ASX Announcement **19 February 2019**

APPENDIX 4D
Half-year ended 31 December 2018

Results for Announcement to the Market	$'000	Up/Down	Movement
Revenue from ordinary activities	272,286	Down	1%
Profit from ordinary activities after tax attributable to members	49,547	Down	17%
Net profit for the period attributable to members	49,547	Down	17%

Dividend information	Amount per share	Franked amount per share
Interim dividend per share (cents per share)	7.0	7.0
Interim dividend dates		
Record date for determining entitlements to the final dividend	5 March 2019	
Payment date for the final dividend	19 March 2019	

Net tangible assets	2018	2017
Net tangible assets per ordinary security	$3.48	$3.00

Additional Appendix 4D disclosure requirements can be found in the Director's Report and the 31 December 2018 Financial Report. All comparisons reported above are to the half-year ended 31 December 2017.

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

For further information contact:

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

SANDFIRE RESOURCES NL
LEVEL 2, 10 KINGS PARK ROAD
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 2018

ASX Code: SFR

CONTENTS

CORPORATE INFORMATION

ABN 55 105 154 185

Directors

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

Company Secretary

Matthew Fitzgerald	*Chief Financial Officer and Company Secretary*

Registered Office and Principal Place of Business

Level 2, 10 Kings Park Road
West Perth WA 6005
Tel: +61 8 6430 3800
Fax: +61 8 6430 3849
Email: admin@sandfire.com.au
Web: www.sandfire.com.au

Share Registry

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

Auditors

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

Home Exchange

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

ASX Code

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

Competent Person's Statement – DeGrussa and Monty Resource

The information in this report that relates to the DeGrussa and Monty Mineral Resource is based on information compiled by Mr Callum Browne who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Browne is a permanent employee of Sandfire Resources NL and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserve. Mr Browne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement – DeGrussa and Monty Ore Reserve

The information in this report that relates to Ore Reserves is based on information compiled by Mr Neil Hastings who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hastings is a permanent employee of Sandfire Resources NL and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hastings consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement – Black Butte Resource

The information in this report that relates to Black Butte Mineral Resource is based on information compiled by Mr Michael J. Lechner who is a Registered Member of SME, a CPG with AIPG, a RPG in Arizona, and a P. Geo. In British Columbia. Mr Lechner is an independent consultant and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Lechner consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement – Exploration Results Doolgunna

The information in this report that relates to Exploration Results at Doolgunna is based on information compiled by Mr Shannan Bamforth who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Bamforth is a permanent employee of Sandfire Resources NL and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bamforth consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration and Resource Targets

Any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. While Sandfire Resources NL is confident that it will report additional JORC compliant resources for the DeGrussa Project, there has been insufficient exploration to define mineral resources in addition to the current JORC compliant Mineral Resource inventory and it is uncertain if further exploration will result in the determination of additional JORC compliant Mineral Resources.

Forward-Looking Statements

Certain statements made within this report contain or comprise 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 conditions as well as general market outlook. Although Sandfire believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statements and no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Except for statutory liability which cannot be excluded, each of Sandfire, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this statement and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this statement or any error or omission. Sandfire undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly you should not place undue reliance on any forward-looking statement.

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 2018 and the independent auditor's review report thereon.

Directors

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

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

Dividends

Subsequent to the end of the financial period, the Board of Directors have resolved to pay a fully franked dividend of 7 cents per share, to be paid on 19 March 2019. The record date for entitlement to this dividend is 5 March 2019. The financial impact of this dividend amounting to $11,169,000 has not been recognised in the Financial Statements for the half-year ended 31 December 2018 and will be recognised in subsequent Financial Statements.

Details in relation to dividends announced or paid since 1 July 2018, other than as above, are set out below.

Record date	Date of payment	Period	Amount per share	Franked amount per share	Total dividends $000
11 September 2018	25 September 2018	2018 FY Final	19	19	30,317

Operational and financial review

The principal activities of the consolidated Group during the six months ended 31 December 2018 were:

- Production and sale of copper, gold and silver from the Group's DeGrussa Copper-Gold Mine in Western Australia;
- Development of Monty Copper-Gold Mine and further development of Sandfire Resources America Inc.'s high-grade Black Butte Copper Project; and
- Exploration, evaluation and development of mineral tenements and projects in Australia and overseas, including investment in early stage mineral exploration companies.

Review of results

- Net profit after tax of $48.3 million;
- Profit before net finance income, income tax expense and depreciation and amortisation of $132.1 million;
- Operating cash flow of $97.5 million;
- Net assets of $556.0 million, with cash of $179.0 million as at 31 December 2018;
- Total Recordable Injury Frequency Rate (TRIFR) of 7.3 as at 31 December 2018;
- Copper production of 34,813 contained tonnes and gold production of 21,567 contained ounces.

Operational and financial review (continued)

DeGrussa Copper Project, Western Australia (WA)

The DeGrussa Copper Project is located within Sandfire's 100%-owned Doolgunna Project, a 400 square kilometre tenement package in Western Australia'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-Gold Mine (see Figure 1).

Figure 1: Map of Australia displaying the location of the DeGrussa Copper-Gold Mine.

DeGrussa Operations

Overview

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

HY 2019 Production Statistics		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined DeGrussa	761,878	4.8	1.9	36,601	47,492
	Milled	793,553	4.8	1.9	37,752	48,061
	Production	**143,969**	**24.2**	**4.7**	**34,813**	**21,567**
	Concentrate sales	136,183	24.0	4.7	32,715	20,721

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

Underground Mining Degrussa

Production was sourced from all of the DeGrussa ore lenses during the period with the mine remaining in balance between production and backfill.

Underground Mining Monty

First development ore was produced during the half-year as planned with stoping ore scheduled from March 2019.

Processing

Mill throughput for the half-year was slightly lower than planned but was offset with higher than expected feed grade which drove higher than planned concentrate tonnage.

The new concentrate thickener and filter have performed to expectations and have been stress-tested at higher feed grades ahead of the introduction of high-grade ore from the new Monty Copper-Gold Mine.

Production Guidance

Targeted copper production for FY2019 remains unchanged, with copper production expected to be at the upper end of the guidance range of 63,000-67,000 tonnes of contained copper metal and gold production at the upper end of the guidance range of 37,000-40,000 ounces. Guidance for headline C1 cash operating costs has been lowered to ~US$0.90-0.95/lb.

Sales & Marketing

A total of 136,183 tonnes of concentrate was sold during the half-year ended 31 December 2018 containing 32,715 tonnes of copper and 20,721 ounces of gold. Thirteen shipments were completed from Port Hedland and Geraldton.

Operational and financial review (continued)

DeGrussa Solar Facility

The solar farm has been actively producing into the DeGrussa electrical network, providing on average 20.0 per cent of the overall power usage for the half-year.

DeGrussa Oxide Copper Project

The column test work planned for the DeGrussa Oxide Copper Project has been completed with the report due from the laboratory for full analysis. The ore sorting pilot testing is complete and laboratory testing to determine the initial acid demand have been completed so that suitable bottle roll tests can commence.

Development Projects

Monty Copper-Gold Project

The Monty Copper-Gold Mine, located 10km east of the DeGrussa Copper-Gold Mine, is currently under development with commercial production expected to commence in February 2019. The 100% owned mine was previously held 70% by Sandfire through the Springfield Mining Joint Venture with Talisman Mining Ltd (ASX: TLM; "Talisman").

The underground mining contractor, Byrnecut Australia Pty Ltd, continues to progress underground development activities at Monty and, at the end of the half-year the underground decline had advanced to 1,957 metres, compared to a corresponding budget of 2,099 metres.

First ore was intersected on the 5370 Level in December, in line with budget and forecast. Total ore production was 4,858 tonnes at 2.66% Cu. The lower grade is mainly attributed to ore development occurring along areas of weaker mineralisation in the upper levels of the mine (Level 5390 and 5370), which had been identified during grade control drilling. An additional 2,106 tonnes at 1.09% Cu was mined as mineralised waste.

Development of the second and third diamond drill drives was completed during the period, with rigs now operating from all three drives. First stoping ore is scheduled to be mined during the March 2019 Quarter.

Black Butte Copper Project, USA (Sandfire: 86%)

Sandfire holds an 86% interest, via North American-listed company Sandfire Resources America Inc. (formerly Tintina Resources Inc.) (SFR.V: SFR) in the premier, high-grade Black Butte Copper Project (Project), located in central Montana in the United States.

The Project, which is being permitted by Tintina Montana Inc. (Tintina), a 100%-owned subsidiary of Sandfire America, is located close to existing road, power and rail infrastructure, with the ability to access a residential workforce located nearby and competitive sources of materials and power. Located on private ranch land, the Project copper resource consists of three flat-lying sedimentary hosted copper deposits which have been extensively drilled by Tintina (over 53,000m of diamond drilling).

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

The PEA confirmed that the deposit has the potential to underpin a robust underground mining operation with forecast life-of-mine production of ~30,000tpa of copper-in-concentrate over a mine life of ~11 years.

Permitting Progress

Permitting of the Black Butte Project continued during the Quarter following a slight delay to the process which has arisen due to the Project being the first new copper mine in Montana required to meet a new State-wide numeric standard for nitrogen during the growing season.

By working with the MT Department of Environmental Quality (MT DEQ) to meet these new requirements of the accompanying Montana Pollution Discharge Elimination System (MPDES) permit, the Company has chosen to enhance its project design to include a treated water reservoir. This enables it to meet these strict Montana non-degradation standards year-round. This work has resulted in a minor delay due to the time needed to add additional information to the Environmental Impact Statement (EIS) for review. The schedule for completing the draft EIS has now been extended to the March 2019 Quarter. The issuance of the Draft EIS will be followed by a public comment period.

Operational and financial review (continued)

Feasibility Study (FS)

Kick-off meetings for the Black Butte Feasibility Study, which is being led by GR Engineering took place in White Sulphur Springs, Montana on November 5th and 6th. Under GR Engineering's lead, Mining Plus Pty Ltd will prepare the Mineral Reserve Statement and SRK Consulting will prepare the Mineral Resource Statement.

The Feasibility Study is scheduled for completion mid calendar year 2019. In order to augment the Feasibility Study, the Company commenced a drilling program in the last week of October 2018 to collect additional data required for resource verification and geotechnical data.

Greater Doolgunna Project, Western Australia (WA)

The Greater Doolgunna Project, which includes 100% Sandfire tenure, Joint Venture and Farm in projects, covers an aggregate contiguous exploration area of 6,588km2 (Figure 1). This includes over 90km of strike extent in host VMS lithologies. Much of this stratigraphy is obscured beneath transported cover and requires systematic AC drilling to test the bedrock geochemistry and identify prospective areas.

Details of these projects can be found on Company's website www.sandfire.com.au and in the Company's December 2018 Quarterly Report ASX announcement, dated 30 January 2019.

Australian Exploration

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

Details of these projects can be found on Company's website www.sandfire.com.au and in the Company's December 2018 Quarterly Report ASX announcement, dated 30 January 2019.

Corporate

Acquisition of Talisman Mining Ltd's 30% interest in the Springfield Joint Ventures

As announced on the 12 October 2018 Sandfire completed the acquisition of the 30% interest in the Springfield Exploration and Mining Joint Ventures (Springfield Project) held by Talisman Mining Limited (ASX: TLM), through the acquisition of Talisman's subsidiary, Talisman A Pty Ltd.

The purchase price comprises $72.3 million for Talisman A Pty Ltd, on a debt-free and cash-free basis and an ongoing 1% Net Smelter Return (NSR) royalty payable to Talisman on any future discoveries within the Springfield Joint Venture areas (NSR Royalty). Sandfire was also be required to pay stamp duty and other transaction costs in relation to the Transaction.

Through its acquisition of Talisman A Pty Ltd, Sandfire also assumed the existing 2.25% gross revenue royalty held by Taurus Mining Finance Fund payable on 30% of the copper and gold produced from the Monty deposit area, capped at 29,700t of copper and 16,500oz of gold (based on a 30% revenue share).

Increased ownership in Sandfire Resources America Inc.

In October 2018, the Group increased its ownership stake in its subsidiary Sandfire Resources America Inc. ("Sandfire America"; TSX-V: SFR) from 78.06% to 85.66% by way of participation in the Sandfire America rights issue. The total consideration was C$18,460,883 (A$20,082,036).

Management

No significant changes in management occurred during the six months ended 31 December 2018.

Operational and financial review (continued)

Financial review

6 months ended 31 December 2018	DeGrussa Copper-Gold Mine $000	Other * $000	Group $ million
Sales revenue	272,286	-	272,286
Profit (loss) before net finance income and income tax expense	101,678	(31,534)	70,144
Profit before income tax expense			73,141
Net profit			48,329
Net profit attributable to the equity holders of the parent			49,547
Basic and diluted earnings per share			31.1 cents

* Includes the Exploration & Evaluation segment and Other Activities as detailed in Note 4 to the consolidated Financial Statements.

The DeGrussa Copper-Gold Mine contributed profit before net finance and income tax of $101.7 million (2017: $105.4 million) from underground mining and concentrator operations. Other includes the Exploration and Evaluation segment and the Group's corporate expenses that cannot be directly attributed to the Group's operating segments, and contributed a loss before net finance and income tax of $31.5 million (2017: loss of $21.2 million).

Sales revenue

Revenue	31 Dec 2018 $000	31 Dec 2017 $000
Value of metal payable sold	303,514	280,934
Treatment and refining charges	(19,675)	(18,766)
Revenue from contracts with customers	**283,839**	**262,168**
Realised and unrealised price adjustment gain / (loss)	(11,553)	15,266
Total Revenue	**272,286**	**277,434**

Revenue from contracts with customers	31 Dec 2018 $000	31 Dec 2018 %
Revenue from sales of copper in concentrate	248,752	87.7%
Revenue from sales of gold in concentrate	32,134	11.3%
Revenue from sales of silver in concentrate	2,953	1.0%
	283,839	**100.0%**

A total of 13 shipments were completed from Port Headland and Geraldton during the period. Realised and unrealised priced adjustment losses of $11.6 million were recorded for the period as a result of a net decrease in commodity prices during quotational sales periods (QP).

Operations costs

DeGrussa Copper–Gold Mine	31 Dec 2018 $000	31 Dec 2017 $000
Mine operations costs	65,525	62,176
Employee benefit expenses	13,382	13,253
Freight	22,790	19,185
Changes in inventories of finished goods and work in progress	(6,268)	(3,685)
	95,429	**90,929**

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).

Operational and financial review (continued)

Exploration and evaluation

For the period ended 31 December 2018, the Group's Exploration and Evaluation segment contributed a loss before net financing expense and income tax of $24.2 million (2017: $15.1 million). In accordance with the Group's accounting policy, exploration and evaluation expenditure for areas of interest not yet considered to be commercially viable is expensed as incurred.

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

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

Depreciation and amortisation

	Carrying Value December 2018 $000	Carrying Value June 2018 $000	Depreciation and amortisation during the period $000
Mine development	243,807	166,581	41,741
Plant and equipment, including assets under construction	150,175	164,038	20,175
Total depreciation and amortisation	393,982	330,619	**61,916**

Sandfire Resources America Inc.

Sandfire Resources America Inc. contributed $6.5 million (2017: $2.0 million) in losses to the Group's result for the six month period ended 31 December 2018. $5.3 million (2017: $1.6 million) of these losses are attributable to the members of the parent entity.

Income tax expense

Income tax expense of $24.8 million for the period consists of current and deferred tax expense and is based on the corporate tax rate of 30% on taxable income of the Group, adjusted for temporary differences between tax and accounting treatments. Cash tax payments during the period amounted to $50.9 million. As at 31 December 2018, the Group had $10.7 million current tax payable with respect to the 2019 financial year.

Financial Position

Net assets of the Group have increased by $23.9 million to $556.0 million during the reporting period.

Cash balance

Group cash on hand was $179.0 million as at 31 December 2018 (the Company $164.7 million).

Trade and other receivables

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

Financial investments

Financial investments represents the Group's investments in various early stage mining and exploration companies. The fair value of the investments as at 31 December 2018 was $13.1 million.

Property, plant and equipment, including mine properties

The Group acquired the remaining 30% interest in the Monty Copper-Gold Mine during the period for $72.3 million plus transaction costs. As at 31 December the total mine development for the Monty Copper-Gold Mine is $137.9 million.

Company invested a further $16.7 million in underground mine development activities during the period at the DeGrussa Copper-Gold Mine, to gain further access to the sulphide ore bodies ahead of future stoping activities.

The carrying value of Plant and equipment, including assets under construction have decreased by $13.9 million to $150.2 million at the end of the period.

Current and deferred tax liabilities

Taxable profit on operations during the period exceeded the tax instalments resulting in the Group booking a current income tax liability of $10.7 million at period end. In addition, the Group has booked a net deferred tax liability position of $26.2 million at balance date, which predominantly relates to the differing tax depreciation and amortisation rates of mining assets and equipment compared to accounting rates.

Operational and financial review (continued)

Cash Flows

Operating activities

Net cash inflow from operating activities was $97.5 million for the period. Net cash flow from operating activities prior to exploration and evaluation activities was $121.9 million for the period.

Investing activities

Net cash outflow from investing activities was $132.4 million for the period. This included payments for mine development and mine properties of $123.5 million which includes the acquisition of the Monty Copper-Gold Mine and payments for Property, plant and equipment purchases, including assets under construction of $5.2 million.

Financing activities

Net cash outflow from financing activities of $28.7 million for the period includes dividend payments of $30.3 million.

Significant events after the balance date

Dividends

Subsequent to period end, the Directors of the Company announced an interim fully franked dividend of 7 cents per share. The total amount of the dividend of $11,169,000 has not been provided for in the 31 December 2018 Financial Statements.

Rounding

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

Signed in accordance with a resolution of the Directors.

Derek La Ferla
Non-Executive Chairman

Karl Simich
Managing Director and Chief Executive Officer

West Perth, 18 February 2019

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

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

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

As lead auditor for the review of Sandfire Resources NL for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

F Drummond
Partner
18 February 2019

FD:FS:SFR:063

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Note	31 Dec 2018 $000	31 Dec 2017 $000 Restated (Note 2)
Revenue	5	272,286	277,434
Other income		77	777
Changes in inventories of finished goods and work in progress		6,268	3,685
Mine operations costs		(65,525)	(62,176)
Employee benefit expenses		(19,724)	(21,445)
Freight		(22,790)	(19,185)
Royalties expense		(13,659)	(14,518)
Exploration and evaluation expenses		(21,157)	(11,492)
Depreciation and amortisation expenses		(61,916)	(65,929)
Administrative expenses		(3,716)	(2,958)
Profit before net finance income and income tax expense		**70,144**	**84,193**
Finance income		4,311	1,983
Finance expense		(1,314)	(760)
Net finance income		2,997	1,223
Profit before income tax expense		**73,141**	**85,416**
Income tax expense	6	(24,812)	(25,906)
Net profit for the period		**48,329**	**59,510**
Attributable to:			
Equity holders of the parent		49,547	59,955
Non-controlling interests		(1,218)	(445)
		48,329	**59,510**
Earnings per share (EPS):			
Basic and diluted EPS attributable to ordinary equity holders of the parent (cents)		31.1	37.7

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	31 Dec 2018 $000	31 Dec 2017 $000 Restated (Note 2)
Net profit for the financial period	**48,329**	**59,510**
Other comprehensive income		
Items to be be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations, net of tax	(591)	(919)
Items not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of equity investments carried at fair value through other comprehensive income, net of tax	(838)	26
Other comprehensive income for the period, net of tax	(1,429)	(893)
Total comprehensive income for the period, net of tax	**46,900**	**58,617**
Attributable to:		
Equity holders of the parent	48,112	59,312
Non-controlling interests	(1,212)	(695)
	46,900	**58,617**

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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	31 Dec 2018 $000	30 Jun 2018 $000
ASSETS		
Cash and cash equivalents	179,022	243,367
Trade and other receivables	13,854	13,773
Inventories	40,473	33,961
Other current assets	1,273	2,680
Total current assets	**234,622**	**293,781**
Receivables	475	465
Inventories	11,698	11,698
Exploration and evaluation assets	24,940	24,410
Property, plant and equipment	393,982	330,619
Financial investments	13,063	9,925
Total non-current assets	**444,158**	**377,117**
TOTAL ASSETS	**678,780**	**670,898**
LIABILITIES		
Trade and other payables	49,397	39,898
Interest bearing liabilities	445	1,611
Income tax payable	10,745	31,203
Provisions	4,258	4,255
Total current liabilities	**64,845**	**76,967**
Trade and other payables	2,642	-
Interest bearing liabilities	291	239
Provisions	28,802	29,467
Deferred tax liabilities	26,186	32,174
Total non-current liabilities	**57,921**	**61,880**
TOTAL LIABILITIES	**122,766**	**138,847**
NET ASSETS	**556,014**	**532,051**
EQUITY		
Issued capital	242,535	235,415
Reserves	(2,756)	543
Retained profits	312,188	292,958
Equity attributable to equity holders of the parent	**551,967**	**528,916**
Non-controlling interest	4,047	3,135
TOTAL EQUITY	**556,014**	**532,051**

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

	Note	Issued capital $000	Foreign currency translation reserve $000	Other reserves* $000	Retained profits $000	Total $000	Non-controlling interests $000	Total equity $000
At 1 July 2018		**235,415**	**325**	**218**	**292,958**	**528,916**	**3,135**	**532,051**
Profit for the period		-	-	-	49,547	49,547	(1,218)	48,329
Other comprehensive income		-	(597)	(838)	-	(1,435)	6	(1,429)
Total comprehensive income for the period		**-**	**(597)**	**(838)**	**49,547**	**48,112**	**(1,212)**	**46,900**
Transactions with owners in their capacity as owners:								
Issue of shares, net of transaction costs and tax		1,000	-	-	-	1,000	-	1,000
Issue of shares under employee LTIP		6,120	-	(877)	-	5,243	-	5,243
Share based payments		-	-	779	-	779	(12)	767
Dividends	7	-	-	-	(30,317)	(30,317)	-	(30,317)
Rights issue in controlled entity		-	-	(1,766)	-	(1,766)	2,136	370
At 31 December 2018		**242,535**	**(272)**	**(2,484)**	**312,188**	**551,967**	**4,047**	**556,014**

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

	Issued capital $000	Foreign currency translation reserve $000	Other reserves* $000	Retained profits $000	Total $000	Non-controlling interests $000	Total equity $000
At 1 July 2017	**230,733**	**28**	**2,910**	**203,110**	**436,781**	**5,069**	**441,850**
Profit for the period	-	-	-	59,955	59,955	(445)	59,510
Other comprehensive income	-	(669)	26	-	(643)	(250)	(893)
Total comprehensive income for the period	**-**	**(669)**	**26**	**59,955**	**59,312**	**(695)**	**58,617**
Transactions with owners in their capacity as owners:							
Issue of shares, net of transaction costs and tax	462	-	(547)	-	(85)	(23)	(108)
Share based payments	-	-	492	-	492	13	505
Dividends	-	-	-	(20,537)	(20,537)	-	(20,537)
Acquisition of shares in controlled entity	-	-	(5,193)	-	(5,193)	(2,057)	(7,250)
Rights issue in controlled entity	-	-	-	-	-	2,405	2,405
At 31 December 2017	**231,195**	**(641)**	**(2,312)**	**242,528**	**470,770**	**4,712**	**475,482**

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

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

	31 Dec 2018 $000	31 Dec 2017 $000 Restated (Note 2)
Cash flows from operating activities		
Cash receipts	274,973	278,796
Cash paid to suppliers and employees	(104,681)	(118,291)
Income tax paid	(50,890)	(39,214)
Payments for exploration and evaluation	(24,392)	(16,119)
Interest received	2,504	1,162
Net cash inflow from operating activities	**97,514**	**106,334**
Cash flows from investing activities		
Payments for exploration and evaluation assets	(393)	-
Proceeds from sale of property, plant and equipment	108	100
Payments for property, plant and equipment, including assets under construction	(5,242)	(20,953)
Payments for mine properties	(123,527)	(22,302)
Payments for investments	(3,328)	(7,123)
Refund of security deposits and bonds	10	10
Net cash outflow from investing activities	**(132,372)**	**(50,268)**
Cash flows from financing activities		
Proceeds from issue of shares	1,436	-
Net proceeds from rights issue in subsidiary	433	2,405
Share issue costs	(109)	(108)
Repayment of finance lease liabilities	(49)	(109)
Interest and other costs of finance paid	(94)	(46)
Cash dividend paid to equity holders	(30,317)	(20,483)
Net cash outflow from financing activities	**(28,700)**	**(18,341)**
Net (decrease) increase in cash and cash equivalents	**(63,558)**	**37,725**
Net foreign exchange differences	(787)	(46)
Cash and cash equivalents at the beginning of the period	243,367	126,743
Cash and cash equivalents at the end of the period	**179,022**	**164,422**

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

1 Corporate information

Sandfire Resources NL is a for profit company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX). The nature of the operations and principal activities of the Company are described in the Directors' report. Information on the Group's structure is provided in Note 3.

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

The interim consolidated financial statements of the Group for the six months ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 18 February 2019.

The interim consolidated financial statements for the six months ended 31 December 2018 are general purpose condensed financial statements prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001* and have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2018 and considered together with any public announcements made by Sandfire Resources NL during the half-year ended 31 December 2018. The annual report of the Group as at and for the year ended 30 June 2018 is available at www.sandfire.com.au.

Except for the impact of adopting *AASB 9 Financial Instruments* (AASB 9) and *AASB 15 Revenue from Contracts with Customers* (AASB 15) from 1 July 2018, the accounting policies adopted are consistent with those applied by the Group in the preparation of the annual consolidated financial statements for the year ended 30 June 2018. The nature and effect of adopting these standards are disclosed below.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of *AASB 9*

AASB 9 replaces *AASB 139 Financial Instructions: Recognition and Measurement* (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018. There were no material impacts on the comparative balances other than a change in classification. There was no impact on hedging as the Group does not currently apply hedge accounting. The effects of adopting AASB 9 are set out below:

(a) Classification and measurement

Under AASB 9, there is a change in the classification and measurement requirements relating to financial assets. Previously, there were four categories of financial assets: loans and receivables, fair value through profit or loss, held to maturity and available for sale. Under AASB 9, financial assets are either classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income.

For debt instruments, the classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. A financial asset can only be measured at amortised cost if both these tests are satisfied.

The assessment of the Group's business model was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are SPPI was made based on the facts and circumstances as at the initial recognition of the assets.

Financial assets

The Group continued measuring at fair value all financial assets previously held at fair value under AASB 139. The following summarises the impact of AASB 9 on the classification of the Group's financial assets:

- Term deposits and receivables (not subject to QP pricing) were previously classified as Loans and Receivables. These financial assets were assessed as being held to collect contractual cash flows and give rise to cash flows representing SPPI. Accordingly, these instruments are now classified and measured as financial assets at amortised cost.
- Trade receivables subject to QP pricing will continue to be recognised at fair value through profit and loss (FVTPL) as the exposure of the trade receivable to future commodity price movements will cause the trade receivable to fail the SPPI test.
- Equity investments were previously classified as available for sale assets. Under AASB 9, these were assessed as being equity instruments at FVOCI, as the group intends to hold these for the foreseeable future and which the Group has irrevocably elected to classify upon initial recognition or transition. The Group has also classified its unquoted equity instruments as equity instruments at FVOCI.

The changes in classification noted above had no impact on the measurement of financial assets on adoption of AASB 9.

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

Adoption of *AASB 9 (continued)*

Financial liabilities

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

(b) Impairment

The adoption of AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Group to recognise an allowance for ECL's for all debt instruments not held at fair value through profit or loss and contract assets in the scope of IFRS 15.

The Group has reviewed and assessed the existing financial assets for impairment and the change to a forward-looking ECL approach did not have any material impact on the amounts recognised in the financial statements. The Group's term deposits which are included within cash and cash equivalents were assessed as having a low probability of default as they are held with financial institutions with high credit ratings and the Group's receivables (not subject to provisional pricing) which are measured at amortised cost, are short term and the Group has strong risk management policies in place to reduce any exposure.

Adoption of AASB 15

AASB 15 and its related amendments supersede *AASB 111 Construction Contracts, AASB 118 Revenue* (AASB 118) and related Interpretations. It applies to all revenue arising from contracts with its customers and became effective for annual periods beginning on or after 1 January 2018. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. It requires revenue to be recognised when control of a good or service transfers to a customer at an amount that reflects the consideration to which any entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specified the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard required enhanced and extensive disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group adopted AASB 15 using the full retrospective method of adoption and, therefore, has restated its comparative information. The Group applied the practical expedient to not disclose the effect of the transition to AASB 15 on the current period. It did not apply any of the other available optional transition practical expedients. The effect of adopting AASB 15 is set out below.

(a) Sale of metal in concentrate

There were no changes identified with respect to the timing of revenue recognition in relation to the sale of metal in concentrate, as control transfers to customers at the date of shipment, which is consistent with the point in time when risks and rewards passed under AASB 118.

There has been a change in the measurement of the transaction price under the customer contract. In accordance with AASB 15 the transaction price is net of the customer's treatment and refining charges. Revenue was previously accounted for on a gross basis and the treatment and refining charges included in operational costs. The change in the transaction price determined under AASB 15 has resulted in a reclassification adjustment in the comparative Consolidated Income Statement and the Consolidated Statement of Cash Flows for the period ended 31 December 2017. It did not have an impact on the reported net profit for the period ended 31 December 2017 or retained earnings at 1 July 2017.

Under the sales contracts, adjustments are made to the transaction price for variations in assay and weight between the time of dispatch of the concentrate and time of final settlement. In accordance with AASB 15, the Group estimates the amount of variable consideration receivable using the expected value approach based on initial assays. Management consider that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur due to a variation in assay and weight. Accordingly, AASB 15 did not have a material impact on the initial measurement of the transaction price under the contract.

The Group's sales of metal in concentrate to customers contain terms which allow for price adjustments based on the market price at the end of a QP stipulated in the contract. Under AASB 118, revenue was initially recognised for these arrangements at the date of shipment (which was when the risks and rewards passed) and was based on the estimated forward price that the entity expected to receive at the end of the QP, determined at the date of shipment. Subsequent changes in the fair value of the trade receivable were recognised in the Consolidated Income statement each period until the end of the QP and were presented as part of revenue.

Under AASB 15, the accounting for this other revenue remains unchanged.

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

Adoption of AASB 15 *(continued)*

There has been a change in the amount of revenue recognised for concentrate sales sold under CIF/CFR Incoterms where the Group provides shipping services. This is because these services are now considered to represent separate performance obligations which are satisfied at a different point in time from the sale of metal in concentrate. Therefore, some of the transaction price that was previously allocated to the metal in concentrate under AASB 118 is now required to be allocated to shipping services under AASB 15. The change in the allocation of the transaction price to concentrate sales under AASB 15 has not had a material impact on the reported profit for the period ended 31 December 2017 or retained earnings at 1 July 2017.

(b) Shipping services

As noted above the Group's metal in concentrate sales are generally sold under CIF Incoterms, whereby the Group is responsible for providing shipping services after the date that it transfers control of the metal in concentrate to the customer. Under AASB 118, freight/shipping services were not accounted for as separate services. Instead, all of the revenue relating to the sale was recognised at the date of loading and presented as metal in concentrate revenue. Under AASB 15, it has been concluded that the provision of these services represents separate performance obligations as the Group acts as principal with revenue recognised overtime as services are transferred to the customer. As noted above, the change in the allocation of the transaction price between concentrate sales and shipping under AASB 15 has not had a material impact on the reported profit for the period ended 31 December 2017 or retained earnings at 1 July 2017. Disaggregated revenue disclosures for the periods ended 31 December 2017 and 2018 are provided at Note 5.

The impact on the comparative Consolidated Income Statement and Consolidated Statement of Cashflows from the reclassification adjustment in relation to treatment and refining charges on adoption of AASB 15 is disclosed below.

Income Statement for the six months ended 31 Dec 2017 (extract)	**Original $000**	**Reclassification $000**	**Restated $000**
Revenue	296,200	(18,766)	277,434
Freight, treatment and refining expenses	(37,951)	18,766	(19,185)
Profit (loss) before net finance and income tax expense	**84,193**	**-**	**84,193**
Net profit for the period after tax	**59,510**	**-**	**59,510**

Statement of cashflows for the six months ended 31 Dec 2017 (extract)	**Original $000**	**Reclassification $000**	**Restated $000**
Cash flows from operating activities			
Cash receipts	294,068	(15,272)	278,796
Cash paid to suppliers and employees	(133,563)	15,272	(118,291)
Net cash inflow from operating activities	**106,334**	**-**	**106,334**

The adoption of AASB 15 has no impact on the consolidated balance sheet as at 30 June 2018 or 31 December 2017.

3 Information relating to subsidiaries

The interim consolidated financial statements of the Group include:

Name	Note	Country of incorporation	% equity interest		
			31 Dec 2018	30 June 2018	31 Dec 2017
Sandfire Resources America Inc.	(i)	Canada	85.66	78.06	78.06
Sandfire BC Holdings (Australia) Pty Ltd		Australia	100.00	100.00	100.00
Sandfire BC Holdings Inc.		Canada	100.00	100.00	100.00
SFR Copper & Gold Peru S.A.		Peru	100.00	100.00	100.00
Sandfire A Pty Ltd	(ii)	Australia	100.00	0.00	0.00

(i) In October 2018, the Group increased its ownership stake in its subsidiary Sandfire Resources America Inc. ("Sandfire America"; TSX-V: SFR) from 78.06% to 85.66% by way of participation in the Sandfire America rights issue. The total consideration was C$18,460,883 (A$20,082,036).

(ii) Sandfire A Pty Ltd (previously Talisman A Pty Ltd) was acquired as part of the acquisition of the remaining 30% interest in the Springfield Joint Ventures. The entity was renamed to Sandfire A Pty Ltd after acquisition. See Note 9 for further details.

4 Segment information

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

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

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

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

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

4 Segment information (continued)

Segment results

Income statement for the six months ended 31 Dec 2018	DeGrussa Mine $000	Exploration & evaluation $000	Other activities $000	Group $000
Revenue	272,286	-	-	272,286
Other income	77	-	-	77
Changes in inventories of finished goods and work in progress	6,268	-	-	6,268
Mine operations costs	(65,525)	-	-	(65,525)
Employee benefit expenses	(13,382)	(2,836)	(3,506)	(19,724)
Freight	(22,790)	-	-	(22,790)
Royalties expense	(13,659)	-	-	(13,659)
Exploration and evaluation expenses	-	(21,157)	-	(21,157)
Depreciation and amortisation expenses	(61,597)	(206)	(113)	(61,916)
Administrative expenses	-	-	(3,716)	(3,716)
Profit (loss) before net finance and income tax expense	**101,678**	**(24,199)**	**(7,335)**	**70,144**
Finance income				4,311
Finance expense				(1,314)
Profit before income tax expense				**73,141**
Income tax expense				(24,812)
Net profit for the period				**48,329**

Income statement for the six months ended 31 Dec 2017	DeGrussa Mine $000	Exploration & evaluation $000	Other activities $000	Group $000
Revenue	277,434	-	-	277,434
Other income	(813)	1,590[A]	-	777
Changes in inventories of finished goods and work in progress	3,685	-	-	3,685
Mine operations costs	(62,176)	-	-	(62,176)
Employee benefit expenses	(13,253)	(5,085)	(3,107)	(21,445)
Freight	(19,185)	-	-	(19,185)
Royalties expense	(14,518)	-	-	(14,518)
Exploration and evaluation expenses	-	(11,492)	-	(11,492)
Depreciation and amortisation expenses	(65,734)	(119)	(76)	(65,929)
Administrative expenses	-	-	(2,958)	(2,958)
Profit (loss) before net finance and income tax expense	**105,440**	**(15,106)**	**(6,141)**	**84,193**
Finance income				1,983
Finance expense				(760)
Profit before income tax expense				**85,416**
Income tax expense				(25,906)
Net profit for the period				**59,510**

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

Adjustments and eliminations

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

5 Sales revenue

	31 Dec 2018 $000	31 Dec 2017 $000
Revenue from sale of concentrate	278,323	257,773
Revenue from shipping services	5,516	4,395
Revenue from contracts with customers	**283,839**	**262,168**
Realised and unrealised fair value movements on receivables subject to QP adjustment	(11,553)	15,266
Total Revenue	**272,286**	**277,434**

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 2018 $000	31 Dec 2017 $000
Income taxes		
Current income tax expense	30,907	35,045
Deferred income tax expense related to origination and reversal of temporary differences	(5,931)	(8,971)
Over provision in prior periods	(164)	(168)
Income tax expense	**24,812**	**25,906**
Income tax expense (benefit) recognised in other comprehensive income	-	-
Total income tax expense	**24,812**	**25,906**

7 Dividends paid and proposed

	Note	31 Dec 2018 $000	31 Dec 2017 $000
Cash dividends on ordinary shares declared and paid:			
Final franked dividend for 2018: 19 cents per share (2017: 13 cents per share)		30,317	20,537
Proposed dividends on ordinary shares:			
First cash dividend for 2019: 7 cents per share (2018: 8 cents per share)	(i)	11,169	12,638

(i) Subsequent 31 December 2018, the Board resolved to pay a fully franked dividend of 7 cents per share, to be paid on 19 March 2019. The record date for entitlement to this dividend is 5 March 2019. The financial impact of this dividend amounting to $11,169,000 has not been recognised in the Financial Statements for the half-year ended 31 December 2018 and will be recognised in subsequent Financial Statements.

8 Financial assets and liabilities

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

Carrying amounts and fair value

The following table shows the fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value measurement hierarchy as at 31 December 2018.

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets					
Equity investments	(i)	10,063	-	3,000	13,063
Trade receivables	(ii)	-	5,249	-	5,249
		10,063	5,249	3,000	18,312

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

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

The fair value of the financial instruments as at 30 June 2018 are summarised in the table below.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Equity investments	7,925	-	2,000	9,925
Trade receivables	-	8,555	-	8,555
	7,925	8,555	2,000	18,480

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

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements, during the six month period ended 31 December 2018 or the comparative period ended 30 June 2018.

9 Acquisition of 30% interest in the Springfield Joint Ventures

As announced on the 12 October 2018 Sandfire completed the acquisition of the 30% interest in the Springfield Exploration and Mining Joint Ventures (Springfield Project) held by Talisman Mining Limited (ASX: TLM), through the acquisition of Talisman's subsidiary, Talisman A Pty Ltd.

The purchase price comprises $72.3 million for Talisman A Pty Ltd, on a debt-free and cash-free basis and an ongoing 1% Net Smelter Return (NSR) royalty payable to Talisman on any future discoveries within the Springfield Joint Venture areas (NSR Royalty). Sandfire was also required to pay stamp duty and other transaction costs of $5.1 million in relation to the Transaction.

Through its acquisition of Talisman A Pty Ltd, Sandfire also assumed the existing 2.25% gross revenue royalty held by Taurus Mining Finance Fund payable on 30% of the copper and gold produced from the Monty deposit area, capped at 29,700t of copper and 16,500oz of gold (based on a 30% revenue share).

The acquisition of the remaining undivided interests in the Springfield Joint Ventures has been accounted for as an asset acquisition resulting in the recognition of the additional 30% interest in the relevant assets and liabilities along with recognition of a liability for the Taurus royalty obligation in accordance with the Group policy. See summary table below.

	Acquisition Allocation $000
Property, plant and equipment (Including mine development)	83,358
Royalty obligation	(3,600)
Rehabilitation provision	(908)
Other assets and (liabilities) net	(1,416)
Total cost including transaction costs	**77,434**

10 Share-based payments

Long-term Incentive Option Plan (IOP Plan)

The Board of Directors imposed restrictions on trading in the Company's securities in accordance with the Company's dealing in securities policy due to various business development initiatives. Due to this restriction on trading, employees, including key management personnel, were offered a limited recourse loan in accordance with the Company's IOP Plan to fund the exercise of their options into ordinary shares in the Company (Option Shares).

The limited recourse loans had a term of six-months, were non-interest bearing and were secured against the Option Shares. Any dividends received were used in part to repay the loans and the loans were to be repaid in full, or the proceeds from the sale of the Option Shares would be used as settlement of the outstanding balance of the loans before the end of the six-month period.

580,000 options with an expiry date of 15 July 2018 were exercised pursuant to these loans during the period. As at the date of this report, all Option Shares have been sold and proceeds from the sales were used to settle the loans.

Under *AASB 2 Share based payments* arrangements where shares are linked with a limited recourse loan are treated in substance as options.

11 Significant events after the reporting date

Dividends

Subsequent to period end, the Directors of the Company announced an interim fully franked dividend of 7 cents per share. The total amount of the dividend $11,169,000 has not been provided for in the 31 December 2018 Financial Statements.

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

1. In the opinion of the Directors:

   (a) the financial statements and notes of Sandfire Resources NL for the half-year ended 31 December 2018 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 2018 and of its performance for the half-year ended on that date; and

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

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

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

2. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial period ending 31 December 2018.

On behalf of the Board

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

West Perth, 18 February 2019

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

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

Independent Auditor's Review Report to the Members of Sandfire Resources NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Sandfire Resources NL (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 December 2018, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

a) giving a true and fair view of the consolidated balance sheet of the Group as at 31 December 2018 and of its consolidated financial 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*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Ernst & Young

F Drummond
Partner
Perth
18 February 2019