

25 February 2021

December 2020 Half Year Financial Results

Surging Copper Price Underpins 78% Increase in First Half Net Profit
as Sandfire Embarks on New Growth Chapter

Highlights

- Sales revenue of \$355.6M (Dec 19: \$313.1M): payable metal sales 30,856t Cu (Dec 19: 33,616t) and 20,350oz Au (Dec 19: 18,252oz).
- Cash flow from operating activities of \$137.8M (Dec 19: \$109.1M) – \$172.1M prior to payments for exploration and evaluation expenses (Dec 19: \$140.3M).
- DeGrussa Operations segment EBITDA of \$238.0M (Dec 19: \$182.2M).
- DeGrussa Operations segment earnings before net finance and income tax expense of \$154.7M (Dec 19: \$91.4M).
- Profit before net finance and income tax expense of \$92.7M (Dec 19: \$50.0M).
- Net profit after tax attributable to members of \$60.8M (Dec 19: \$34.2M).
- Basic earnings per share of 34.1cps (Dec 19: 20.6cps).
- Interim dividend of 8.0cps fully-franked (Dec 19: 5.0cps fully-franked).
- Group cash at 31 December 2020 of \$335.8M.
- Strong balance sheet provides a solid foundation for Sandfire’s growth, marked by a Final Investment Decision for the US\$259m T3 Motheo mine development in Botswana.

Sandfire Resources Ltd (ASX: SFR; “Sandfire” or “the Company”) is pleased to report its financial results for the six month period ended 31 December 2020. The Company delivered another exceptional operational and financial performance, underpinned by continued strong production and cost management at its DeGrussa Operations in Western Australia and a strong increase in the prevailing copper price.

This saw the Company deliver very strong revenue and operating cash flows, leading to a 78 per cent increase in net profit after tax attributable to members of \$60.8 million (Dec 19: \$34.2 million). The interim profit translates to earnings per share of 34.1 cents (basic).

Total revenue of \$355.6 million (Dec 19: \$313.1 million) was achieved on metal sales totalling 32,252 tonnes of contained copper (Dec 19: 35,129t) and 20,350 ounces of contained gold (Dec 19: 19,673oz). The strong revenue result was supported by the rising copper price, which reached an 8-year high of US\$8,000 a tonne in December 2020 and has continued to climb since.

A realised and unrealised price adjustment gain of \$28.9 million was recorded for the period as a result of a net gain in commodity prices during quotational sales periods (QP). As at 31 December 2020, sales for the period of \$137.5 million remained subject to QP adjustments.

The DeGrussa Operations delivered another strong operational performance for the period, with production of 35,790 tonnes of contained copper (Dec 19: 34,988t) and 21,343 ounces of contained gold (Dec 19: 19,370oz), towards FY2021 guidance at the upper end of 67-70kt of contained copper and 36-40koz of

contained gold. As a result, the DeGrussa Operations segment generated earnings before net finance and income tax expense of \$154.7 million (Dec 19: \$91.4 million).

Depreciation and amortisation charges totalled \$87.0 million for the period (Dec 19: \$90.1 million).

Cash flow from operating activities was \$137.8 million (Dec 19: \$109.1 million) and \$172.1 million prior to payments for exploration and evaluation expenses (Dec 19: \$140.3 million).

The Company maintained its strong commitment to shareholder returns during the half-year, declaring an interim fully-franked dividend of 8 cents per share.

The Group cash position at 31 December 2020 was \$335.8 million after making significant investments in long-term growth projects. This included payments of \$25.7 million for exploration and evaluation assets and property, plant and equipment, largely in relation to the land acquisitions for the T3 Motheo Copper-Silver Project in Botswana, and early works for the T3 Project and the Black Butte Copper Project in the USA.

The Company also paid \$29.5 million in income tax payments and \$25.0 million in dividend payments during the reporting period.

Management Comment and Outlook

Sandfire's Managing Director, Mr Karl Simich, said the Company delivered another exceptional financial and operational performance during the first half, with its robust and building financial position placing it in an enviable position to progress its global development pipeline, maintain an expansive exploration effort and return funds to shareholders through an increased interim dividend.

"This has been another standout performance, with our low-cost, high-margin Western Australian mining operations capitalising on the improving copper price and the Company taking important steps towards its vision of creating a diversified, multi-operational mining house.

"At the operational level, DeGrussa remains a top-tier performer, with production tracking at the upper end of our guidance range, and the tailwind of a rising copper price driving strong sales revenue. Continued low unit operating costs and strong cash flows have seen us end the reporting period with a cash position of \$335.8 million, no debt and a global investment portfolio nearing \$90 million.

"The announcement of a Final Investment Decision for the US\$259 million development of the T3 Motheo Mine in Botswana is a significant milestone for the Company and represents our first mine development outside DeGrussa – and one of the few significant new copper mines currently being developed anywhere in the world.

"The T3 development is expected to form the cornerstone of the new, long-term Motheo copper hub for Sandfire in the Kalahari Copper Belt. The Base Case 3.2Mtpa development outlined in the December 2020 DFS confirmed strong economics over an initial 12.5-year mine life using conservative copper pricing, however we expect to be able to quickly expand to a 5.2Mtpa operation through the inclusion of the A4 satellite deposit.

"We also have a host of targets yet to be drilled within our dominant 26,650km² landholding in Botswana and Namibia, and will be continuing to drill throughout the remainder of 2021.

"In addition to the start of construction at T3, we also continue to make positive progress towards the optimisation of the high-grade Black Butte Copper Project in Montana, USA, in conjunction with a new near-mine exploration campaign that is currently underway. Near-mine and regional exploration also continues at full pace in the Doolgunna region of Western Australia and across our exploration portfolio on the Eastern Seaboard.

"Sandfire is well on the path to completing its transition from a single-mine company into a diversified and sustainable international miner, against the backdrop of one of the best market environments for the copper sector in well over a decade."

“Copper is one of the key ‘future-facing’ metals required to support the world’s transition to a low-carbon future, including the electrification of the global transportation fleet and other initiatives to cut greenhouse gas emissions. Demand is predicted to soar as global investment in renewable energy continues to grow and the global economic recovery gains momentum.

“Consensus pricing for copper remains bullish for 2021, with S&P Global Platts recently publishing a consensus forecast for copper of US\$8,925/tonne by the end of the calendar year.

“Many of the global investment banks have recently upgraded their short and medium term price outlooks to US\$9,000 – \$10,000/tonne, citing what they see as the start of a prolonged copper bull market. This is certainly reflected in what we see with demand from our key customers, and also in the constrained development pipeline of new copper projects.

“Glencore recently forecast that around 1 million tonnes a year of new copper supply would be required each year between now and 2050, as the overall copper market more than doubles in size to over 60 million tonnes. That is an exciting scenario and we look forward to being a part of it.”

ENDS

For further information, please contact:

Sandfire Resources Ltd
Karl Simich – Managing Director/CEO
Office: +61 8 6430 3800

Media Inquiries:

Read Corporate
Nicholas Read
Mobile: +61 419 929 046

This announcement is authorised for release by Sandfire’s Managing Director and CEO, Karl Simich.

This announcement should be read in conjunction with Sandfire’s December 2020 Half-Year Financial Report and accompanying notes, released today, 25 February 2021.

Forward-Looking Statements

Certain statements made in connection with this announcement contain or comprise certain forward-looking statements regarding Sandfire’s Mineral Resources and Reserves, exploration and 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 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.

There is continuing uncertainty as to the full impact of COVID-19 on Sandfire’s business, the Australian economy, share markets and the economies in which Sandfire conducts business. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess the full impact of COVID-19 on Sandfire’s business or the price of Sandfire securities.

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 these forward-looking statements 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 forward-looking statements 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.