28 February 2022

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

Lodgement of Half-Year Financial Report for the six months ended 31 December 2021
Investor Conference Call and Webcast Details

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

1. Half-Year Financial Report for the six-months ended 31 December 2021 and Appendix 4D;
2. ASX release on the Company's half-year financial results;
3. December 2021 Half Year Report Presentation; and
4. Appendix 3A.1 Notification of Dividend/Distribution.

In addition, a teleconference and live webcast on the Company's financial results will be held for the investment community at 11.00am (AWST) / 2.00pm (AEST) today.

The Half-Year Financial Report, accompanying announcement and slide presentation will be available via the ASX Company Announcements Platform (ASX Code: SFR) and Sandfire's website at www.sandfire.com.au.

A live webcast of the teleconference and synchronised slide presentation will also be available by clicking here.

Yours sincerely

Matthew Fitzgerald
Chief Financial Officer
and Company Secretary

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Appendix 4D
Half-Year ended 31 December 2021

Results for announcement to the market	US$'000	Up / Down	Movement
Revenue from ordinary activities	311,752	Up	22%
Profit from ordinary activities after tax attributable to members	55,231	Up	24%
Net profit for the period attributable to members	55,231	Up	24%

Net tangible assets	2021	2020
Net tangible assets per ordinary security	$3.60	$2.67

Dividend information	Amount per share (AUD)	Franked amount per share (AUD)
Interim dividend per share (cents per share)	3.0	3.0
Interim dividend dates		
Record date for determining entitlements to the interim dividend	16 March 2022	
Payment date for the interim dividend	30 March 2022	

Refer to the Director's Report and the Half-Year Financial Report for additional disclosures relating to the Appendix 4D.

This information should be read in conjunction with Sandfire's auditor reviewed 31 December 2021 Half-Year Financial Report, which is enclosed.

All comparisons reported above are to the half-year ended 31 December 2020. The Group has changed its presentation currency from Australian dollars to United Stated (US) dollars, effective 1 July 2021. Consequently, unless otherwise stated, all references to dollars are to US dollars.

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

Half-Year Financial Report

For the six months ended 31 December 2021

ASX Code: SFR

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CONTENTS

ABN 55 105 154 185

Directors

Derek La Ferla	*Independent Non-Executive Chairman*
Karl Simich	*Managing Director and Chief Executive Officer*
Roric Smith	*Independent Non-Executive Director*
Sally Langer	*Independent Non-Executive Director*
Jennifer Morris OAM	*Independent Non-Executive Director*
John Richards	*Independent Non-Executive Director*

Company Secretary

Matthew Fitzgerald	*Chief Financial Officer and Company Secretary*

Registered Office and Principal Place of Business

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Share Registry

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Fax: +61 2 8583 3040
Email: hello@automicgroup.com.au

Auditors

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

Home Exchange

Australian Securities Exchange Limited
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152-158 St George's Terrace
Perth WA 6000

ASX Code

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

Forward-Looking Statements

Certain statements made during or in connection with this release 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.

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 Limited (the Company or Sandfire), and the entities it controlled, for the six months ended 31 December 2021 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, unless otherwise stated, are set out below.

Name	Period of Directorship
Mr Derek La Ferla *Independent Non-Executive Chairman*	Appointed 17 May 2010
Mr Karl Simich *Managing Director & Chief Executive Officer*	Appointed Director 27 September 2007 Managing Director and Chief Executive Officer since 1 July 2009
Dr Roric Smith *Independent Non-Executive Director*	Appointed 31 December 2016
Ms Sally Langer *Independent Non-Executive Director*	Appointed 1 July 2020
Ms Jennifer Morris OAM *Independent Non-Executive Director*	Appointed 1 January 2021
Mr John Richards *Independent Non-Executive Director*	Appointed 1 January 2021
Mr Paul Hallam *Independent Non-Executive Director*	Appointed 21 May 2013 Resigned 26 November 2021

Principal Activities

The principal activities of the Group during the six months ended 31 December 2021 were:

- Production and sale of copper concentrate, containing gold and silver by-products from the Group's 100% owned DeGrussa Operations in Western Australia;
- Development of the Motheo Copper Mine and evaluation of the Motheo Expansion Project in Botswana;
- Evaluation of Sandfire Resources America Inc.'s high-grade Black Butte Copper Project in Montana, United States;
- Execution of the binding sale and purchase agreement for the $1.865 billion MATSA Mining Complex in Spain; and
- Exploration, evaluation and development of mineral tenements and projects in Australia, Botswana and elsewhere overseas, including investment in early-stage mineral exploration companies.

Dividends

During the half-year period the Company announced and paid a final dividend on ordinary shares in respect of the 2021 financial year of 26 cents (AUD) per share fully franked.

Subsequent to the end of the financial period, the Board of Directors have resolved to pay a fully franked dividend of 3 cents (AUD) per share, to be paid on 30 March 2022. The record date for entitlement to this dividend is 16 March 2022. The financial impact of this dividend has not been recognised in the Financial Statements for the half-year ended 31 December 2021 and will be recognised in subsequent Financial Statements.

Operational and financial review

CHANGE IN PRESENTATION CURRENCY

The Group has changed its presentation currency from Australian dollars to United States (US) dollars, effective 1 July 2021. Consequently, unless otherwise stated, all references to dollars are to US dollars.

COVID-19 BUSINESS RESPONSE

In response to COVID-19 the Group initiated and maintained strict hygiene protocols and social distancing and risk mitigation strategies across our operations and workplaces to minimise the potential transmission of COVID-19 and to ensure the well-being of our people and contractors. While the global COVID-19 pandemic required the Group to adjust some of its usual operating procedures during the half-year, the direct impact to the DeGrussa Operations was limited enabling the Group to maintain a strong production performance. Sandfire's operations in Botswana and Montana, USA, have continued to update COVID-19 protocols to safeguard the health of employees, contractors, and local communities.

SAFETY PERFORMANCE

The Total Recordable Injury Frequency Rate (TRIFR) for the Group as at 31 December 2021 was 6.9 compared with 4.0 as at 30 June 2021. Safety system developments continue to focus on the prevention of incidents and principal hazard management, with programs to assist in managing and improving the safety culture and the management of risk for both employees and contractors.

Operational and financial review (continued)

REVIEW OF HALF YEAR RESULTS

- Net profit after tax of $54.4 million;
- Profit before net finance income, income tax expense and depreciation and amortisation of $161.6 million;
- Operating cash flow of $101.1 million;
- Net assets of $1,549.9 million, with cash of $1,201.7 million as at 31 December 2021; and
- Copper production of 34,621 contained tonnes and gold production of 16,254 contained ounces.

DEGRUSSA OPERATIONS, WESTERN AUSTRALIA

The DeGrussa Operations are located approximately 900km north-east of Perth in Western Australia and include the high-grade DeGrussa and Monty Copper-Gold Mines.

Overview

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

HY 2022 Production Statistics		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	**Mined**	**867,980**	**4.4**	**1.4**	**37,764**	**38,763**
	Milled	**845,007**	**4.4**	**1.3**	**36,937**	**36,526**
	Concentrate produced	**146,634**	**23.6**	**3.5**	**34,621**	**16,254**
	Concentrate sold	145,543	23.3	3.5	33,946	16,161

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

Production was sourced from the DeGrussa and Monty Mines with both mines remaining in balance between production and back-fill. Mine production rates from both mines were in line with the mine plan.

Processing

Mill throughput for the half-year was in-line with target and was supported by strong plant utilisation and recoveries throughout the period.

Sales & Marketing

During the half-year ended 31 December 2021 a total of 145,543 dry metric tonnes (DMT) of concentrate was sold containing 33,946 tonnes of copper and 16,161 ounces of gold. 14 shipments were completed during the period from Port Hedland and Geraldton.

DEVELOPMENT PROJECTS

MOTHEO COPPER MINE, BOTSWANA

The Motheo Copper Mine, where development commenced in FY2021, will initially mine a significant sediment-hosted copper and silver deposit at T3. Located in the Kalahari Copper Belt in Botswana, the project is supported by our community office in the nearby town of Ghanzi, which is the focal point for managing human resources and community relations in the Ghanzi District.

Motheo Copper Mine Development

Following the award of the Mining Licence in early July 2021, project development progressed well during the half-year in both onsite and offsite activities. The project is proceeding on budget and on schedule and with construction activities continuing to ramp up, there are now in excess of 1,000 personnel on site. The following significant contracts were awarded during the half-year.

- Mining Contract
- Structural Steel Fabrication
- Platework Fabrication
- Tailings Storage Facility Earthworks and Liner Installation
- Grade Control Drilling
- Process Plant Buildings
- Tailings HOPE Liner Supply
- Construction Transport and Logistics
- Permanent Accommodation Facility Catering Services
- 4.5 MW Ball Mill Supply (for 5.2 Mtpa Motheo Expansion)

Operational and financial review (continued)

Bulk Earthworks on the process plant area is well advanced and the civil contractor mobilised and poured over 1,000m3 of concrete for the SAG Mill base, primary crusher base, reclaim tunnel base and commenced thickener foundations.

Mechanical and Electrical Equipment fabrication is now well advanced with deliveries to site to commence in the March 2022 Quarter. All forecast equipment delivery dates are ahead of required dates on site.

Award of Mining Contract

The contract for open pit mining services of the T3 Deposit at the Motheo Copper Mine has been awarded to African Mining Services (AMS). AMS is a surface mining business of diversified global mining services group Perenti Global Ltd (ASX: PRN). AMS has been operating in Africa for over 30 years and Perenti already has a presence in Botswana through Barminco, their underground mining division, at the large-scale Khoemacau Copper Mine located 100km northeast of Motheo. The mining contract, which has an estimated value of $496 million, is the largest single contract for the new Motheo Project. AMS are now established on site and have recently commenced assembly of the initial mining equipment.

Project Funding

Sandfire intends to fund the development of the Motheo Copper Mine through a combination of cash and project debt. Credit committee approval for the debt financing has been received and the Company is now making an assessment of which lenders to proceed with. Selection of syndicate banks and finalisation of terms will be completed during the March 2022 Quarter.

Motheo Copper Mine Mining Licence

The Mining Licence for the Motheo Copper Mine was granted by the Government of Botswana in July 2021, representing the final major permitting milestone required for full-scale construction of the project to commence.

As part of the Mining Licence approval process, the Government of Botswana had a right to acquire up to a 15% fully contributing interest in the Motheo Copper Mine. The Company has been advised that the Government of Botswana has elected not to take up their 15% interest.

A4 Mineral Resource Update

In September 2021, Sandfire reported a maiden ore reserve for the A4 Deposit, located 8km west of the Motheo Copper Mine. The ore reserve totals 9.7Mt at 1.2% Cu and 18g/t Ag for 114,000t of contained copper and 5.7Moz of contained silver.

The DFS work programs are well advanced with open pit geotechnical reporting, groundwater bore drilling, pump testing, metallurgical test work and reporting completed. Open pit design and production scheduling is also well advanced, as is design and estimation of the required process plant upgrades. A project brief was submitted to the Department of Environmental Affairs (DEA) during the period which confirmed that a full ESIA is required for the 5.2Mtpa Expansion Project. Preparation of the ESIA has already commenced with many of the environmental and social baseline studies already completed. The ESIA is scheduled to be submitted to DEA in the June 2022 Quarter.

The order for the only long-lead process plant equipment required for the plant expansion, a 4.5MW Ball Mill, was placed late in the period with expected delivery in the June 2022 Quarter.

The DFS remains on schedule for completion in the June 2022 Quarter.

Kalahari Exploration

The Group holds highly prospective exploration licences in the Kalahari Copper Belt of Botswana and Namibia. Sandfire's 100% owned licences represent a rare belt-scale exploration opportunity globally, comprising an extensive and strategic position extending more than 300km along the centre of a major emerging sediment-hosted copper belt.

Details in relation to these projects and activities can be found on Company's website www.sandfire.com.au and in the Company's December 2021 Quarterly Report ASX announcement, dated 20 January 2022.

BLACK BUTTE COPPER PROJECT, USA (SANDFIRE: 87%)

Sandfire holds an 87% interest, via North American-listed company Sandfire Resources America Inc. (TSX-V: SFR), in the high-grade Black Butte Copper Project, located in central Montana in the United States. This high-quality project, which is one of the world's highest-grade undeveloped copper projects, has completed the final stage of permitting. The planned mine development will utilise best-practice technology and modern mining techniques to develop a wholly-underground mine with minimal surface footprint and minimising environmental impact.

Legal Update

On July 16, 2021, District Court Judge Bidegary heard oral arguments for summary judgement from plaintiffs and defendants regarding a legal complaint filed on June 4, 2020 by the plaintiffs claiming to represent the environmental community. The suit was filed jointly against the Montana Department of Environmental Quality (MT DEQ) and Tintina Montana Inc. (a wholly owned subsidiary of Sandfire Resources America Inc.).

Operational and financial review (continued)

Additional intervenors in the suit supporting the MT DEQ and Tintina Montana Inc, include Meagher County, Broadwater County, and the Montana Department of Justice. A decision on the case is pending and may take several months. To date, the legal challenge has not resulted in any interference with development activities and construction continues. While Sandfire does not believe that the legal challenge has any merit, it does have the potential to delay the development timeline.

The same plaintiffs filed an objection in April 2020 in response to the Montana Department of Natural Resources and Conservation issuance of a 'Preliminary Determination to Grant' for water right modifications requested for the Project. A Final Determination from the Water Rights Hearing Examiner is expected during 2022. The objection needs to be resolved before mine operations can commence.

For further details refer to the market releases of Sandfire Resources America Inc. available on the Company's website www.sandfireamerica.com.

AUSTRALIAN EXPLORATION PROJECTS

Doolgunna Province Exploration, Western Australia

Sandfire is progressing a dual track exploration program across the Doolgunna Province – a Copper Exploration Pipeline targeting potential extensions to the DeGrussa and Monty VMS systems and other VMS-hosted copper mineralisation, and a Gold Exploration Pipeline targeting gold mineralisation that could support the development of a gold processing train at the DeGrussa processing plant.

Eastern Australia, New South Wales

Sandfire is continuing to progress its Australian east coast exploration initiative, targeting world-class discoveries in some of Australia's premier exploration provinces. Exploration activities during the half-year primarily focused on the Cobar district, including the new Endeavour Joint Venture Project, and the Temora Project, located in the Macquarie Arc of New South Wales.

Details of these exploration projects can be found on Company's website www.sandfire.com.au and in the Company's December 2021 Quarterly Report ASX announcement, dated 20 January 2022.

CORPORATE

Cash position

Group cash on hand as at 31 December 2021 totalled $1,201.7 million.

Acquisition of MATSA

During the half-year, Sandfire entered into a binding Sale and Purchase Agreement (SPA) with Trafigura and Mubadala Investment Company to acquire 100% of Minas De Aguas Tenidas (MATSA) for a total consideration of $1,865 million.

The transformational acquisition delivers Sandfire the MATSA Mining Complex in Spain, which comprises three underground mining operations feeding a world-class 4.7Mtpa central processing facility with state-of-the-art infrastructure.

All conditions precedent to the SPA were satisfied during the half year following approvals by the Foreign Investment Authority and Competition Authority in Spain during December 2021. Completion of the transaction occurred subsequent to half-year end on 1 February 2022. Further details of the acquisition can be found in the subsequent events note.

Equity Raising

To partially fund the acquisition of MATSA the Group successfully completed an equity raising in October 2021, comprising the issue of new fully paid ordinary Sandfire shares to eligible retail and institutional investors to raise approximately A$1,248.0 million at an issue price of A$5.40 per share.

Finance Facilities

During the half-year, the Group executed and fully drew down a A$200.0 million ($145.1 million) Corporate Debt Facility with ANZ to partially fund the acquisition of MATSA. Repayment of the facility via bullet payment is due on 30 September 2022 with ANZ holding security over Sandfire's DeGrussa Operations as well as corporate security with minimum quarterly cash holdings until repayment.

Execution of documentation for the $650.0 million MATSA Syndicated Debt Facility was completed during the half-year with full draw down occurring subsequent to period end on 1 February 2022.

The details and terms of the A$200.0 million Corporate Debt Facility with ANZ and $650.0 million MATSA Syndicated Debt Facility were provided in the ASX announcement dated 27 October 2021.

Operational and financial review (continued)

Hedging

Prior to completing the acquisition of MATSA, copper and zinc hedge agreements were entered under the terms of the MATSA Syndicated Debt Facility. As at 31 December 2021, the hedging tenor extended throughout the first three years of production with 74,808 tonnes of copper production hedged under committed swaps at an average price of US$4.20/lb, and 83,808 tonnes of zinc production hedged at an average price of US$1.32/lb. The end of period unrealised mark-to-market loss on MATSA hedging was $44.5m.

Additionally, DeGrussa hedging as at 31 December 2021 comprised 38,094 tonnes of copper at an average price of US$4.25/lb with a tenor out to July 2022 and 21,224 ounces of gold at an average price of US$1,802/oz with a tenor out to December 2022. The end of period unrealised mark-to-market loss on DeGrussa hedging was $10.9m.

Sale of Investment in Adriatic Metals Plc

During the half-year, Sandfire sold an aggregate of 34,600,780 CHESS depository interests (CDIs) representing ordinary shares in the capital of Adriatic Metals Plc (ASX: ADT), or 16 percent of Adriatic's existing issued ordinary share capital, at a price of $2.08 (A$2.80) per Secondary Placing Share. The sale realised aggregate gross proceeds of $71.0 million (A$97.0 million).

Financial review

6 months ended 31 December 2021	DeGrussa Operations $000	Black Butte Project $000	Motheo Project $000	Exploration and Other $'000	Group $000
Revenue	311,752	-	-	-	311,752
EBITDA^	203,913	(6,998)	(8,375)	(26,898)	161,642
Profit before net finance and income tax	130,228	(7,101)	(8,701)	(29,228)	85,198
Profit before income tax					88,372
Net profit for the half-year					54,391
Net profit attributable to the equity holders of the parent					55,231
Basic earnings per share					14.2
Diluted earnings per share					14.2

^ EBITDA is a non IFRS measure. This measure is presented to enable a better understanding of the operations of the Group and is reconciled to statutory net profit in Note 4 of the financial statements.

The DeGrussa operations contributed profit before net finance and income tax of $130.2 million (Dec 2020: $112.4 million) from underground mining and concentrator operations.

Black Butte project represents the Group's 87% interest in Sandfire Resources America Inc. (TSX-V: SFR) which contributed a loss before net finance and income tax of $7.1 million (Dec 2020: $3.4 million) from exploration and evaluation work on the Black Butte Copper project in USA.

Motheo project represents the Group's activities within the Kalahari Copper Belt, which includes the T3 Copper-Silver project and several resource expansion prospects. Motheo contributed a loss before net finance and income tax of $8.7 million to the Group for the period (Dec 2020: $6.7 million)

Exploration and other segment resulted in a loss before net finance and income tax of $29.2 million (Dec 2020: $25.9 million). The loss included $4.6 million of immediately expensed MATSA acquisition costs (Dec 2020: nil).

Revenue

Revenue	31 Dec 2021 $000	31 Dec 2020 $000
Value of metal payable sold ^	339,361	245,031
Treatment and refining charges	(12,391)	(9,797)
Revenue from contracts with customers	**326,970**	**235,234**
Realised and unrealised QP price adjustment gain / (loss)	566	20,868
Realised and unrealised hedge gain / (loss)	(15,784)	-
Total Revenue	**311,752**	**256,102**

^ Value of metal payable sold is a non IFRS measure. This measure is presented to enable a better understanding of the operations of the Group and is reconciled to total statutory revenue above.

The increase in revenue from contracts with customers for the period resulted from higher average realised copper prices and an increase in concentrate sales.

Operational and financial review (continued)

Revenue breakdown by commodity	31 Dec 2021 %	31 Dec 2020 %
Revenue from sales of copper	91.0	84.3
Revenue from sales of gold	8.4	14.2
Revenue from sales of silver	0.6	1.5
	100.0%	**100.0%**

A total of 14 shipments were completed from Port Hedland and Geraldton, Western Australia during the period.

A realised and unrealised price adjustment gain of $0.6 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 2021 sales for the period of $121.7 million remain subject to QP adjustments.

The Group utilise derivatives 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. The arrangements are generally considered to be hedges and are designated into a hedging relationship for accounting purposes. A realised and unrealised hedge loss of $15.8 million was recorded for the period. Refer to Note 11 for further information on hedging arrangements in place.

DeGrussa Operations costs

DeGrussa Operations costs	31 Dec 2021 $000	31 Dec 2020 $000
Mine operations costs	52,893	50,954
Employee benefit expenses	12,429	11,766
Freight expenses	28,318	15,830
Changes in inventories of finished goods and work in progress	(2,404)	(6,847)
	91,236	**71,703**

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

For the period ended 31 December 2021, the Group's Exploration and evaluation expenses across all segments was $22.6 million (Dec 2020: $21.7 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:

- Near-mine and the Greater Doolgunna regional exploration, which include a number of joint venture earn-in arrangements;
- Exploration activities within the Kalahari Copper Belt, in Botswana and Namibia;
- Expenditure arising on the consolidation of the Group's controlled entities from the Group's investment in Sandfire Resources America Inc; and
- Other Australian and international exploration projects.

Depreciation and amortisation

	Carrying Value December 2021 $000	Carrying Value June 2021 $000 (restated)	Depreciation and amortisation during the period $000
Mine development	193,628	196,088	57,472
Plant and equipment, including assets under construction	41,298	56,382	15,000
Right of use assets – AASB 16 Leases	4,295	8,993	3,972
Total	**239,221**	**261,463**	**76,444**

Operational and financial review (continued)

Income tax expense

Income tax expense of $34.0 million (A$46.6 million) for the period consists of current and deferred tax expense and is based on the taxable income of the Group entities, adjusted for temporary differences between tax and accounting treatments. Cash tax payments during the period amounted to $66.9 million (A$89.7 million).

Financial Position

Net assets of the Group have increased by $866.0 million to $1,549.9 million following the $905.0 million (A$1,248.0 million) capital raise completed in October 2021.

Cash balance

Group cash on hand was $1,201.7 million as at 31 December 2021 (the Company $275.5 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.

Deposits held in escrow for the acquisition of MATSA

Deposits held in escrow comprise $300.0 million paid into escrow for the acquisition of MATSA.

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 2021 was $7.2 million. During the period the Company disposed of its investment in Adriatic Metals Plc (ASX: ADT), realising aggregate gross proceeds of $71.0 million (A$97.0 million).

Property, plant and equipment, including mine properties and assets under construction

The carrying value of property, plant and equipment (PPE), including mine properties and assets under construction, has decreased by $22.2 million to $239.2 million at the end of the half year driven by amortisation and depreciation charges of $76.4 million (primarily at DeGrussa) offset by additions in relation to the development of the Motheo Copper Project.

Derivative financial liabilities

Derivative financial liabilities of $55.4 million represents the end of period unrealised mark-to-market loss on copper, gold and zinc commodity swaps for the DeGrussa and MATSA operations.

Interest bearing liabilities

Interest bearing liabilities comprise the A$200.0 million ($145.1 million) secured loan with ANZ, initially recorded at fair value net of transaction costs and subsequently measured at amortised cost. Draw down of the loan occurred on 21 November 2021 with bullet repayment due on 30 September 2022.

Current and deferred tax assets

Tax instalments during the half-year exceed the estimated taxable profit on operations reducing the income tax payable to $40.2 million (A$55.4 million) as at 31 December 2021. In addition, the Group has booked a net deferred tax asset position of $17.1 million (A$23.6 million) which predominantly relates to the differing tax versus accounting depreciation and amortisation rates of rehabilitation assets and liabilities and the treatment of deferred revenue.

Cash Flows

Operating activities

Net cash inflow from operating activities was $101.1 million for the period. Net cash inflow from operating activities prior to payment to exploration and evaluation activities was $126.2 million for the period.

Investing activities

Net cash outflow from investing activities was $305.3 million for the period. This included payments for mine development of $69.9 million largely in relation to the development of the Motheo project and $300.0 million of deposits paid into escrow for the acquisition of MATSA, offset by $71.0 million proceeds from the disposal of the Company's investment in Adriatic.

Financing activities

Net cash inflow from financing activities of $987.9 million driven by proceeds from the $905.0 million (A$1,248.0 million) equity raise completed in October 2021 and drawdown of the A$200.0 million ($145.1 million) Corporate Debt Facility with ANZ.

Operational and financial review (continued)

Significant events after the balance date

Acquisition of MATSA

Subsequent to the period end, the Company announced:

- On 1 February 2022, the Company completed the acquisition of MATSA in Spain;
- MATSA is a substantial polymetallic mining complex comprising three underground mines and a 4.7Mtpa central processing facility with cutting-edge technology and infrastructure and an extensive resource base with significant growth potential;
- The formal completion of the transaction follows the receipt of key approvals for the transaction from the relevant Spanish Government authorities, including approval by the Foreign Direct Investment and Competition Authority during December 2021;
- With the successful completion of the transaction, Sandfire will exercise operational control and economic ownership at MATSA effective from 1 February 2022;
- The consideration was funded through a combination of existing cash reserves (following the A$1,248.0 million ($905.0 million) equity raising completed in October 2021) and the proceeds of the $650.0 million MATSA Syndicated Debt Facility and A$200.0 million ($145.1 million) Corporate Debt Facility with ANZ. As detailed within Note 10, draw down of the Facility occurred on 19 November 2021, with draw down of the MATSA Syndicated Debt Facility occurring subsequent to half-year end on completion of the transaction;
- The total headline price for the acquisition was $1,865.0 million;
- Ahead of completion, copper and zinc hedge agreements were entered into as required under the terms of the MATSA Syndicated Debt Facility; and
- At the date of this report the initial business combination accounting is incomplete and as such no disclosures have been made about the allocation of consideration to identifiable assets and liabilities.

Dividends

Subsequent to period end, the Directors of the Company announced an interim fully franked dividend of 3 cents (AUD) per share. The total amount of the dividend has not been provided for in the 31 December 2021 Financial Statements.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect, the Group's operations, results or state of affairs, or may do so in future years.

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

West Perth, 25 February 2022

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As lead auditor for the review of the half-year financial report of Sandfire Resources Limited for the half-year ended 31 December 2021, 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;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Philip Teale
Partner
25 February 2022

PT:TE:SFR:002

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Note	31 Dec 2021 US$000	31 Dec 2020 US$000 (restated)
Revenue	5	311,752	256,102
Other gains / (losses)		1,546	(1,462)
Changes in inventories of finished goods and work in progress		2,404	6,847
Mine operations costs		(52,893)	(50,954)
Employee benefit expenses		(23,573)	(19,054)
Freight expenses		(28,318)	(15,830)
Royalties expense		(16,603)	(12,795)
Exploration and evaluation expenses		(22,618)	(21,683)
Depreciation and amortisation expenses		(76,444)	(61,950)
Acquisition and integration costs		(4,629)	-
Administrative expenses		(5,426)	(2,864)
Profit before net finance income and income tax expense		**85,198**	**76,357**
Finance income	6	4,093	506
Finance expense	6	(919)	(9,512)
Net finance income / (expense)		3,174	(9,006)
Profit before income tax expense		**88,372**	**67,351**
Income tax expense	7	(33,981)	(23,474)
Net profit for the period		**54,391**	**43,877**
Attributable to:			
Equity holders of the parent		55,231	44,388
Non-controlling interests		(840)	(511)
		54,391	**43,877**
Earnings per share (EPS):			
Basic EPS attributable to ordinary equity holders of the parent (cents)		14.2	24.0
Diluted EPS attributable to ordinary equity holders of the parent (cents)		14.2	24.0

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 2021

	31 Dec 2021 US$000	31 Dec 2020 US$000 (restated)
Net profit for the financial period	**54,391**	**43,877**
Other comprehensive income		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations, net of tax	882	62,280
(Loss) / gain on derivatives designated as cash flow hedges	(48,164)	-
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	6,820	15,942
Other comprehensive (loss) / income for the period, net of tax	(40,462)	78,222
Total comprehensive income for the period, net of tax	**13,929**	**122,099**
Attributable to:		
Equity holders of the parent	14,769	122,633
Non-controlling interests	(840)	(534)
	13,929	**122,099**

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

Consolidated Balance Sheet
As at 31 December 2021

	Note	31 Dec 2021 US$000	30 Jun 2021 US$000 (restated)
ASSETS			
Cash and cash equivalents	14	1,201,705	431,313
Trade and other receivables	8	16,674	19,704
Deposits held in escrow for the acquisition of MATSA		300,000	-
Inventories		40,529	40,496
Other current assets		13,247	1,606
Total current assets		**1,572,155**	**493,119**
Financial investments	8	7,242	65,168
Receivables		4,162	671
Exploration and evaluation assets		68,812	49,486
Property, plant and equipment		239,221	261,463
Deferred tax assets		17,127	-
Total non-current assets		**336,564**	**376,788**
TOTAL ASSETS		**1,908,719**	**869,907**
LIABILITIES			
Trade and other payables		43,178	54,600
Deferred revenue		24,022	24,450
Derivative financial liabilities	11	25,556	-
Interest bearing liabilities	10	144,987	-
Lease liabilities		4,937	8,234
Income tax payable		40,185	47,366
Provisions		11,312	6,044
Total current liabilities		**294,177**	**140,694**
Trade and other payables		-	752
Derivative financial liabilities	11	29,850	-
Lease liabilities		598	1,352
Provisions		34,177	35,975
Deferred tax liabilities		-	7,178
Total non-current liabilities		**64,625**	**45,257**
TOTAL LIABILITIES		**358,802**	**185,951**
NET ASSETS		**1,549,917**	**683,956**
EQUITY			
Issued capital		1,188,701	304,444
Reserves		(81,476)	(42,368)
Retained profits		441,132	419,480
Equity attributable to equity holders of the parent		**1,548,357**	**681,556**
Non-controlling interest		1,560	2,400
TOTAL EQUITY		**1,549,917**	**683,956**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Note	Issued capital US$000	Foreign currency translation reserve US$000	Hedging reserve US$000	Other reserves* US$000	Retained profits US$000	Total US$000	Non-controlling interests US$000	Total equity US$000
At 1 July 2021 (restated)		**304,444**	**(64,601)**	**-**	**22,233**	**419,480**	**681,556**	**2,400**	**683,956**
Profit for the period		-	-	-	-	55,231	**55,231**	(840)	**54,391**
Other comprehensive income		-	882	(48,164)	6,820	-	**(40,462)**	-	**(40,462)**
Total comprehensive income for the period		**-**	**882**	**(48,164)**	**6,820**	**55,231**	**14,769**	**(840)**	**13,929**
Transactions with owners in their capacity as owners:									
Share based payments		-	-	-	1,360	-	1,360	-	1,360
Share issues		884,257	-	-		-	884,257	-	884,257
Dividends	9	-	-	-	-	(33,579)	(33,579)	-	(33,579)
Equity and rights issue in controlled entity		-	-	-	(6)	-	(6)	-	(6)
At 31 December 2021		**1,188,701**	**(63,719)**	**(48,164)**	**30,407**	**441,132**	**1,548,357**	**1,560**	**1,549,917**

* 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.

	Note	Issued capital US$000 (restated)	Foreign currency translation reserve US$000 (restated)	Hedging reserve US$000 (restated)	Other reserves US$000 (restated)	Retained profits US$000 (restated)	Total US$000 (restated)	Non-controlling interests US$000 (restated)	Total equity US$000 (restated)
At 1 July 2020		**304,444**	**(115,021)**	**-**	**4,282**	**319,589**	**513,294**	**643**	**513,937**
Profit for the period		-	-	-	-	44,388	44,388	(511)	43,877
Other comprehensive income		-	62,303	-	15,942	-	78,245	(23)	78,222
Total comprehensive income for the period		**-**	**62,303**	**-**	**15,942**	**44,388**	**122,633**	**(534)**	**122,099**
Transactions with owners in their capacity as owners:									
Share based payments		-	-	-	1,172	-	1,172	-	1,172
Dividends	9	-	-	-	-	(17,669)	(17,669)	-	(17,669)
Equity and rights issue in controlled entity		-	-	-	(1,663)	-	(1,663)	2,994	1,331
At 31 December 2020		**304,444**	**(52,718)**	**-**	**19,733**	**346,308**	**617,767**	**3,103**	**620,870**

Consolidated Statement of Cash Flows
FOR SIX MONTHS ENDED 31 DECEMBER 2021

	31 Dec 2021 US$000	31 Dec 2020 US$000
Cash flows from operating activities		
Cash receipts	321,935	249,248
Cash paid to suppliers and employees	(129,472)	(114,252)
Income tax paid	(66,940)	(22,007)
Payments for exploration and evaluation	(25,100)	(24,636)
Interest received	649	866
Net cash inflow from operating activities	**101,072**	**89,219**
Cash flows from investing activities		
Payments for exploration and evaluation assets	(2,571)	(6,049)
Payments for property, plant and equipment	(2,872)	(13,019)
Payments for mine properties	(69,864)	(14,674)
Payments for investments	(1,001)	(7,339)
Payments for MATSA acquisition	(300,000)	-
Proceeds from sale of investments	71,027	3,887
Refund of security deposits and bonds	(20)	(80)
Net cash outflow from investing activities	**(305,301)**	**(37,274)**
Cash flows from financing activities		
Proceeds from rights issue in subsidiary	9	1,269
Proceeds from share issue	905,000	-
Share issue costs	(17,383)	-
Proceeds from loans and borrowings	145,128	-
Transaction costs related to loans and borrowings	(538)	-
Payments for derivatives	(6,557)	-
Repayment of lease obligations	(3,977)	(5,242)
Interest and other costs of finance paid	(184)	(198)
Cash dividend paid to equity holders	(33,600)	(17,670)
Net cash inflow (outflow) from financing activities	**987,898**	**(21,841)**
Net increase in cash and cash equivalents	**783,669**	**30,104**
Net foreign exchange differences	(13,277)	28,725
Cash and cash equivalents at the beginning of the period	431,313	199,812
Cash and cash equivalents at the end of the period	**1,201,705**	**258,641**

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

1 Corporate information

The interim condensed consolidated financial statements of Sandfire Resources Limited and its subsidiaries (collectively, the Group) for the six months ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 25 February 2022.

Sandfire Resources Limited is a for profit company incorporated in Australia whose shares are publicly traded on the Australian Securities 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 for the six months ended 31 December 2021 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 2021 and considered together with any public announcements made by Sandfire Resources Limited during the half-year ended 31 December 2021. The annual report of the Group as at and for the year ended 30 June 2021 is available at www.sandfire.com.au.

Change in presentation currency

The Directors have elected to change the Group's presentation currency from Australian dollars to United States (US) dollars effective from 1 July 2021. The change in presentation currency is a voluntary change which is accounted for retrospectively. The Half-Year Financial Report has been restated to US dollars using the procedures outlined below:

- Consolidated Income Statement and Consolidated Statement of Cash Flows have been translated into US dollars using average foreign currency rates prevailing for the relevant period;
- Assets and liabilities in the Consolidated Balance Sheet have been translated into US dollars at the closing foreign currency rates on the relevant balance sheet dates;
- The equity section of the Consolidated Balance Sheet, including foreign currency translation reserve, issued capital, retained profits and other reserves, has been translated into US dollars using historical rates; and
- Earnings per share and dividend disclosures have also been restated to US dollars to reflect the change in presentation currency.

All other 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 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but these do not have a material impact on the interim condensed consolidated financial statements of the Group.

3 Information relating to subsidiaries

The interim consolidated financial statements of the Group include:

	Country of incorporation	% equity interest	
		31 Dec 2021	30 Jun 2021
Sandfire Resources America Inc.	Canada	86.90	86.90
Sandfire BC Holdings (Australia) Pty Ltd	Australia	100.00	100.00
Sandfire BC Holdings Inc.	Canada	100.00	100.00
Sandfire (RMP) Pty Ltd	Australia	100.00	100.00
Sandfire (RMP) Inc.	U.S.A.	100.00	100.00
EMEA (BIH) Pty Ltd	Australia	100.00	100.00
Triassic Resources d.o.o.	Bosnia and Herzegovina	100.00	100.00
Sandfire Australia Holdings Pty Ltd	Australia	100.00	100.00
Sandfire Australia Pty Ltd	Australia	100.00	100.00
Sandfire Resources Botswana Pty Ltd	Australia	100.00	100.00
Metal Capital Limited	United Kingdom	100.00	100.00
Metal Capital Exploration Limited	United Kingdom	100.00	100.00
MOD Resources (Botswana) Pty Ltd	Australia	100.00	100.00
MOD Resources (NZ) Pty Ltd	Australia	100.00	100.00
Tshukudu Metals Botswana (Pty) Ltd	Botswana	100.00	100.00
Tshukudu Exploration (Pty) Ltd	Botswana	100.00	100.00

MOD Resources Botswana (Pty) Ltd	Botswana	100.00	100.00
Sams Creek Gold Ltd	New Zealand	100.00	100.00
Trans Kalahari Copper Namibia (Pty) Ltd	Namibia	100.00	100.00
Sandfire Spain Holdings Pty Ltd (i)	Australia	100.00	-
Sandfire Spain UK Ltd (i)	United Kingdom	100.00	-
Sandfire Spain Holdings Ltd (i)	United Kingdom	100.00	-
Sandfire Resources (ES), S.L. (i)	Spain	100.00	-

(i) The wholly owned subsidiaries were formed and incorporated during the half-year.

4 Segment information

An operating segment is a component of the Group that engages 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.

The operating segments reported including comparatives have been updated in the current financial year in accordance with current segment information provided to the CODM, being the executive management team and the Board of Directors.

Segment name	Description
DeGrussa Operation	This segment consists of both the DeGrussa and Monty Copper-Gold Mines located in the Bryah Basin mineral province of Western Australia. The mines generate revenue from the sale and shipment of copper-gold concentrate to customers in Asia and Europe.
Black Butte Project	This segment consists of the evaluation activities for the Black Butte Copper Project located in central Montana in the United States of America, held through the Group's 87% interest in Sandfire Resources America Inc. (TSX-V: SFR).
Motheo Project	This segment consists of the Group's exploration, evaluation and development activities in Botswana and Namibia within the Kalahari Copper Belt. This includes the advanced T3 Copper-Silver Project.
Exploration and Other	This segment includes the Group's exploration and evaluation activity including both regional and Doolgunna based exploration activities and the Group's corporate expenses that are unable to be directly attributed to an operating segment.

Segment information is evaluated by the executive management team and is prepared in conformity with the accounting policies adopted for preparing the financial statements of the Group.

Segment results

Income statement for the half-year ended 31 December 2021	DeGrussa Operations $000	Black Butte Project $000	Motheo Project $000	Exploration and Other $'000	Group $000
Revenue	311,752	-	-	-	311,752
Other gains / (losses)	-	-	-	1,546	1,546
Changes in inventories	2,404	-	-	-	2,404
Mine operations costs	(52,893)	-	-	-	(52,893)
Employee benefit expenses	(12,429)	(189)	(2,222)	(8,733)	(23,573)
Freight expenses	(28,318)	-	-	-	(28,318)
Royalties expense	(16,603)	-	-	-	(16,603)
Exploration and evaluation expenses	-	(6,085)	(5,429)	(11,104)	(22,618)
Acquisition and integration costs	-	-	-	(4,629)	(4,629)
Administrative expenses	-	(724)	(724)	(3,978)	(5,426)
EBITDA	**203,913**	**(6,998)**	**(8,375)**	**(26,898)**	**161,642**
Depreciation and amortisation expenses	(73,685)	(103)	(326)	(2,330)	(76,444)
Segment result (EBIT)	**130,228**	**(7,101)**	**(8,701)**	**(29,228)**	**85,198**
Finance income					4,093
Finance expense					(919)
Profit before income tax					**88,372**
Income tax expense					(33,981)
Net profit for the half-year					**54,391**

4 Segment information (continued)

Income statement for the half-year ended 31 December 2020	DeGrussa Operations $000 (restated)	Black Butte Project $000 (restated)	Motheo Project $000 (restated)	Exploration and Other $'000 (restated)	Group $000 (restated)
Revenue	256,102	-	-	-	256,102
Other gains / (losses)	-	-	-	(1,462)	(1,462)
Changes in inventories	6,847	-	-	-	6,847
Mine operations costs	(50,954)	-	-	-	(50,954)
Employee benefit expenses	(11,766)	(184)	(749)	(6,355)	(19,054)
Freight expenses	(15,830)	-	-	-	(15,830)
Royalties expense	(12,795)	-	-	-	(12,795)
Exploration and evaluation expenses	-	(2,519)	(5,462)	(13,702)	(21,683)
Administrative expenses	-	(629)	(309)	(1,926)	(2,864)
EBITDA	**171,604**	**(3,332)**	**(6,520)**	**(23,445)**	**138,307**
Depreciation and amortisation expenses	(59,240)	(100)	(153)	(2,457)	(61,950)
Segment result (EBIT)	**112,364**	**(3,432)**	**(6,673)**	**(25,902)**	**76,357**
Finance income					506
Finance expense					(9,512)
Profit before income tax					**67,351**
Income tax expense					(23,474)
Net profit for the half-year					**43,877**

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 2021 $000	31 Dec 2020 $000 (restated)
Revenue from contracts with customers		
Revenue from sale of concentrate	313,624	230,843
Revenue from shipping services	13,346	4,391
Total revenue from contracts with customers	**326,970**	**235,234**
Realised and unrealised fair value movements on receivables subject to QP adjustment	566	20,868
Realised and unrealised hedge losses	(15,784)	-
Total revenue	**311,752**	**256,102**

6 Finance income and expenses

	31 Dec 2021 $000	31 Dec 2020 $000 (restated)
Finance income		
Interest on bank deposits	586	506
Net Foreign exchange gain	3,507	-
Total finance income	**4,093**	**506**
Finance expenses		
Interest charges	398	1
Interest on lease liabilities	225	200
Net Foreign exchange loss	-	9,125
Unwinding of discount on provisions	166	90
Facility fees and charges	130	96
Total finance expenses	**919**	**9,512**

7 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 2021 $000	31 Dec 2020 $000 (restated)
Income taxes		
Current income tax expense	60,616	32,500
Deferred income tax expense related to origination and reversal of temporary differences	(26,042)	(8,790)
Over provision in prior periods	(593)	(236)
Income tax expense recognised in the income statement	**33,981**	**23,474**
Income tax expense (benefit) recognised in other comprehensive income	1,629	7,302
Total income tax expense recognised in the income statement and other comprehensive income	**35,610**	**30,776**

8 Financial assets and liabilities

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

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 2021.

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets					
Equity investments	(i)	6,741	-	501	7,242
Trade receivables	(ii)	-	16,674	-	16,674
		6,741	**16,674**	**501**	**23,916**
Financial liabilities					
Derivatives liabilities – commodity swap contracts	(iii)	-	55,406	-	55,406
		-	**55,406**	**-**	**55,406**

(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 takes into account relevant other fair value considerations including credit risk.

(iii) Refer to Note 11 for further information relating to the fair value of derivatives.

The fair value of the financial instruments as at 30 June 2021 are summarised in the table below.

	Level 1 $'000 (restated)	Level 2 $'000 (restated)	Level 3 $'000 (restated)	Total $'000 (restated)
Financial assets				
Equity investments	64,762	-	406	65,168
Trade receivables	-	19,704	-	19,704
	64,762	**19,704**	**406**	**84,872**

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

9 Dividends paid and proposed

	Note	31 Dec 2021 $000	31 Dec 2020 $000
Cash dividends on ordinary shares declared and paid:			
Final franked dividend for 2021: 26 cents (AUD) per share (2020: 14 cents (AUD) per share)		33,579	17,669
Proposed dividends on ordinary shares:			
First cash dividend for 2022: 3 cents (AUD) per share (2021: 8 cents (AUD) per share)	(i)	8,924	11,033

(i) Subsequent to 31 December 2021, the Board resolved to pay a fully franked dividend of 3 cents (AUD) per share, to be paid on 30 March 2022. The record date for entitlement to this dividend is 16 March 2022. The expected financial impact of this dividend has not been recognised in the Financial Statements for the half-year ended 31 December 2021 and will be recognised in subsequent Financial Statements.

10 Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective interest rate method. Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs and amortised over the period of the remaining facility.

	31 Dec 2021 $000	30 Jun 2021 $000 (restated)
Current interest-bearing liabilities		
Secured bank loans	144,987	-

Secured Bank Loans

During the half-year, the Group entered into a Corporate Debt Facility with ANZ and a Syndicated Debt Facility to fund the acquisition of MATSA.

Corporate Debt Facility:

The key terms of the Corporate Debt Facility with Australia and New Zealand Banking Group Limited (ANZ) include:

- Total debt facility of A$200.0 million ($145.1 million) with full draw down occurring on 19 November 2021;
- Maturity date of 30 September 2022;
- Bullet repayment on maturity; and
- The Facility is secured against Sandfire's DeGrussa operations and other corporate assets.

MATSA Syndicated Debt Facility *(draw down occurred subsequent to period end):*

During the half year, the Group executed a secured Syndicated Debt Facility to fund the acquisition of MATSA.

Subsequent to the period end, the loan was fully drawn down to fund the acquisition. The key terms of the Facility include:

- A Syndicated Debt Facility of $650.0 million;
- Maturity of 5 years from financial close (1 February 2022); and
- The Facility is supported and secured by the cash flows of MATSA with no recourse to Sandfire.

11 Derivatives

During the period, Sandfire entered into copper, gold and zinc commodity swap arrangements that were designated in cash flow hedge relationships.

Fair value of derivatives

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless Sandfire has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge Accounting

Sandfire designates certain commodity swap contracts as hedging instruments in the form of cash flow hedges. At the inception of the hedge relationship, Sandfire documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, Sandfire documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- at the date the hedges were entered into the transaction and future commodity sales are highly probable;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that Sandfire actually hedges and the quantity of the hedging instrument that Sandfire actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and presented in the cash flow hedge reserve under equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains / (losses)' line item. Sources of ineffectiveness include the mismatch of the timing of settlements between the hedged item and the hedging instrument.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Sandfire discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. If the forecast transactions are no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve in equity is reclassified to profit or loss immediately.

Unrecognised gains and losses recorded in the hedge reserve will give rise to a deferred tax asset or liability. This is recorded in the cash flow hedge reserve. Sandfire then considers if this is recoverable in the event it is a deferred tax asset. In the event it is a deferred tax liability, Sandfire considers whether unrecognised deferred tax assets should be recognised to offset the liability. Where this occurs the recognition of the deferred tax asset is recorded through income tax benefit in the profit and loss statement.

Fair value measurement

When measuring the fair value of its assets and liabilities, the Company uses observable market data. All assets and liabilities measured at fair value, including hedging instruments, use Level 2 valuation techniques.

Commodity swap contracts

	31 Dec 2021 $000	30 Jun 2021 $000 (restated)
Derivative Liabilities		
Commodity swap contracts – current	25,556	-
Commodity swap contracts – non-current	29,850	-
	55,406	**-**

As at 31 December 2021, the Group had a net hedge liability position reflecting the negative mark-to-market of copper, zinc and gold contracts. Total hedge position comprised 112,902 tonnes of copper at an average price of US$4.22/lb, 83,808 tonnes of zinc at an average price of US$1.32/lb and 21,224 ounces of gold at an average price of US$1,802/oz. The hedging tenor extends through to December 2024.

12 Related Parties

There have been no significant changes in the nature of related parties or amounts during the period.

13 Capital Commitments

The Group's capital commitments in relation to the Motheo Copper Mine development project increased by $38.0 million during the half year to $77.2 million (Jun 2021: $39.2 million).

Other than the above, there have been no significant changes in capital commitments during the period.

14 Significant events after the reporting date

Acquisition of MATSA

Subsequent to the period end, the Company announced:

- On 1 February 2022, the Company completed the acquisition of MATSA in Spain;
- MATSA is a substantial polymetallic mining complex comprising three underground mines and a 4.7Mtpa central processing facility with cutting-edge technology and infrastructure and an extensive resource base with significant growth potential;
- The formal completion of the transaction follows the receipt of key approvals for the transaction from the relevant Spanish Government authorities, including approval by the Foreign Direct Investment and Competition Authority during December 2021;
- With the successful completion of the transaction, Sandfire will exercise operational control and economic ownership at MATSA effective from 1 February 2022;
- The consideration was funded through a combination of existing cash reserves (following the A$1,248.0 million ($905.0 million) equity raising completed in October 2021) and the proceeds of the $650.0 million MATSA Syndicated Debt Facility and A$200.0 million ($145.1 million) Corporate Debt Facility with ANZ. As detailed within Note 10, draw down of the Facility occurred on 19 November 2021, with draw down of the MATSA Syndicated Debt Facility occurring subsequent to half-year end on completion of the transaction;
- The total headline price for the acquisition was $1,865.0 million;
- Ahead of completion, copper and zinc hedge agreements were entered into as required under the terms of the MATSA Syndicated Debt Facility; and
- At the date of this report the initial business combination accounting is incomplete and as such no disclosures have been made about the allocation of consideration to identifiable assets and liabilities.

Dividends

Subsequent to period end, the Directors of the Company announced an interim fully franked dividend of 3 cents (AUD) per share. The total amount of the dividend has not been provided for in the 31 December 2021 Financial Statements.

There are no other matters or circumstances that have arisen since 31 December 2021 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

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

1. In the opinion of the Directors:

   (a) the financial statements and notes of Sandfire Resources Limited for the half-year ended 31 December 2021 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 2021 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;*

   (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.

On behalf of the Board

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

West Perth, 25 February 2022

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working world

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Independent auditor's review report to the members of Sandfire Resources Limited

Conclusion

We have reviewed the accompanying half-year financial report of Sandfire Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

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 the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2021 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*.

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.

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
25 February 2022