

28 February 2022

December 2021 Half Year Financial Results¹

Strong copper price and operational performance drives record revenue and 24% increase in interim profit to US\$55.2M, as Sandfire embarks on new era as a global copper producer.

Highlights

- Record sales revenue of US\$311.8M (Dec 20: US\$256.1M): payable metal sales 32,422t Cu (Dec 20: 30,856t) and 14,462oz Au (Dec 20: 18,531oz).
- Cash flow from operating activities of US\$101.1M (Dec 20: US\$89.2M) – US\$126.2M prior to payments for exploration and evaluation expenses (Dec 20: US\$113.9M).
- DeGrussa Operations segment EBITDA of US\$203.9M (Dec 20: US\$171.6M).
- DeGrussa Operations segment earnings before net finance and income tax expense of US\$130.2M (Dec 20: US\$112.4M).
- Group EBITDA of US\$161.6M (Dec 20: US\$138.3M).
- Profit before net finance and income tax expense of US\$88.4M (Dec 20: US\$67.4M).
- Net profit after tax attributable to equity holders of US\$55.2M (Dec 20: US\$44.4M).
- Basic earnings per share of US14.2cps (Dec 20: US24.0cps) impacted by the issue of equity relating to the MATSA acquisition.
- Interim dividend of 3 cents (AUD) per share fully-franked (Dec 20: 8 cents (AUD) per share fully-franked).
- Group cash on hand as at 31 December 2021 totalled US\$1,201.7M. Group cash at 1 February 2022 (post MATSA acquisition) of US\$321.4M including MATSA cash acquired of US\$50.0M.

Sandfire Resources Ltd (ASX: SFR; **Sandfire** or **the Company**) is pleased to report its financial results for the six-month period ended 31 December 2021.

The Company delivered another outstanding operational and financial performance, with strong production from the DeGrussa Operations in Western Australia supported by continued strength in the prevailing copper price delivering record revenue and strong operating cash flows.

This allowed the Company to post a 24 per cent increase in net profit after tax attributable to equity holders of US\$55.2 million (Dec 20: \$44.4 million). The interim profit translates to earnings per share of US14.2 cents (basic and diluted), impacted by the issue of equity relating to the MATSA acquisition.

¹ 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.

Sandfire achieved record revenue of \$311.8 million (Dec 20: \$256.1 million) on metal sales totalling 33,946 tonnes of contained copper (Dec 20: 32,252t) and 16,161 ounces of contained gold (Dec 20: 20,350oz). The strong revenue result was supported by continued strength in the copper price, which consistently sat in the range of US\$9,000 – US\$10,600 per tonne throughout the reporting period.

The DeGrussa Operations delivered another strong operational performance, with production of 34,621 tonnes of contained copper (Dec 20: 35,790t) and 16,254 ounces of contained gold (Dec 20: 21,343oz) for the period, towards FY2022 guidance of 64-68kt of contained copper and 30-34koz of contained gold. As a result, the DeGrussa Operations segment generated earnings before net finance and income tax expense of US\$130.2 million (Dec 20: US\$112.4 million).

Depreciation and amortisation charges totalled US\$76.4 million for the period (Dec 20: US\$62.0 million).

Cash flow from operating activities was US\$101.1 million (Dec 20: US\$89.2 million) and US\$126.2 million prior to payments for exploration and evaluation expenses (Dec 20: US\$113.9 million). Other significant cash outflows for the reporting period included US\$66.9 million in income tax payments and US\$33.6 million in dividend payments.

Group EBITDA was US\$161.6 million (Dec 20: US\$138.3 million).

The Company maintained its commitment to shareholder returns during the half-year, declaring an interim fully-franked dividend of 3 cents (AUD) per share.

The Company's strong balance sheet and the robust cash-generating capability of the DeGrussa Operations enabled Sandfire to make strong progress towards its goal of building an international, diversified and sustainable mining company during the half-year, with the announcement of the transformational US\$1.865 billion acquisition of the MATSA Mining Complex in Spain and construction of its new Motheo Copper Mine in Botswana progressing well.

The MATSA acquisition was successfully completed subsequent to the end of the reporting period on 1 February 2022, with Sandfire exercising operational control and economic ownership effective from that date.

The consideration was funded through a combination of existing cash reserves (following the A\$1,248.0 million (US\$905.0 million) equity raising completed in October 2021) and the proceeds of the US\$650.0 million MATSA Syndicated Debt Facility and A\$200.0 million (US\$145.1 million) Corporate Debt Facility with ANZ.

As a result of the MATSA equity raising, the Group cash position at 31 December 2021 was US\$1,201.7 million. Group cash as at 1 February 2022 (following completion of the MATSA acquisition) was US\$321.4 million including MATSA cash acquired of US\$50.0 million.

Management Comment and Outlook

Sandfire's Managing Director, Mr Karl Simich, said the first half of FY2022 was a transformational period for the Company.

"In addition to another exemplary operational and financial performance, we were able to successfully leverage our strong foundations in Australia to execute one of the most significant acquisitions seen in the mid-tier base metal sector globally in recent years.

"The US\$1.865 billion MATSA deal in September was an on-strategy acquisition which marked the culmination of several years of careful preparation for the Company to expand globally," he said.

“This world-class asset immediately elevates Sandfire into the global base metal league and makes us one of the largest copper-focused producers on the ASX, providing our business with a new long-term cornerstone asset that will help drive our growth for many years to come.

“With the completion of this acquisition in February, Sandfire is on the way to completing our transition from a single-mine company into a diversified and sustainable international miner – and we are doing so against the backdrop of one of the best commodity market environments seen in over a decade.

“The combination of surging demand from the renewable energy and EV sectors, together with declining metal stockpiles and supply side tightness exacerbated by global supply chain instability, has seen the copper price surge to new highs – with further upside expected.

“As well as expanding through acquisition, Sandfire also grew organically during the first half of FY2022, with construction of our new Motheo Copper Mine in Botswana really stepping up a gear.

“Notwithstanding the challenges experienced as a result of the onset and spread of the Omicron variant of COVID-19, our construction teams have been doing an incredible job, keeping this large-scale construction project on schedule and on-budget toward first production next year.

“Our strong financial results for the first half reflected another impressive and consistent performance by the DeGrussa Operations in Australia. This led to record sales revenue, strong operational cash-flows and a 24 per cent increase in net profit after tax.

“DeGrussa remains on track to achieve FY2022 guidance of 64-68kt of contained copper and 30-34koz of contained gold, with the second half of the year also expected to include five months’ contribution from the MATSA Operation in Spain, for which we have also provided production and cost guidance today.

“FY2022 and FY2023 will be transitional years for Sandfire, underpinned by a strong and growing production base at MATSA. DeGrussa production will phase out post the first quarter of FY2023, to be replaced towards the end of FY2023 by new production from the Motheo Copper Mine in Botswana, where we expect to scale up in FY2024 with the development of the satellite A4 Deposit.

“We are also looking to progress the development of our Black Butte Copper Project in the US, and with further organic growth opportunities, support our aspirational vision to more than double production towards 300,000 tonnes of copper equivalent by the end of this decade.”

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

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 also 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.

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