



SANDFIRE
RESOURCES

ASX Code - SFR

December 2019 Half Year Presentation

20 February 2020

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Competent Person's Statements

DeGrussa and Monty Ore Reserve

The information in this report that relates to the DeGrussa and Monty Ore Reserve 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 Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hastings consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration Results – Tshukudu Exploration

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

Exploration and Resource Targets

Any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. While Sandfire is confident that it will report additional JORC compliant resources 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.



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Overview

Karl Simich – Chief Executive Officer



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Operations and Growth

Jason Grace – Chief Operating Officer



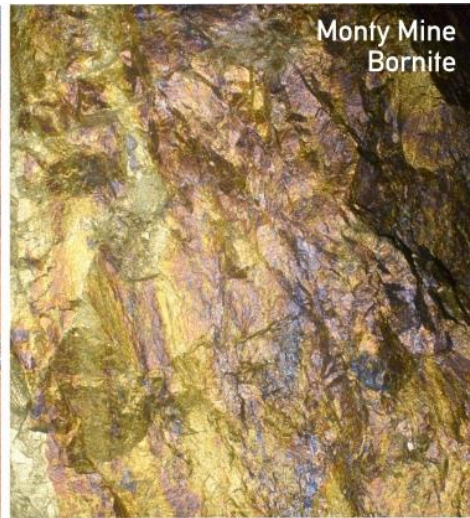
Operations and Growth

- ▶ **Safety TRIFR:** 6.0 (Dec 2019) vs 6.2 (Jun 2019)
- ▶ **Operating results:**
 - **1HFY2020:** 34,988t of contained copper and 19,370oz of contained gold produced; C1 US\$0.84/lb
 - **FY2020 Guidance:** 70-72kt of contained copper and 38-40koz of contained gold; C1 costs ~US\$0.90/lb
- ▶ **Monty Copper-Gold Mine** ramping up with increasing ore tonnes and grade; grade control drilling completed
- ▶ **T3 Copper-Silver Project** acquisition completed; commenced optimisation of Feasibility Study; approvals on-track to be received in the June 2020 Quarter
- ▶ **Final permitting stage for the Black Butte Copper Project;** near-term EIS/ROD and Feasibility Study
- ▶ **Multi-pronged exploration programs** continue across Sandfire's Greater Doolgunna Project, Australian Eastern States Projects and Tshukudu Project



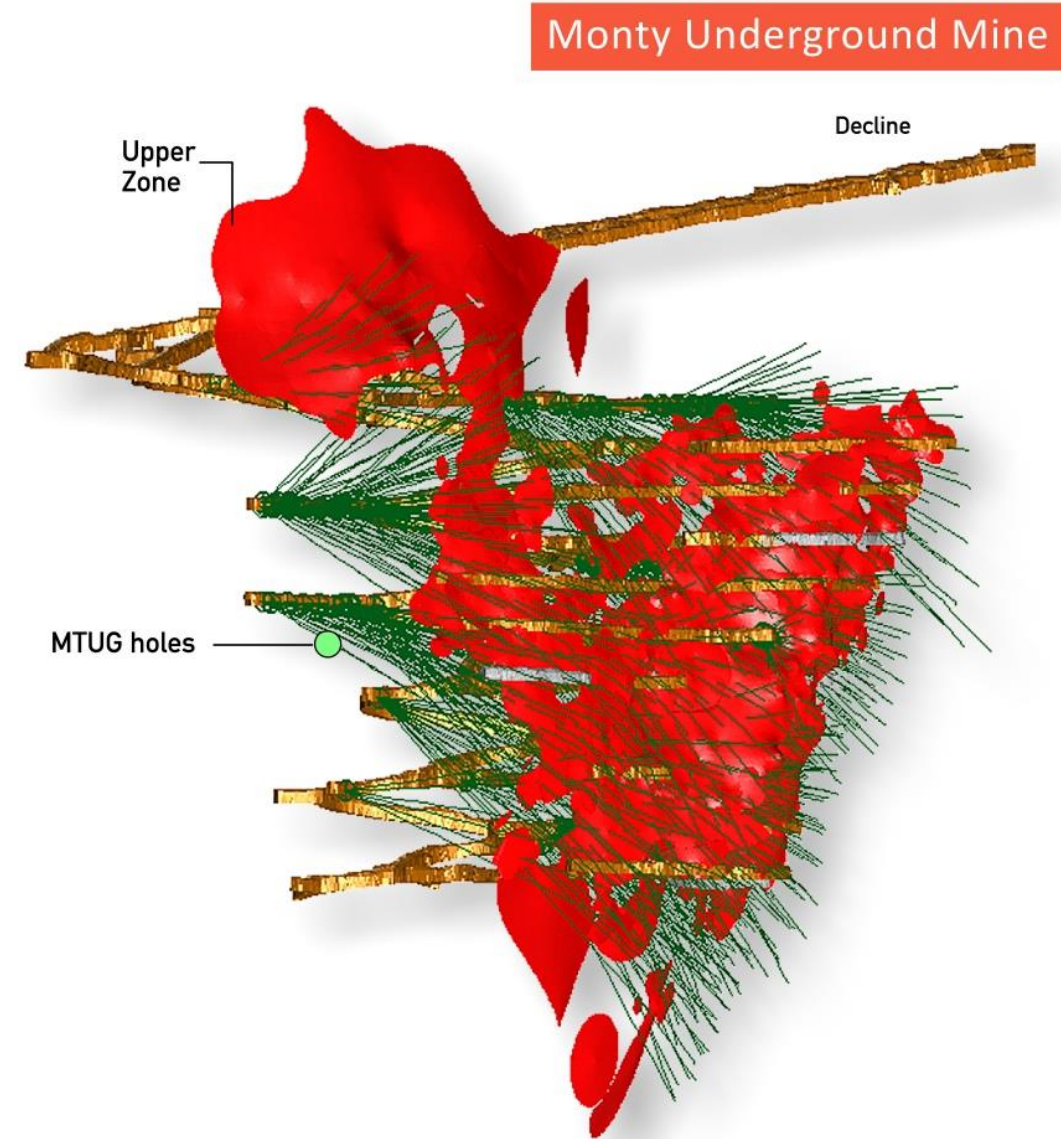


Operations and Growth – Monty Mine Head Grade Increasing



- ▶ Extensive grade control drilling program completed recently on existing Ore Reserve of **0.92Mt at 8.7% Cu and 1.4g/t Au for 80kt Cu and 42koz Au***
- ▶ Geometry of ultra-high grade deposit and stope design now defined to high level of detail
- ▶ Updated Ore Reserve expected in April to underpin life-of-mine plan and guidance

* Ore Reserve as at 31 December 2018. Refer to Sandfire's ASX announcement dated 21 June 2019 for details.



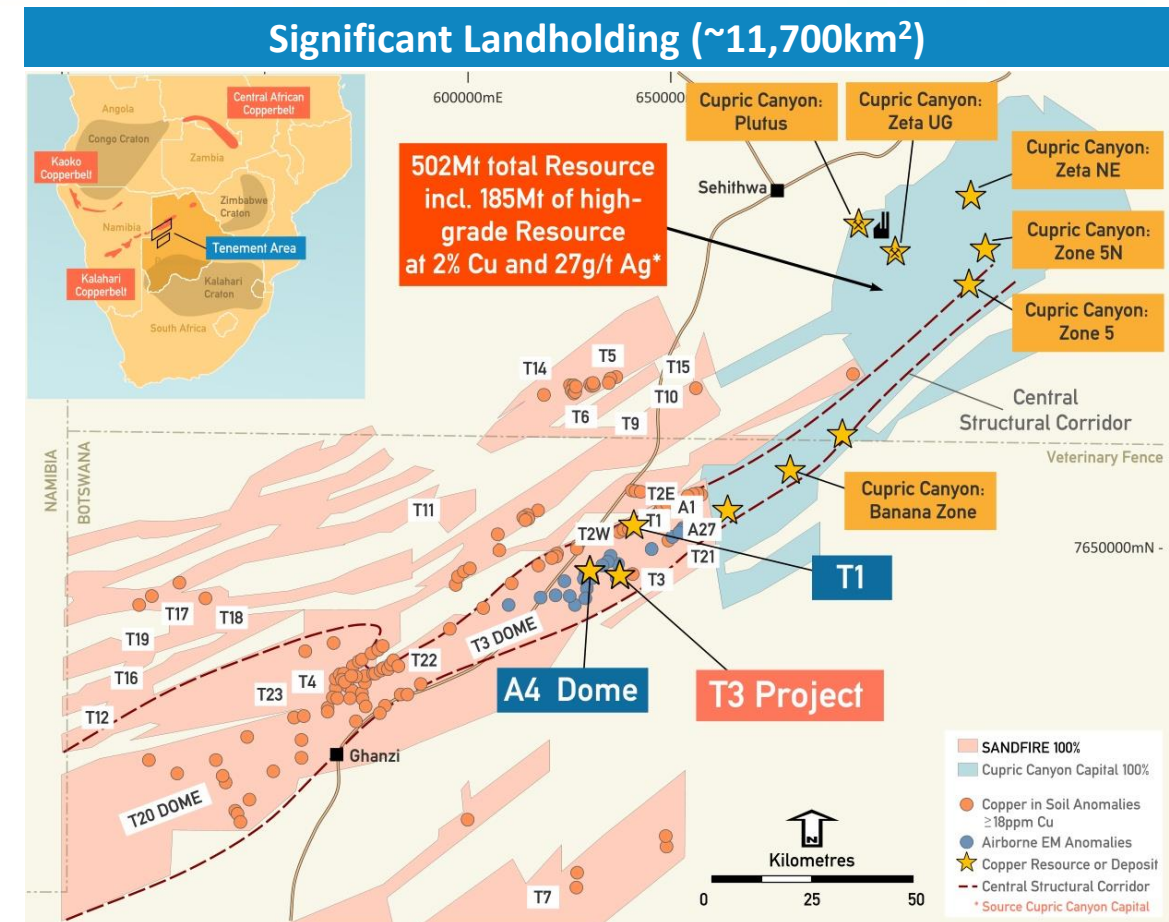


Operations and Growth – Tshukudu Operations, Botswana

- ▶ 100% owned T3 Copper-Silver Project and dominant exploration licence-holding (~11,700km²) in highly prospective, under-explored Kalahari Copper Belt, Botswana
- ▶ Optimisation of T3 Project Feasibility Study underway, including mine scheduling and plant size optimisation
- ▶ ESIA submitted for the T3 Project with Mining License application to follow; approvals expected in the June 2020 Quarter
- ▶ Outstanding near-mine growth potential with expanded exploration program starting at the A4 Dome, a >5km long target 8km west of T3
- ▶ Exceptional pipeline of regional exploration projects extend 200km

* Total Resource: 502Mt at 1% Cu and 17g/t Au, including High Grade NE Resources of 185Mt @ 2% Cu and 27g/t Ag

Source: Khoemacau Copper Mining, Botswana Resource Sector Conference Presentation, 10 June 2019



Tshukudu represents a unique belt-scale exploration opportunity which covers almost two thirds of the Kalahari Copper Belt in Botswana. The significant endowment of the region is highlighted by the 502Mt of resources at the neighbouring Khoemacau Project.

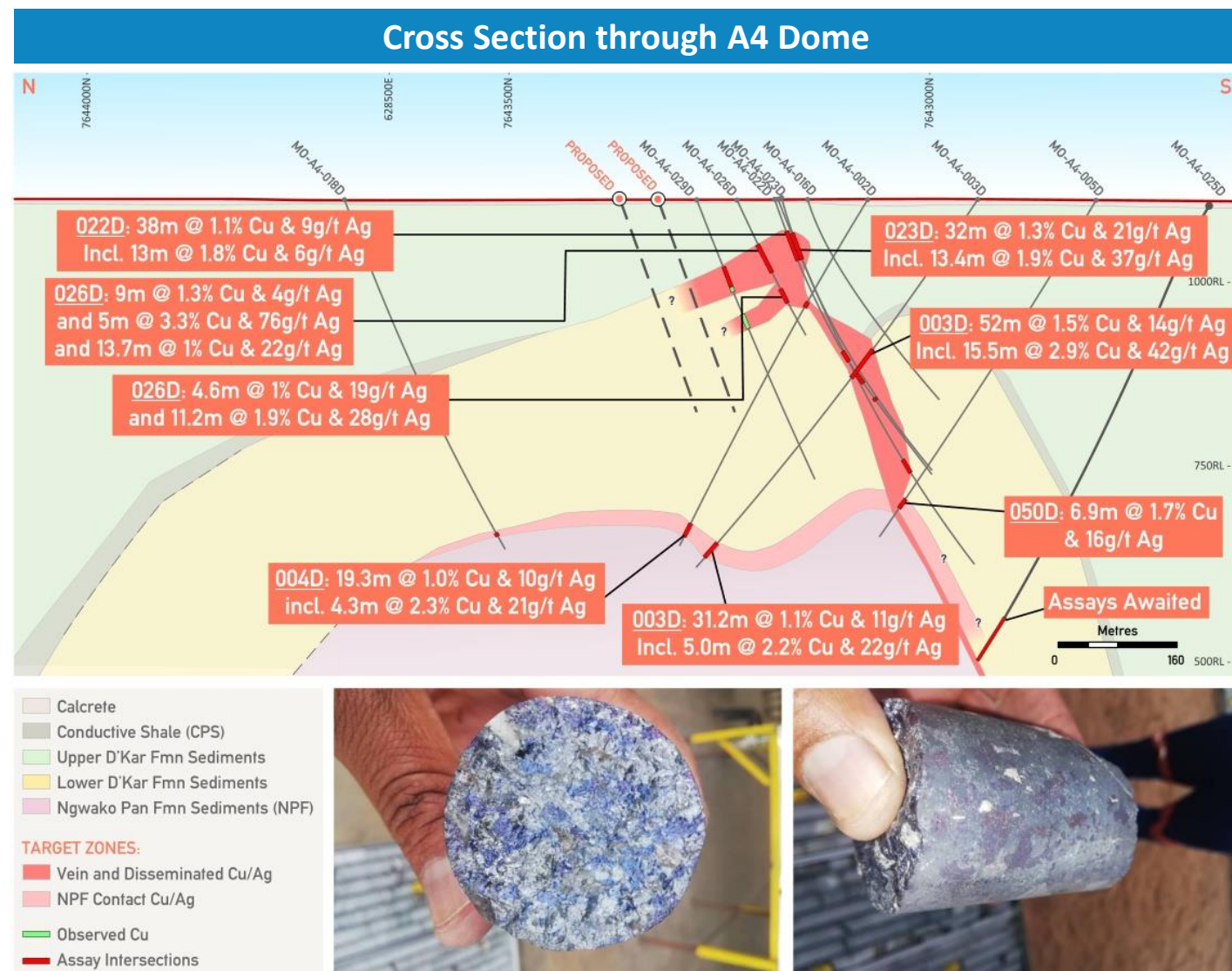


Operations and Growth - Emerging Discovery at A4 Dome

- Significant zone of vein-hosted copper intersected at shallow depth with best intercepts in the first 5 holes including:

- **MO-A4-022D:** 38m @ 1.1% Cu and 9g/t Ag from 44m down-hole, including: 13m @ 1.8% Cu and 6g/t Ag from 44m down-hole; and: 8.3m @ 1.4% Cu and 27g/t Ag from 62m down-hole
- **MO-A4-023D:** 32m @ 1.3% Cu and 21g/t Ag from 56m down-hole, including: 13.4m @ 1.9% Cu and 37g/t Ag from 72m down-hole
- **MO-A4-024D:** 7.3m @ 2.6% Cu and 46g/t Ag from 43m down-hole; and 6.7m @ 1.8% Cu and 5g/t Ag from 69m down-hole
- **MO-A4-026D:** 9m @ 1.3% Cu and 4g/t Ag from 67m-down-hole; and 5m @ 3.3% Cu and 76g/t Ag from 84m down-hole; and 13.7m @ 1% Cu and 22g/t Ag from 91.3m down-hole; and 4.6m @ 1% Cu and 19g/t Ag from 131m down-hole; and 11.2m @ 1.9% Cu and 28g/t Ag from 139m down-hole
- **MO-A4-027D** 3.8m @ 1.6% Cu and 3g/t Ag from 83.8m down-hole; and 11m @ 1% Cu and 22g/t Ag from 93m down-hole

- Five diamond-core rigs operating at A4 Dome, assays awaited from 11 other holes completed to date







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Financial Results – 1H FY2020

Matthew Fitzgerald – Chief Financial Officer



Financial Results – 1HFY2020



Sandfire maintains strong financial performance

- ▶ Revenue of **\$313.1M** net of treatment and refining charges and price adjustment gains
- ▶ Strong cash flow from operating activities of **\$109.1M** (**\$140.3M** prior to payments for exploration and evaluation expenses)
- ▶ DeGrussa Operations segment earnings before net finance and income tax of **\$91.4M**
- ▶ Profit before net finance and income tax expense of **\$50.0M**
- ▶ Profit before income tax expense of **\$50.1M**
- ▶ Net profit of **\$33.3M**
- ▶ Net profit attributable to members **\$34.2M**
- ▶ Earnings per share (cents) **20.6** (basic and diluted)
- ▶ Group cash of **\$201.7M** at 31 December 2019



Financial Results – 1HFY2020

Sandfire continues dividend payments

- ▶ Maintaining dividend stream from profitable operations
- ▶ **Interim dividend for 1HFY2020 of 5.0cps (fully franked)** following final and interim dividends for FY2019 of 23.0cps (fully franked)
- ▶ Dividend record date 26 February 2020, payment date 11 March 2020





Financial Results – 1HFY2020

Income Statement Review – Key Results

<i>in \$000</i>	Dec 2019	Dec 2018
Revenue	313,052	272,286
Profit before net finance income and income tax expense	49,982	70,144
Net finance income	74	2,997
Profit before income tax expense	50,056	73,141
Income tax expense	(16,770)	(24,812)
Net profit for the period	33,286	48,329
Net profit attributable to the equity holders of the parent	34,214	49,547



- ▶ Revenue increase on increased production with Monty ore and grade ramp-up
- ▶ Higher operating costs with two operating mines (DeGrussa and Monty); increasing Monty contribution with grade ramp-up
- ▶ Higher exploration and evaluation expenditure largely driven by increased exploration activities at the Greater Doolgunna Project, commencement at Tshukudu exploration and evaluation costs associated with the Black Butte FS and EIS



Financial Results – 1HFY2020

Balance Sheet Review - Assets

<i>in \$000</i>	Dec 2019	Jun 2019
ASSETS		
Cash and cash equivalents	201,736	247,449
Trade and other receivables	19,177	15,325
Inventories	37,589	45,143
Income tax receivable	24,105	-
Other current assets	5,929	3,626
Total current assets	288,536	311,543
Financial investments	51,815	19,617
Receivables	277	526
Inventories	11,698	11,698
Exploration and evaluation assets	186,742	25,975
Property, plant and equipment	347,769	366,491
Total non-current assets	598,301	424,307
TOTAL ASSETS	886,837	735,850

- ▶ Cash and cash equivalents – refer to slide 13
- ▶ Financial investments – fair value of the Company's investments held through our Sandfire Ventures strategy
- ▶ Exploration and evaluation assets – increased with the acquisition of the Tshukudu Exploration Project acquired from MOD in October 2019



Financial Results – 1HFY2020

Balance Sheet Review - Liabilities

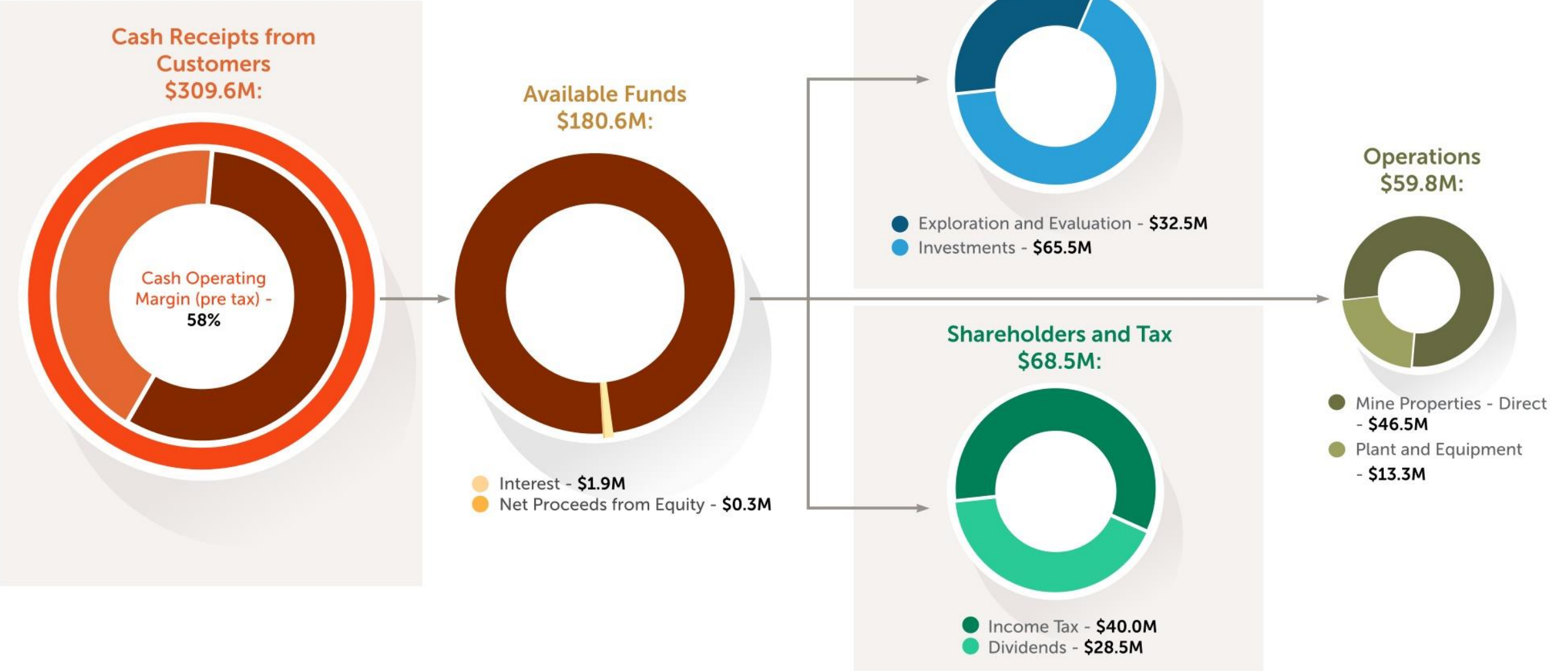
<i>in \$000</i>	Dec 2019	Jun 2019
LIABILITIES		
Trade and other payables	54,119	56,550
Interest bearing liabilities	13,655	193
Income tax payable	-	833
Provisions	6,247	4,822
Total current liabilities	74,021	62,398
Trade and other payables	2,556	2,520
Interest bearing liabilities	4,848	355
Provisions	29,108	30,796
Deferred tax liabilities	37,260	35,604
Total non-current liabilities	73,772	69,275
TOTAL LIABILITIES	147,793	131,673
NET ASSETS	739,044	604,177

- ▶ Interest bearing liabilities – increased with the adoption of AASB 16 Leases
- ▶ Deferred tax liabilities – reducing for DeGrussa Copper-Gold Mine development; increasing for Monty Copper-Gold Mine development



Financial Results – 1HFY2020

Cash Generation and Investment





Summary and Outlook



Rising production and strong pipeline

- ▶ **Consistent, low-cost copper-gold production at DeGrussa Operations**
 - 1H FY2020: 34,988t of contained copper and 19,370oz of contained gold produced; C1 US\$0.84/lb
 - FY2020 Guidance: 70-72kt of contained copper and 38-40koz of contained gold; C1 ~US\$0.90/lb
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- ▶ **Multi-pronged exploration programs** continue across Sandfire's Greater Doolgunna Project, Australian Eastern States Projects and Tshukudu Project
- ▶ **Emerging** international and domestic growth pipeline



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