335
28 February 2016	$9.00	1,749,995	-	-	283,332	1,466,663
28 February 2016	$10.30	1,666,665	-	-	283,333	1,383,332
28 February 2016	$11.70	1,583,340	-	-	283,335	1,300,005
15 July 2018	$7.60	565,000	-	-	-	565,000
15 July 2018	$8.80	565,000	-	-	-	565,000
15 July 2018	$10.00	565,000	-	-	-	565,000
		8,125,001	-	310,000	1,470,000	6,345,001

	Note	31 Dec 2014 $000	31 Dec 2013 $000
11 Dividends paid and proposed			
Cash dividends to the equity holders of the parent:			
Final dividend for 2014: 10 cents per share (2013: Nil)		15,564	-
Dividends on ordinary shares proposed (not recognised as a liability as at 31 December 2014)			
First dividend for 2015: 3 cents per share (2013: Nil)	(i)	4,679	-

(i) Since the end of the financial period, the Board of Directors has resolved to pay an unfranked dividend of 3 cents per share, to be paid on 26 March 2015. The record date for entitlement to this dividend is 12 March 2015. The financial impact of this dividend amounting to $4,679,000 has not been recognised in the Consolidated Interim Financial Statements for the half year ended 31 December 2014 and will be recognised in subsequent Financial Statements.

12 Financial instruments

Risk management activities

The risk management activities of the Group are consistent with those of the previous financial year unless otherwise stated.

Market risk

Commodity price risk

The Group is exposed to commodity price volatility on concentrate sales made by its DeGrussa Copper Mine that arises from sale of metal in concentrate products such as copper and gold, which are priced on, or benchmarked to, open market exchanges, specifically the London Metal Exchange (LME).

For sales based on prevailing LME metal prices, the customer makes a provisional payment to Sandfire against a provisional invoice for the contained copper and precious metal credits (for gold and silver) in the shipment. Final settlement of the payment is based on the average LME metal price over a subsequent pricing period as specified by the terms of the sales contract. The period commencing on the date of shipment to the end of the pricing period is known as the Quotational Period (QP). The QP historically reflects the average time to elapse (generally 2 to 4 months) between the date of shipment and the date of processing by the smelter at final destination. This pricing methodology is normal for the industry.

In order to reduce the exposure to fluctuations in copper price during the QP period, the Group may from time to time enter into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings, in the form of QP hedging via copper swaps to either fix the price of sales at the time of shipment or to reduce the length of the QP, therefore reducing the short and medium term exposure to the market price of metal for completed or imminent shipments.

For the six month period ended 31 December 2014, the Group utilised copper swaps to hedge its exposure to QP price risk for a portion of the Group's total copper sales, which resulted in a gain of $4,311,000 recognised and included as part of other income in the Group's consolidated interim income statement. These hedges were considered to be economic hedges, however were not designated into a hedging relationship for accounting purposes.

All derivative contracts entered into by the Group were closed as at 31 December 2014.

The Group did not use any form of derivatives to hedge its exposure to commodity price risk during the previous interim period ended 31 December 2013 or the previous financial year ended 30 June 2014.

Carrying amounts and fair values

The carrying amount of all financial assets and all financial liabilities, except for the Group's secured bank loan, recognised in the Balance Sheet approximates their fair value. The fair value of the Group's secured bank loan is represented by the face value of the liability, prior to capitalised finance establishment costs. Refer to Note 9 for more details.

12 Financial instruments (continued)

The fair value of the financial instruments as at 31 December 2014 are summarised in the table below:

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value					
Available for sale investments – listed investments		365	-	-	365
Trade receivables	(i)	-	8,928	-	8,928
Other financial assets – unquoted equity securities	(ii)	-	-	3,876	3,876
		365	8,928	3,876	13,169
Financial liabilities measured at fair value					
Trade payables	(i)	-	161	-	161

(i) Trade receivables/payables includes the embedded derivative for concentrate sale contracts that are still subject to price adjustments where the final consideration to be received/paid will be determined based on prevailing London Metals Exchange (LME) metal prices at the final settlement date. The embedded derivative for sales that are still subject to price adjustments at balance date is fair valued by estimating the final settlement price using the LME forward metals prices at balance date. The receivable/payable represents the expected proceeds to be received/expected funds to be paid, determined using the prevailing forward metal prices at reporting date.

(ii) Unquoted equity securities relate to the fair value of the Group's warrants held as part of the investment in Tintina Resources Inc and WCB Resources Ltd. Refer note 8 to the half-year financial report for more details.

The fair value of the financial instruments as at 30 June 2014 are summarised in the table below:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value				
Available-for-sale investments – listed equity securities	248	-	-	248
Trade receivables	-	11,870	-	11,870
Other financial assets - unquoted equity securities	-	-	2,062	2,062
	248	11,870	2,062	14,192

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 2014 or the comparative period ended 30 June 2014.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuation techniques of unquoted equity securities

The fair value of the Group's unquoted equity securities, represented by the warrants held by the Group as part of the investment in Tintina Resources Inc and WCB Resources Inc, are valued at each reporting date using the Black-Scholes option valuation methodology. The Black-Scholes option valuation methodology requires management to make certain assumptions about the model inputs, including risk-free rate; expected volatility; expected life; and dividend yield.

12 Financial instruments (continued)

The following table describes the significant unobservable inputs to the valuation and the impact a change in the share price volatility has on the fair value of the warrants.

As at 31 December 2014:

	Valuation technique	**Significant unobservable input**	**Percentage applied**	**Sensitivity of the input to fair value**
Other financial assets – unquoted equity securities	Black-Scholes Option Pricing Model	Volatility	90%	10% increase (decrease) in the volatility would result in increase (decrease) in fair value by $795,000

As at 30 June 2014:

	Valuation technique	**Significant unobservable input**	**Percentage applied**	**Sensitivity of the input to fair value**
Other financial assets – unquoted equity securities	Black-Scholes Option Pricing Model	Volatility	90%	10% increase (decrease) in the volatility would result in increase (decrease) in fair value by $302,000

Reconciliation of recurring fair value measurements within Level 3 of the fair value hierarchy

	Note	**$'000**
As at 1 July 2014		**2,310**
Additions		4,292
Re-measurement recognised in other comprehensive income during the period		330
Net unrealised loss recognised in income statement during the period	(i)	(1,975)
As at 31 December 2014		**4,957**

(i) The unrealised loss recognised during the period was disclosed and included as part of finance expenses.

13 Contingent liabilities and commitments

Contingent liability - DeGrussa DSO Royalty Rate

The Western Australian Department of Mines and Petroleum has advised Sandfire of its determination that a royalty rate of 7.5% applies to the Direct Shipping Ore ("DSO") sold from its DeGrussa Copper Mine.

The Company was invited to, and made, a submission to the Western Australian Minister for Mines and Petroleum to present an alternative interpretation of the Regulations. This submission was part of a process aimed at finally determining the royalty rate which should apply to the DSO.

Sandfire contends that under the Regulations, a maximum royalty rate of 5 per cent applies to the sale of copper material, applying to copper sold as concentrate. Sandfire has submitted that the royalty rate of 5 per cent apply to its DSO which it contends has been sold as concentrate. Sandfire has received legal advice in this regard. Sandfire has expensed royalties based on the 5 per cent rate.

Sandfire believes it probable that a rate of 5 per cent will ultimately be determined to be applicable consistent with its royalty expense. However, as the additional 2.5 per cent liability is considered a possible result following full and proper determination by other parties, an amount of $5.5 million exists at balance date, as a contingent liability, representing the potential additional 2.5 per cent royalty from the period from the first DSO sale, to 31 December 2014.

Contractual commitments

Posco Australia Pty Ltd (POSA)

In May 2008, the Company entered into a commercial agreement with Posco Australia Pty Ltd (POSA), whereby POSA, or POSA nominated affiliates, has the right to purchase 30% of the Company's future mineral production at fair market value excluding gold and diamond production. The rights under the commercial agreement remain for as long as POSA has at least a 10% holding of Sandfire ordinary shares and entitles POSA to a 7.5% discount on the first $100 million of purchased production.

As at 31 December 2014, POSA's remaining contractual entitlement to the 7.5% discount was $2,645,000.

14 Events subsequent to reporting date

Dividends

Since the end of the financial period, the Board of Directors has resolved to pay an unfranked dividend of 3 cents per share, to be paid on 26 March 2015. The record date for entitlement to this dividend is 12 March 2015. The financial impact of this dividend amounting to $4,679,000 has not been recognised in the Consolidated Interim Financial Statements for the half year ended 31 December 2014 and will be recognised in subsequent Financial Statements.

Acquisition of Sipa's Thaduna Project

The Company executed an agreement with Sipa Resources Ltd (Sipa) on 24 December 2014 to acquire Sipa's Thaduna Project, including all of Sipa's legal and beneficial interest in E52/1673, E52/1674, E52/1858, E52/2356, E52/2357, and E52/2405 including the rights and benefits which Sipa is entitled to under heritage agreements and native title contracts, and all mining information which is relevant to the Tenements.

The project which is located 25km east of DeGrussa, further consolidates Sandfire's control over the highly prospective Doolgunna District.

Under the terms of the Agreement, which settled on 2 February 2015, Sandfire issued Sipa 477,043 ordinary fully paid shares as partial consideration for the acquisition of the exploration tenements. The Company will also pay Sipa a 1% net smelter return ('NSR') royalty on all minerals produced and sold from the Tenements.

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

In the opinion of the directors:

(a) The financial statements and notes of Sandfire Resources NL for the half-year ended 31 December 2014 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 2014 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) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Derek La Ferla	**Karl Simich**
Non-Executive Chairman	*Managing Director and Chief Executive Officer*

Dated at West Perth this 25th day of February 2015.

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 Review Report to the Members of Sandfire Resources NL

Report on the financial report

We have reviewed the accompanying half-year financial report of Sandfire Resources NL, which comprises the consolidated interim balance sheet as at 31 December 2014, the consolidated interim income statement, the consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the 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 controls as the directors determine are 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, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at half-year and its 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 Sandfire Resources NL and the entities it controlled during the half-year, 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.

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.

Building a better working world

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sandfire Resources NL is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
Perth
25 February 2015

FD:EH:SFR:004