Sandfire

Annual Report 2023

A focused strategy to achieve our purpose

Sandfire is strongly placed to support the electrification and decarbonisation of the global economy through our ownership of two modern processing hubs in the highly prospective Iberian Pyrite and Kalahari Copper Belts, and targeted development options.

We will unlock significant additional value for our stakeholders by:

- delivering safe, consistent and predictable performance;
- further reducing our carbon intensity;
- materially increasing reserves in the provinces we have chosen for their exploration potential; and
- demonstrating capital discipline.

Our inclusive culture underpins our success as it enables everyone to be their best, while our simple way of working empowers our teams and defines clear lines of accountability.

Our purpose

We mine copper sustainably to energise the future.

- Empower our people and define clear lines of accountability
- Deliver safe, consistent and predictable performance
- Reduce our carbon intensity
- Increase our reserves
- Demonstrate capital discipline

Unlocking additional value for our stakeholders

About this report

Acknowledgement

We acknowledge and pay our respects to the Indigenous, Traditional and Tribal Peoples of the lands, waters and territories on which Sandfire is located and where we conduct our business around the world.

We respect and acknowledge the unique cultural and spiritual relationships that Indigenous, Traditional and Tribal Peoples have to the lands, waters and territories, and their rich contribution to society.

In the spirit of respect and reconciliation, we will continue to support initiatives that strengthen culture and ways of life so that their legacy continues and extends to future generations.

About this report

This Annual Report is a summary of the operations, activities and performance of Sandfire Resources Limited (ABN 55 105 154 185) and its controlled entities for the year ended 30 June 2023 and its financial position as at 30 June 2023.

In this report, unless otherwise stated, references to 'Sandfire', the 'Company', the 'Group', 'our business', 'organisation', 'assets', 'we', 'us', 'our' and 'ourselves' refer to Sandfire Resources Limited and its controlled entities.

Unless otherwise stated:

- Copper Equivalent (CuEq) is calculated based on June 2022 average market price in USD. Source WM/Reuters, with assumptions: Cu US$8,245/t, Zn US$3,252/t, Pb US$1,907/t, Au US$1,815/oz, Ag US$20/oz.
- Financial information in this report is presented on the basis described in the Notes to the Financial Statements - Basis of preparation on page 110, and monetary amounts in this report are expressed in US dollars.
- Metrics describing sustainability and HSEC performance in this report apply to 'operated assets' that have been wholly owned and operated by Sandfire from 1 July 2022 to 30 June 2023.

Refer to page 159 of this report for cautionary notes and disclaimers.

Non-IFRS

This report includes non-IFRS financial measures, including underlying measures of earnings, effective tax rate, cash flow and net debt. Non-IFRS measures should not be considered as alternatives to an IFRS measure of profitability, financial performance or liquidity. For an explanation of how Sandfire uses non-IFRS measures, see page 39. The definitions of individual non-IFRS measures used in this report are set out in the glossary on page 157.

Our reporting approach

We welcome your feedback on our report or any other aspect of our business. Please visit the Contact Us page of our website to provide your feedback.

On the cover
Matthews Lekgoba, Flotation Operator at the Motheo Copper Mine

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About us

Sandfire is transforming into a sustainable mining company and global copper producer of significance.

With a demonstrated commitment to the highest safety standards, we mine copper sustainably to energise the future.

Copper continues to play a vital role in the electrification and decarbonisation of the global economy. With modern processing hubs in two highly prospective copper belts, attractive development options, and exciting exploration prospects, Sandfire is well placed to support the green energy transition.

MATSA

Copper Zinc Lead Silver

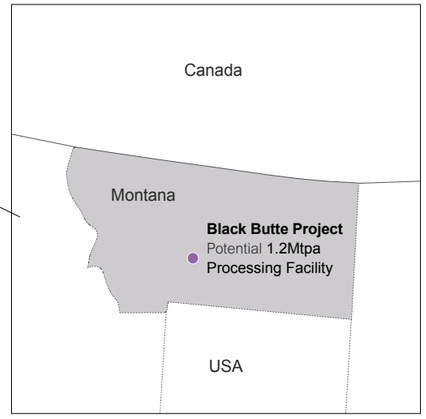
Motheo

Copper Silver

3.2Mtpa Processing Facility
growing to 5.2Mtpa

Black Butte

Copper



Legend Project Pipeline

Exploration Program · Study Phase · Development Phase · Operating · Care and Maintenance

Year in review

Creating Value

1,334
employees globally

80%
of MATSA's employees are local[a]

95%
of Motheo's employees and contractors are Botswana nationals

$99.3m[b]
in wages and salaries

$834k
contributed to host communities through direct and in-kind donations

$72.8m
paid in taxes and royalties

Financial Strength

$804.0m
Sales Revenue

$258.5m[c]
Underlying Group EBITDA

$264.7m
Group EBITDA

$53.7m
Net Loss for the year

$210.3m
Operating Cash Flow (prior to exploration and evaluation, and tax)

$141.9m
Cash on hand at year-end

Consistent Operations

TRIFR 1.6
decreased from 3.8 in FY2022

132kt CuEq
FY2023 annual copper equivalent production

FY2023 contained metal production:

84,056 t
copper

85,929 t
zinc

10,747 t
lead

2.8 Moz
silver

19,122 oz
gold

(a) Represents FY2023 wages and salaries expense, and defined contribution superannuation expense. Refer to Note 5 to the Financial Statements for details.
(b) Refer to page 30 of the Annual Report for details relating to Underlying earnings measures.
(c) See the Glossary of terms on page 157 for the definition of 'local'.

Message from the Chair

It is a great privilege to report to shareholders as the Chair of Sandfire, following another exciting year during which we have made great progress toward achieving our goal of becoming a sustainable mining company and global copper producer of significance.

FY2023 performance

Our focus on operational excellence, our people and safety, contributed to a record low total recordable injury frequency rate (TRIFR) of 1.6 at 30 June 2023, reducing from 3.8 in FY2022.

I commend Sandfire's team for their enduring commitment to achieve positive safety and wellbeing outcomes in a year of transition, as we continued to bed down the company-defining acquisition of MATSA in south-western Spain, commenced concentrate production at Motheo in Botswana, and wound down operations at DeGrussa in Western Australia.

DeGrussa has been a tremendous asset, which has provided Sandfire with a platform to grow internationally. The seamless and safe transition into care and maintenance during the latter part of FY2023 would not have been possible without the effort of our team. On behalf of everyone at Sandfire, we would like to congratulate and thank the DeGrussa team for their fantastic achievements and the legacy they have made together.

As we turn the page on DeGrussa, it was a great honour to attend the official opening of the Motheo Copper Mine by His Excellency Dr. Mokgweetsi Eric Keabetswe Masisi, the President of the Republic of Botswana. The ceremony was held on site at Motheo and was well attended by representatives of the local community and central Government, Sandfire staff, contracting partners and suppliers. The visit was an uplifting experience, allowing me to observe the palpable pride of our Motheo team in the magnitude of their achievement, matched only by their enthusiasm for the task ahead. We firmly believe that the official opening of Motheo signals the beginning of a modern, long-life copper production hub in the Kalahari Copper Belt. Botswana is recognised globally as a world-class, stable, and attractive mining jurisdiction with well-developed infrastructure, sound economic growth, and a clear and stable mining policy. We will continue to work with the local community, businesses, and government to enable Motheo to operate safely and successfully over the longer term.

The Company continues to establish the foundations for more consistent and predictable performance at our cornerstone asset, MATSA, with production from its three mines delivering annual copper equivalent (CuEq) production of 99kt. Group CuEq production of 132kt led to solid financial performance in FY2023 with sales revenue of $804.0 million, Group EBITDA of $264.7 million and operating cash flow of $116.6 million. Further information on the Company's performance is outlined in this Annual Report and by Brendan Harris in his Managing Director and CEO's Report.

Board and management

We were thrilled to announce Brendan's appointment as Managing Director and Chief Executive Officer in November last year and to welcome him to the Company when he commenced in April 2023.

Brendan's previous roles, including as a senior executive with BHP and South32, bring a broad range of leadership, commercial and technical skills to Sandfire as well as experience in managing diversified international mining operations.

He is well placed to lead Sandfire in the coming years as MATSA's contribution continues to grow, the Motheo operation ramps-up to realise its full potential, and we pursue development opportunities at Black Butte in North America.

I want to again thank Chief Operating Officer Jason Grace who filled the role of Acting Chief Executive Officer so admirably from October 2022 until Brendan's commencement, overseeing the smooth running of the Sandfire business and, in particular, the completion of the 3.2Mtpa Motheo Copper Mine in Botswana on time and on budget.

At the end of the financial year, Dr Roric Smith retired as Non-Executive Director, having served on the Board since December 2016. On behalf of my fellow directors, I would like to thank Roric for his valuable contribution and counsel to the Company. We wish him every success for the future and look forward to Roric continuing to work with our leadership team in an advisory role.

The Board will apply a measured process to find a suitably qualified director with experience applicable to the Company. Central to our approach will be the need for the Board to retain the right balance of skills, experience and diversity to effectively govern Sandfire's global growth phase.

Our new purpose and focused strategy

Brendan has already made a positive impact since he commenced in April and has spent a considerable amount of time at both MATSA and Motheo. Guided by our new shared Purpose – We mine copper sustainably to energise the future - and input from the Sandfire leadership team and Board, he has sharpened the Company's focus and further refined our strategy to deliver safe, consistent, and predictable performance as we look to unlock the strategic value of our processing hubs and broader landholding. The strategy is more fully explained and outlined in this Annual Report.

ESG

The Board is pleased with the progress that has been made on our response to climate change and we are in a strong position to achieve our new interim, company-wide target whereby we will reduce absolute emissions by 35% by FY2035, from our FY2024 baseline that includes Motheo. This interim target, coupled with our commitment to have 50% of our electricity needs being met by renewable sources by 2030, places the business firmly on a path toward achieving net zero emissions.

More broadly, the sustainability of our business and our operations is central to everything we do and informs every decision we make. Our ESG Framework has been developed, with benchmark measurements and future targets, and is designed to support the responsible delivery of our business strategy.

We look forward to sharing more with you with the release of our 2023 Sustainability Report in September.

Balance sheet and capital management

Underpinned by our disciplined approach to capital management, we continued to strengthen the Company's balance sheet in FY2023. We raised A$200 million in equity in the December Quarter through a fully underwritten Entitlement Offer, with the proceeds partially used to repay our Corporate Debt Facility and fund an increase in working capital as the Motheo project progressed from construction to first concentrate production and full commissioning.

We also continued to pay down the MATSA Debt Facility as we consolidated our strategic position in the Iberian Pyrite and Kalahari copper belts. Given the capital expenditure planned across FY2024 to fund the rapid and low cost expansion of Motheo to 5.2Mtpa and strengthen MATSA's operating platform, your Board elected not to declare a final dividend for FY2023. We will continue to balance the need to fund strongly value accretive growth opportunities and further optimise our capital structure with our desire to deliver superior total shareholder returns in the longer term.

Outlook

There is a growing understanding and acknowledgement that copper will play a major role in the global thematic of electrification and decarbonisation, and those producers with well-placed mining hubs and the operational excellence required to monetise them should outperform the wider market. I am confident that Sandfire is well positioned to take advantage of the expected re-rating of the copper sector.

However, the short-term outlook for copper producers remains volatile, with industry operating costs facing inflationary forces and copper prices remaining subdued for the past two years. While these forces cannot be ignored, your Company is well placed to prosper in the longer term given the strength of our team and quality of our emerging asset base.

On behalf of the Board, I would like to thank the entire Sandfire team for their excellent contributions in FY2023, while specifically acknowledging the commitment, leadership and support provided by Sandfire's senior management team. In a year of significant change, our people have delivered impressive results. With MATSA performing well, Motheo commencing production, and a range of growth opportunities to pursue, Sandfire is well placed to deliver on its strategy.

Finally, I wish to thank our shareholders for your continued support.

Kind regards,

John Richards
Non-Executive Chair

Managing Director and CEO's Report

It is a privilege to present my first report to shareholders as Managing Director and Chief Executive Officer of Sandfire.

Your company is at a particularly exciting juncture as it continues to transform into a global mining company and copper producer of significance. Since my first day in April, I have invested considerable time meeting with our people, visiting our assets in Spain and Botswana, and working closely with the Board and management team.

These visits and the invaluable feedback I've received have given me great confidence in the quality and potential of our assets, and I've seen firsthand the dedication, commitment, and capability of our people. The belief and optimism that our teams express in the future of our business, and the role they have and will continue to play is palpable, whether they are in Spain, Botswana, Australia, the United States or Portugal.

At a fundamental level, I firmly believe that a safe business is a productive business. Our record low TRIFR of 1.6 at year end is a testament to the team's safety mindset. We can never be complacent when it comes to the safety of our people or the environment.

I am also convinced that the simplest strategies, systems, and processes are typically the most effective. That's why we have clearly articulated a simple strategy that will keep our people safe and focus our collective energy where we will unlock additional value for our stakeholders.

And we are making good progress, having established the foundations for more consistent and predictable performance at MATSA, where copper equivalent (CuEq) production of 99kt marginally exceeded revised guidance. An innovative processing solution also unlocked additional copper and gold production at DeGrussa from low grade and oxide stockpiles, before the decision was taken to transition the asset to care and maintenance. All alternatives are now being considered for DeGrussa, including its rehabilitation and divestment.

In combination, our focused approach delivered Group CuEq production of 132kt and Group EBITDA of $264.7 million at an operating margin of 33%. Our statutory loss of $53.7 million was weighed down by a $254.6 million depreciation and amortisation expense at MATSA, as the prior acquisition continued to be amortised primarily on the basis of currently known reserves, and a $36.1 million expense associated with discretionary exploration and evaluation activities.

With the recent commissioning of our newest mine, Motheo, and our growing confidence in its operating potential, we will increasingly focus our efforts on the Kalahari Copper and Iberian Pyrite Belts. This will see our spend on regional exploration become more targeted as the identification of additional resources and reserves within close proximity of existing infrastructure is likely to generate the best return on discretionary investment for our shareholders.

In Spain, we will continue to enhance our understanding of the geological setting at MATSA and test the mineralised extent of the recently discovered San Pedro zone at Aguas Teñidas, and Olivo zone at Magdalena. In parallel, in Botswana we will test an open extension of the higher grade A4 Deposit, undertake a medium density drilling program at A1 with the objective of identifying a maiden resource, and test numerous other targets within an economic distance of Motheo. Rounding out our regional program, we plan to drill a number of holes in Montana to test the extent of the higher grade horizon that forms part of the Johnny Lee Deposit at Black Butte, and we will further assess the potential of our landholding in Portugal.

That brings me to our greatest achievement of FY2023, being the safe and successful completion of the Motheo Copper Mine, on time and on budget. First copper concentrate was produced in May 2023 and the rapid ramp-up to its initial design capacity of 3.2Mtpa is well underway. Across the first 50 days of FY2024, Motheo has operated at an average annualised throughput rate of 2.8Mtpa, achieved a maximum copper recovery of 95.9%, and produced approximately 14.0kt of concentrate with an average copper content of around 29.9%. It's still early days, but the asset is performing very well such that commercial production has been achieved and the financial performance of Motheo will be recorded in our profit and loss statement from the commencement of FY2024.

Signifying our growing presence in Botswana and the importance of Motheo to our host communities and the country more broadly, we were joined at its official opening by the President of the Republic of Botswana, the Minister for Minerals and Energy, and other distinguished guests. I'd personally like to thank the Government of Botswana and our host communities for their continuing support.

The energy and enthusiasm that was evident during the opening left me with an even greater sense of optimism and a firm belief that Sandfire will be a valued participant and contributor to the local economy for many years to come. The subsequent approval of the extension to our mining licence further reinforced this view as it represents the final major permitting milestone for the Motheo Expansion Project that will take installed processing capacity to 5.2Mtpa and allow mining of the higher grade A4 resource to commence. Together, this will see copper production at Motheo increase to more than 50kt in FY2025.

Our new purpose, refined strategy, and way of working

I'm also proud of the work we have done together to co-create a shared belief in a new, aspirational purpose that builds on the successes of the past, reflects who we are today and contemplates what we want to achieve in the future. This new, shared purpose provides clear direction for our people, added motivation, and alignment toward the pursuit of a common goal.

We have also defined the Sandfire Way, which clearly articulates how we are organised and where accountability sits, and will establish the minimum core and common policies and procedures for the Group. Our ESG Framework integrates with this approach and permeates everything we do and every decision we make, and is best illustrated by our commitment to reduce carbon emissions by 35% by FY2035. Given the urgent global imperative to reduce carbon emissions, and slow and reverse the impacts of climate change, we have identified this initiative as one of our strategic pillars.

From a behavioural perspective, we will continue to foster an inclusive culture that values diversity. By embracing our unique geographic footprint and celebrating our cultural differences we will empower our people, ensure decisions are made closest to where the work is done and enable everyone to be their best. That is how we will deliver our aspirational, shared purpose.

We mine copper sustainably to energise the future.

Our Executive Leadership Team

To bring the appropriate level of intensity and focus to the key elements of our refined strategy and successfully embed our new way of working, we added important skills and experience to our Executive Leadership Team.

The appointment of our first Chief Sustainability and Corporate Affairs Officer, Catherine Bozanich, reflects our level of commitment to our host communities, broader transparency and sustainability. Catherine brings extensive sustainability and executive leadership experience to her role and will commence with Sandfire on 4 September 2023.

The elevation of Victoria Twiss to become our first Chief Legal and Compliance Officer will help us to navigate the increasingly complex, global landscape. Victoria has been an integral member of the leadership team for several years and was most recently the Company's Head of Legal, Risk and Compliance.

At the close of the financial year we also announced the appointment of Megan Jansen as CFO, with long serving CFO, Matthew Fitzgerald, stepping down from his role on 30 September 2023. Megan brings extensive financial and commercial experience to the role and will commence with Sandfire in October 2023.

Matthew has played a key role in the strategic and financial stewardship of Sandfire from its early days as a junior explorer. On behalf of the Board and Executive team, I would like to thank Matthew for his extensive contribution and wish him the very best for the future.

Conclusion

Over the last 15 years or so, the geopolitical environment and global economy has become increasingly volatile and it is arguably more difficult to predict longer term trends. That's why I feel fortunate to have joined a segment of the mining industry that the world will rely upon to meet its decarbonisation goals.

Copper will undoubtedly play an increasingly pivotal role in global mobility, with the proliferation of electric vehicles, and the delivery of carbon emissions free energy, irrespective of its form of generation. With our strategic position in two highly prospective copper belts, 50% growth in copper equivalent production projected for our continuing operations across the next two years, and the potential to advance our broader suite of development options, there is no better place to be than Sandfire.

I would like to thank our committed and dedicated team for your warm welcome and tremendous effort during the last year. This is an exciting time for all of us and I am honoured to be leading Sandfire through this transformative period with the strong support of my fellow Directors.

To all of our valued shareholders, I would also like to thank you for your continuing support.

Take care and stay safe,

Brendan Harris
Managing Director and CEO

Our approach

In FY2023 and across FY2024 we are establishing the foundations to deliver safe, consistent and predictable long term performance at our MATSA operations in the Iberian Pyrite Belt and Motheo operations in the Kalahari Copper Belt.

In April 2023, we welcomed experienced mining executive Brendan Harris to lead the team as the Company's Chief Executive Officer and Managing Director.

Following Brendan's appointment, the Board and Executive Leadership Team have refined our purpose and strategy to power our transformation into one of the largest copper-focused miners on the Australian Securities Exchange (ASX), producing the critical metals required to achieve a low-carbon future.

Our approach brings together our new purpose and refined strategy, which is underpinned by our ESG framework, our values and way of working - *The Sandfire Way* - which frames everything we do and every decision we make.

The following pages outline the Sandfire plan in further detail.

We mine copper sustainably to energise the future.

Our purpose

We reviewed our company purpose during the year and then worked with our people from across the organisation to co-create a shared belief in a new, aspirational purpose that reflects who we are as a business, and what we want to achieve.

This new, shared purpose reflects the transition of our business into a global copper producer of significance and provides clear direction for our people, motivation, and alignment toward the pursuit of a common goal.

We mine copper sustainably to energise the future.

As a purpose-led organisation:

We bring our people, communities and other stakeholders together to make a positive long-term, sustainable contribution and have a lasting social impact.

We **mine** with a core focus on safety and are proud of our capability in the mining and processing of minerals.

For us, the safety of our people and environment is paramount.

We are excited to play our part in meeting the world's demand for **copper** and other critical metals.

Copper is an essential metal powering the global economy, vital to the construction and industrial sectors, and increasingly important if we are to help meet the world's decarbonisation needs.

We **sustainably** operate our business to create a better future for our people and host communities, protect the environment in which we operate and generate long-term value for our stakeholders.

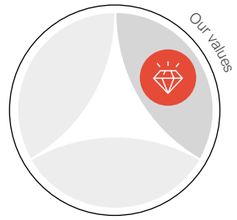
Sustainability is at the heart of our business and part of every decision we make. We believe that non-financial performance is connected to long-term value creation.

We operate our business understanding trust is earned by demonstrating genuine commitment and action.

Our people are unwavering in their commitment **to energise** communities, business and industry by creating positive socio-economic benefits.

And through this commitment, we help power the global transition to a low-carbon, net zero **future**.

Our values



Our values guide our behaviours - they define how we work together and inform every decision we make to achieve our purpose.

They guide us to act responsibly and ensure we embed sustainability, inclusivity, and diversity in everything we do.

Honesty | **Respect** | **Collaboration** | **Accountability** | **Performance**

Our desired outcomes are:

- We are **proud of what we do**, how we operate and the positive impact we have while delivering on our strategy.
- We **live our values** committed to acting respectfully and with integrity when engaging with all of our stakeholders.
- Our diverse and inclusive culture is at the heart of our success, and enables everyone to achieve their full potential and have a **sense of belonging.**
- We **deliver** on our commitments and responsibilities together.
- Our fit for purpose approach **drives excellence**, accountability, productivity, growth and development.
- We are committed to achieving **sustainable and profitable** operations.

Our strategy

A focused strategy to achieve our purpose.

Our strategic pillars

Our strategy is built on five strategic pillars which form the bedrock of our plan. Our refined strategy is informed by our approach to sustainability and ESG Framework, which permeates everything we do and every decision we make.

Empower our people and define clear lines of accountability

Deliver safe, consistent and predictable performance

Reduce our carbon intensity

Increase our reserves

Demonstrate capital discipline

Informed by our ESG Framework, which permeates everything we do and every decision we make

Sandfire is strongly placed to support the electrification and decarbonisation of the global economy through our ownership of two modern processing hubs in the highly prospective Iberian Pyrite and Kalahari Copper Belts, and targeted development options.

We will unlock significant additional value for our stakeholders by:

- delivering safe, consistent and predictable performance;
- further reducing our carbon intensity;
- materially increasing reserves in the provinces we have chosen for their exploration potential; and
- demonstrating capital discipline.

Our inclusive culture underpins our success as it enables everyone to be their best, while our simple way of working empowers our teams and defines clear lines of accountability.

Building on the momentum gained in FY2023, our refined strategy will support the continued transformation of our company into a global copper producer of significance.

Our strategy has been developed with sustainability at its heart, and carefully aligned with the UN Sustainable Development Goals. Our ESG framework is deeply embedded within our business strategy. Each of our strategic pillars is informed by our sustainability approach to ensure we remain focused on achieving our goals.

Critical to the achievement of our strategy is our commitment to foster a strong safety mindset, making sure everyone goes home safe and well, every day. At Sandfire, nothing is more important than the health, safety, and wellbeing of our people. We are focused and dedicated to the improvement journey we are on, ensuring we have the right values, behaviours, systems and processes in place to do the basics well.

With the evolution of Sandfire's business, we are focused on maximising the strategic value of our modern processing hubs and broader landholding in the highly prospective Iberian Pyrite Belt and Kalahari Copper Belt.

We will do this through delivering safe, consistent and predictable performance from Motheo - our new, long-life copper production hub in the central portion of the Kalahari Copper Belt – and MATSA - our cornerstone asset located in the north of the Iberian Pyrite Belt in Spain.

Exploration remains a key component of our strategy and is increasingly focused on both near-mine and regional opportunities as we look to leverage our strategic position in these locations and materially increase the mine life of our processing hubs.

Our highlights for FY2023 and ambition for FY2024 across each of our strategic pillars are summarised on the following pages.

Risk Management and Corporate Governance

Sandfire recognises that risk is inherent in our business and the effective management of risk is vital to safely deliver our strategy and achieve our purpose. Our integrated and effective risk management process is central to Sandfire's broader governance framework and enables us to identify opportunities and threats, allocate resources, discharge legal and regulatory obligations, and meet the standards and expectations of our stakeholders.

Our proactive approach to risk management is detailed on pages 30 to 37 of our Annual Report. For information on our approach to corporate governance refer to page 58.

Progress against our strategy

Empower our people and define clear lines of accountability

Our areas of focus

We strive to build an inclusive culture that values diversity, where our people are empowered and accountable, and can achieve their full potential. This is underpinned by our steadfast commitment to develop a physically and psychologically safe environment.

The Sandfire Way codifies our operating model, systems, processes and structure, providing our people with the clarity, tools and environment needed to deliver personal and shared success.

Our highlights in FY2023

- New company purpose was co-created by our global team to engender a shared belief in an aspirational goal that establishes direction for the Group and unlocks value for all stakeholders in the longer term.
- Established our intentionally simple operating model that empowers our people and defines clear lines of accountability, allowing decisions to be made closest to where the work is done.
- 84% of our global team said they felt engaged with our business from a global participation rate of 73% (Sandfire 2023 people survey).
- Gender diversity at the end of FY2023 was 24%, which was in line with FY2022, and we have since made important changes to our Executive Leadership Team to add the capability that our refined strategy demands.
- Gender diversity in Spain (21%) and Botswana (25%) was significantly above mining industry averages in those regions of 9% and 12.5%, respectively.
- Developing a robust Employee Value Proposition (EVP) which sets out our commitment to our people, going beyond remuneration to the broader aspects of employee support.
- Continued to invest in the growth and development of our people through formal and informal development and training.

Our ambitions for FY2024

- Bring to life and create a felt personal connection to our new shared purpose, refined strategy and The Sandfire Way within our global teams.
- Invest internally and externally in sustainable development pipelines that build technical, operations and leadership skills for the future of our business.
- Continue to develop a workforce that is reflective of the communities in which we operate, and equal opportunity is provided to all of our people.
- Maintain our high levels of employee engagement and commitment.

Our new shared purpose

As Sandfire grows internationally, there was a need to review our purpose to ensure it reflects who we are as a business and what we want to achieve in the future.

In line with our commitment to build to a stronger connection with our people and listen to their views, our new, shared purpose was born out of close consultation with more than 100 Sandfire employees from across Perth, Spain, Botswana and Montana, USA.

In collaborative workshops, we identified common themes and beliefs which formed the basis of our new shared purpose.

We mine copper sustainably to energise the future.

This shared purpose reflects the transitioning of our business into a global copper producer of significance and provides clear direction for our people, motivation, and alignment toward the pursuit of a common goal.

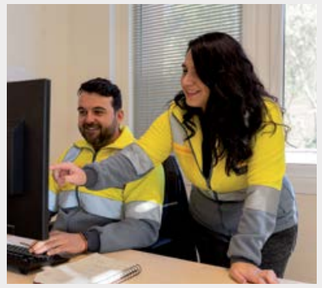
Developing The Sandfire Way

By living our values, we are proud to have created a psychologically and physically safe, diverse and inclusive business that focusses on simplicity and accountability.

To ensure our people and business overall are set up for future success, we have refreshed our operating model, rhythms and routines, and we refer to this new way of working as The Sandfire Way.

Underpinned by our values, The Sandfire Way is a simple, clear operating model that ensures our team members understand their accountabilities and have the right structures, systems and processes available to support them.

We believe our inclusive, empowered and accountable workforce will be a key enabler of our strategy when our people are equipped to make the right decisions, in the right place at the right time.



Sandfire Executive Leadership Team

To enable the delivery of our shared purpose, refined strategy, and way of working, we have restructured our Executive Leadership Team (ELT) to capture all of the critical elements, provide the necessary clarity and further define accountability, while providing the capacity to support future growth.

Two new roles have been added to the ELT. The appointment of our first Chief Sustainability and Corporate Affairs Officer reflects our level of commitment to our ESG Framework and, in particular, our drive to Net Zero.

Our transparent and engaging approach will also be enhanced with the elevation of corporate affairs. Similarly, our new Chief Legal & Compliance Officer will help us navigate the increasingly complex landscape as we grow to become a global copper producer of significance.

Refer to page 64 of our Annual Report for more information on our ELT.

Progress against our strategy

Deliver safe, consistent and predictable performance

Our areas of focus

We strive to protect our people, host communities and the environment in which we operate by being fundamentally dedicated to safety and sustainability and doing the basics well. Not only is this the right thing to do, but we also know that a safe business is productive.

By delivering safe, consistent and predictable performance at our modern processing hubs at MATSA and Motheo, we will establish a stable operating platform from which we can improve and grow.

Our highlights in FY2023

- Record low Total Recordable Injury Frequency Rate (TRIFR) of 1.6 at the end of June underpinned Group copper equivalent (CuEq) production of 132kt.
- Delivered first full year of production at MATSA following our acquisition with annual CuEq production of 99kt.
- Produced first copper concentrate at Motheo with construction and commissioning largely completed by the end of year, signalling the start of our rapid ramp-up in throughput toward the initial 3.2Mtpa processing rate.
- Made strong progress on the Motheo Expansion Project, which will increase installed processing capacity to 5.2Mtpa and brings the higher grade A4 Deposit into production.
- Adopted an innovative processing route to unlock an additional 9kt and 7koz of contained copper and gold production, respectively, from low grade and oxide stockpiles at DeGrussa, before safely transitioning the asset to care and maintenance.

Our ambitions for FY2024

- Maintain record levels of safety performance by further instilling our Don't Walk Past operating philosophy and enhancing our robust principal hazard management systems and processes.
- Continue to optimise operating performance at MATSA by investing in underground development and ventilation to open additional mining fronts and create more degrees of freedom, and build run of mine (RoM) stocks to optimise processing blends and increase metal recovery, creating the platform from which we can ultimately push processing rates to 4.7Mtpa and beyond.
- Achieve the initial 3.2Mtpa nameplate rate of processing capacity at Motheo sustainably during the September quarter and deliver the low-cost, rapid expansion to 5.2Mtpa in parallel with the A4 Open Pit development.
- Determine the longer term pathway for DeGrussa, with all alternatives currently being considered including rehabilitation and divestment.
- Complete the Lowry Study at Black Butte and make material progress defending the legal challenge to our permit for this 1.2Mtpa development project in Montana, USA.
- Remain sharply focused on all elements of our business to mitigate the impacts of inflation on both operating and capital costs to maximise available cash flow and support our balance sheet.

Safety always comes first

58%[1] reduction in Group TRIFR to 1.6

At Sandfire, the health, safety and wellbeing of our team members will always be paramount.

Our strong safety culture is founded on our commitment to continually improve and take individual and collective ownership.

Inherent in our approach is our 'Don't Walk Past' operating philosophy, which empowers our people to speak up and stop work if they don't believe it's safe, to identify hazards, raise concerns, and take the appropriate measures to rectify issues.

Our management of safety systems is focused on the prevention of incidents and the management of risks, including principal hazards, for both employees and contractors. Our current work program is designed to deliver continual improvement in safety across our assets.

We will remain fundamentally dedicated to safety, to ensure everyone goes home safe and well, every day.

1. As a reduction in Group TRIFR from 30 June 2022 to 30 June 2023.

Supporting our host communities

We recognise and respect the cultures, customs, lifestyles and heritage of local communities, and are committed to delivering a lasting and positive contribution to the communities where we operate.

In Botswana, our approach is centred on our Motheo Community Framework, which is designed to deliver lasting socio-economic benefits by focusing on community health, education, the empowerment of women, and youth development. Two recent examples of this program include the Horticulture Capacity Project and the Kuke Solar Street Lights Project, both located near our processing hub in Botswana.

Horticulture Capacity, Botswana

In partnership with the Ministry of Agriculture Production and the Ghanzi District Council, our Motheo team supports a Horticulture Capacity Project, which aims to provide women in Kuke with the tools and resources to grow nutritious food – not only for consumption but also to generate income, provide financial independence, and contribute to the district's food security.

Free access to high quality seeds, land, water, fertilisers, pesticides, pumps, storage and handling, and viable sales channels are provided, alongside classroom based training and onsite demonstrations.

Kuke Solar Street Lights Project, Botswana

Aligned with our approach to climate change, and in partnership with the Ghanzi District Council, we recently installed 80 solar-powered streetlights in Kuke to provide a safer environment for the local community. Our contribution included the provision of materials, technical expertise, and volunteers to support the installation and commissioning of the lights.

The project is one of our six priority development programs in the local community and we look forward to working with the Ghanzi District Council and Kuke village leadership to make our contribution even more impactful in the future.

Progress against our strategy

Reduce our carbon intensity

Our areas of focus

We recognise that climate change is an urgent global challenge that demands an industry wide response. We are committed to contributing to the responsible transition to a low emission future by taking action at both a corporate and operational level.

Our copper concentrates are a vital ingredient in the electrification of, and global transition toward, a low carbon emissions economy. Sandfire's polymetallic MATSA processing hub is already producing copper with a low emissions intensity – but we know more can be done, which is why we are taking direct action to reduce our future emissions.

Our actions are shaped by our overarching commitment to achieve Net Zero by 2050, and we are pleased to have defined an interim target whereby will we achieve a 35% reduction in our Scope 1 and Scope 2 emissions by 2035 from our 2024 baseline, which includes Motheo.

Our immediate challenge requires us to balance the need to ramp-up production at Motheo safely and sustainably for the benefit of our people, host communities, Government of Botswana and shareholders, against our short, medium and longer-term commitment to reduce our carbon emissions intensity and absolute emissions.

Our modelling indicates a short-term increase in carbon emissions as Motheo transitions from commissioning to full scale operations, notwithstanding MATSA's strong starting point that is underpinned by its access to renewable energy which delivers extremely low carbon emissions intensity metal concentrates.

We will continue to take action on climate change, addressing the challenge presented by our diverse operating footprint, the variable availability of low (or no) carbon energy sources, and often complex regulatory requirements.

Our highlights in FY2023	Our ambitions for FY2024
• Committed the Group to achieve Net Zero by 2050, covering Scope 1 and Scope 2 emissions for all sites under our operational control. • Committed to have 50% of the Group's electricity requirements met by renewable energy sources by 2030. • Committed to an interim carbon emissions reduction target whereby we will deliver a 35% reduction in our Scope 1 and Scope 2 carbon emissions by 2035 from our 2024 baseline, which includes Motheo. • Board approval of our ESG Framework and global goals under our six global ESG Pillars, which provide a pathway to Net Zero. • Becoming a signatory to the UN Global Compact Network which will drive us to address the UN Sustainable Development Goals (UN SDGs).	• Completion of our Scope 3 emissions materiality review and confirmation of our future approach. • Development of an internal carbon price to support feasibility studies and future capital allocation. • Development and implementation of a standardised emissions accounting framework to support our various reporting jurisdictions. • Continued engagement to encourage the Botswanan Government to provide a policy framework that supports investment in solar generation at Motheo and the longer term decarbonisation of the complex.

Increase our reserves

Our areas of focus

To sustain our business and unlock additional value for all of our stakeholders by identifying additional reserves and extending the life of our strategically valuable metal processing hubs and creating future development options.

Exploration will focus on both near-mine and regional opportunities in the Iberian Pyrite Belt and Kalahari Copper Belt, with the team also looking to progress our Black Butte development project in Montana, USA.

Our highlights in FY2023	Our ambitions for FY2024
• Completed a holistic review of available geological information at MATSA and developed a revised geological model to support mine planning and near-mine exploration. • Achieved near-mine exploration success at MATSA with the identification of new zones of VMS copper-zinc mineralisation, including San Pedro which sits adjacent to the Aguas Teñidas Mine, and the Olivo Zone which sits immediately to the west of Magdalena. • Completed an interim update of our resources and reserves at MATSA, confirming the replacement of mining depletion, and made significant progress on our larger study with results anticipated during the course of FY2024. • Discovered copper mineralisation at A1, which has the potential to extend the life of Motheo. • Identified further high-grade polymetallic mineralisation at the Sesmarias Prospect in Portugal, part of the Alvalade Project Joint Venture. • Developed whole-of-basin structural and lithological models for both the Kalahari Copper Belt and Iberian Pyrite Belt to further refine our targeting methodology.	• Complete the Sotiel Mine concept study at MATSA to investigate all alternatives to realise greater value from the significant resource endowment. • Deliver a material increase in mine life at MATSA through improved orebody knowledge and ongoing exploration success. • Determine the scale and economic potential of the Sesmarias Prospect in Portugal, while identifying and testing other regional targets in the Iberian Pyrite Belt. • Test the open extent of the A4 Deposit at Motheo, further define the A1 Prospect and consider options to incorporate it into the mine plan, and identify and test regional targets in the Kalahari Copper Belt. • Advance study work and exploration drilling at the Black Butte Project in Montana, USA.

Progress against our strategy

Demonstrate Capital Discipline

Our areas of focus

Our disciplined approach to capital management supports our commitment to build a sustainable business, creating long-term value for all of our stakeholders.

When we manage our capital well, we can invest to ensure the safe, consistent and predictable performance of our operations, and have the flexibility to grow our business for value, pay down debt and return capital to shareholders.

Our highlights in FY2023	Our ambitions for FY2024
• Supported the construction of Motheo through cash reserves and the establishment of a new project finance facility. • Significantly reduced the MATSA Finance Facility to a year-end balance of $432 million and re-sculpted the term to reflect a prior increase in reserves, creating additional near-term capacity. • Completed a A$200 million equity raising via an Entitlement Offer to strengthen the Company's Balance Sheet, support organic growth and repay corporate debt facilities, with all shareholders afforded the opportunity to participate equitably.	• Deliver safe, consistent and predictable performance, and direct available operating cash flow toward project expenditure and debt repayment. • Confirm the $60 million increase in the Motheo Finance Facility to $200 million, to support the rapid and low-cost expansion to 5.2Mtpa. • Invest in underground mine development and ventilation at MATSA to further de-risk the mine plan and establish the foundation to push the processing rate to 4.7mtpa sustainably. • Focus our exploration effort in the Iberian Pyrite and Kalahari Copper Belts given their prospectivity and to maximise the value of our strategically located processing hubs.

Our approach to sustainability

Sustainability is integral to the achievement of our purpose.

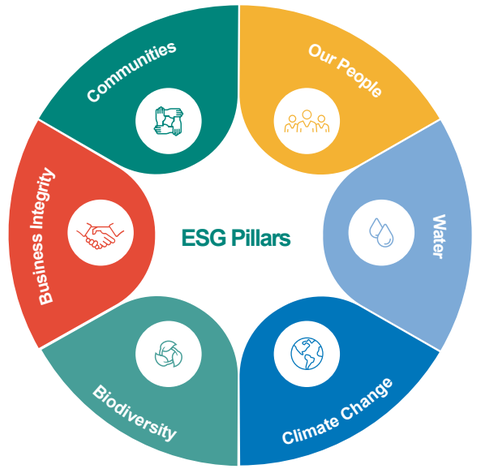
Sustainability principles inform every decision we make. We believe that non-financial performance is connected to long-term value creation and can only be realised when sustainability is firmly embedded throughout our business.

Our core product, copper, is a critical metal to enable the low emission economy of the future. Our ambition is to maximise production of this commodity to support global decarbonisation and electrification whilst making a positive impact on people, host communities, and the environments in which we operate.

Our ESG Framework

Our ESG Framework is built on six pillars that are the foundation of our sustainability strategy and contribute to the achievement of the UN's Sustainable Development Goals (SDGs). Each pillar has five year goals and milestones that focus our efforts and guide our activity to support the responsible delivery of our business strategy. The goals are intended to be ambitious and to challenge us to deliver positive social, environmental, and economic outcomes.

Sandfire's commitment to the responsible delivery of our business strategy and achievement of our ESG goals was further strengthened by the appointment of our first Chief Sustainability and Corporate Affairs Officer subsequent to year end, as part of our restructured Executive Leadership Team. Find out more on page 64 of our Annual Report.



The following pages provide a topline overview of our ESG pillars, five year goals and key highlights. Further information on our approach to sustainability, our ESG Framework and goals will be detailed within our annual Sustainability Report, which will be made available on our website.

Our People

As an organisation we are guided by our purpose and values, and committed to creating a safe and inclusive workplace that empowers our people so that everyone can achieve their full potential.

Our long term people goals

1. We prevent serious incidents and occupational diseases.
2. Our workforce reflects the communities in which we operate, and equal opportunity is provided to everyone.
3. We offer a compelling employee value proposition and can attract, retain and motivate our talented people.
4. Our way of working and inclusive culture that values diversity enables everyone to achieve their full potential.

Our progress:

Record low Group TRIFR of 1.6 at year end.

84% of our people said they felt engaged with our business from a global participation rate of 73%.

24%[(a)] of our global workforce are female.
(24% in FY2022)

Refer to page 18 of our Annual Report for further highlights and achievements relating to our people.

(a) Refer to Sandfire's FY2023 Corporate Governance Statement for more details on our progress towards achieving gender diversity.

Water

Water management is a key part of Sandfire's environmental strategy, and its effective management is fundamental to the sustainability of our operations, and the ecosystems and communities in which we operate.

We treat water as a precious resource and take a catchment-based approach to managing surface and groundwater. We collaboratively manage water resources with our local communities to minimise the impacts of our water use to the environment and ensure the sustainability of supply to our stakeholders

Our long term water goals

1. Establish and embed a global water stewardship framework across all of our operations.
2. Drive continual improvement in water use efficiency and set contextual targets for all of our operations.

Our progress:

MATSA Mining Water Living Lab Project for water treatment was commissioned and is delivering exceptional results.

Commenced a Managed Aquifer Recharge (MAR) trial at Motheo to evaluate the capacity of the local groundwater aquifer to receive surplus water from the T3 Open Pit mine, with 328ML returned to the aquifer for future beneficial use.

Significant progress on alignment to the Global Industry Standard on Tailings Management (GISTM).

Biodiversity

Our operations are located in a diverse range of habitats on different continents, each with their own unique biodiversity values. Actively managing our land use pressures and biodiversity impacts is essential to deliver on our environmental commitments.

Guided by our Environmental Policy and biodiversity standard, each of our operations is required to maintain site-specific management plans and procedures to effectively manage biodiversity as part of our commitment to responsible resource development.

Our long term biodiversity goals

1. Demonstrate:
   a. No net loss of key biodiversity values at legacy sites.
   b. A net gain in key biodiversity values at greenfields sites.
2. Pursue alignment with an appropriate global biodiversity framework.
3. Drive adoption of digital solutions for collecting and sharing biodiversity data with research institutions, governments, and NGOs where beneficial outcomes are identified.

Our progress:

Launched a wildlife sighting application in Botswana to capture real time information and map wildlife sightings.

Commissioned a Critical Habitat assessment for avian fauna at Motheo.

Advanced our plans for a Motheo Biodiversity Action Plan for avian critical habitat species.

Business Integrity

At Sandfire, our purpose and strategy is underpinned by a commitment to conduct our business with integrity and transparency wherever we operate. We believe that excellence in governance is intrinsic to our social licence to operate and essential for the long-term sustainability of our business.

Sandfire's governance framework forms a key part of our operating model and is integral to effective and responsible decision making and conduct. Refer to page 58 of our Annual Report for further information relating to our governance framework.

Our long term business integrity goals

1. Sandfire's strong values, Code of Conduct and policies guide our people to act with integrity and work within the law everywhere we do business.
2. Sandfire creates positive change in its value chain by working collaboratively with business partners to uphold human rights and boost sustainability outcomes.
3. Sandfire responsibly produces the metals critical for the transition to a Net Zero economy.

Our progress:

Completed human rights impact assessment for Motheo.

Updated Global Compliance, Governance and Risk Frameworks across the business.

Joined the United Nations Global Compact and aligned our strategy and operations with the universal principles for human rights, labour, environment, and anti-corruption, and are taking action that advances societal goals.

Communities

Sandfire's long term success depends on our ability to build relationships with our host communities and related stakeholders. Community support, engagement and trust are central to the sustainability of our business and we are committed to delivering enduring socio-economic benefits to our host communities.

We contribute to the economic development and social wellbeing of our host communities through job creation, procuring local goods and services, community investments, and paying taxes and royalties.

Our long term community goals

1. Work with host communities to generate enduring socio-economic benefit, beyond the life of our processing hubs.
2. Partner with these communities to provide sustainable social, economic, and environmental benefits.
3. Build strong and mutually beneficial relationships with Indigenous, Land Connected and Tribal Peoples across our value chain to deliver positive economic, social, and cultural outcomes.
4. Build trust amongst our host communities and continued social licence to operate.

Our progress

$834k contributed to host communities through direct and in-kind donations.

80% of MATSA's employees are local[(a)].

95% of Motheo's employees and contractors are Botswana nationals.

(a) See the Glossary of terms on page 157 for the definition of 'local'.

Climate Change

Climate change is a shared global challenge that requires collective action. Sandfire is committed to playing its role in the transition to a low carbon emissions economy and we recognise that the world's increasing requirement for secure, affordable, clean energy, creates a significant challenge which is best met when companies, governments and society work together.

We view copper as a critical enabler of the world's future, low carbon emissions economy given its role in the transmission and storage of green energy. As a growing, global copper producer we are well positioned and we are committed to decarbonising our own operations.

Our long term climate change goals

1. Source 50% of our electricity requirements from renewable sources by 2030.
2. Deliver a 35% reduction in our Scope 1 and Scope 2 carbon emissions by 2035 from our 2024 baseline, which includes Motheo.
3. Achieve Net Zero scope 1 and scope 2 carbon emissions by 2050.
4. Finalise our Scope 3 carbon emissions materiality review and confirm our future approach.

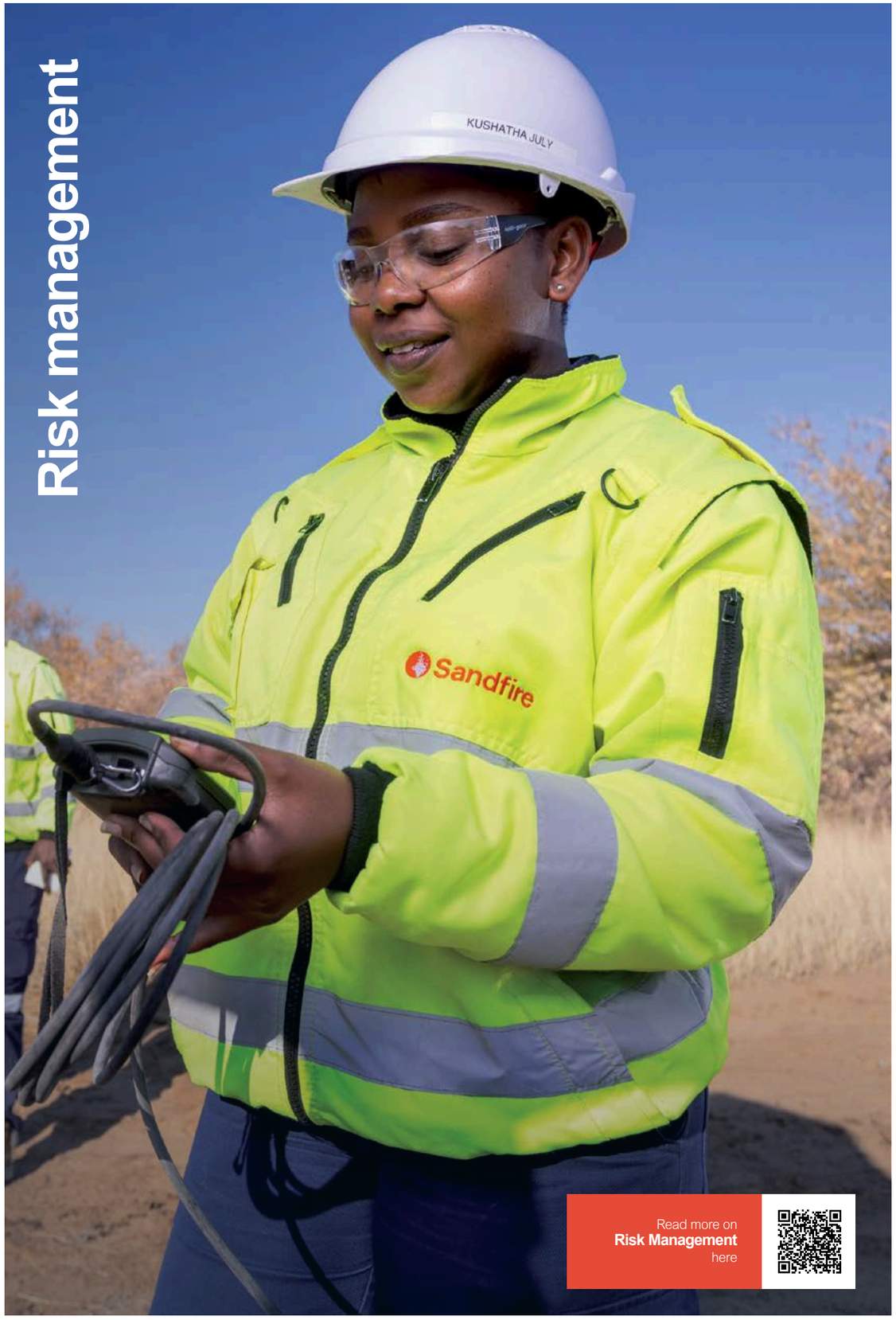
Our progress

148,564t CO_2e Scope 1 and 2 emissions.
(27% decrease on FY2022)

56% of total electrical energy usage derived from renewable sources.

Introduced an interim, company-wide Scope 1 and 2 carbon emissions reduction target of 35% by FY2035.

Refer to page 22 of our Annual Report for further highlights and achievements relating to climate change.



Risk management

The inherently risky nature of our industry demands an effective control environment.

Our risk-aware and values-based culture empowers our leaders to make decisions where the work is done. Our integrated risk management framework, effective systems, and processes, reflects the risk appetite set by our Board and are central to our broader governance framework. They enable us to identify opportunities and threats, allocate resources, discharge legal and regulatory obligations, and meet the standards and expectations of our stakeholders and ourselves. This effective system of risk management and control enables us to navigate the dynamic risk landscape we operate in, delivering safe, consistent, and predictable performance.

To effectively manage risk, we have an established risk management process aligned to the International Standard for Risk Management AS/NZS ISO 31000:2018. This involves regular monitoring of internal and external factors that have the potential to affect our business. Our risks are regularly reviewed, assessed, and managed at a global strategic, asset, project, and functional level.

We have identified nine principal risks that have the potential to materially impact our ability to achieve our purpose and deliver our strategy, which are set out on the following pages. Refer to page 57 of our Annual Report for information relating to financial risks that have the potential to materially impact Sandfire's financial results.

Keeping everyone safe and well

Our fundamental commitment to the health and safety of our people is a foundational element of our way of working - the Sandfire Way. Inherent in our approach is our philosophy of 'Don't Walk Past' – this means the standard you walk past is the standard you accept. With this approach, we create a culture where everyone actively contributes and carries out their work in a manner that protects the health and safety of themselves and others.

While Sandfire achieved a record low TRIFR in FY2023, we maintain a sense of chronic unease when it comes to safety performance and hazard management. The mining industry globally carries an elevated level of risk, which typically increases during periods of construction and closure, both of which have been a focus for the Group during the last 12-month period.

Opportunities

Meeting and exceeding our commitments in health, safety and hazard management, whilst keeping our people safe and well, sets our primary expectation of each other. We are successful when our team members take health and safety beyond the gate, enriching the lives of those in the communities in which we operate.

Developing all team members, including contractors, to live our "Don't Walk Past" philosophy and foster a culture of continuous improvement, particularly in relation to safety and risk management, is essential to creating a safety focused culture.

Threats

The industry in which we work, and the assets we own and operate, are inherently hazardous, and if poorly controlled have the potential to cause illness or injury, damage to the environment, and disruption to our team members families and communities. Any failure to provide a safe working environment can alter people's lives, damage our reputation, and place our licence to operate at risk.

Our controls

- We foster a way of working where our people "Don't Walk Past" any behaviour that they know or perceived to be contrary to our Values, including any apparent hazards or uncontrolled risks, and our primary measure of success is achieved when every person who works with us remains safe and healthy, every day.
- In this way, our people are encouraged to speak up and report work hazards and unsafe practices, either directly to their manager or by using our robust principal hazard and incident reporting system.
- We seek to continuously improve our safety and risk management systems across our business, including our risk-based principal hazard program.
- To accelerate this process of continuous improvement, we invest in safety training, equipment and hazard identification programs for our teams and their leaders.
- We investigate actual and potential incidents that could lead to significant injury, death, or psychological harm, remediate our controls where necessary and then share learnings within the Group and with other companies.
- We know we will only be successful when we have a truly inclusive culture that values diversity and empowers everyone not only to take accountability, but also achieve their full potential.
- This means that we have no tolerance for disrespectful behaviours such as bullying, harassment, discrimination, victimisation, or intimidation of any kind.
- We have an independent internal audit function that reviews our material risks, tests their effectiveness, and makes recommendations for improvement.

Empowering our people and defining clear lines of accountability

Our values of honesty, respect, performance, accountability, and collaboration embody the behaviours we believe will deliver sustainable performance and ultimately, our purpose and strategy.

Opportunities

By fostering a truly inclusive culture that values diversity and empowers everyone to achieve their full potential, we will achieve higher levels of employee engagement and performance. Our intentionally simple operating model, systems and processes, and flexible work practices, are designed to both empower our people and define clear lines of accountability, within a carefully considered risk framework. This, in turn, provides greater clarity, builds trust and psychological safety, and results in more effective and agile risk-based decision-making, closest to where the work is done.

Threats

If we are unable to create a shared belief in our purpose, strategy and values, we will have lower levels of engagement, and disconnected teams that lack diversity. When this happens, there is a greater risk that decision-making and work design will not fully contemplate the risks we are facing, leading to suboptimal performance and if sustained, damage to our reputation and the destruction of value.

Our controls

- Our purpose has been co-created by our global team to engender a shared belief in an aspirational goal that establishes direction for the Group and unlocks value for all stakeholders in the longer term.
- The Sandfire Way (our way of working) clearly defines how we are organised and work together to achieve our strategy and includes our operating model, systems and processes, and policies and procedures.
- Our Code of Conduct sets out our minimum expectations of behaviour (linked to our values) and explains how anyone can report a concern, anonymously if required, by using our confidential Stopline and Whistleblower processes.
- We seek to engage directly with our employees through numerous channels such as our employee engagement and pulse surveys, workplace committees, leadership 'townhalls' and one-on-one discussions, whilst empowering the line to lead inclusively and thoughtfully where feedback is sought and valued.
- We actively develop our employees and provide them with the skills and competencies required to deliver on their accountabilities, safely and efficiently.
- We develop a workforce that is reflective of the communities in which we operate, and equal opportunity is provided to all our people.
- We encourage everyone to be a leader, recognising their joint responsibility for our inclusive culture and the delivery of our sustainability objectives.

Attracting, developing, and retaining talent

Our people underpin our success, and our leaders are responsible for appropriately motivating them whilst providing opportunities for development and personal growth. To achieve our purpose and deliver on our strategy it is critically important for us to have well-developed talent management systems and processes that attract, retain, and develop future leaders with the complementary skills that our business needs, both today and tomorrow.

Opportunities

Our employee value proposition (EVP) is designed to support our people in their personal and professional life and goes beyond salary to the broader benefits and facilities we provide, the way we develop talent and how we respond to market trends.

We recognise and respect the unique cultures, customs, lifestyles and heritage of local communities we operate within, such as Southern Spain, Botswana, Montana and Western Australia, and empower our teams to live our values and meet core and common criteria in a way that makes sense in each local setting. In doing so, we are an employer of choice, known for the opportunities and training we provide, and the culture we co-create.

Threats

Should our EVP become unattractive in an increasingly competitive labour market, we may be unable to attract, retain and develop talent, creating unacceptable safety risks and significantly eroding confidence in our business.

Our controls

- We have a compelling EVP that is meaningful to our people and the communities in which we operate, and we regularly benchmark key components to ensure we remain competitive.
- We actively provide opportunities for our people to develop and grow both their professional and personal skills, helping them to achieve their goals by investing in formal and informal development and training.
- By fostering an inclusive culture that values diversity, we are an employer of choice that can attract and retain talent, delivering superior safety and operational performance.
- We offer flexible work practices and an opportunity to develop global experience.
- We support employees who undertake further education and training to accelerate their personal growth.
- Our Human Resources systems ensure all team members are equipped to complete their roles safely and successfully.

Materially increasing our mineral resources and ore reserves

We aim to realise the full potential of the resources and reserves we are entrusted to develop by focusing on the key drivers of value and being increasingly consistent and productive at what we do. We have chosen to focus our exploration efforts on both near-mine and regional opportunities in the highly prospective Iberian Pyrite and Kalahari Copper Belts. As we enhance our geological understanding of these provinces, we will increase the probability of a material discovery or mine life extension in and around our modern processing hubs.

Opportunities

Our intentionally simple operating model, systems, and processes are designed to both empower our people and define clear lines of accountability, within a carefully considered risk framework. This, in turn, provides greater clarity, builds trust and psychological safety, and results in more effective and agile risk-based decision-making.

This approach and our greater level of strategic focus allows us to better deploy technical expertise and apply modern mining techniques where we see the greatest opportunity to convert our resources into reserves, and discover new reserves in our chosen areas of operation.

Threats

If we fail to continually optimise our operations and projects, it will have a significant impact on our stakeholders and, ultimately, the sustainability of the Group. A broader failure to identify new resources, manage geotechnical variation or changes in product demand/specifications, secure mining approvals or capture the benefits of new technologies, may significantly reduce the economic value of our reserves and the future value of our resources.

Our controls

- Our two modern processing hubs are strategically located in the highly prospective Iberian Pyrite and Kalahari Copper Belts, and we have chosen to focus our exploration efforts in these regions as we believe this investment is likely to deliver the greatest return to our shareholders.
- We have development options where our known resources and reserves remain open along strike and / or at depth, such that ongoing exploration programs have the potential to materially improve the economics of future development.
- Our Mineral Resources and Ore Reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).
- We have access to experienced technical skills and resources, along with a demonstrated ability to evaluate, design, and construct mines effectively.
- Our Life of Mine integrated planning processes are designed to maximise the value of our assets through their lifecycle.
- We assess all our projects to ensure they meet strict, risk-adjusted investment criteria before material (study or development) capital is committed.

Managing cyber security risks

Any material breach of our global information technology (IT) systems could disrupt our operations, result in a serious breach of data privacy laws, affect employee and broader operational productivity, and make other sensitive customer, contractor, or supplier information publicly available.

Opportunities

We recognise that cyber security risk is growing for all companies and that we must maintain an active and innovative approach to mitigate risk. Notwithstanding this approach, we recognise that breaches can still occur, which is why we maintain crisis management plans for all our operations and test them periodically.

Threats

Cyber security breaches can stem from malicious external or internal attacks but can also result from inadvertent human error. Our use of external service providers also means the Group relies on the effectiveness of their IT system controls.

A failure to appropriately secure our key technology assets, such as process plant and mining IT systems and controls, could lead to unauthorised access and significant disruption to our operations and supply chains. This could, in turn, create material safety risks for our people, significantly impact the Group's liquidity and damage our external reputation.

Our controls

- We provide cyber security risk training for our people.
- We periodically review our IT control environment and have an independent internal audit function that provides another source of feedback (with formal reports that contain specific observations, recommendations, and actions).
- Recognising the residual risk that a breach may still occur, we maintain information technology and systems disaster recovery plans.
- We investigate actual and potential cyber security incidents, capture (and share) learnings and seek to put sufficient controls in place.

Delivering consistent and predictable performance

We strive to deliver consistent and predictable operational and project development results to establish a stable platform from which we can improve and grow.

Opportunities

By embedding our intentionally simple operating model and fostering our inclusive culture, we will be better placed to deliver consistent and predictable operating and project development results. The removal of unnecessary complexity and clearer lines of accountability will further empower our leaders and their teams to make decisions on the work being done, while the simplification and maturation of our operating systems and processes will provide greater capacity for our leaders to be in the field supporting, coaching, and observing their people.

Our efforts will be underpinned by deep geological and geotechnical expertise, robust plans that are coordinated by our integrated planning team and a stringent focus on the core elements of asset management.

Threats

A lack of geological or geotechnical control, poor planning or unsatisfactory maintenance rhythms and routines are likely to result in sub-optimal performance outcomes and a progressive loss of confidence in the company. Similarly, a lack of cost control or business continuity stemming from the failure of our supply chains has the potential to significantly reduce the value of our assets. This could include a failure to ensure our critical spares are defined and readily available, or a lack of access to water, energy, and efficient logistics solutions. Any failure to effectively manage our tailings dams could also pose a significant threat to our people, the environment, and local communities.

Our Controls

- Our purpose has been co-created by our global team to engender a shared belief in an aspirational goal that establishes direction for the company and unlocks value for all stakeholders in the longer term.
- The Sandfire Way (our way of working) clearly defines how we are organised and work together to achieve our strategy and includes our operating model, systems and processes, and policies and procedures.
- We actively develop our employees and provide them with the skills and competencies required to deliver on their accountabilities, safely and efficiently.
- We encourage everyone to be a leader, recognising their joint responsibility for our inclusive culture and the delivery of our sustainability objectives.
- We have access to experienced technical skills and resources, along with a demonstrated ability to evaluate, design, and construct mines effectively.
- We seek to continuously improve our safety and risk management systems across our business, including our risk-based principal hazard program.
- Our Life of Mine integrated planning processes are designed to maximise the value of our assets through their lifecycle.
- The collection and analysis of geological, geotechnical, geochemical, and geometallurgical data is an integral component of this integrated planning process, as is our commitment to be environmentally responsible in everything we do.
- We ensure our critical spares and key assets are identified and effectively managed.
- We are adopting the Global Industry Standard for Tailings Management at all our operations.
- We have crisis management plans in place for all locations, which are routinely verified and tested.

Meeting evolving societal expectations

We realise that the successful management of our ESG risks is integral to the long-term sustainability of our business. As a responsible mining company, we are committed to conducting our business in a manner that not only unlocks value for our shareholders, but also contributes positively to the well-being of our employees, communities, and the environment, thereby maximising value for all our stakeholders.

To keep pace with rapidly evolving regulatory and societal expectations, and to understand the potential impact on our business, we engage with a broad range of external stakeholders, actively seek and value the feedback that our local communities provide, participate in industry bodies and events where appropriate, and monitor other media channels to identify emerging trends.

Opportunities

We will be more likely to identify emerging trends and respond appropriately when we have open, honest, and transparent two-way communication with our external stakeholders, remain open to feedback and seek out examples of best practice.

By meeting societal expectations through delivering the goals outlined in our ESG Framework, we will build trust amongst our stakeholders and enhance our social licence to operate.

Threats

If we are unable to keep pace with evolving regulatory and societal expectations, we could damage our reputation and lose our licence to operate. This may significantly constrain our ability to achieve our strategic objectives, reduce our access to capital, and damage our reputation as an employer of choice. We could incur a significant increase in regulatory costs and face greater external scrutiny.

Our Controls

- Our Board of Directors has established a Risk and Sustainability Committee to govern the Group's ESG performance and ensure all outcomes and decisions align with our purpose and values.
- Our Board approved five-year ESG goals enable us to focus our efforts and to deliver our sustainability objectives.
- Our purpose has been co-created by our global team to engender a shared belief in an aspirational goal that establishes direction for the Group and unlocks value for all stakeholders in the longer term.
- Our values of honesty, respect, performance, accountability, and collaboration embody the behaviours we believe will deliver sustainable performance and ultimately, our purpose and strategy.
- We foster a way of working where our people "Don't Walk Past" any behaviour that they know or perceive to be contrary to our Values.
- We encourage everyone to be a leader, recognising their joint responsibility for our inclusive culture and the delivery of our sustainability objectives.
- Respect for human rights is embedded in our Code of Conduct, and we undertake human rights impact assessments to understand and respond to potential risks at our operations.
- We engage with local and indigenous communities to understand their needs and concerns, fostering mutually beneficial relationships through community development initiatives, employment, and contracting opportunities.
- We engage with local communities when assessing our water requirements and seek to optimise water usage and recirculation to minimise water extraction and offsite discharge.
- We assess the impacts of climate change on our operations and supply chains, including the physical risks that may result from more damaging mid-latitude weather patterns, and the risks (and opportunities) that may arise as the world transitions to a low-carbon economy.
- We assess the potential risks that our operations pose to the critical habitats surrounding our operations and seek to achieve a 'net gain' in biodiversity at greenfield sites.
- We align with globally recognised frameworks and standards such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) to ensure the accuracy and reliability of our ESG reporting.

Understanding and responding to geopolitical risk, economic cycles, actions by government and/or authorities

Changes to local legislative, regulatory, and fiscal terms, and any deterioration in global geopolitics, have the potential to impact us at a strategic level. This could extend to changes in royalty rates and taxation, the nationalisation of mineral resources, trade sanctions, and the renegotiation or nullification of contracts, leases, permits or other agreements, including environmental and social performance requirements.

Our base metal and raw input material prices, treatment charges and sea freight are largely a function of the prevailing economic climate (which impacts demand and foreign currency exchange rates) and availability of supply. The unpredictability of the global economy, when coupled with operational variability, can result in significant volatility in cash flow and liquidity.

Opportunities

Our Purpose has been co-created by our global team to engender a shared belief in an aspirational goal that establishes direction for the Group and unlocks value for all stakeholders in the longer term.

By living our Values and engaging with Governments, our host communities, and regulatory bodies in an open, honest, and transparent way, we will identify emerging risks and respond in a considered manner. As a good corporate citizen, we will also be able to provide tangible evidence of the contribution we make to the economies in which we operate and the local communities our people live and work in.

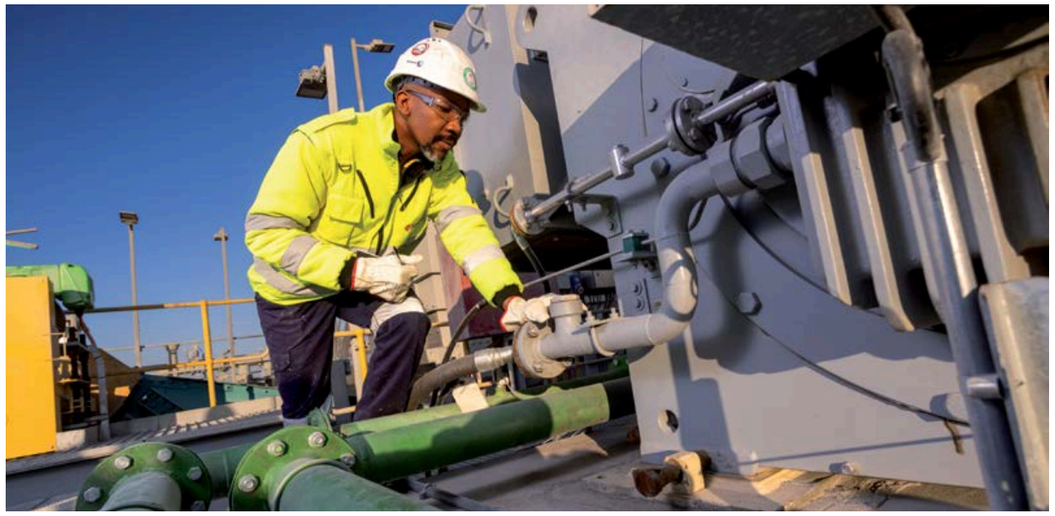
Threats

Adverse legislative, regulatory or policy decisions adopted within the regions in which we operate or sell our products could result in operational disruption, permitting uncertainty or the disruption of trade, and have a material impact on our business and shareholder value.

A significant or sharp deterioration in economic activity could adversely impact market demand, commodity prices, exchange rates and interest rates, which could significantly reduce profitability and liquidity, constraining our ability to reinvest in the business or return funds to shareholders in the longer term.

Our Controls

- By building strong relationships with local and provincial governments, we establish shared context, identify opportunities for improvement and clarify our broad contribution to our host communities.
- We seek local independent advice from risk professionals, legal firms, banking, and tax advisers, and monitor in-country communications channels to identify emerging trends and new risks.
- We foster a way of working where our people "Don't Walk Past" any behaviour that they know or perceive to be contrary to our Values.
- We engage external expertise to assist with business continuity and crisis management planning.
- We work with experienced mining insurance brokers who help place our insurance coverage.
- Granular scenario analysis helps us understand potential cash flow volatility and its bearing on liquidity and debt coverage ratios, and we then design our operational plans to manage risk.
- By hedging a proportion of forward sales, we partially mitigate the risk that a short-term market correction may lead to material margin compression, notwithstanding our preference to maintain largely unhedged market exposure to the commodities we produce.
- Well-developed local contracting strategies provide access to world-class export facilities and the quality of our concentrates ensures access to global markets.



Meeting policy, legislative and regulatory obligations

Unlawful action by the organisation or representatives of the organisation stemming from inappropriate conduct, a lack of competency or inadequate systems or processes, could significantly impact the Group's reputation and license to operate.

Opportunities

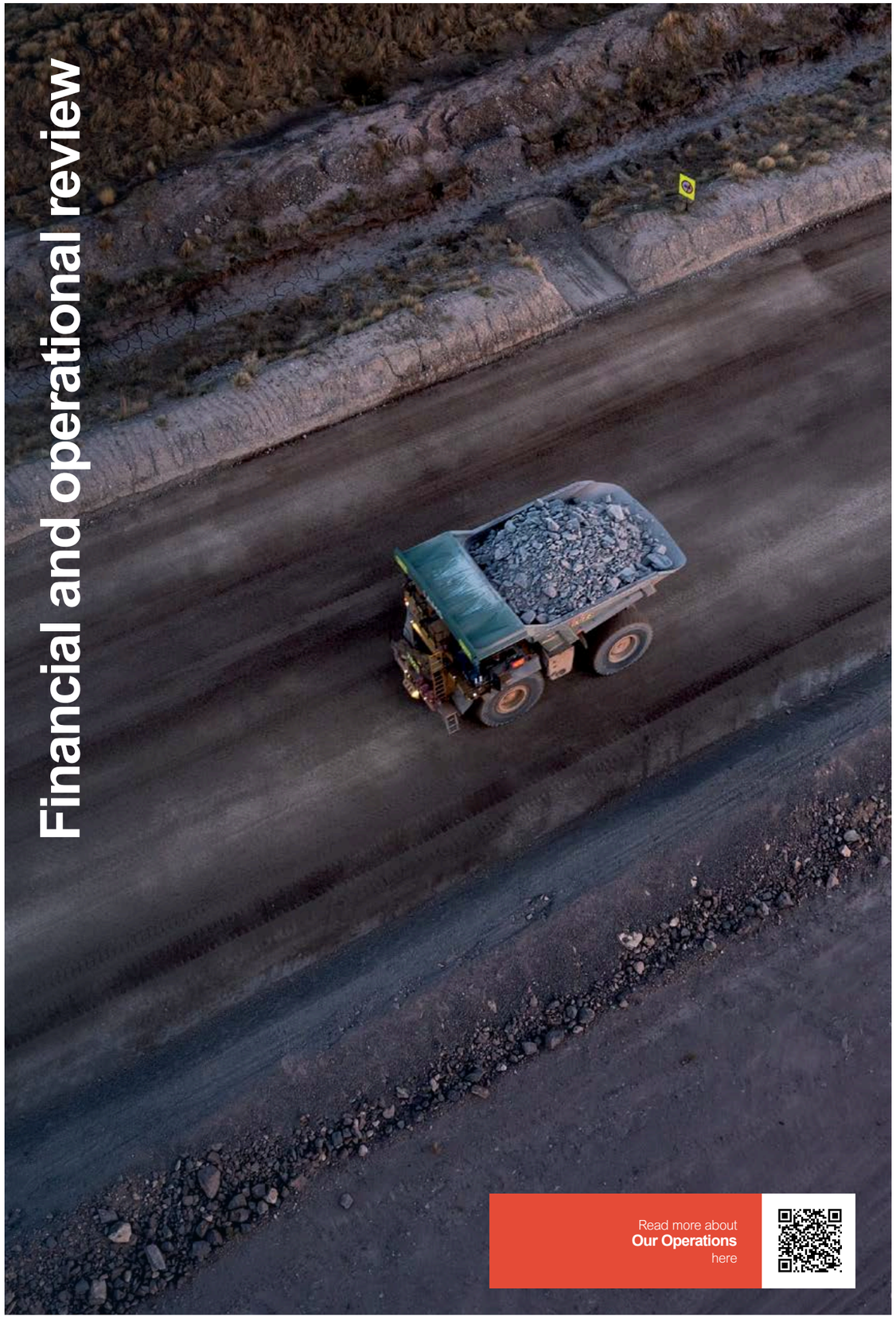
Instilling behaviours that reflect a shared belief in our Purpose and Values is arguably the best way to mitigate risks that result from an unlawful breach of regulatory policies or obligations. Effective monitoring of systems and processes allows the Group to deliver on its commitments.

Threats

A breach of our own Code of Conduct or the broader external regulatory framework (that includes policies, legislation and sanctions) could result in material penalties, fines or sanctions, and damage to our reputation and licence to operate, leading to the erosion of shareholder value.

Our Controls

- Our Purpose has been co-created by our global team to engender a shared belief in an aspirational goal that establishes direction for the Group and unlocks value for all stakeholders in the longer term.
- Our values of honesty, respect, performance, accountability, and collaboration embody the behaviours we believe will deliver sustainable performance and ultimately, our Purpose and Strategy.
- Our Code of Conduct sets out our minimum expectations of behaviour (linked to our Values) and explains how anyone can report a concern, anonymously if required, by using our confidential Stopline and Whistleblower processes.
- We provide education training programs for our people and we actively assess our compliance with external regulatory expectations to ensure our business is conducted to the highest standards.
- This process utilises external software solutions such as LexisNexis and we engage legal advisers in the countries in which we operate to provide tailored advice.
- We are embedding a global compliance management system,to provide greater oversight of our global compliance activities.
- We investigate actual and potential non-compliance incidents so that we can mitigate risks, capture learnings, remediate our controls where necessary and then share learnings within the Group.
- Our independent internal audit function supports this process by providing formal reports with their observations, recommendations and suggested actions.



Financial review

Strategically positioned in two highly prospective copper belts with more than 50% growth in copper equivalent production from continuing operations*.

Sandfire adopts a combination of International Financial Reporting Standards (IFRS) and non-IFRS financial measures to assess performance. Underlying earnings measures, cash flows from operating activities excluding exploration and evaluation, and tax, and net debt, are used to assist internal and external stakeholders better understand the financial performance of the Group and its operations.

Underlying earnings measures provide insight into Sandfire's core business performance by excluding the effects of events that are not part of the Group's usual business activities, but should not be indicative of, or a substitute for, profit/(loss) after tax as a measure of actual operating performance or as a substitute to cash flow as a measure of liquidity. Underlying earnings measures are used internally by the Chief Operating Decision maker to assist with decisions regarding operational performance and the allocation of resources including making investment decisions. Sandfire's Underlying financial results are outlined and reconciled to Statutory earnings measures in the Segment Note to the financial statements.

The following Underlying Earnings Adjustments are applied each period to calculate Underlying Earnings:

- Foreign exchange rate (gains)/losses on restatement of monetary items;
- Impairment losses/(reversals);
- (Gains)/losses on contingent consideration and other investments measured at fair value through profit or loss;
- Expenses from organisational restructures;
- Foreign exchange rate variations on net debt;
- Tax effect of Earnings Adjustments; and
- Foreign exchange (gains)/losses arising on retranslation of tax balances.

Other items considered significant to the financial statements that are not part of the Group's usual business activities and are not reflective of the core business performance of the Group are excluded from Underlying Earnings in the period in which they arise.

* Continuing operations include the MATSA operations in Spain and Motheo operations in Botswana. The Group's DeGrussa operations in Western Australia ceased commercial production during FY2023. Refer to page 52 of the Annual Report for further details.

Key performance indicators

Financial highlights[a]

US$000	2023	2022	Change
Statutory financial measures			
Sales revenue	803,974	922,705	(118,731)
Profit/(loss) before tax and net finance costs	(5,289)	190,561	(195,850)
(Loss)/ profit after tax	(53,661)	109,432	(163,093)
Cash flows from operating activities	116,622	391,188	(274,566)
Cash and cash equivalents	141,939	463,093	(321,154)
Basic earnings/(loss) per share (US cents)[b]	(11.81)	32.05	(43.86)
Ordinary dividends per share (US cents)[C]	-	2.0	(2.0)
Other financial measures			
Underlying Operations EBITDA	327,640	556,884	(229,244)
Underlying Operations EBITDA margin	41%	60%	(19%)
Underlying Group EBITDA	258,505	474,372	(215,867)
Underlying Group EBITDA margin	32%	51%	(19%)
Underlying EBIT	(11,471)	217,643	(229,114)
Underlying Earnings	(45,257)	138,832	(184,089)
Cash Earnings[d]	89,823	332,099	(242,276)
Cash flows from operating activities excluding exploration & evaluation and tax	210,277	572,328	(362,051)
Net debt[e]	(430,061)	(324,707)	(105,354)
Basic Underlying earnings per share (US cents)[b]	(10.36)	39.95	(50.31)
Ordinary shares on issue (million)	457	410	47

(a) During the period, the Group transitioned to internally reporting consolidated financial information on an Underlying earnings basis to better assess business performance. A reconciliation of these Underlying Earnings metrics to the statutory financial results in the Consolidated Income Statement is included in the Segment note (Note 3) to the financial statements.

(b) Basic earnings per share is calculated as (loss)/profit after tax divided by the weighted average number of shares on issue for the period. Basic Underlying earnings per share is calculated as Underlying Earnings divided by the weighted average number of shares on issue for the period.

(c) The dividend paid in FY2022 was an interim dividend in the amount of $8.8 million.

(d) Cash Earnings is an additional measure used to assess performance and is incorporated in the Group's FY2023 Long Term Incentive Plan. Cash earnings is Underlying Group EBITDA, add back Underlying exploration and evaluation expenses, less interest paid, less net income tax payments and less sustaining capital expenditure. A reconciliation of Underlying Group EBITDA to Cash earnings is included in Note 3 Segment information to the financial statements.

(e) Net debt excludes capitalised transaction costs, leases and revolving short-term working capital facilities.

Our international expansion

The progress toward achieving our goal of becoming a sustainable mining company and global copper producer of significance was underpinned by a number of key operational achievements in FY2023 including:

- A record low Total Reportable Injury Frequency Rate (TRIFR) of 1.6 as we continue to foster a strong safety mindset;
- Annual Group copper equivalent (CuEq) production of 132kt;
- Annual CuEq production of 99kt at MATSA with the foundations established for safe, consistent and predictable performance;
- Establishment of a multifaceted power agreement at MATSA that secures multi-year access to reliable, carbon emissions free, energy supply, and a substantial reduction in exposure to spot energy prices, particularly from the commencement of FY2024;
- First copper concentrate production at Motheo signalling the ramp-up of the operation toward its initial processing capacity of 3.2Mtpa;
- Strong progress toward the rapid and low cost expansion of Motheo to 5.2Mtpa, which remains on schedule for completion at the end of CY2023 following the timely approval of the A4 Project's Environmental and Social Impact Assessment (ESIA) in May 2023;
- Safe transition of our DeGrussa operations to care and maintenance following the completion of remnant low grade and oxide stockpile processing;
- Near-mine exploration success at MATSA with a significant new zone of VMS copper-zinc mineralisation delineated at San Pedro, adjacent to the Aguas Teñidas Mine, and an additional lens of mineralisation (Olivio Zone) identified to the west of the Magdelana Mine; and
- Identification of high grade poly metallic mineralisation at the Sesmarias Prospect in Portugal, part of the Alvalade Project Joint Venture.

Motheo also achieved commercial production and will be consolidated in the Group's profit and loss statement from 1 July 2023, having performed well through the first two months of the new financial year. Subsequent to year end, Botswana's Department of Mines also approved the extension of Motheo's Mining Licence, which paves the way for development and mining of the higher grade A4 Deposit to commence as planned.

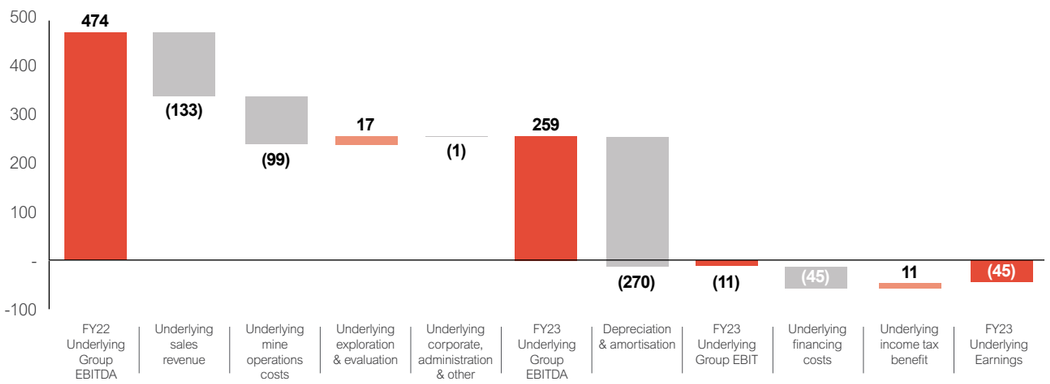
Earnings

The Group's statutory profit after tax decreased by $163.1 million to a loss of $53.7 million in FY2023 during a transformational year for Sandfire. Portfolio changes, including the wind down of production at DeGrussa, impacted current period earnings, while the new Motheo Copper Mine was under construction for the majority of the period and commenced commissioning activities late in the period. Notably, the FY2023 financial performance of the Group includes the consolidation of a full year of MATSA compared to five months in FY2022 (reflecting Sandfire's period of ownership from 1 February 2022).

Certain items are excluded from Group statutory profit/(loss) to derive Underlying Earnings. The total adjustments to reconcile FY2023 Underlying Earnings ($8.4 million) include an impairment loss on exploration assets ($4.0 million pre-tax), gain on disposal of assets primarily related to the closure of DeGrussa ($2.8 million pre-tax), DeGrussa wind down related expenditure and immediately expensed rehabilitation adjustment ($5.2 million pre-tax), MATSA Finance Facility debt modification gains ($5.2 million pre-tax), a foreign exchange loss on the translation of monetary items ($6.6 million pre-tax), hedge adjustment ($7.4 million pre-tax) and a foreign exchange loss on the translation of tax balances ($5.6 million).

Underlying Earnings decreased by $184.1 million to a loss of $45.3 million in FY2023. The following key components influenced Underlying Group financial performance in FY2023, relative to FY2022.

Reconciliation of movements in Underlying Group financial performance (US$M)[a]



(a) Underlying net financing costs and Underlying income tax benefit are actual FY2023 results, not year-on-year variances.

Total Group Underlying sales revenue decreased by 14% in FY2023 due to a 14% decrease in copper sales associated with the wind down in production at DeGrussa and a 6% decrease in realised copper prices, partially offset by a 121% increase in zinc sales at MATSA, which largely reflects a full 12 months of consolidation following its acquisition in FY2022.

Total Group Underlying mine operating costs increased by $98.7 million with a $190.1 million increase in costs associated with the full 12 month consolidation of costs at MATSA (FY2022: five months), partially offset by a $91.5 million reduction at DeGrussa following the completion of mining activities in October 2022 and the transition to stockpile processing thereafter.

FY2023 depreciation and amortisation expense of $270.0 million (FY2022: $256.7 million) included $254.6 million (FY2022: $115.7 million) for MATSA and $11.9 million (FY2022: $135.3 million) for DeGrussa. MATSA has a substantial, long life Mineral Resource with programs underway to convert additional resources to reserves and identify new areas with the potential to extend mine life. Depreciation at MATSA is a function of currently defined ore reserves and current planning assumptions and will benefit from future discoveries or resource to reserve conversions.

A more detailed analysis of each key component of FY2023 financial performance follows.

Sales Revenue

Underlying sales revenue for FY2023 and FY2022 that excludes Earnings Adjustment items impacting sales revenue is set out in the table below. The Earnings Adjustment items are outlined in the Segment note (Note 3) to the financial statements.

US$000	2023	2022
MATSA		
Payable copper sales	52,883t	28,796t
Copper price achieved	*$8,636/t*	*$8,550/t*
Payable zinc sales	71,335t	32,328t
Zinc price achieved	*$2,826/t*	*$3,249/t*
Underlying sales revenue[a]	557,830	303,694
DeGrussa		
Payable copper sales	27,791t	65,031t
Copper price achieved	*$8,022/t*	*$9,178/t*
Underlying sales revenue[b]	238,776	626,379
Total Group		
Payable copper sales	80,674t	93,827t
Copper price achieved	*$8,425/t*	*$8,985*
Payable zinc sales	71,335t	32,328t
Zinc price achieved	*$2,826/t*	*$3,249/t*
Total Underlying Group sales revenue	796,606	930,073

(a) MATSA Underlying sales revenue presented above includes other by-product sales revenue of $59.4 million (FY2022: $30.7 million) and is net of TCRC's of $102.2 million (FY2022: $45.6 million) and freight costs of $57.6 million (FY2022: $32.7 million).

(b) DeGrussa Underlying sales revenue presented above includes other by-product sales revenue of $33.6 million (FY2022: $56.1 million) and is net of TCRC's of $17.7 million (FY2022: $26.6 million).

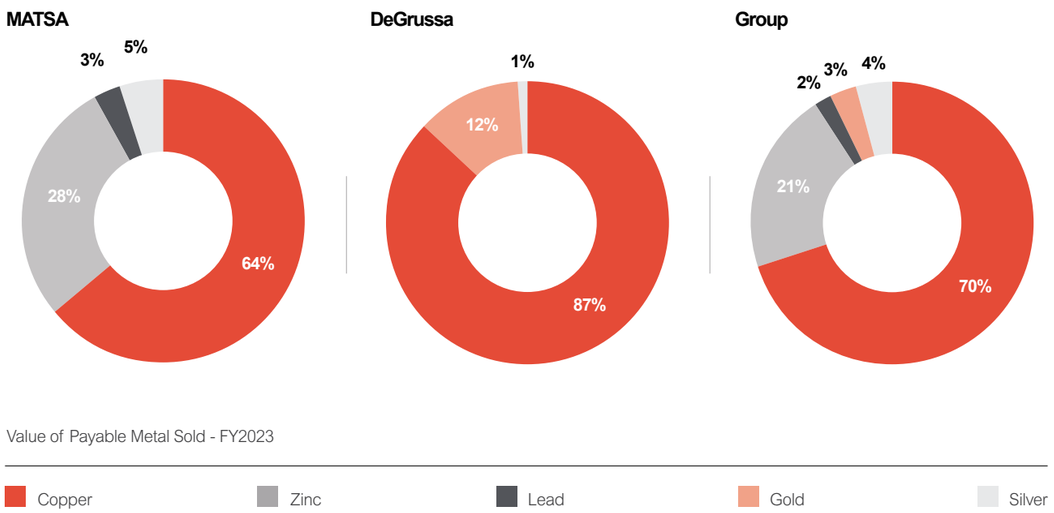
The 57% reduction in payable copper sales at DeGrussa reflects the cessation of higher-grade sulphide ore processing from October 2022 and associated 30% decrease in copper grades and 26% decrease in mill throughput.

MATSA's contribution to Group Underlying sales revenue increased from 33% to 70% of the Group total in FY2023 reflecting the first full year of ownership. The average copper grade of ore processed decreased by 17%, from 2.1% to 1.8%, and annualised mill throughput decreased by 3%.

More specifically, the average copper grade from ore mined at Magdelana decreased by 24% from 2.8% to 2.1% as localised poor ground conditions necessitated changes in the mine plan to minimise dilution and deliver more sustainable and predictable performance. The zinc grade of ore processed of 3.9% processed was largely unchanged from FY2022.

Copper was the dominant revenue stream in FY2023, generating 70% of total Group revenue, while zinc contributed 21%, with silver, gold and lead contributing a combined 9%.

Copper Dominant Revenue Stream



Hedging

The financial performance and operating cash margin of the Group is exposed to fluctuations in the market price of the commodities we produce. The Group has active copper and zinc hedges to assist in managing this risk.

MATSA hedging at 30 June 2023 comprised 44,889 tonnes of copper hedged under committed swaps at an average price of $8,963/t ($4.07/lb) with a tenor out to January 2025, and 55,072 tonnes of zinc production hedged at an average price of $2,595/t ($1.18/lb). The end of period mark-to-market gain on the MATSA hedge book was $38.7 million.

Additionally, DeGrussa hedging at 30 June 2023 comprised 2,865 tonnes of copper hedged at an average price of $8,595/t ($3.90/lb) with a tenor out to August 2023. The end of period mark-to-market gain on the DeGrussa hedge book was $0.8 million.

Operating costs

Underlying operating costs for FY2023 and FY2022 that excludes Earnings Adjustment items is set out in the table below. The Earnings Adjustment items are outlined in the Segment note (Note 3) to the financial statements.

US$000	2023	2022
MATSA		
Underlying mine operating costs[a]	335,713	145,573
Depreciation and amortisation expense	254,645	115,737
Total MATSA Underlying operating costs	590,358	261,310
DeGrussa		
Underlying mine operating costs[a]	138,168	229,623
Depreciation and amortisation expense	11,929	135,346
Total DeGrussa Underlying operating costs	150,097	364,969
Other		
Depreciation and amortisation expense	3,402	5,646
Total Other	3,402	5,646
Total		
Underlying mine operating costs[a]	473,881	375,196
Depreciation and amortisation expense	269,976	256,729
Total Group Underlying operating costs	743,857	631,925

(a) Underlying mine operating costs includes Underlying mine operations costs that reflect an allocation of statutory employee benefits expense, freight expenses, royalties expense, and changes in inventories of finished goods and work in progress. Refer to the Segment note (Note 3) to the financial statements for further detail.

MATSA's Underlying mine operating costs of $76 per tonne of ore processed in FY2023 was marginally lower than the $77 per tonne recorded in FY2022.

MATSA recorded a full year depreciation and amortisation expense of $254.6 million, an increase of 120% or $138.9 million from FY2022. This comprised $186.0 million for depreciation of property plant and equipment, and $68.6 million for the amortisation of mine properties. The increase at MATSA was partially offset by a 91% or $123.4 million reduction in depreciation and amortisation expense of DeGrussa to $11.9 million, as the capitalised value of mining and processing assets were fully depreciated and amortised during the period.

Acquisition accounting for MATSA in the prior period assigned a fair value of $2.3 billion to property, plant and equipment and mine properties assets. Property, plant and equipment is being depreciated on a straight-line basis over the lower of the expected life of mine or useful life of the asset, while mine properties (including a component of expected future development costs) are being amortised on a units of metal extracted basis over the life of mine. The life of mine is determined based on MATSA's current reserve, plus a component of converted resource. Any future mine life extensions would result in a lower rate of depreciation and amortisation.

At DeGrussa, remnant low grade surface ores and oxide stockpiles were processed until the economics reached break even. Despite a reduction in Underlying mine operating costs from $137 per tonne to $111 per tonne of ore processed (due to stockpiles being carried at nil value), the transition to lower grade and recovery stockpiles proved more challenging in the June 2023 quarter. Their high clay content significantly impacted metallurgical recoveries and throughput rates, and we ceased oxide processing operations in late May 2023 as the economics became marginal.

Prior to commercial production at the Motheo Copper Mine, which was achieved in July 2023, all operating costs were capitalised. During FY2023 $13.2 million of pre-production operating costs and $8.0 million in borrowing costs relating to the Motheo Project Finance Facility were capitalised to assets under construction. A further $25.0 million of pre-production costs were allocated to surface ore stockpiles and concentrate on hand.

Capital expenditure

In FY2023 Sandfire continued to invest in the construction and development of the T3 Open Pit and associated processing facilities at Motheo, and underground mine development at MATSA.

US$000	2023	2022
Current operations		
Mine development	84,077	59,584
Sustaining & strategic	34,121	14,719
Total current operations capital expenditure	118,198	74,303
Projects under construction & development		
Motheo development capital – T3 & 3.2Mtpa	167,036	121,937
Motheo development capital – A4 & 5.2Mtpa expansion	9,194	27,974
Motheo development – other	21,962	8,849
Total projects under construction & development	198,192	158,760
Total capital expenditure	316,390	233,063

Total capital expenditure increased by $83.3 million to $316.4 million in FY2023 with construction and development of the 3.2Mtpa Motheo Copper Mine largely complete by the end of the period. Other capital expenditure at Motheo is comprised of pre-production operating costs of $14.0 million (net of amounts attributed to ROM and concentrate inventories) and capitalised borrowing costs of $8.0 million relating to the Motheo Project Finance Facility.

Mine development expenditure in FY2023 included $82.0 million for MATSA as we sought to progressively open additional mining fronts and provide increased flexibility in our underground mines. FY2022 mine development included $30.8 million for MATSA (reflecting Sandfire's five month period of ownership) and $28.8 million for DeGrussa.

Exploration & evaluation expense

Underlying exploration and evaluation expense presented in the table below includes an allocation of statutory employee benefits expense. Refer to Segment note (Note 3) to the financial statements for further detail.

Exploration remained a key component of Sandfire's strategy, as we developed whole-of-basin structural and lithological models for both the Kalahari Copper Belt and Iberian Pyrite Belt to further refine our methodology, and completed a holistic review of available geological information at MATSA and developed a revised geological model to support mine planning and near-mine exploration.

The expenditure detailed in the table below includes exploration outside of the mine halo and does not include infill resource drilling.

US$000	2023	2022
Australia regional	15,905	27,427
Black Butte	7,880	14,082
Motheo	14,589	18,506
MATSA	6,426	1,940
Total Underlying exploration & evaluation expense	44,800	61,955

Underlying Australian regional exploration decreased by $11.5 million in FY2023 as we refocused the Group's exploration activities on the highly prospective Iberian Pyrite and Kalahari Copper belts. Sandfire America continued to advance its studies of the Lowry Deposit while defending the legal challenge to project permitting. Underlying MATSA exploration increased by $4.5 million in FY2023 with surface exploration seeking to extend known deposits and identify faulted offsets.

Net finance costs

Underlying finance costs for FY2023 and FY2022 that excludes Earnings Adjustment items impacting finance costs is discussed below. The Earnings Adjustment items are outlined in the Segment note (Note 3) to the financial statements.

Underlying net finance costs of $44.6 million (FY2022: $8.7 million) included $43.3 million (FY2022: $12.0 million) in accrued interest on the MATSA Finance Facility, which formed an integral part of Sandfire's funding package for the acquisition. The $31.3 million increase reflects a full year of interest expense compared to five months in FY2022.

Tax expense

Underlying tax expense for FY2023 and FY2022 that excludes Earnings Adjustment items impacting tax expense is discussed below. The Earnings Adjustment items are outlined in the Segment note (Note 3) to the financial statements.

An Underlying income tax benefit of $10.8 million was recorded in FY2023, driven largely by the Underlying net loss before tax of $56.0 million.

The FY2023 Underlying effective tax rate (ETR) of 19.3% has decreased from 33.6% in FY2022. In FY2023, tax adjustments for permanent and non-deductible differences made up a greater proportion of pre-tax earnings resulting in the decrease in the ETR. These include foreign tax losses or deductible temporary differences not brought to account and adjustments for tax rate differentials on foreign income, the impact of which has increased as operations transition to the lower taxing Botswana and Spain jurisdictions. Refer to Note 7 Income tax to the financial statements for a reconciliation of statutory income tax expense to pre-tax profit.

Balance sheet and capital management

We continued to transition our balance sheet during the year following the acquisition of MATSA in FY2022 and our investment in the Motheo Copper Mine. The Group had a cash balance of $141.9 million and net of debt of $430.1 million[(a)] at the end of the period, including $432.0 million owing under the MATSA Finance Facility and $140.0 million under the Motheo Finance Facility, following the successful completion of a $134.9 million (A$200.0 million) equity raising that supported our growth strategy and allowed us to repay corporate debt. Overall, corporate and project finance debt[(a)] decreased by $215.8 million (27%) in FY2023 to $572.0 million.

The table below summarises cash, net debt and net assets of the Group at year end.

US$000	2023	2022
Cash and cash equivalents	141,939	463,093
Current debt[(a)]	(86,265)	(335,800)
Non-current debt[(a)]	(485,735)	(452,000)
Total debt	(572,000)	(787,800)
Net debt[(a)]	(430,061)	(324,707)
Net assets	1,734,547	1,665,438

(a) Debt represents principal outstanding on secured bank loans at period-end. Debt and Net debt excludes capitalised transaction costs, leases and revolving short-term working capital facilities.

Our Corporate Debt Facility was fully repaid in the first half of the year with funds from the equity raising. The balance of the MATSA Finance Facility was reduced to $432.0 million as $218.0 million was repaid during FY2023.

The loan tenor of the MATSA Finance Facility was also extended by a further two years to 31 December 2028, with a lower repayment profile to 30 June 2025, following an extension to known MATSA reserves and unanimous approval of the international banking syndicate.

The Group also executed and fully drew down the $140.0 million Motheo Project Finance Facility with Nedbank and Société Générale to partially fund the development of the initial 3.2Mtpa Motheo processing operation. The Group is currently negotiating an uplift of the facility to US$200.0 million to fund the rapid and low cost expansion of Motheo to 5.2Mtpa.

As at 30 June 2023, the Group's balance sheet was geared at a leverage ratio of 0.3 (30 June 2022: 0.5). Further details of the Group's debt facilities are included in the Interest bearing liabilities note (Note 10) to the financial statements.

The transition to care and maintenance of our DeGrussa operations negatively impacted operating cash flows by $53.1 million in FY2023 driven by the finalisation of supplier and employee payments, and the payment of tax liabilities in relation to FY2022.

Sandfire has initiated a formal sale process to divest DeGrussa, inclusive of the Old Highway Gold Project, as we look to determine the longer term pathway for the asset.

No interim or final shareholder dividend has been declared in respect of FY2023 as we have maintained a prudent approach to capital management, recognising we are completing the 5.2Mtpa Motheo expansion, prioritising underground development and ventilation at MATSA, and paying down our debt facilities.

Cash flow statement

The Group generated cash flow from operating activities of $116.6 million (FY2022: $391.2 million) net of $32.7 million (FY2022: $48.3 million) in exploration expenditure and $61.0 million (FY2022: $132.8 million) in tax payments, of which $30.1 million related to the 2022 financial year. Cash flow from operating activities, excluding exploration & evaluation and tax, was $210.3 million (FY2022: $572.3 million).

Current period cash flow from operating activities was impacted by prior period provisional pricing adjustments, with total trade receivables, net of trade payables, increasing by $37.5 million during FY2023. The transition of DeGrussa to care and maintenance led to a further $53.1 million impact as detailed in the balance sheet and capital management section above.

Cash outflows from investing activities in FY2023 of $297.5 million (FY2022: $1,632.0 million) included $208.2 million in payments for the development of Motheo (FY2022: $128.6 million), MATSA mine development of $82.0 million (FY2022: $30.8 million), MATSA strategic and sustaining capital expenditure of $34.1 million (FY2022: $14.7 million). This was partially offset by a $28.0 million purchase price adjustment at MATSA.

Cash outflows from financing activities in FY2023 of $124.4 million (FY2022: inflows $1,291.5 million) included debt facility principal, interest and facility fee payments of $391.8 million, which were partially offset by the $140.0 million drawdown of the Motheo Finance Facility and proceeds from the capital raising of $132.0 million (net of share issue costs).

Operations analysis

The Underlying performance of each of the Group operating segments that excludes Earnings Adjustment items impacting earnings is summarised in the table below. The Earnings Adjustment items are outlined in the Segment note (Note 3) to the financial statements.

	Underlying sales revenue		Underlying Operations EBITDA		Underlying EBIT	
US$000	2023	2022	2023	2022	2023	2022
DeGrussa	238,776	626,379	101,433	396,980	89,504	261,634
MATSA	557,830	303,694	226,207	159,904	(34,864)	42,227
Motheo	-	-	-	-	(15,377)	(20,102)
Black Butte	-	-	-	-	(8,061)	(14,242)
Group and unallocated	-	-	-	-	(42,673)	(51,874)
Total	796,606	930,073	327,640	556,884	(11,471)	217,643

Underlying Operations EBITDA of $327.6 million included contributions of $226.2 million from MATSA and $101.4 million from DeGrussa, a significant shift in the relative contribution of each operation compared to FY2022. During FY2022, DeGrussa was in full production generating Underlying Operations EBITDA of $397.0 million with MATSA generating $159.9 million during the five months of Sandfire ownership (commencing on 1 February 2022).

The completion of higher grade and higher margin sulphide ore processing at DeGrussa in October 2022 significantly impacted the Underlying Operations EBITDA margin (which decreased from 63% to 42%) in FY2023 as remnant low grade surface ores and oxide stockpiles were processed until the economics reached break even.

At MATSA, a 17% reduction in the copper grade of ore processed in FY2023 led to a 12% reduction in its Underlying Operations EBITDA margin (which decreased from 53% to 41%). MATSA Underlying EBIT included a depreciation and amortisation expense of $254.6 million.

Certain financial measures presented in the Operations Review on pages 47 to 57 have been presented on an Underlying basis consistent with the presentation provided to the Chief Operating Decision Maker.

MATSA

Location: Huelva Province, Iberian Pyrite Belt, Spain

Sandfire share: 100 per cent

Product:
Copper, Zinc and **Lead** concentrates (containing a silver by-product).

Mining method:
Three underground mines using a combination of longitudinal and transverse open stoping.

Processing method:
Central processing facility with installed capacity of 4.7Mtpa using conventional crushing, grinding and flotation processes.

The MATSA operations are located in the Huelva Province of south-western Spain in the northern portion of the highly prospective Iberian Pyrite Belt. MATSA is a substantial polymetallic mining operation comprising a central processing facility that sources ore from three underground mines, Aguas Teñidas and Magdalena in Almonaster la Real and Sotiel in Calañas. The processing facility produces copper, zinc and lead mineral concentrates (containing a silver by-product) that are shipped from the port of Huelva.

Safety

The Total Recordable Injury Frequency Rate (TRIFR) for the MATSA operations in FY2023 was 2.6 (FY2022: 2.9), a 10.3 per cent improvement year-on-year.

Production summary	2023	2022[a]
Mining – total ore (t)	4,386,400	1,880,936
Processing – total ore milled (t)	4,395,325	1,891,319
Ore – Cupriferous	1,354,435	529,412
Cu grade %	1.7	2.2
Ore – Poly	3,040,890	1,361,907
Cu grade %	1.8	2.1
Zn grade %	3.9	3.9
Concentrate – total (t)	504,903	248,263
Contained Metal Production:		
Copper (t)	55,737	30,628
Zinc (t)	85,929	38,907
Lead (t)	10,747	4,102
Silver (Moz)	2.6	1.2
Copper Equivalent production (CuEq) (t)	98,672	49,952

(a) FY2022 operating results are for the period from 1 February 2022 to 30 June 2022, reflecting the period of Sandfire's operational control.

US$000	2023	2022
Cu payable metal sold (t)	52,883	28,796
Cu price achieved ($/t)	8,636	8,550
Zn payable metal sold ($/t)	71,335	32,328
Zn price achieved	2,826	3,249
Underlying sales revenue	557,830	303,694
Mine Operating costs (US$/t processed)[a]	76	77
Gross Operating cost (US$/lb)	3.56	2.94
By-product credits (US$/lb)	(1.57)	(1.48)
Net C1 Operating costs (US$/lb)	1.99	1.45
Underlying Operations EBITDA	226,207	159,904
Underlying Operations EBITDA Margin	41%	53%
Underlying EBIT	(34,864)	42,227
Net assets	1,218,216	1,287,011
Capital expenditure		
Mine Development	82,002	30,772
Sustaining & Strategic	34,121	14,719

(a) Includes mining, processing, general and administration and concentrate haulage.

Production

We delivered our first full year of production at MATSA following our acquisition in February 2022, with FY2023 CuEq production of 99kt continuing to establish the foundations for safe, predictable and consistent performance.

MATSA's Underlying revenue contribution increased from 33% to 70% of total Group sales in FY2023 reflecting a full year of ownership compared to five months of production and sales in FY2022. The average copper grade of ore processed decreased by 17% from 2.1% to 1.8% and annualised mill throughput decreased by 3% to 4.4Mtpa. The average copper grade of ore mined at Magdelana decreased by 24% from 2.8% to 2.1% as localised ground conditions in the main production areas led to a change in the mine plan, while mining rates were adjusted lower to increase stope stability and minimise dilution. The zinc grade of ore processed was largely unchanged from the prior period. A number of programs designed to further improve the Net Smelter Return (NSR) from our various ore types, including a focus on dilution and recoveries, and an increase in Run of Mine (RoM) stocks, remain a priority before we ultimately seek to increase the throughput rate of our centralised processing facility toward 4.7Mtpa, sustainably.

We also plan to incrementally increase underground development expenditure again in FY2024, and invest in ventilation at Aguas Teñidas, to progressively open additional mining fronts and increase flexibility in our underground mines.

Financial performance

MATSA's Underlying Operations EBITDA margin decreased by 12% to 41% as lower copper production reflected a 17% decrease in cupriferous and poly ore grades. The Underlying operating margin was also impacted by lower zinc prices, which decreased by 13% from US$3,249/t to US$2,826/t. Realised copper prices were largely unchanged.

Operating costs

C1 Operating unit costs increased in FY2023 to US$1.99/lb driven by lower copper production (associated with the lower grades processed), higher market rates for treatment charges and lower zinc prices which reduced by-product credits. This was partially offset by higher by-product output. Importantly, energy costs moderated in the second half of the financial year as a benign European winter and an increase in gas storage took immediate pressure off the market in late CY2022.

New long term power contracts entered with Endesa Energia provide MATSA with multi-year access to reliable energy supply and a substantial reduction in exposure to spot energy prices.

Capital expenditure

MATSA's level of mine development expenditure increased to $82.0 million in FY2023, compared with $30.8 million during the five month period of ownership in FY2022. An additional $34.1 million was invested in sustaining and strategic capital.

Motheo

Location: Ghanzi District, Kalahari Copper Belt, Botswana

Sandfire share: 100 per cent

Product:
Copper concentrate
(containing a silver by-product).

Mining method:
Open pit mining using
conventional truck and shovel.

Processing method:
Initial 3.2Mtpa central processing facility (5.2Mtpa expansion approved and under construction) using a conventional crushing, grinding and flotation circuit.

Motheo is our new, long-life asset located in the central portion of the Kalahari Copper Belt in Botswana. The Motheo operations are centred on the development and mining of the T3 and A4 Open Pit mines and were officially opened in August 2023. With a central processing facility, Motheo produces high-quality copper concentrate (containing a silver by-product) that is transported by truck to Walvis Bay, Namibia, for shipping to smelters around the world.

The operations are 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.

Safety

The TRIFR for the Motheo operations in FY2023 was 0.7 (FY2022: 1.3), a 46 per cent improvement year-on-year.

Production summary	2023	2022
Ore Mined (bcm)	425,911	-
Waste Mined (bcm)	12,476,089	1,828,258
Strip Ratio	29:1	-
LOM Strip Ratio (combined T3 and A4)	6:1	6:1
Mining – ROM ore (t)	451,987	-
Cu grade %	1.1	-
Ag grade g/t	7.6	-
Mining – LG stockpiles (t)	621,688	-
Cu grade %	0.5	-
Ag grade g/t	4.6	-
Processing – total ore milled (t)	199,700	-
Cu grade %	0.6	-
Ag grade g/t	4.7	-
Concentrate – total (t)	2,666	-
Contained Metal Production:		
Copper (t)	818	-
Silver (koz)	16	-
Copper Equivalent production (CuEq)(t)	857	-

3.2Mtpa Motheo construction and development

Construction of the 3.2Mtpa Motheo Copper Mine was largely completed by the end of FY2023 with first copper concentrate produced in May 2023. The rapid ramp-up of the processing facility to its initial design capacity of 3.2Mtpa progressed well during June and into July and, having achieved commercial production, will be consolidated in the Group's profit and loss statement from 1 July 2023. Mining operations at the T3 Open Pit remained on schedule throughout FY2023, with 713kt of ore stockpiled to the end of the year, encompassing ROM and low grade stockpiles.

5.2Mtpa Motheo expansion

Sandfire completed a Definitive Feasibility Study (DFS) for the Motheo expansion project in August 2022. The DFS highlighted the strong economics that would be generated by the expanded 5.2Mtpa operation, which includes development and mining of the A4 Deposit, located 8km to the west of the Motheo processing facility and T3 Open Pit.

The expansion project's design and procurement activities continued in parallel with the approvals processes during the year and the Environmental and Social Impact Assessment (ESIA) for the A4 Deposit was approved by the Botswana Government's Department of Environmental Affairs in May 2023. The approval of the ESIA was the result of an extensive public consultation process that included multiple stakeholders, including related communities.

The final major permitting milestone for the expansion was completed subsequent to year end as the Department of Mines approved Sandfire's submission for an extension to the Motheo Mining Licence, paving the way for development and mining of the higher grade A4 Deposit to commence.

The Motheo low-cost, rapid expansion will see processing capacity increase sustainability from the initial rate of 3.2Mtpa to 5.2Mtpa by the end of CY2023, with the project's design and procurement activities significantly advanced.

Financial Performance

All operating costs were capitalised to 30 June 2023 prior to the declaration of commercial production in July 2023.

The operation had $20.4 million of ROM stockpile inventory on hand at 30 June 2023, comprising $6.6 million of low grade material (397kt ore containing ~2kt of copper) and $13.8 million of high grade material (315kt ore containing ~4kt of copper). The operation also had $4.6 million of finished product concentrate inventory (2.2kt concentrate containing ~0.8kt copper).

Capital Expenditure

Motheo mine construction and development activities of $198.2 million for the period consisted of $189.0 million for the 3.2Mtpa processing facility, infrastructure and T3 Open Pit inclusive of pre-production operating costs of $14.0 million and capitalised borrowing costs of $8.0 million. A further $9.2 million was invested in the 5.2Mtpa plant expansion and A4 Open Pit.

DeGrussa

Location: Western Australia, Australia

Sandfire share: 100 per cent

Product:
Copper concentrate
(containing a gold and silver by-product).

The DeGrussa operations are located 900km north-east of Perth in Western Australia and included the high-grade DeGrussa and Monty Copper-Gold Mines. Underground mining operations at DeGrussa delivered sulphide ore to a 1.6Mtpa processing facility that produced copper concentrate (containing a gold and silver by-product).

Safety

The TRIFR for the DeGrussa operations in FY2023 was 1.9 (FY2022: 10.5), an 82 per cent improvement year-on-year.

Production summary	2023	2022
Mining – total ore (t)	448,706	1,692,952
Processing – total ore milled (t)	1,244,439	1,680,742
Cu grade %	3.0	4.3
Ag grade g/t	1.1	1.3
Concentrate – total (t)	113,009	287,641
Contained Metal Production:		
Copper (t)	27,502	67,740
Gold (oz)	19,122	32,285
Copper Equivalent production (CuEq)(t)	32,081	75,584

US$000	2023	2022
Cu payable metal sold (t)	27,791	65,031
Cu price achieved ($/t)	8,022	9,178
Underlying sales revenue (US$M)	238,776	626,379
Gross Operating cost (US$/lb)	2.16	1.57
By-product credits (US$/lb)	(0.55)	(0.39)
Net C1 Operating costs (US$/lb)	1.61	1.18
Underlying Operations EBITDA	101,433	396,980
Underlying Operations EBITDA Margin	42%	63%
Underlying EBIT	89,504	261,634
Net assets	1,851,499	1,700,078
Mine Development	2,075	28,810

Completion of underground sulphide mining and processing operations

Underground mining operations at DeGrussa have been completed, with the depletion of run-of-mine (ROM) sulphide ore from the DeGrussa and Monty Copper-Gold Mines. The final stopes were extracted, hauled to surface and processed in October 2022.

Processing Extension Project

With the completion of underground mining activities, our DeGrussa operations transitioned to process mineralised waste and oxide stockpiles for the period November 2022 to May 2023. The processing extension project was based on the existing DeGrussa flotation circuit with minimal changes, whereby a simplistic approach was adopted to treat stockpiles with oxide reagents. In order to maximise value and economic returns, our team prioritised higher grade and higher recovery stockpiles, before moving to the remnant lower grade and lower recovery stockpiles, while closely monitoring the technical and economic results.

While the processing of these higher grade and higher recovery stockpiles delivered strong financial outcomes, the transition to lower grade and lower recovery stockpiles proved to be more challenging in the June 2023 Quarter. The high clay content of this material significantly impacted metallurgical recovery and throughput rates, and as the economics became marginal, processing operations ceased in late May 2023.

Following the completion of oxide processing in May 2023, the DeGrussa site transitioned to care and maintenance and all alternatives are being considered for the operation, including closure and rehabilitation, and divestment.

Financial Performance

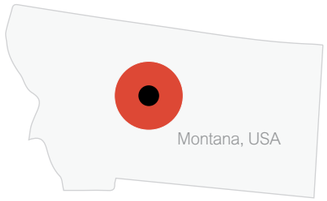
DeGrussa's C1 Operating unit costs increased by 36% to $1.61/lb as the operation transitioned to treat lower grade mineralised waste and oxide stockpiles from November 2022. A combination of lower realised copper prices and the shift to treat lower margin material resulted in a 21% decrease in DeGrussa's Underlying Operations EBITDA margin to 42%.

Sale Process

A formal sale process to divest the DeGrussa Project has been initiated, inclusive of the Old Highway Gold Project and associated Bryah Basin gold exploration tenements, the DeGrussa and Monty underground mines and associated near-mine tenements, oxide stockpiles and tailings dam mineral inventory, and other property, plant and equipment.

This process may or may not result in the divestment of the project. The Company will assess potential offers and determine whether any sale would realise an acceptable commercial outcome for Sandfire and its shareholders.

Black Butte



Location: Montana, USA

Sandfire share: 87 per cent, via Canadian listed company Sandfire Resources America Inc. (TSX-V: SFR) (Sandfire America)

Located in central Montana in the United States, Black Butte Copper is one of the world's highest-grade undeveloped copper projects. The planned mine development will utilise best-practice technology and modern mining techniques to develop a wholly underground mine with minimal surface footprint and environmental impact.

The project is located on private ranch land in Meagher County close to existing road, power, and rail infrastructure, with the ability to access a residential workforce located nearby and competitive sources of materials and power.

The proposed underground mine at Black Butte is designed to provide significant economic opportunity to Central Montana while fully protecting the local watershed.

Safety

The Total Recordable Injury Frequency (TRIFR) for Black Butte in FY2023 was 4.66 (FY2022: 3.82), a 22 per cent increase year-on-year, driven by a single recordable injury and reduction in personnel hours.

Project permitting

Project permitting for mining of the Johnny Lee Deposit at Black Butte was completed in April 2020, with the Montana Department of Environmental Quality (MT DEQ) releasing the Final Environmental Impact Statement (EIS) on 13 March 2020 and issuing a positive Record of Decision to grant a Mine Operating Permit (MOP) on 9 April 2020. The MT DEQ issued the final permit on 17 August 2020, and Sandfire initiated Phase I construction.

A legal challenge was filed to the MT DEQ Record of Decision on 4 June 2020, in the 14th Judicial Court in Meagher County, Montana, against the MT DEQ and Sandfire America's wholly owned subsidiary, Tintina Montana Inc. On April 8, 2022, Montana district court ruling found in favour of the plaintiffs which stopped further construction. Sandfire America and the MT DEQ appealed the ruling to the Montana Supreme Court and Oral Arguments were heard on 21 June 2023. A decision on the case is pending with resolution of the case to inform the next step of the project.

Studies

Mining studies for underground access and mining of the Lowry Deposit (located approximately 2km from the Johnny Lee Deposit) commenced during FY2023. The Lowry Deposit could become a significant addition to the Black Butte underground mining complex and add significant value. Integration of the Lowry Deposit into the mine plan will inform future development options.

Further details can be found on the Sandfire America Resources Inc. website.

Financial performance

Exploration and evaluation expenditure incurred at Black Butte during FY2023 of $7.9 million (FY2022: $14.1 million) has been immediately expensed.

Exploration

Exploration remains a key component of Sandfire's strategy and is increasingly focused on both near-mine and regional opportunities as we seek to leverage our strategic position in the highly prospective Iberian Pyrite Belt and the Kalahari Copper Belt, and materially increase the mine life of our modern processing hubs.

Iberian Pyrite Belt, Spain and Portugal

Sandfire's exploration tenure in the Iberian Pyrite Belt, comprising approximately 3,000km^2, offers substantial long-term exploration upside and organic growth potential.

Spain

We continued to enhance our understanding of the geological setting at MATSA during the year, with a focus on near mine targets that have the potential to extend mine life.

This focused approach led to early success, with near mine exploration drilling intersecting encouraging widths and grades of VMS copper-zinc-silver mineralisation at the newly identified San Pedro Zone. The mineralisation at San Pedro, located less than 100m south of the Aguas Teñidas Mine, is hosted by the same prospective geological horizon and is likely part of the same deposit.

Drilling to date has confirmed that the newly delineated VMS mineralisation within the San Pedro Zone extends over a strike length of at least 550m, with significant assay results including:

- 15.9m @ 2.2% Cu, 1.7% Zn, 0.5% Pb and 27.4ppm Ag from 177.3m including 8.4m @ 1.1% Cu, 4.0% Zn, 1.5% Pb and 53.6ppm Ag from 202.2m (DAF-168);
- 13.4m @ 1.5% Cu, 4.1% Zn, 2.2% Pb and 81.5ppm Ag from 126.6m (DAF-151); and
- 7.1m @ 1.8% Cu, 1.8% Zn, 0.5% Pb and 23.9ppm Ag from 33.4m (DAF-109).

The San Pedro Zone was identified following a geological reinterpretation of the prospective host horizon by the Sandfire exploration team and represents the first significant exploration breakthrough under Sandfire ownership.

Step-out and in-fill drilling to test the strike extent of the San Pedro Zone is continuing from underground drill platforms, with closer-spaced drilling already completed over 300m of strike extent. A 2km strike length of untested prospective horizon has been identified based on this new geological understanding.

We also had exploration success with the discovery of the Olivio Zone, a lens of mineralisation to the west of the Magdalena mine. Massive sulphides have been identified over a strike length of 300m with assays currently pending.

A 1,200m deep hole was also completed to the West of the Magdelena mine testing a down dip extension of the main body of mineralisation. Whilst no economic mineralisation was intersected, a down hole electromagnetic survey did provide results worthy of follow up drilling.

Our fundamental review and re-interpretation of prior geological models that commenced in the December quarter of FY2023 has provided a strong platform for the Company's planned drilling activities in the upcoming financial year, with the aim to infill, extend and explore for mineralisation.

Portugal

Diamond drilling during the year by Sandfire's joint venture partner, TSX-listed Avrupa Minerals Limited (Avrupa), identified a high-grade polymetallic zone at the Sesmarias Prospect. The Sesmarias Prospect is in the western part of the Iberian Pyrite Belt, within a license covering about 115km2 held under the Alvalade Project Joint Venture in Portugal (Alvalade JV).

Avrupa is the current operator of the Alvalade JV. Sandfire holds an indirect 51% interest in PorMining Lda. (the Alvalade JV company) and can increase its interest to 85% under Phase II. The interest in the Alvalade JV was acquired by Sandfire through the acquisition of the MATSA Operations in 2022.

The Sesmarias discovery hole, SES002, was drilled in 2014 and intersected 8.0 metres grading 2.2% copper, 3.1% lead, 4.8% zinc, and 89.8g/t silver from approximately 150 metres depth. The deeper follow-up hole completed during June 2023, SES23-047, has now intersected:

- 27 metres at 2.2% copper; 2.6% lead; 5.6% zinc; and 88.2g/t silver from 394 metres depth, within a wider interval of 43 metres of 1.5% copper; 2.2% lead; 4.8% zinc; and 64.1g/t silver from 393 metres depth.

Further drilling by Avrupa is planned to test the extent of the mineralised horizon and these results will continue to inform next steps.

We were granted several new permits over areas deemed prospective for VMS mineralisation during the year and the level of activity will increase in FY2024.

Kalahari Copper Belt Exploration, Botswana

The Kalahari Copper Belt is one of the world's most exciting, emerging copper producing regions and our significant landholding, which extends over most of the central and western portions of the belt, provides substantial exploration upside.

We continued to prioritise early stage exploration and targeted drilling within the economic trucking distance of Motheo's processing infrastructure during the year. This program identified extensive, structurally controlled copper-silver mineralisation over a 1.8km strike length at the A1 Dome, 20km from the Motheo Copper Mine. The mineralisation has been drilled on circa 200m spacings to date and remains open to the north-east along strike, as well as up- and down-dip. Highlight results include:

- A1DD005: 11.5m @ 2.0% Cu and 9g/t Ag from 130.5m
- A1RC009: 8m @ 1.6% Cu and 3g/t Ag from 120m and
  15m @ 1.4% Cu and 20g/t Ag from 135m
- A1DD003: 9m @ 0.9% Cu and 5g/t Ag from 129m and
  8.4m @ 1.4% Cu and 19g/t Ag from 149.6m
- A1RC008: 4m @ 6.0% Cu and 10g/t Ag from 135m
- A1RC011: 9m @ 1.4% Cu and 3g/t Ag from 104m

This drilling success at A1 demonstrates the substantial exploration potential of Sandfire's Kalahari Copper Belt landholding, which includes an extensive pipeline of exploration opportunities within haulage distance of the new Motheo production hub.

Sandfire continues to collect high-quality geophysical data to further develop its understanding of the basin architecture in the Kalahari Copper Belt and incorporate these learnings into the Company's regional exploration model. A circa 54,000 line km Airborne Gravity Gradiometry (AGG) survey commenced during the year and has progressed well, with 67% of the program completed to 30 June 2023 and flying expected to be concluded in the September quarter of FY2024.

Outlook

Information on likely developments in Sandfire's business strategy, prospects and operations for future financial years that could result in unreasonable prejudice to the Group (for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage) has not been included in this report. The categories of information omitted include forward-looking estimates and projections prepared for internal management purposes, information regarding Sandfire's operations and projects, which are developing and susceptible to change, and information relating to commercial contracts.

Production

FY2024 Guidance (FY2023 comparative)[(a)]	MATSA	Motheo[(b)]	Continuing Operations	DeGrussa	Group
Copper Equivalent (~kt)[(a)]	93 (90)	42 (1)	135 (91)	- (32)	135 (123)
Contained Metal					
Copper (~kt)	58 (56)	39 (1)	97 (57)	- (27)	97 (84)
Zinc (~kt)	88 (86)	- (-)	88 (86)	- (-)	88 (86)
Lead (~kt)	10 (11)	- (-)	10 (11)	- (-)	10 (11)
Gold (~kz)	- (-)	- (-)	- (-)	- (19)	- (19)
Silver (~Moz)	2.6 (2.6)	1.2 (-)	3.8 (2.6)	- (0.1)	3.8 (2.7)

(a) CuEq is calculated based on JUN23 average market price in USD. Source: WM/Reuters; Assumptions: Cu US$8,386/t, Zn US$2,368/t, Pb US$2,118/t, Au US$1,943/oz, Ag US$23/oz.

(b) FY2023 metal produced represents contained metal during the commissioning and ramp up phase. FY2024 metal production guidance is expected to include both ramp up and production phases, with the achievement of commercial production in July 2023.

Group copper equivalent production is expected to increase by 10% in FY2024 with the ramp-up of Motheo to be partially offset by the loss of production from DeGrussa.

Copper Equivalent (CuEq) Production at MATSA is planned to increase by 3%[1] in FY2024 with an incremental improvement in copper and zinc output anticipated. Processing rates at MATSA are expected to increase marginally to 4.5Mtpa, as we seek to minimise dilution and increase recoveries, particularly for copper in our poly processing line. The increase in recoveries will be partially supported by a circa 100kt build in ROM stocks which is expected to provide greater predictability and control in our processing blends.

Contained production guidance of approximately 39kt Cu and approximately 1.2Moz Ag for Motheo's first full year of operation remains aligned with our Definitive Feasibility Study projections as the operation ramps-up to its initial design capacity of 3.2Mtpa. The rapid and low-cost expansion in capacity to 5.2Mtpa is expected to be completed toward the end of CY2023, with the facility to ramp-up across the remainder of FY2024 prior to first ore being produced in the A4 Open Pit in FY2025. The Motheo mining schedule allows for a 600kt build of ROM and low grade ore stocks in FY2024.

1 CuEq is calculated based on JUN23 average market price in USD. Source: WM/Reuters; Assumptions: Cu US$8,386/t, Zn US$2,368/t, Pb US$2,118/t, Au US$1,943/oz, Ag US$23/oz.

Costs

The total controllable costs at MATSA, including mining, processing, and general and administration, are expected to remain largely unchanged in FY2024 for a C1 unit cost of approximately US$1.93/lb. Based on current metal production guidance, indicatively each 10% movement in estimated zinc revenue impacts C1 unit costs for MATSA by approximately US$0.17/lb. European energy prices have normalised and the establishment of long term energy pricing agreements has provided greater protection against future volatility.

Operating costs at Motheo are tracking in line with expectations and a C1 unit cost of approximately US$1.81/lb is anticipated in FY2024. Operating costs at Motheo remain subject to the continued success of the ramp up process and the price of its silver by-product.

Depreciation and amortisation costs for FY2024 of approximately $280.0 million are projected, including $235 million for MATSA and $45 million for Motheo.

Capital expenditure

Group capital expenditure of approximately $255.0 million is expected in FY2024 with the planned expansion of Motheo processing capacity, T3 and A4 Open Pit waste stripping, and increased investment in mine development and ventilation at MATSA, which will open new mining areas and position the plant to push toward a sustainable processing rate of 4.7Mtpa.

External factors and risks with the potential to affect the Group's financial results

The delivery of Sandfire's strategy is subject to various risks and uncertainties, some of which are beyond Sandfire's reasonable control. The identification and, where possible, mitigation and management of these risks is central to the delivery of our strategy and achievement of our shared purpose.

The matters that have the potential to materially impact Sandfire's financial results, including our goal to complete the balance sheet transition process are set out below.

The matters identified are not listed in order of importance and are not intended as an exhaustive list of all the risks and uncertainties associated with Sandfire's business. Refer to page 30 of our Annual Report for further information relating to our approach to risk management.

Information that could result in unreasonable prejudice to the Group has been excluded, including that which is confidential or commercially sensitive, except where disclosure is required pursuant to our continuous disclosure obligations.

Commodity prices

In FY2023 Sandfire generated income from the sale of base metals, which are priced by external markets and driven by global demand and supply for each of these commodities. The prices that Sandfire obtains for these sales are a key driver of business performance and fluctuations in these markets affect our results including cash flows and shareholder returns. To minimise commodity price risk, we actively manage longer term strategic and ongoing short term quotational period copper and zinc hedging programs for MATSA and DeGrussa. This hedging program may be extended to future Motheo sales.

Foreign exchange currency

The US dollar plays a key role in Sandfire's business with exposure to exchange rate risk on foreign currency sales and purchases. This risk is somewhat mitigated by the natural hedge that is created by having funds both borrowed and held in US dollars, which provides some protection against adverse currency fluctuations. Operating expenditure is impacted by fluctuations in local currencies, primarily the Australian dollar, European dollar and Botswana pula.

Sandfire is also exposed to exchange rate translation risk in relation to monetary assets and liabilities including debt, tax and other liabilities. We monitor our ongoing exposure to foreign currency exchange risk and where appropriate use forward exchange contracts to minimise and manage foreign currency risk.

Interest rates

Movements in interest rates impact earnings on cash held on deposit and the cost of borrowings. At 30 June 2023, Sandfire held $572 million in project finance debt, held with a number of syndicate banks across our operations. We continue to monitor and optimise appropriate funding arrangements to meet our strategic objectives in order to manage the impact of global inflationary pressures on near term interest rates.

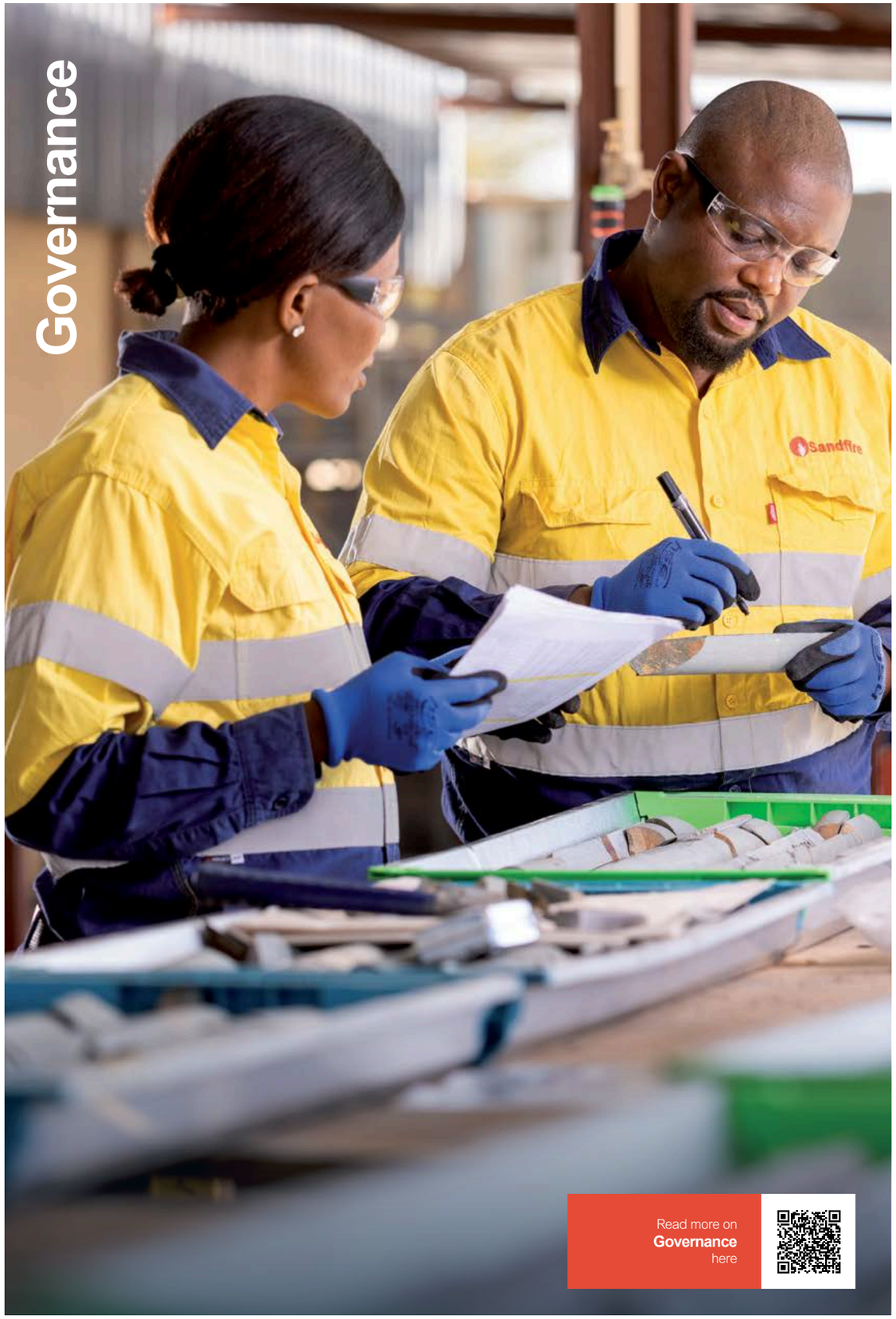
Concentrate sales costs

The price of sea freight, smelting and refining charges are market driven and vary throughout the year. MATSA has a Life of Mine offtake agreements for all sales on an ex-works basis delivered to the Impala Terminals in Huelva, Spain with Sea freight, smelting and refining charges for MATSA adjusted to reflect the market annually. Future Motheo production will also be subject to market rates for freight, smelting and refining charges which also has the potential to impact Group profitability.

Operational input costs

New long term power contracts entered with Endesa Energia provide MATSA with multi-year access to reliable energy supply and a substantial reduction in exposure to spot energy prices. In the June quarter of FY2023, we entered into a Memorandum of Understanding (MOU) with Endesa to commence the permitting process for the construction of a dedicated solar energy farm that will further improve MATSA's energy supply mix and pricing from CY2025. From time to time the Group enters into forward power purchase arrangement on the spot market to further reduce exposure to volatility in energy prices.

Governance



Read more on **Governance** here

Our approach to governance

The Board of Directors of Sandfire is committed to fostering an inclusive culture that supports the delivery of our Purpose, underpinned by our values, effective systems and processes, and empowered team members that understand the importance of compliance, ethical behaviour and good corporate governance.

Whilst the Board is responsible for establishing the corporate governance framework of Sandfire, we believe good governance is the collective responsibility of management and staff. We believe that excellence in governance is intrinsic to our social license to operate and essential for the long-term sustainability of our business.

Sandfire's governance framework supports our people and the delivery of our strategy, and provides an integral role in effective and responsible decision making and business conduct. Integral to the framework is our Code of Conduct (Code), which is based on our values. The Code guides our behaviour and reinforces the importance of carrying out our work responsibly. We use our values and Code to drive the best outcomes for our shareholders, employees, business partners, government, regulators and the broader community.

The Board and Management team regularly reviews its governance practices and corporate governance policies to ensure they reflect the strategy of the Company, current legislation and best practice.

Further information about corporate governance at Sandfire, as well as copies of our Board and Committee Charters, Code of Conduct and various governance policies can be found in the Governance section of our website.

FY2023 Corporate Governance Statement

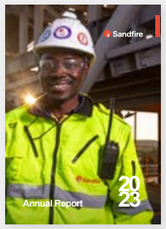
Sandfire's Corporate Governance Statement (Statement) outlines the key features of Sandfire's governance framework by reference to the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations). The Company's corporate governance practices have complied with all relevant ASX Recommendations during the 2023 Financial Year.

Sandfire's Corporate Governance Statement is accurate and current as of 31 August 2023 and has been approved by the Board of Directors. The Statement can be found on the Governance page of our website at https://www.sandfire.com.au/about-sandfire/corporate-governance/, along with the ASX Appendix 4G – a checklist cross-referencing the ASX Recommendations to disclosures in the Corporate Governance Statement, the 2023 Annual Report and the Company website.

More information on Sandfire's governance practices are available on the Governance page of our website.

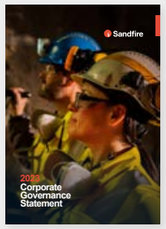
Supporting Documents

- Company Constitution
- Code of Conduct
- Board and Committee Charters
- Policies and procedures
- Corporate Governance Statement



Annual Report

Code of Conduct

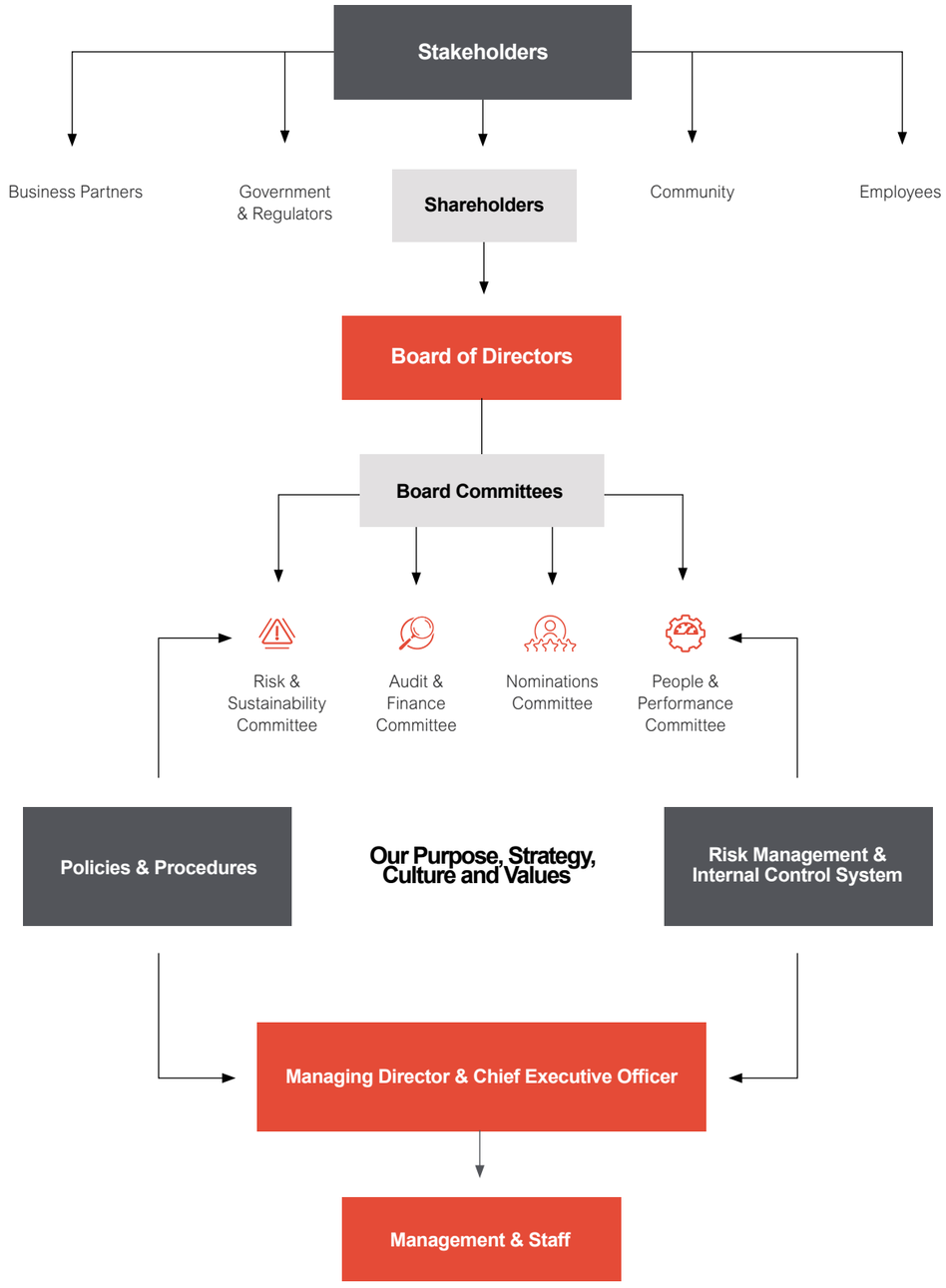


Corporate Governance Statement

Available on our website

Our Governance Framework

Sandfire's governance framework is displayed below.



Board of Directors

John Richards

Independent Non-Executive Chair

B.Econ (Hons)
Age: 62

Experience: Mr Richards is an economist with more than 35 years' experience in the resources industry. He has held strategy and business development positions across several mining companies and has worked extensively in the investment banking and private equity industries. He has been involved in a wide range of significant mining M&A transactions on a global scale.

Other current listed company directorships: Mr Richards is a Non-Executive Director of leading gold producer Northern Star Resources Ltd (since February 2021) and Lead Independent Director of mineral sands company Sheffield Resources Ltd (since August 2019).

Former listed company directorships in the last three years: Mr Richards was a Non-Executive Director of Saracen Mineral Holdings Ltd (May 2019 to February 2021).

Special responsibilities: Mr Richards is Chair of the Board and the Nominations Committee, an interim member of the Audit and Finance Committee, and a member of the People and Performance Committee.

Brendan Harris

Managing Director and Chief Executive Officer

BSc (Geology and Geophysics), CPA
Age: 51

Experience: Mr Harris is an experienced mining executive that has a broad range of leadership, commercial and technical skills, particularly in the management and operation of a diversified international mining business.

Before joining Sandfire, Brendan was a member of South 32's inaugural senior executive management team and played a key role in the company's establishment as its Chief Financial Officer. Most recently, he held the role of Chief Human Resources and Commercial Officer at South32, with responsibility for global commodity marketing, procurement, and human resources.

During his career, he has also served as BHP's Global Head of Investor Relations and, prior to joining BHP in 2010, held various roles in investment banking including Executive Director, Macquarie Securities, where he led the Metals & Mining Research team.

Other current listed company directorships: None.

Former listed company directorships in the last three years: None.

Special responsibilities: Mr Harris is accountable to the Board of Directors for the day-to-day management of the Company and is a standing invitee to Nominations Committee meetings.

Sally Langer

Independent Non-Executive Director

B.Com, CA, AICD
Age: 49

Experience: Ms Langer has more than 25 years' experience in Professional Services including as founder and Managing Partner of the management consulting and executive recruitment firm Derwent Executive, where she set up and led the growth of the Perth office servicing a wide range of clients both local and national and led the Mining and Industrial Practice. Prior to that, she was a Director at international recruitment firm Michael Page and a Chartered Accountant at accounting and consulting firm Arthur Andersen.

During her career, Ms Langer has been responsible for strategy development and execution with a strong focus on profitable business growth, supervising and coordinating large teams and other management functions including strategy, business development, budgeting and human resources.

Other current listed company directorships: Ms Langer is a Non-Executive Director of Northern Star Resources Limited (since February 2021), MMA Offshore Limited (since May 2021).

In addition to her listed company directorships, Ms Langer also holds board roles for Federation Mining, The Gold Corporation, Ronald McDonald House Foundation and Hale School (not-for-profit).

Former listed company directorships in the last three years: Ms Langer was a Non-Executive Director of Saracen Mineral Holdings Ltd (May 2020 to February 2021).

Special Responsibilities: Ms Langer is Chair of the Audit and Finance Committee and is a member of both the People and Performance Committee and the Nominations Committee.

Board of Directors (continued)

Jenn Morris

Independent
Non-Executive Director

B.Arts, MAICD, Finance for Executives (INSEAD)

Age: 50

Experience: Ms Morris is an accomplished corporate executive and non-executive director, with key experience in advising corporations and government entities on strategy development, governance controls, complex large-scale business transformation, human capital-related work, including remuneration, the embedding of ESG (environment, social and governance) policies and the understanding of high-performance environments learned during her varied career, including elite sport.

Previously, Ms Morris was a Commissioner on the Australian Sports Commission, CEO of Walk Free, a global human rights organisation, and a senior executive of Andrew and Nicola Forrest's Minderoo Foundation. She is a former Partner of global professional services firm Deloitte and also served as Chair of Healthway and a Director of AFL club, the Fremantle Dockers.

Ms Morris is also a former member of the Australian Women's Hockey Team, in which she won Olympic gold medals at the Atlanta 1996 and Sydney 2000 Olympic Games. In 1997, she was awarded a Medal of the Order of Australia (OAM). Ms Morris is a member of the Australian Institute of Company Directors, a Fellow of Leadership WA and a member of the Vice Chancellor's List, Curtin University. She holds a Bachelor of Arts (Psychology and Journalism) received with Distinction and has completed Finance for Executives at INSEAD.

Other current listed company directorships: Ms Morris is a Non-Executive Director of lithium miner Liontown Resources Limited (since November 2021).

In addition, Ms Morris is a director of investment bank and stockbroking firm Argonaut, private group Levin Health, a start-up world-class sports science company focusing on research related to solving chronic pain and concussion issues, and The Leisure Collective, a surfing and lifestyle company.

Former listed company directorships in the last three years: Ms Morris was a Non-Executive Director of Fortescue Metals Group Limited (November 2016 to June 2023).

Special responsibilities: Ms Morris is Chair of the People and Performance Committee and is a member of both the Risk and Sustainability Committee and the Nominations Committee.

Robert Edwards

Independent
Non-Executive Director

BE (Hons) Mining, Member of the IOM

Age: 57

Experience: A mining engineer, Mr Edwards has worked in the natural resources industry for over 30 years across production mining, new business development, equity research and investment banking.

Mr Edwards is the former Chairman of Global Mining and Metals at Renaissance Capital, providing oversight over investment banking and principal investment activity in the mining, metals and fertiliser sectors. He has also worked for HSBC, the Royal Bank of Canada and served as Non-Executive Director of a number of listed entities.

Other current listed company directorships: Mr Edwards is a Non-Executive Director of Lifezone Metals (since July 2023) and Chaarat Gold Limited (since September 2016), as well as Executive Chairman of Bluejay Mining plc (since October 2022).

Former listed company directorships in the last three years: Mr Edwards was a Non-Executive Director of MMC Norilsk Nickel (June 2013 to March 2022), the world's biggest producer of nickel and palladium as well as major producer of copper and platinum.

Special responsibilities: Mr Edwards is Chair of the Risk and Sustainability Committee and is a member of both the Audit and Finance Committee and the Nominations Committee.

Sally Martin

Independent
Non-Executive Director

BE (Elec), AICD

Age: 58

Experience: Ms Martin is a former senior executive who held various roles at Shell over a 34-year career. She has extensive operational and business team leadership experience in complex industrial environments including refining and trading. She also has deep working knowledge of stimulating and leading transformational change – most recently as General Manager, Trading and Supply Operations, Europe & Africa. Ms Martin has strong ESG credentials, including in energy transition strategy development as Vice President Health, Safety, Security, Environment & Social Performance at Shell.

Other current listed company directorships: Ms Martin is a Non-Executive Director of specialist filtration, laboratory and environment technology group Porvair Plc (since October 2016).

Former listed company directorships in the last three years: None.

Special Responsibilities: Ms Martin is a member of the Risk and Sustainability Committee, the People and Performance Committee and the Nominations Committee.

Company Secretary

Sophie Raven

Company Secretary

LLB

Experience: Ms Raven is a corporate lawyer and company secretary, with extensive experience both in Australia with various ASX-listed companies and internationally, operating in the resources, technology and fund management sectors.

Prior to joining Sandfire, Ms Raven worked as company secretary and legal counsel for other resources companies, as well as practising as a corporate lawyer in South America, the Cayman Islands and Monaco.

Board commitee structure and membership

Members acting on the committees of the Board during the year are set out below. Directors were a member of the committee for the entire period unless otherwise noted.

Audit and Finance	People and Performance	Risk and Sustainability	Nominations[4]
Sally Langer – Chair	Jenn Morris - Chair	Robert Edwards – Chair	John Richards – Chair
Roric Smith[1]	Sally Langer	Jennifer Morris	Roric Smith
Robert Edwards[2]	Sally Martin[2]	Roric Smith	Sally Langer
John Richards[3]	John Richards	Sally Martin	Jenn Morris
			Robert Edwards
			Sally Martin

1 Dr Smith retired as Non-Executive Director on 30 June 2023.
2 Mr Edwards and Ms Martin were appointed as Non-Executive Directors on 8 July 2022.
3 Mr Richards was appointed as an interim member of the Audit and Finance Committee on 22 June 2023.
4 The Nominations Committee was established by the Board on 21 April 2023.

Directors' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director as a member are detailed below.

			Meetings of Committees							
	Board Meetings		Audit and Finance		Risk and Sustainability		People and Performance		Nominations	
Name	A	B	A	B	A	B	A	B	A	B
Current Directors										
John Richards	18	18	-	-	-	-	7	7	1	1
Roric Smith[(a)]	18	18	4	4	4	4	-	-	1	1
Sally Langer	18	18	4	4	-	-	7	7	1	1
Jennifer Morris	18	18	-	-	4	4	7	7	1	1
Sally Martin[(b)]	18	18	-	-	4	4	7	7	1	1
Robert Edwards[(b)]	18	18	4	4	4	4	-	-	1	1
Brendan Harris[(c)(d)]	4	4	-	-	-	-	-	-	-	-
Previous Directors										
Derek La Ferla[(e)]	-	-	-	-	-	-	-	-	-	-
Karl Simich[(f)]	2	2	-	-	-	-	-	-	-	-

A Number of meetings attended.
B Number of meetings held during the time the Director held office or was a member of the relevant committee during the year.
(a) Dr Smith retired as Non-Executive Director on 30 June 2023.
(b) Ms Martin and Mr Edwards were appointed as Non-Executive Directors on 8 July 2022.
(c) Mr Harris was appointed as Managing Director and CEO on 3 April 2023.
(d) Mr Harris has a standing invitation to attend Board Committee meetings however is not a member.
(e) Mr La Ferla resigned as Non-Executive Director on 8 July 2022.
(f) Mr Simich resigned as Managing Director and CEO on 30 September 2022.

Executive Leadership Team

Brendan Harris

Chief Executive Officer
and Managing Director

BSc (Geology/Geophysics), CPA
Age: 51

Refer to page 61 of the Annual Report for Brendan Harris' qualifications and experience.

Matthew Fitzgerald

Chief Financial Officer

B.Com, CA
Age: 43

Matthew is a chartered accountant with extensive experience in the resources industry. He began his career in the Assurance & Advisory division of KPMG, before joining ASX listed Kimberley Diamond Company NL in 2003, where he held the position of Chief Financial Officer and Director until July 2008.

Matthew's role includes accountability for financial compliance and reporting, financial analysis, taxation, treasury, investor relations, corporate affairs and procurement. He is also responsible for Sandfire's information technology strategy as a key driver of connecting our global organisation and enabling our team members.

At the close of the financial year we announced the appointment of Megan Jansen as CFO, with long serving CFO, Matthew Fitzgerald, stepping down from his role on 30 September 2023. Megan will commence her employment with Sandfire in October 2023.

Jason Grace

Chief Operating Officer

BAppSc (Geology), BSc (Hons), MMinEng, Ment (Exec)
Age: 55

Jason is a well credentialled mining professional with industry experience spanning Australia and the AsiaPacific region, ranging across multiple disciplines including general and operational management, technical leadership, business improvement, mineral resource evaluation, mine planning and mine geology. Jason was most recently Executive General Manager - Iron Ore for diversified mining services group Mineral Resources Ltd (ASX: MIN), where he managed the group's Australian iron ore business.

Jason's role is accountable for the safe, consistent and predictable operational outcomes from our modern processing hubs, the development of the Black Butte Project, as well as the management of large-scale capital projects, including studies and execution.

Jason is also the Chair of the Company's subsidiary, Sandfire Resources America Inc. (TSX-V: SFR), which is permitting the Black Butte Copper Project in Montana, USA.

Richard Holmes

Chief Development Officer

BSc Hons (Geology/Geography), MSc & DIC (Applied Structural Geology and Engineering Rock Mechanics)
Age: 55

Richard is a geologist who has a mining industry career spanning 25 years across the globe with practical experience in over 35 countries. He brings a wealth of experience in leadership, strategic business development, exploration management, and strong technical evaluation skills that are reinforced by extensive experience reviewing the technical, financial and commercial aspects of many projects throughout the world.

Richard joined Sandfire following his role at OZ Minerals Ltd (ASX:OZL) as the Head of Exploration and Growth, where he successfully built a global pipeline of growth opportunities.

Richard is accountable for our exploration strategy with a focus on generating value from our two strategic landholdings in the highly prospective Iberian Pyrite and Kalahari Copper Belts.

Scott Browne

Chief People Officer

B.Com (Hons), AICD
Age: 47

Scott is an experienced human resources leader, with more than 20 years' experience within senior and global HR roles. He was most recently the Vice President People for Rio Tinto's Iron Ore business, a position he held from March 2019. In this role, Scott was a member of the Rio Tinto Iron Ore Executive Leadership Team and responsible for direct and functional leadership of the Western Australian People Function. This included the development and delivery of the people strategy, business partnering, capability development, employee relations, talent, performance and remuneration.

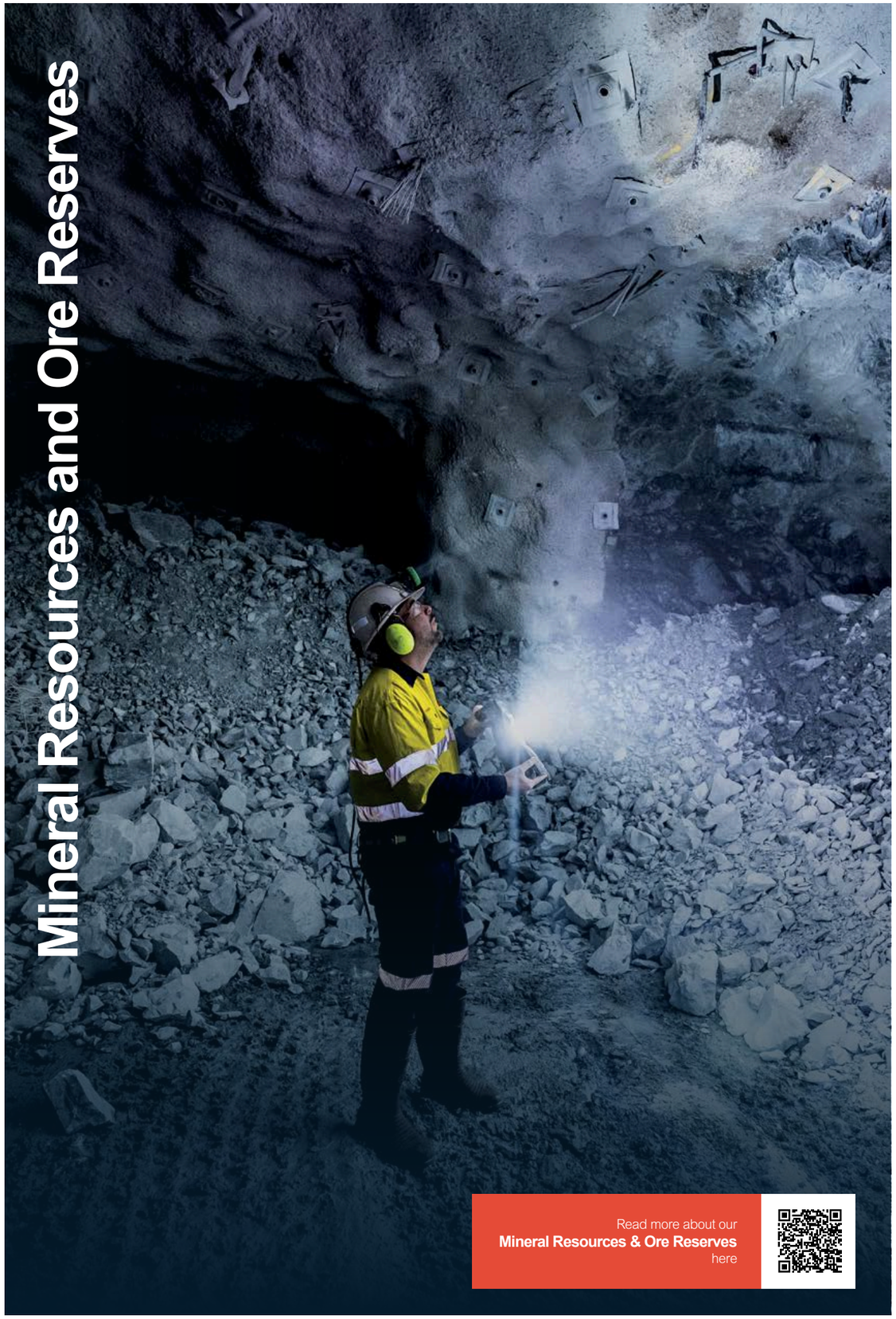
Scott is responsible for continuing to drive our inclusive culture built upon empowered and accountable people, enabling our team to achieve their full potential. In line with this accountability, Scott's role includes oversight of the Company's global operating model, diversity, equity and inclusion initiatives, learning and talent development and reinforcing the organisation's purpose and values. He is also responsible for our sustainability strategy, supporting our ambition to embed sustainable practices in all aspects of business practice.

Revised Sandfire Executive Leadership Team

Subsequent to year end, we restructured our Executive Leadership Team (ELT) to enable the delivery of our new shared purpose, refined strategy and way of working. The revised ELT structure, which includes two new roles, captures all of the critical elements of our strategy, defines clear lines of accountability, and provides the capacity to support future growth.

The appointment of our first Chief Sustainability and Corporate Affairs Officer reflects our level of commitment to our ESG Framework. Our transparent and engaging approach will also be enhanced with the elevation of corporate affairs.

Similarly, our new Chief Legal & Compliance Officer will help us navigate the increasingly complex landscape as we grow to become a global copper producer of significance.



Mineral Resources and Ore Reserves

Sandfire's Mineral Resource and Ore Reserve estimates are presented in the following pages of this report.

The Mineral Resource estimates are reported inclusive of Ore Reserve estimates. Data is rounded to reflect appropriate precision in the estimate and differences may occur due to rounding.

The market announcements (ASX releases), including JORC Table 1 documentation, which detail the material assumptions and technical parameters for each estimate, and the JORC code competent person statements for Mineral Resources and Ore Reserves are available on the Company's website at https://www.sandfire.com.au/where-we-operate/mineral-resources-and-ore-reserves/. The market announcements (public reports) relevant to Sandfire's Mineral Resource and Ore Reserve estimates presented in this report are:

- "MATSA Mineral Resource and Ore Reserve Update" released to the ASX on 31 August 2023.
- "Maiden Mineral Resource Estimate for Old Highway Gold Deposit" released to the ASX on 15 December 2021.
- "Maiden Ore Reserve for A4 Deposit and PFS confirms 5.2Mtpa Motheo Copper Project" released to the ASX on 22 September 2021.
- "Sandfire delivers 34% increase in contained copper at satellite A4 Copper-Silver Deposit at Motheo" released to the ASX on 21 July 2021.
- "Sandfire Reports Updated Underground Ore Reserve and Mineral Resource for DeGrussa Operations" released to the ASX on 16 June 2021.
- "Sandfire Approves Development of New Long-Life Copper Mine in Botswana" released to the ASX on 1 December 2020.
- "USA and Botswana Development Projects Update" released to the ASX on 28 October 2020.
- "Updated Mineral Resource Completed for Johnny Lee Deposit, Black Butte Copper Project, USA" released to the ASX on 30 October 2019.

Sandfire is not aware of any new information or data as at 30 June 2023 that materially affects the information included in the respective relevant market announcements and all material assumptions and technical parameters underpinning the estimates in the respective relevant market announcement continue to apply and have not materially changed.

A comparison of the current declared Mineral Resource and Ore Reserve estimates to that of previous declarations for the MATSA Copper Operations (MATSA) is outlined below. Mineral Resources and Ore Reserves for projects and operations which have not had material changes since 1 July 2022 including the Motheo Copper Project (Motheo Project) and the Black Butte Copper Project (Black Butte Project), and Mineral Resources and Ore Reserves for projects and operations which have not had material changes since 1 July 2022 except for mining depletion, including the DeGrussa Copper-Gold Mine (DeGrussa Mine) and the Monty Copper-Gold Mine (Monty Mine) are also outlined below.

Sandfire's Mineral Resources and Ore Reserves are subject to internal governance arrangements which include:

- Annual review of Mineral Resource and Ore Reserve reports;
- Review of reconciliation performance metrics; and
- Where appropriate, utilisation of independent experts to compile and review Mineral Resource and Ore Reserve reports.

Sandfire reports Mineral Resources and Ore Reserves as at a date other than its end of financial year balance date. A brief explanation of material changes that have occurred up to the 30 June 2023 is provided for each respective mine or project.

MATSA

The variance between the 2021 and 2023 MATSA Mineral Resource estimates primarily reflects mining depletion and changes to the geological model. The variance between the 2022 and 2023 MATSA Ore Reserve estimates reflects a Mineral Resource update, mining depletion and a revision to mining modifying factors. The MATSA Mineral Resource and Ore Reserve estimates are declared as at 30 June 2023.

MATSA	Tonnes (Mt)	NSR ($/t)	Copper (%)	Zinc (%)	Lead (%)	Silver (g/t)	Contained Copper (kt)	Contained Zinc (kt)	Contained Lead (kt)	Contained Silver (Moz)
Mineral Resource										
31 Dec 2021	147.2	122	1.4	3.0	1.0	39.6	2,085	4,381	1,513	188
30 Jun 2023	157.6	121	1.3	3.0	1.1	40.1	2,056	4,707	1,690	203
Ore Reserve										
30 Apr 2022	37.1	116	1.6	2.6	0.8	36.1	593	975	286	43
30 Jun 2023	36.0	114	1.6	2.6	0.8	36.5	565	930	284	42

MATSA – Mineral Resource as at 30 June 2023

Deposit	Resource Category	Tonnes (Mt)	NSR ($/t)	Copper (%)	Zinc (%)	Lead (%)	Silver (g/t)	Contained Copper (kt)	Contained Zinc (kt)	Contained Lead (kt)	Contained Silver (Moz)
Magdalena	Measured	13.8	230	2.6	3.3	1.0	47.6	365	450	132	21.1
	Indicated	5.0	161	2.0	1.8	0.6	28.0	98	92	28	4.5
	Inferred	4.3	168	2.1	1.5	0.5	26.1	92	66	22	3.6
	Total	23.1	204	2.4	2.6	0.8	39.3	555	608	182	29.3
Aguas Teñidas	Measured	34.4	142	1.4	3.6	1.0	47.2	477	1,230	360	52.2
	Indicated	6.5	118	1.2	3.1	0.8	38.2	77	199	49	8.0
	Inferred	3.1	170	1.7	3.9	0.9	42.8	54	123	29	4.3
	Total	44.0	140	1.4	3.5	1.0	45.6	608	1,552	438	64.5
Sotiel	Measured	44.8	95	1.0	3.2	1.4	40.3	430	1,430	618	58.1
	Indicated	14.8	89	1.0	2.6	1.1	38.6	147	380	157	18.4
	Inferred	14.0	72	0.7	2.9	1.2	36.7	101	410	175	16.6
	Total	73.7	90	0.9	3.0	1.3	39.3	678	2,220	950	93.0
Projects	Measured	-	-	-	-	-	-	-	-	-	-
	Indicated	-	-	-	-	-	-	-	-	-	-
	Inferred	16.7	96	1.3	2.0	0.7	30.7	215	326	120	16.5
	Total	16.7	96	1.3	2.0	0.7	30.7	215	326	120	16.5
Total Combined	Measured	93.0	133	1.4	3.3	1.2	43.9	1,272	3,111	1,110	131.3
	Indicated	26.3	110	1.2	2.6	0.9	36.5	322	672	234	30.9
	Inferred	38.2	102	1.2	2.4	0.9	33.4	463	924	345	41.0
	Total	157.6	121	1.3	3.0	1.1	40.1	2,056	4,707	1,690	203.2

MATSA – Ore Reserve as at 30 June 2023

Deposit	Reserve Category	Tonnes (Mt)	NSR ($/t)	Copper (%)	Zinc (%)	Lead (%)	Silver (g/t)	Contained Copper (kt)	Contained Zinc (kt)	Contained Lead (kt)	Contained Silver (Moz)
Magdalena	Proved	11.5	136	2.0	2.3	0.7	33.5	228	265	78	12.3
	Probable	5.6	112	1.7	1.7	0.5	25.7	93	95	30	4.6
	Total	17.1	128	1.9	2.1	0.6	30.9	321	360	108	17.0
Aguas Teñidas	Proved	10.2	116	1.4	3.8	1.2	50.9	139	384	119	16.7
	Probable	5.3	91	1.1	2.7	0.7	32.7	58	146	40	5.6
	Total	15.5	107	1.3	3.4	1.0	44.7	197	530	158	22.3
Sotiel	Proved	2.6	74	1.4	1.2	0.5	27.3	35	30	13	2.3
	Probable	0.8	79	1.4	1.1	0.5	28.3	12	9	4	0.8
	Total	3.4	75	1.4	1.1	0.5	27.5	47	39	17	3.0
Total Combined	Proved	24.3	121	1.7	2.8	0.9	40.1	402	679	210	31.3
	Probable	11.8	100	1.4	2.1	0.6	29.1	162	251	73	11.0
	Total	36.0	114	1.6	2.6	0.8	36.5	565	930	284	42.3

DeGrussa

DeGrussa Mine

The DeGrussa Mine underground Mineral Resource and Ore Reserve are declared as at 31 December 2020. Underground mining ceased at DeGrussa in October 2022 after ore reserves were depleted and subsequently formally closed. The variance between the 2020 DeGrussa Mineral Resource and Ore Reserve estimates to the end of June 2023 reflects mining depletion and cessation of mining operations.

DeGrussa Mine	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)
Mineral Resource					
31 Dec 2020	2.1	4.7	1.8	98	122
30 Jun 2023	-	-	-	-	-
Ore Reserve					
31 Dec 2020	1.9	3.8	1.4	72	84
30 Jun 2023	-	-	-	-	-

Monty Mine

The Monty Mine underground Mineral Resource and Ore Reserve are declared as at 31 December 2020. Underground mining ceased at Monty in September 2022 after ore reserves were depleted and subsequently formally closed. The variance between the 2020 Monty Mineral Resource and Ore Reserve estimates to the end of June 2023 reflects mining depletion and cessation of mining operations.

Monty Mine	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)
Mineral Resource					
31 Dec 2020	0.7	9.3	2.1	66	48
30 Jun 2023	-	-	-	-	-
Ore Reserve					
31 Dec 2020	0.7	7.2	1.6	48	34
30 Jun 2023	-	-	-	-	-

Old Highway Gold Deposit Project

The Old Highway Project Mineral Resource is declared as at 15 December 2021. No material changes have occurred since the declaration date to 30 June 2023.

Old Highway Project – Mineral Resource as at 15 December 2021

Deposit	Resource Category	Tonnes (Mt)	Gold (g/t)	Contained Gold (koz)
Old Highway	Measured	-	-	-
	Indicated	2.8	2.5	223
	Inferred	-	-	-
	Total	2.8	2.5	223

Motheo

T3 Deposit

The T3 Deposit Open Pit Mineral Resource and Ore Reserve are declared as at 1 December 2020. No material changes has occurred to 30 June 2023 noting that construction and commissioning of the initial 3.2Mtpa Motheo Copper Mine was largely complete at the end of the June 2023 Quarter, with first copper concentrate from the Motheo Process Plant produced in late May 2023.

T3 Deposit Open Pit – Ore Reserve and Mineral Resource as at 1 December 2020

	Ore Reserve						Mineral Resource					
Deposit	Reserve Category	Tonnes (Mt)	Copper (%)	Silver (g/t)	Contained Copper (kt)	Contained Silver (Moz)	Resource Category	Tonnes (Mt)	Copper (%)	Silver (g/t)	Contained Copper (kt)	Contained Silver (Moz)
T3	Proved	-	-	-	-	-	Measured	-	-	-	-	-
	Probable	39.9	0.9	12.2	360	15.6	Indicated	48.8	0.9	12.5	446	19.6
							Inferred	4.5	0.7	14.7	34	2.1
	Total	39.9	0.9	12.2	360	15.6	Total	53.3	0.9	12.7	480	21.8

A4 Deposit

The A4 Deposit Open Pit Mineral Resource and Ore Reserve are declared as at 21 July 2021 and 22 September 2021 respectively. No material changes have occurred since the respective declaration dates to 30 June 2023.

A4 Deposit Open Pit – Ore Reserve as at 22 September 2021 and Mineral Resource as at 21 July 2021

	Ore Reserve						Mineral Resource					
Deposit	Reserve Category	Tonnes (Mt)	Copper (%)	Silver (g/t)	Contained Copper (kt)	Contained Silver (Moz)	Resource Category	Tonnes (Mt)	Copper (%)	Silver (g/t)	Contained Copper (kt)	Contained Silver (Moz)
A4	Proved	-	-	-	-	-	Measured	-	-	-	-	-
	Probable	9.7	1.2	18.0	114	5.7	Indicated	8.9	1.4	22.0	124	6.2
							Inferred	0.9	1.0	15.0	9	0.4
	Total	9.7	1.2	18.0	114	5.7	Total	9.8	1.4	21.0	134	6.6

Black Butte Project

Johnny Lee Deposit

The Johnny Lee Deposit Mineral Resource and Ore Reserve are declared as at 15 October 2019 and 19 October 2020 respectively. No material changes have occurred since the respective declaration dates to 30 June 2023.

	Ore Reserve				Mineral Resource			
Deposit	Reserve Category	Tonnes (Mt)	Copper (%)	Contained Copper (kt)	Resource Category	Tonnes (Mt)	Copper (%)	Contained Copper (kt)
Johnny Lee	Proved	2.0	3.0	61	Measured	2.0	3.5	69
	Probable	6.8	2.4	165	Indicated	8.9	2.7	242
					Inferred	2.7	3.0	80
	Total	8.8	2.6	226	Total	13.6	2.9	391

Lowry Deposit

The Lowry Deposit Mineral Resource is declared as at 15 October 2020. No material changes have occurred since the declaration date to 30 June 2023.

Lowry Deposit – Mineral Resource as at 15 October 2020

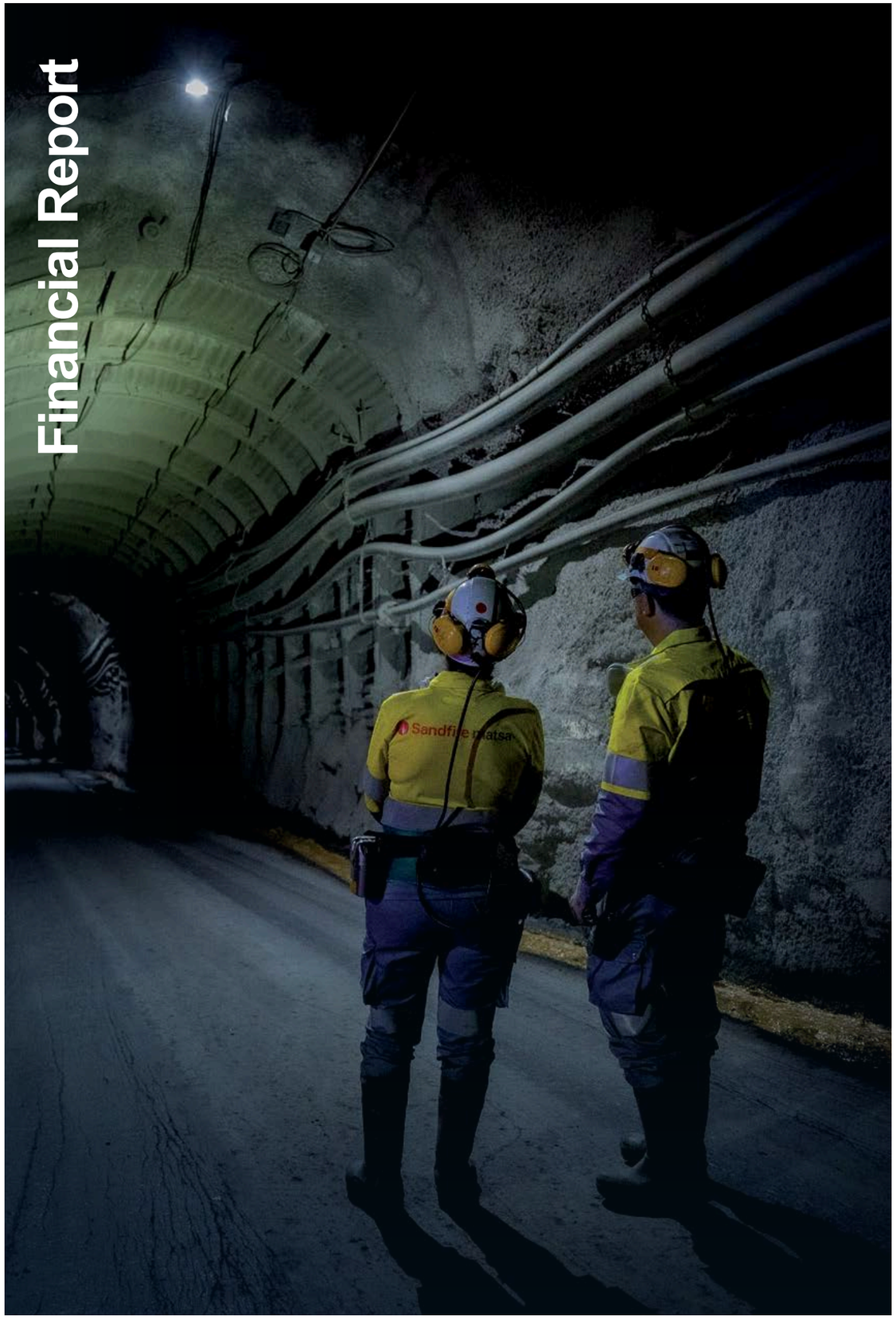
Deposit	Resource Category	Tonnes (Mt)	Copper (%)	Contained Copper (kt)
Lowry	Measured	-	-	-
	Indicated	-	-	-
	Inferred	8.3	2.4	200
	Total	8.3	2.4	200

Competent Person Statements

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by the Competent Persons listed in the table below. All Competent Persons listed below have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Each Competent Person's consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. Sandfire confirms that it is not aware of any new information or data that materially affects the information included in the announcements referred to above (Original Announcements) and that all material assumptions and technical parameters underpinning the Mineral Resources and Ore Reserves estimates in the Original Announcements continue to apply and have not materially changed. Sandfire confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Original Announcements.

The Mineral Resource and Ore Reserve statements have been approved for inclusion in this report by Francisco Maturana (Mineral Resource), who is a Fellow of The Australasian Institute of Mining and Metallurgy and is a full-time employee of Sandfire and Neil Hastings (Ore Reserves), who is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of Sandfire. Mr Maturana and Mr Hastings consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Activity	Competent Person	Professional Membership	SFR Relationship	Responsible Activity
Mineral Resources	Orlando Rojas	MAusIMM	Independent Consultant Principal Consultant GeoEstima	MATSA Mineral Resource Estimate
	Callum Browne	MAusIMM	Previous SFR employee Senior Resource Geologist	DeGrussa Mine, Monty Mine and T3 Deposit Mineral Resource Estimates
	Mark Zammit	MAIG	Independent Consultant Principal Consultant Geologist Cube Consulting	A4 Deposit Mineral Resource Estimates
	Erik Ronald	M.Eng, P.Geo, RM-SME	Independent Consultant Principal Resource Geology SRK Consulting (U.S.) Inc.	Black Butte Project Mineral Resource Estimate
	Roger Stangler	FAusIMM	Independent Consultant Principal Geostatistician Golder Associates Pty Ltd	Old Highway Project Mineral Resource Estimate
Ore Reserves	Neil Hastings	MAusIMM(CP)	SFR Principal Mining Engineer	DeGrussa Mine, Monty Mine and MATSA Ore Reserve Estimates
	Jake Fitzsimons	MAusIMM	Independent Consultant Orelogy Consulting Pty Ltd	Motheo Ore Reserve Estimates
	Brad Evans	MAusIMM(CP)	Independent Consultant	Black Butte Project Ore Reserve Estimate



Directors' Report

The Directors present their report together with the 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 year ended 30 June 2023 and the independent auditor's audit report thereon.

Directors

The Directors in office during the financial year and until the date of this report, unless otherwise stated, are set out below.

Name	Period of Directorship
Mr John Richards *Independent Non-Executive Director* *Independent Non-Executive Chair*	Appointed 1 January 2021 Chair since 30 April 2022
Mr Brendan Harris *Managing Director and Chief Executive Officer*	Appointed 3 April 2023
Ms Sally Langer *Independent Non-Executive Director*	Appointed 1 July 2020
Ms Jennifer Morris OAM *Independent Non-Executive Director*	Appointed 1 January 2021
Mr Robert Edwards *Independent Non-Executive Director*	Appointed 8 July 2022
Ms Sally Martin *Independent Non-Executive Director*	Appointed 8 July 2022
Dr Roric Smith *Independent Non-Executive Director*	Appointed 31 December 2016 Resigned 30 June 2023
Mr Karl Simich *Managing Director and Chief Executive Officer*	Appointed Director 27 September 2007 Appointed Managing Director and Chief Executive Officer 1 July 2009 Resigned 30 September 2022
Mr Derek La Ferla *Independent Non-Executive Chair*	Appointed 17 May 2010 Resigned 8 July 2022

Additional information about Directors' qualifications, experience, special responsibilities and other directorships are included on pages 61 to 62 of the Annual Report.

Directors' meetings, Board committee structure and membership

Information about Directors' meetings, Board committee structure and membership are included on page 63 of the Annual Report.

Interests in the shares of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and rights of Sandfire Resources Limited were:

	Number of ordinary shares	Number of rights & options
John Richards	66,819	-
Brendan Harris	-	1,177,120[(a)]
Sally Langer	29,044	-
Jennifer Morris	28,062	-
Robert Edwards	-	-
Sally Martin	-	-

(a) Comprises 77,120 zero exercise price options (ZEPOs) and 1,100,000 sign-on rights following commencement of employment on 3 April 2023. The issue was approved by shareholders at the Extraordinary General Meeting held on 21 March 2023.

Principal activities

The principal activities of the Group during the year were:

- Production and sale of copper, zinc and lead concentrates containing a silver by-product from the Group's 100% owned MATSA operations (MATSA) in Spain;
- Production and sale of copper concentrate containing a gold and silver by-product from the Group's 100% owned DeGrussa operations (DeGrussa) in Western Australia;
- Development and construction of the 3.2Mtpa Motheo Copper Mine incorporating the T3 Open Pit, and development of the Motheo 5.2Mtpa expansion in Botswana which includes the A4 Open Pit;
- Evaluation of the 87% owned Sandfire Resources America Inc.'s Black Butte Project in Montana, United States; and
- Exploration, evaluation and development of mineral tenements and projects in Australia, Botswana, Spain, Portugal and elsewhere overseas, including investment in early-stage mineral exploration companies.

Financial and operational review

Information on the operations and financial position of the Group is set out in the Financial and operational review on page 38 to 57 of this Annual Report.

Presentation Currency

The Group's presentation currency is United States (US) dollars. Consequently, unless otherwise stated, all references to dollars are to US dollars.

Rounding

The amounts contained in this financial report have been rounded to the nearest $1,000 (unless rounding is not 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.

Business risks and external factors

Information on business risks and external factors with a potential to impact on the Group's results are set out on page 57 this Annual Report. Refer to page 30 of our Annual Report for further information relating to our approach to risk management.

Significant changes in the state of affairs

In the opinion of the Directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year, other than those described in this report under Financial and operational review.

Significant events after the balance date

Construction of the 3.2Mtpa Motheo Copper Mine incorporating the T3 Open Pit was largely completed by the end of FY2023 with first copper concentrate produced in May 2023. The rapid ramp-up of the processing facility to its initial design capacity of 3.2Mtpa progressed well during June and into July 2023. During July 2023 it was determined that the Motheo Copper Mine was in commercial production and will be consolidated in the Group's profit and loss statement from 1 July 2023.

In August 2023, the Botswana Department of Mines approved Sandfire's submission for an extension to the Motheo Copper Mining Licence, paving the way for the development and mining of the higher grade A4 Deposit to commence.

Likely developments and expected results

Further comments on likely developments and expected results of the Group are included in the Financial and operational review on pages 38 to 57 of the Annual Report.

Share options and rights

Unissued shares - options

During the year, the Company issued 699,312 unlisted Zero Exercise Price Options (ZEPOs) expiring between 7 October 2027 and 31 March 2028 to executives and senior managers. Each ZEPO constitutes a right to receive one ordinary share in the capital of Sandfire, subject to meeting certain conditions.

Share options and rights (continued)

Unissued shares – performance rights

The Company granted 1,271,806 rights during the period expiring between 3 April 2024 and 3 April 2026 to Executives. Each performance right constitutes a right to receive one ordinary share in the capital of Sandfire, subject to meeting certain conditions.

Non-audit services

The following non-audit services were provided to the Group by the Company's auditors. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

The Company's auditors received or are due to receive the following amounts for the provision of non-audit services:

in $	2023	2022
Deloitte Touche Tohmatsu	-	N/A
Ernst & Young Australia	N/A	15,830

Auditor's Independence Declaration

The Directors received the following declaration from the auditor of Sandfire Resources Limited.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth, WA, 6000
GPO Box A46
Perth WA 6847 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

30 August 2023

The Board of Directors
Sandfire Resources Limited
Level 2, 10 Kings Park Road
West Perth WA 6005

Dear Directors

Auditor's Independence Declaration to Sandfire Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Sandfire Resources Limited.

As lead audit partner for the audit of the financial report of Sandfire Resources Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

Remuneration report

Letter from the Chair of the People and Performance Committee

Dear Shareholders,

On behalf of the Board of Directors of Sandfire Resources Limited, I am pleased to provide you with the Remuneration Report for the year ended 30 June 2023, for which we will seek your approval at the next Annual General Meeting.

Following on from the acquisition of MATSA in FY2022, this was another transformative year for the Company as we made great progress toward achieving our goal of becoming a sustainable mining company and global copper producer of significance. Seizing the opportunity, Sandfire has emerged with a clear purpose and refined strategy that has been designed to unlock value for all stakeholders.

During this period of change, Sandfire ramped down and transitioned the DeGrussa mine to care and maintenance, and established the foundations to deliver safe, consistent and predictable performance at its MATSA operation in the Iberian Pyrite Belt and Motheo operation in the Kalahari Copper Belt.

There have also been important changes at the Board and Executive level following the significant increase in the breadth and complexity of the business, with the founding CEO and Managing Director, Karl Simich, stepping down on 30 September 2022 and Brendan Harris being appointed on 10 November 2022.

FY2023 performance

Through this period of adjustment, the Sandfire team continued to deliver outstanding safety outcomes, and solid operational and project development performance. Some of this year's highlights included:

- A record low total recordable injury frequency rate (TRIFR) of 1.6 as of 30 June 2023, reducing from 3.8 in FY2022;
- Strong Total Shareholder Return (TSR) of 35%, as the Company's shares closed the year at a price of A$5.90;
- Copper equivalent (CuEq) production of 132kt, as MATSA marginally exceeded revised guidance with metal production of 99kt CuEq;
- Successful development of Sandfire's newest mine, Motheo, with the team now focused on the safe and rapid ramp-up of the operation to its initial 3.2Mtpa processing rate;
- The release of additional value as low grade and oxide stockpiles were processed at DeGrussa, before the operation safely transitioned to care and maintenance;
- Ongoing exploration success at MATSA with the identification of new mineralised zones at San Pedro to the east of Aguas Teñidas and Olivo to the west of Magdalena, and at A1 to the east of Motheo's T3 Open Pit mine; and
- A Group-wide employee engagement score of 84% from a participation rate of 73%.

Despite these strong operating results and Underlying Group EBITDA of $258.5 million, the Company recorded a statutory loss of $53.7 million in FY2023 as the MATSA acquisition was embedded for its first full year and a commensurate depreciation expense of $254.6 million was recorded, net financing costs rose by $43.6 million, and we continued to invest in exploration to build options for the future.

Reward Outcomes for FY2023

Fixed Remuneration

After no increase in FY2022, Fixed Remuneration for Executives was adjusted effective 1 July 2022. This change followed a robust benchmarking exercise and recognised the aforementioned increase in scale and complexity of the business. The details of these adjustments to Executive remuneration are outlined in Section 6.2.

Short-Term Incentive

The intent of our short-term incentive (STI) is to align our Executives with Sandfire's priorities during the financial year, considering both external and internal drivers of performance, and to ensure remuneration outcomes are aligned with the shareholder experience. Based on the STI performance hurdles set at the start of the year, the scorecard delivered an overall outcome of 49% of maximum, which is well below 'Target' (of 75% of maximum).

Consistent with better practice, the Board also considered the overarching performance of the business to test whether the Scorecard outcome was a fair reflection of the year. This included the statutory loss, record safety performance, robust production results, excellent project development outcomes, and strong absolute and relative TSR performance. This led the Board to conclude, on balance, that the Company had a good year managing the factors within its control, despite extensive internal change and external volatility, and is extremely well positioned for the future.

After careful deliberation, the Board elected to exercise a degree of discretion by applying a modest positive adjustment to the STI outcome to deliver an overall result of 60% of maximum, noting that this is still below the 'Target' outcome.

Full details of the Scorecard outcome and STI awarded to Executives is outlined in Section 6.3.

Remuneration report (continued)

Long-Term Incentive

The FY2021 LTI (four-year plan) will be tested against its performance measures in June 2024.

As approved by shareholders at the EGM in March 2023, the incoming CEO and Managing Director, Brendan Harris, was granted FY2023 LTI awards plus sign-on awards to compensate him for incentives forgone at his previous employer.

Given the magnitude of change in the business and at the leadership level, the Board concluded that the retention of key skills and experience had to be a priority for the medium term. A one-off retention-based equity award was therefore granted to the Chief Operating Officer, Jason Grace, and LTI awards were granted to Executive KMP.

The Board recognises that the LTI grant to Executive KMP has occurred earlier than previously expected and Directors understand the importance of the prior commitment that was made at the 2020 AGM. However, following a thorough review of the Company's Executive Reward Framework (Framework) and the level of change that was not envisaged at the time of the 2020 AGM, the Board concluded that it was in the best interests of shareholders to have a market competitive remuneration offering that would enable the Company to both attract and retain the talent required to run the business safely and deliver value in the longer-term.

See Section 4.4 for more information regarding these awards. Full details of all LTI awards are provided in Sections 6.4 to 6.7.

Non-Executive Director fees

Board and Committee fees for Non-Executive Directors were adjusted effective 1 July 2022 following a benchmarking exercise and to recognise the significant changes in the nature and complexity of Sandfire's business. The number of Director meetings is outlined in the Annual Report on page 63. Full detail of the Non-Executive Director Fee Policy and FY2023 statutory remuneration is outlined in Section 7.

Executive Reward Framework in FY2023

The continued transformation of the Company into a global miner and copper producer of significance necessitated a substantive review of our Reward Framework.

The Board devoted significant time to this review, which was shaped by our Guiding Principles, sound market practice and good corporate governance. The Board is confident that the new Framework stemming from this review is a positive enhancement that creates even greater alignment between management reward and our shareholder's experience over time.

As outlined, the adoption of the new Framework has necessitated an adjustment to the plan proposed at the 2020 AGM. These changes have not been made lightly but only after very careful consideration to ensure they are in the best interest of shareholders.

Full details of the changes are outlined in Section 4.

Looking forward

Our new Purpose and refined Strategy, which is underpinned by our ESG framework, our values and ways of working, provide greater clarity and direction for our employees and contractors.

To again strengthen the link between our Strategy and executive remuneration, the STI and LTI Scorecard measures for FY2024 will be reweighted to reflect the Company's increasing focus on its broader sustainability measures, taking into account the important feedback received from stakeholders during the year.

Please refer to Section 8 – Looking Forward to FY2024 for further details.

We value your support and will continue to engage regularly with our stakeholders to build a greater understanding of our prudent approach to remuneration.

Jenn Morris

Chair of the People and Performance Committee

Remuneration report (continued)

1. Introduction

The Directors of Sandfire Resources Ltd present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2023. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001.

The Report details the remuneration arrangements for Sandfire's key management personnel (KMP) and include:

- The Company's Non-Executive Directors (NEDs); and
- The Group's Executive Directors and Senior Executives (collectively the Executives).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

The table below outlines the KMP of the Group and their movements during FY2023.

Table 1 – FY2023 KMP

Name	Position	Term as KMP
Non-Executive Directors		
John Richards[(a)]	Independent Non-Executive Chair	Full financial year
Derek La Ferla[(b)]	Independent NED	Ceased 8 July 2022
Roric Smith	Independent NED	Full financial year (ceased 30 June 2023)
Sally Langer	Independent NED	Full financial year
Jennifer Morris	Independent NED	Full financial year
Robert Edwards	Independent NED	Appointed 8 July 2022
Sally Martin	Independent NED	Appointed 8 July 2022
Executive Directors		
Brendan Harris[(d)]	Managing Director and Chief Executive Officer	Appointed 3 April 2023
Karl Simich[(c)]	Managing Director and Chief Executive Officer	Ceased 30 September 2022
Senior Executives		
Jason Grace[(e)]	Chief Operating Officer	Full financial year
Matthew Fitzgerald[(f)]	Chief Financial Officer	Full financial year

(a) Mr Richards was appointed as Chair on 30 April 2022.
(b) Mr La Ferla resigned as Chair on 30 April 2022. He continued as an Independent NED until 8 July 2022
(c) Mr Simich resigned as Chief Executive Officer and Managing Director effective 30 September 2022.
(d) Mr Harris commenced as Chief Executive Officer and Managing Director effective 3 April 2023.
(e) Mr Grace acted in the role of Chief Executive Officer from 1 October 2022 to 2 April 2023.
(f) Mr Fitzgerald announced his intention to step down as Chief Financial Officer effective 30 September 2023.

Reporting currency

We changed our reporting currency from AUD to USD in FY2022 and amended the Remuneration Report to align with the new reporting currency.

However, based on feedback received during the year and given KMP are remunerated in AUD, we have reverted to AUD for the Remuneration Report, but have also included USD tables for statutory remuneration.

We trust this improves readability for all stakeholders.

Remuneration report (continued)

2. FY2023 highlights

Record low TRIFR
1.6

FY2023 Total Shareholder Return
35%

CuEq Production
132kt

Employee Engagement
84%

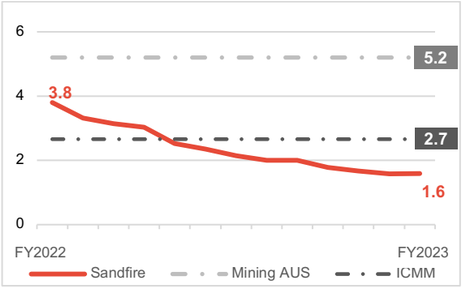


Figure 1: Record FY2023 TRIFR vs. industry averages[1].

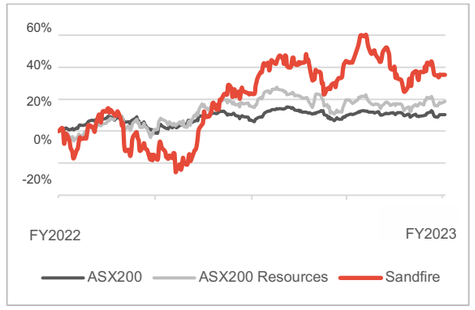


Figure 2: Sandfire share price relative to other indices.

A summary of Sandfire's business performance as measured by a range of financial and other indicators, including disclosure required by the Corporations Act 2001, is outlined in the table below.

Table 2 – Company performance

Measure	FY2019	FY2020[(a)]	FY2021	FY2022	FY2023
Net profit (US$'000)	80,646	47,557	127,428	109,432	**(53,661)**
Net profit attributable to equity holders of the parent (US$'000)	76,161	48,743	128,594	111,430	**(51,576)**
Underlying Group EBITDA (US$'000)[(b)]				474,372	**258,505**
Underlying Earnings (US$'000)[(b)]				138,832	**(45,257)**
Cash and cash equivalents at year end (US$'000)	173,536	199,812	431,313	463,093	**141,939**
Secured bank loan balance at year end (US$'000)	-	-	-	782,283	**556,881**
Net cash inflow from operating activities (US$'000)	147,568	183,677	347,510	391,188	**116,622**
Basic earnings per share (cents)	46.67	28.79	72.14	32.05	**(11.81)**
ASX share price at the end of the year (A$)	6.69	5.07	6.83	4.45	**5.90**
Dividends per share (A$ cents)	23	19	34	3	**-**

(a) The comparative information for FY2020 has not been restated following the adoption of AASB 16 and continues to be reported under the previous accounting policies.

(b) During the year the Group transitioned to reporting consolidated information on an Underlying Earnings basis to better assess business performance. Group EBITDA and Underlying Earnings provides insight into the Group's performance by excluding the impact of items that are not part of the Group's usual business activities. A reconciliation of these Underlying Earnings metrics to the statutory financial results in the Consolidated Income Statement is included in Note 3 Segment information to the financial statements.

[1] Data sourced from Safe Work Australia FY2020 TRIFR data which includes Underground and Surface Mining statistics, and ICMM FY2022 data from 26 member companies.

Remuneration report (continued)

Overview of Executive remuneration in FY2023

Executive Changes

On 30 September 2022, Mr Karl Simich stepped down as CEO and Managing Director after 13 years. Termination awards for Mr Simich were approved at the Annual General Meetings of shareholders in November 2022.

Mr Brendan Harris was appointed as CEO and Managing Director on 10 November 2022 and commenced in the role on 3 April 2023.

Mr Jason Grace, Sandfire's Chief Operating Officer, undertook the role of Acting CEO for the period from 1 October 2022 to 2 April 2023.

Fixed Remuneration

Following a robust benchmarking exercise, Fixed Remuneration for Executive KMP was adjusted effective 1 July 2022 to reflect the significant transition from a single asset, Western Australian-based company to a global and materially more complex business.

At the time, the Fixed Remuneration of the former CEO and Managing Director, Karl Simich, was increased to A$1.3M per annum.

Brendan Harris was appointed as CEO and Managing Director on a lower Fixed Remuneration, of A$1.2M per annum.

Section 6.2 provides details of FY2023 Fixed Remuneration for Executives.

FY2023 STI

Sandfire's Total Shareholder Return for FY2023 was 35%, outperforming the ASX200 and ASX200 Resources indices.

Notwithstanding significant changes to Sandfire's management team and portfolio, the Company achieved record low safety outcomes, recording a TRIFR of 1.6 as of 30 June 2023. Sandfire also completed its first full year of ownership at MATSA, marginally exceeding revised production guidance, safely transitioned its foundational asset, DeGrussa, to care and maintenance, and successfully completed the construction of its newest mine, Motheo, with the rapid ramp-up in production toward its initial 3.2Mtpa processing rate now underway. The Board's confidence in the longer-term outlook of the Company was also enhanced with the identification of new mineralised zones at MATSA and Motheo.

Your Board is satisfied that the overall Business Scorecard outcome, including the application of discretion, reflects the good performance of the business and broader team during the year.

The range of outcomes for Executives was 59% to 60% of maximum with the CEO receiving 60%. See Section 6.3 for more information.

No LTI vesting in FY2023

As the FY2021 LTI is a four-year plan, there was no testing of performance conditions for the period ending 30 June 2023.

The FY2021 LTI will be tested for the four years ending 30 June 2024.

See Section 6.4 to 6.7 for more information about our LTI Plans.

Remuneration report (continued)

3. Remuneration Governance

Figure 3 outlines the roles and responsibilities of the Board, People and Performance Committee, management and external advisors in relation to Executive remuneration and Sandfire employees.

Figure 3: Sandfire's Remuneration Governance Framework.

The People and Performance Committee (Committee) consists solely of Independent NEDs and operates under a Board-approved Charter. Non-Committee members, including the CEO, only attend meetings of the Committee at the invitation of the Committee Chair as appropriate, and do no vote on matters before the Committee.

The Committee assists and makes recommendations to the Board to ensure that it can fulfill its responsibilities. This includes ensuring remuneration decisions are appropriate from the perspectives of business performance, executive performance, governance, disclosure, reward levels and market conditions. Specifically, the Committee determines the performance targets, extent of the Executives' achievements and the remuneration outcomes.

During FY2023, the Committee engaged the services of external advisers to provide remuneration benchmarking and other general advice as inputs into decision making. No remuneration recommendation was provided.

More details on the Company's Governance Framework including Board committee structures and related committee charters are available on the Corporate Governance page of the Company's website.

Executive reward policy and practices

Our Guiding Principles articulate the objectives of Executive Reward at Sandfire and underpin our decision making in all aspects of reward.

Guiding Principles of Executive Reward				
Purpose and Strategy	**Culture and Values**	**Shareholders**	**Performance**	**Market Aligned**
Our shared Purpose is 'We mine copper sustainably to energise the future'. We align variable pay measures to our Purpose and Strategy, reflecting the transition of our business into a global copper producer of significance, providing clear direction for our people, motivating, and aligning them toward the pursuit of a common goal.	Our values are essential to our success and are designed to influence the behaviours we see in our workplace and how our teams work together, every day. At the heart of our approach is our philosophy of 'Don't Walk Past' – this means the standard you walk past is the standard you accept. Our people are encouraged to speak up and report work hazards, unsafe practices and behaviours that aren't consistent with the culture we are creating.	Our Executive Reward Framework focuses management on priorities that drive long-term value creation. A meaningful portion of Executive pay is linked to performance measures designed to increase shareholder value and are delivered in equity. A minimum shareholding requirement creates further alignment with shareholders.	We establish a strong alignment between pay and performance, ensuring Executives pay outcomes reflect overall business performance and the shareholder experience. The remuneration strategy identifies and rewards high performers and recognises the contribution that each Executive makes to the continued growth and success of the Group.	We benchmark pay with companies of similar scale and complexity across the ASX, including companies with whom we compete for talent, as well as international copper mining companies. This ensures our reward is competitive and allows us to attract and retain talented Executives.

Remuneration report (continued)

4. Changes to our Executive Reward Framework in FY2023

Sandfire ended FY2023 as a fundamentally different business than it started FY2020, with our new shared Purpose and refined Strategy, global operating portfolio and a renewed leadership team capable of managing the growing breadth and complexity of the organisation. The continued transformation of the Company into a global miner and copper producer of significance necessitated a substantive review of our Reward Framework.

Your Board's thorough review of Reward, that recognised the magnitude of change that was not envisaged at the time of the 2020 AGM, concluded that it was in the best interests of shareholders to have a market competitive remuneration offering that would enable the Company to both attract and retain the talent required to run the business safely and deliver value in the longer-term.

This review included a substantial benchmarking exercise for both Executives and Non-Executives, with data provided by an independent, external advisor, and considered the overall Framework's likelihood of building greater alignment with our shareholder's experience over the longer term.

4.1 Alignment of the Executive Reward Framework to Sandfire's Strategy

The key elements of Sandfire's Purpose and Strategy are detailed in Figure 4.

Our Executive Reward Framework is aligned to Sandfire's Strategy. The Framework links the reward outcomes for Executives to the achievement of the key elements of our Strategy, which are characterised by their capacity to unlock additional value for all stakeholders over the long-term.

Sandfire's revised Strategic Pillars are detailed in Figure 4 below.

Our Strategic Pillars	Our Areas of Focus in FY2023
Empower our people and defining clear lines of accountability	Team members are engaged, able to achieve their full potential and can make a meaningful contribution to Sandfire's Purpose
Deliver safe, consistent, and predicable performance	Safe completion, commissioning and production ramp-up to the initial 3.2Mtpa processing rate at Motheo. Safe, consistent and predictable performance at MATSA.
Reduce our carbon intensity	Ensuring we operate in a sustainable manner and limit our impact on the environment and host communities.
Increase our reserves	Build on our near-mine potential by identifying new zones of mineralisation and adding reserves.
Demonstrate capital discipline	Ensure we are deploying our capital in a way that delivers the greatest value to all stakeholders over the long-term.

Figure 4: Sandfire's revised Strategic Pillars.

Remuneration report (continued)

4.2 Remuneration benchmarking and market positioning

The Board regularly engages independent remuneration advisors to provide global market data as an input into setting reward levels for Executives.

When determining the relevant market, Sandfire considers the companies from which it sources talent, and to whom it could potentially lose talent, considering today's operational requirements and the delivery of our strategy over the long term.

A robust benchmarking exercise was undertaken in FY2023 for both Executives and Non-Executives, recognising Sandfire is now a vastly different business as it continues its transition into a global mining company and copper producer of significance.

A custom peer group of local and international mining and metals companies was selected by the Board, as well as a broader supplementary peer group of ASX companies in the materials, energy, industrial and utilities sectors.

29 Metals Limited	IGO Limited	OZ Minerals Limited
Allkem Limited	Iluka Resources Limited	Perenti Limited
Capstone Copper Corporation	Incitec Pivot Limited	Perseus Mining Limited
Chalice Mining Limited	Lundin Mining Corporation	Syrah Resources Limited
Evolution Mining Limited	Lynas Rare Earths Limited	West African Resources Limited
Hudbay Minerals Inc	Nickel Industries Limited	

As part of this process, the Board reduced the market positioning for the CEO and Managing Director from the 85th percentile, and set the maximum remuneration opportunity, which includes Fixed Remuneration, STI opportunity and LTI opportunity, for all Executives between the median and upper quartile of the custom peer group.

4.3 Short-term incentive

The maximum STI opportunity for Executives was increased from 60% to 75% of Fixed Remuneration.

Target STI is 56% of Fixed Remuneration.

The 50% weighting to Individual Performance has been removed.

The STI is now wholly based on Sandfire performance, with an Individual performance 'modifier' to ensure that outcomes for Executives are aligned with business performance in the year.

4.4 Long-term incentive

The LTI opportunity was increased from 100% to 125% of Fixed Remuneration for the CEO only. All other executives remained at their current 100% of Fixed Remuneration.

Changes to the LTI are outlined below noting there was no grant of LTI in FY2022.

Full FY2023 LTI grants were made to new members of the Executive Team, including Mr Harris (pro-rated for his commencement date), and senior management who had not previously participated in Sandfire's equity plans.

FY2021	
Opportunity	
CEO/MD:	100% of Fixed Remuneration
Other Executives:	100% of Fixed Remuneration
Performance Period:	Four years

FY2023	
Opportunity	
CEO/MD:	125% of Fixed Remuneration
Other Executives[(a)]:	100% of Fixed Remuneration
Performance Period:	Three years

(a) For those Executives who received the FY2021 LTI the total opportunity in FY2021 was 400%, with the opportunity for FY2023 and FY2024 being reduced to 50% of Fixed Remuneration.

Remuneration report (continued)

The phased re-introduction of the LTI in FY2023

The four-year LTI plan granted in 2020 was designed to support Sandfire's Strategic Growth Plan at the time and no additional LTI grants were to be provided before August 2025.

Your Board understands the importance of the prior commitment that was made to limit additional grants and recognises that the FY2023 LTI grant to Executive KMP has occurred earlier than previously expected. However, following a thorough review of the Company's Executive Reward Framework and the magnitude of change that was not envisaged at the time, the Board concluded that it was in the best interests of shareholders to have a market competitive remuneration offering that would enable the Company to both attract and retain the talent required to run the business safely and deliver value in the longer-term.

To strike the right balance, recognising the earlier than planned recommencement of LTI grants for participants in the FY2021 four-year LTI plan, the opportunity for Mr Grace and Mr Fitzgerald was reduced to 50% of Fixed Remuneration for FY2023 and FY2024, and will return to the intended 100% opportunity from FY2025. The CEO's grant remains unchanged from the intended 125% opportunity as Mr Harris was not a participant in the FY2021 four-year LTI plan.

The decision to remove shareholder return measures for the reduced FY2023 LTI was not taken lightly and was made to ensure there was no duplication over the four-year period for the additional grants in FY2023 and FY2024. However, given stakeholder feedback, the shareholder return measures will be included in FY2024 (see Section 8.3 for additional information).

Figure 5 highlights the reduced alignment and retention risk that the phased re-introduction of the LTI sought to address.

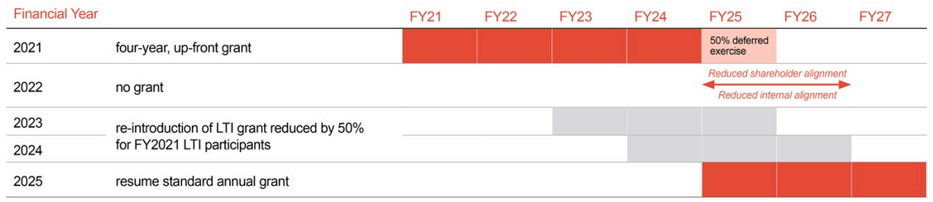


Figure 5: LTI vesting horizon.

4.5 Introduction of a minimum shareholding requirement for Executives

The Board believes in the requirement to create alignment between our Executives and shareholders and one of the tools to create this alignment is a Minimum Shareholding Requirement (MSR).

The MSR has been in place for Non-Executive Directors from July 2021, and was extended to include Executives.

Sandfire's MSR is outlined in Table 3 below.

Table 3 - Sandfire's MSR

Role	Minimum Shareholding
Board Chair	100 per cent of Base Fees
Non-Executive Directors	100 per cent of Base Fees
CEO and Managing Director	200 per cent of Fixed Remuneration
Other Executives	100 per cent of Fixed Remuneration

For the purpose of the MSR Policy, Fixed Remuneration means cash salary inclusive of superannuation but excludes any variable pay opportunity. Base Fees means the base fee for the Board Chair and Non-Executive Directors inclusive of superannuation but excludes any Committee Chair or Committee Member fees.

For all Participants, the timeframe to acquire the minimum shareholding under this Policy is as follows:

- Non-Executive Directors (including the Board Chair), the existing arrangement as previously communicated, is the latter of five (5) years from the date of implementation (July 2021) or appointment to the Board; and
- Executives is the latter of five (5) years from the date of implementation of the Policy (January 2023) or appointment to an Executive role.

For Non-Executive Directors, the consideration paid to acquire shares on-market is used to determine the MSR.

For Executives, the value of vested shares or vested and unexercised options is based on the grant price of the respective awards. Unvested Rights or Options are not included as they remain subject to performance conditions.

Remuneration report (continued)

5. Executive Reward in FY2023

5.1 Components of Executive Reward

Fixed Remuneration

Fixed remuneration (inclusive of superannuation) is reviewed annually by the Board using benchmarking data provided by external, independent advisors. Remuneration levels are set taking into account the size and complexity of the role, including accountabilities, the skills and experience of the individual and the criticality of the role in successfully executing Sandfire's Strategy.

Short-Term Incentive (at risk)

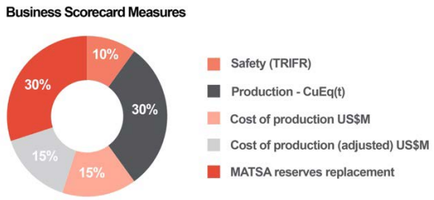
The STI aligns with our Strategy, motivating our Executives to achieve robust financial and non-financial performance measures that are typically within their control.

STI Opportunity (% of Fixed Remuneration):

Role	Good/ Target	Max
CEO	56	75
Other Executives	56	75

Any STI awarded to Executives is paid half in cash and half in Sandfire ordinary shares, with no additional performance or service requirements.

Business Scorecard Measures:



Cost of production (adjusted) is reconciled back to budget assumptions for largely uncontrollable elements such as foreign exchange rates, market-derived power costs, commodity price and interest rates.

Board Assessment – the Board assesses performance against the Business Scorecard and has the discretion to vary the outcome, taking into consideration elements that aren't specifically contemplated in the Business Scorecard. This discretion may be applied to individuals or all Executives, having regard to the perspectives of stakeholders including employees, shareholders, and our communities.

Individual Performance – the Board will also consider the individual performance of Executives by assessing outcomes in their areas of accountability, how these outcomes were achieved, and whether their behaviours were aligned with Sandfire's Values.

Links to our Strategy

KPI	Rationale and links to strategy
Sustainability TRIFR	We prioritise the safety and well-being of our people, the environment and our host communities, and strive to do the basics well.
Financial **Production** Cost of production	Critical to the execution of Sandfire's Strategy is the strategic pillar of 'Deliver safe, consistent, and predicable performance'. Maximising the remaining value of our DeGrussa operations, while optimising and unlocking the potential of the MATSA operations, will be critical to Sandfire's future financial performance and success. In doing so, we will establish a stable operating platform from which we can improve and grow.
Strategic MATSA Reserves Replacement	The identification of additional reserves to extend the life of our strategically valuable metal processing hub at MATSA aligns with our strategic pillar of 'Increase our reserves'.

Cessation of employment - If the Executive's employment is terminated for cause, no STI will be paid.

If the Executive resigns before the end of the performance period, the STI may be awarded on a pro-rata basis in relation to the period of service completed, subject to the discretion of the Board and conditional upon the individual performance of the Executive.

Malus and clawback - The Board has discretion to reduce or clawback all vested and unvested awards in certain circumstances to ensure Executives do not obtain an inappropriate benefit. The circumstances in which the Board may exercise this discretion are extensive and include situations where an Executive has engaged in misconduct, where there has been a material misstatement of the Company's results in determining vesting, behaviours of Executives that bring Sandfire into disrepute or any other reasonable factor as determined by the Board.

Remuneration report (continued)

Long-Term Incentive (at risk)

The LTI is designed to focus and motivate Executives to achieve outcomes that are aligned with the long-term interests of the Company's shareholders and the creation of long-term shareholder value. LTI awards in FY2023 were delivered in Zero Exercise Price Options (ZEPOs) measured over a three-year performance period to 30 June 2025, with a five-year expiry date from grant.

There is no retesting if performance conditions are not met at the end of the performance period. Any ZEPOs that do not vest immediately lapse or are forfeited. No dividends are paid on ZEPOs prior to vesting. For any ZEPOs that ultimately vest, a cash payment equivalent to dividends paid by Sandfire during the period between the grant of the awards and exercise, and during the deferral period, will be made.

LTI Opportunity (% of Fixed Remuneration):

Role	Target	Max
CEO	72.5	125
Other Execs	58	100

LTI Scorecard Measures:

		Vesting Schedule:
Sustainability (25%) Carbon Abatement	Based on our goal of 'Sourcing 50% of all electricity requirements from renewable sources by 2030'. Invest in, build and/or establish long-term procurement agreements for renewable energy, such that an equivalent of 175,000 tonnes of CO_2 is abated by 30 June 2025.	**Performance outcome** / **% Vesting** Less than 'on track' / 0 On track to 2030 target / 50 On target to +10% on-target reduction / Pro-rata between 50 - 100 +10% on-target reduction / 100
Financial (50%) Adjusted (25%) & Unadjusted (25%) Cash Earnings[a]	[(FY2023 Cash Earnings ÷ FY2023 Budget) + (FY2024 Cash Earnings ÷ FY2024 Budget) + (FY2025 Cash Earnings ÷ FY2025 Budget)] ÷ 3 Cash Earnings = Underlying Group EBITDA[b] *add back* Underlying exploration and evaluation expenses[b] *less* net interest paid *less* net income tax payments *less* sustaining capital expenditure. Cash Earnings will be the actual outcome achieved each year, assessed against the Board approved budget, which is approved at the commencement of each year, with the results averaged over the three-year period to 30 June 2025.	**Performance outcome** / **% Vesting** <90% of Budget / 0 At 90% of Budget / 50 90% - 110% of Budget / Pro-rata between 50 - 100 >110% of Budget / 100
Strategic (25%) Strategy Execution	**Kalahari Copper Belt**: Ramp up and sustain a minimum 50ktpa of contained copper production at the Motheo Copper Mine and identify additional reserves that (at a minimum) replace depletion during the performance period. **Iberian Pyrite Belt**: Complete a fundamental review of the MATSA geological model and identify additional reserves that (at a minimum) replace depletion during the performance period.	Outcomes will be determined by the Board having regard to the shareholder experience, and the quantitative and qualitative factors that have contributed to management's delivery of the strategic performance measures during the performance period. In order to be fully transparent, we will provide a granular explanation of the Board's deliberations at the conclusion of each performance period and an annual summary of the progress that is achieved each year.

(a) Adjusted (Flexed) Cash Earnings is adjusted for fixed budgeted assumptions such as foreign exchange, power costs, commodity price and interest rates. Unadjusted (Unflexed) Cash Earnings is based on actual amounts.

(b) Underlying Group EBITDA includes adjustments to exclude the effect of events that are not part of the Groups usual business activities. Underlying exploration and evaluation expense includes exploration and evaluation salaries that are disclosed separately on the face of the Consolidated Income Statement. A reconciliation of Underlying Earnings metrics to the statutory financial results presented in the Consolidated Income statement is included in Note 3 Segment information to the financial statements.

Remuneration report (continued)

Long-Term Incentive (at risk) (continued)	
Links to our Strategy	
KPI	**Rationale and links to strategy**
Sustainability (25%) Carbon Abatement	Sustainability is integral to the achievement of our purpose. We recognise that climate change is an urgent global challenge that demands an industry wide response. We are committed to contributing to the responsible transition to a low emission future by taking action at both a corporate and operational level. This aligns with our strategic pillar of 'Reduce our Carbon Intensity'.
Financial (50%) Cash Earnings	Strong production and cost control establish a stable operating platform from which we can improve and grow. The Cash Earnings measure is designed to focus Executives on balancing the multiple demands on a company's finances to generate free cash flow in the business and optimise investment returns. These align with our strategic pillar of 'Deliver safe, consistent and predictable performance'.
Strategic (25%) Strategy Execution	Ramping-up to peak production at Motheo aligns with our strategic pillar of 'Safe, consistent and predictable performance'. Enhancing our geological understanding of the Iberian Pyrite and Kalahari Copper Belts to increase the life of our strategically located processing hubs aligns with our strategic pillar of 'Increase our reserves'.

Cessation of employment - the treatment of the awards will depend on the circumstances of the cessation.

Where an Executive ceases employment before the end of the Performance Period, due to resignation, fraudulent or dishonest conduct, or termination for cause (including gross misconduct or material breach of contract), all unvested ZEPOs will lapse at cessation.

Where an Executive ceases employment before the end of the Performance Period for any other reason, a pro-rata number of unvested ZEPOs (based on the proportion of the Performance Period that has elapsed at the time of cessation) will continue 'on-foot' and will be tested at the end of the Performance Period vesting only to the extent that the Performance Conditions have been satisfied (ignoring any service related conditions).

Change of control - In the event of a change in control, the Board will exercise its discretion, and determine the treatment of the unvested ZEPOs which may include a pro-rata vesting

Malus and clawback - The Board has discretion to reduce or clawback all vested and unvested awards in certain circumstances to ensure Executives do not obtain an inappropriate benefit. The circumstances in which the Board may exercise this discretion are extensive and include situations where an Executive has engaged in misconduct, where there has been a material misstatement of the Company's results in determining vesting, behaviours of Executives that bring Sandfire into disrepute or any other reasonable factor as determined by the Board.

Remuneration report (continued)

5.2 Executive Reward mix

Figure 6 shows the remuneration mix for outstanding performance, when maximum 'at risk' remuneration is earned for both the CEO and other Executives.

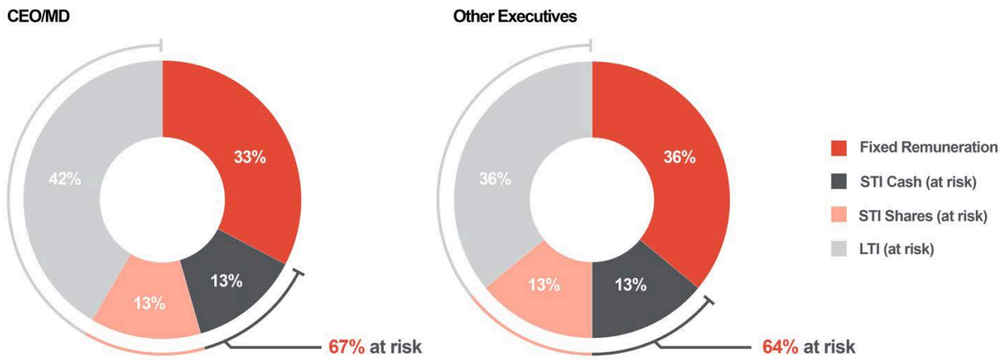


Figure 6: Sandfire's FY2023 Executive maximum remuneration mix.

5.3 CEO reward opportunity

Reward outcomes are determined by actual business and individual performance over the year. As such, realised pay received by Executives will vary year-on-year.

Figure 7 illustrates the range of possible full-year remuneration outcomes for the CEO, Mr Harris, based on performance outcome scenarios of minimum, target and maximum.

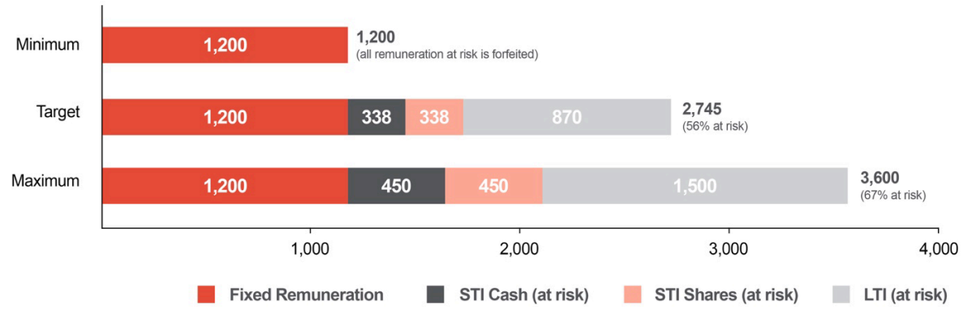


Figure 7: CEO reward opportunity (A$'000).

In the **Minimum** scenario, no STI or LTI is paid. The CEO would receive Fixed Remuneration only, inclusive of superannuation, of A$1,200,000.

Target outcomes are achieved where Sandfire meets robust STI performance hurdles set prior to the commencement of the financial year, resulting in STI being paid at target levels (75% of maximum opportunity) and 58% vesting of the rights granted under the LTI.

Maximum outcomes would be achieved where Sandfire exceeds robust STI performance hurdles set prior to the commencement of the financial year, resulting in STI being paid at 100% of maximum opportunity and 100% vesting of the rights granted under the LTI.

Remuneration report (continued)

6. Executive reward outcomes in FY2023

6.1 FY2023 Company performance

FY2023 marked a period of significant change for the Company at all levels, including our Executive leadership and Board, as we continued to absorb the acquisition of MATSA in south-western Spain, constructed and commenced concentrate production at Motheo in Botswana, and wound down operations at DeGrussa in Western Australia.

Safety, people and culture

Critical to the achievement of our strategy is our commitment to foster a strong safety mindset, making sure everyone goes home safe and well, every day. At Sandfire, nothing is more important than the health, safety, and wellbeing of our people. We are focused and dedicated to the improvement journey we are on, ensuring we have the right values, behaviours, systems and processes in place to do the basics well.

Our targeted work program delivered outstanding safety outcomes during the year, with the Group's TRIFR, inclusive of our contractor workforce, reducing to 1.6 as of 30 June 2023, compared to 3.8 as of 30 June 2022. This is an exceptional result for the entire Sandfire team, particularly considering the level of complexity created by the Motheo Copper Mine project, its commissioning and progressive handover to Operations, and the decision to process mineralised waste and oxide stockpiles at DeGrussa before transitioning to care and maintenance.

Our gender diversity at the end of FY2023 was 24%, which was in line with FY2022. While we still have a long way to go to achieve the levels of diversity that reflect the composition of our host communities, our gender diversity in Spain (21%) and Botswana (25%) was significantly higher than mining industry averages in those regions of 9% and 12.5%, respectively.

In addition, our employee engagement score of 84% from a participation rate of 73% was an outstanding outcome.

Sustainability

During the year, your Board approved our ESG Strategy and six global ESG pillars that contribute to the achievement of the UN's Sustainable Development Goals (SDGs). We also achieved a major milestone with Government approval received for the Motheo A4 Project's Environmental and Social Impact Assessment (ESIA) in Botswana.

We recognise that climate change is an urgent global challenge that demands a broader societal and industry wide response. This belief led us to finalise our baseline emissions modelling that enables us to understand and set a pathway for further emissions reductions initiatives, and we have included a 'Climate' measure in our LTI to ensure management's intent is aligned with the expectations of our stakeholders.

At a more granular level, the MATSA Mining Water Living Lab Project for water treatment experimentation was commissioned during the year, delivering exceptional results that could further improve our ability to clean and recirculate process water.

We also launched the wildlife sighting application in Botswana, providing our field teams with the ability to record wildlife observations in real time and generate mapping data to inform our biodiversity management efforts.

Operational and financial

Sandfire's global operations continued to operate well as the Group achieved copper equivalent production of 131,569 tonnes for FY2023, which included first production from Motheo in June 2023, and strong performance at MATSA where its CuEq production marginally exceed revised guidance.

While the team remained disciplined and focused on the factors they could control, cost performance was again challenged by strong global inflationary pressure on labour and supplies, and the European specific disruption to energy markets.

Development and construction

First copper concentrate was produced at the Motheo Copper Mine in Botswana in May 2023 with the introduction of ore to the SAG Mill. Construction activities for the initial 3.2Mtpa processing facility are now largely complete, and the team's attention has turned to the safe ramp-up of production and the rapid expansion in capacity to 5.2Mtpa with development of the A4 open pit.

Overall performance

Consistent with better practice, your Board considered the overarching performance of the business to test whether the Scorecard outcome was a fair reflection of the year. The detail underlying the decision to apply modest discretion when determining the Overall Performance outcome is provided in Section 6.3.

Remuneration report (continued)

6.2 Fixed Remuneration outcomes

Following a comprehensive review of remuneration, which included a robust benchmarking exercise and careful consideration of the substantial increase in scale and complexity of the business, Fixed Remuneration for Executives was increased in FY2023, as outlined in Table 4 below. For the previous CEO and Managing Director, Karl Simich, this was the first increase since FY2014.

Table 4 – FY2023 Fixed Remuneration (A$'000)

	Effective Date	FY2023	FY2022
Brendan Harris	3 April 2023	1,200	n/a
Jason Grace[(a)]	1 July 2022	650	600
	1 October 2022	980	
	1 May 2023	780	
Matthew Fitzgerald	1 July 2022	650	585
Karl Simich[(b)]	1 July 2022	1,300	1,100

(a) Jason Grace acted in the role of CEO for the period 1 October 2022 to 2 April 2023, including handover to the end of April 2023. He was provided with an additional payment for this period, equivalent to A$330,000 per annum or a Fixed Remuneration of $980,000 per annum.

(b) Mr Simich stepped down as CEO and Managing Director effective 30 September 2022.

Fixed Remuneration for the CEO and Managing Director, Brendan Harris, was set at A$1,200,000 per annum on appointment.

6.3 STI performance and outcomes

The STI Business Scorecard outcomes are detailed below in Table 5 and award outcomes for Executives are presented in Table 6.

Table 5 – FY2023 Business Scorecard Outcomes (linking performance and reward)

KPI	Measure	Weight	Target/ 'Good'	Outcome	Zero Good Outstanding	Description
Safety	Group TRIFR as of 30 June 2023	10%	3.3	**1.6**	10%	Group TRIFR was a record 1.6 against a target of 3.3 and 3.1 for outstanding. This is a significant achievement given activities undertaken during the year.
Production	CuEq (tonnes)	30%	125,660	**120,955**	0%	CuEq production was 132kt, however DeGrussa stockpile processing was not contemplated in the original Scorecard target. With its removal the outcome was 120,955t, which was below the target.
Cost of Production	US$M	15%	474	**482**	11%	Cost of production (unadjusted) fell US$8M short of the target of US$474M.
Cost of Production	(Flexed/Adjusted) US$M	15%	474	**487**	9%	Cost of production (flexed/adjusted) was below threshold of US$521M but fell short of good - US$474M.
Strategic	MATSA Reserves Replacement	30%	Zero depletion	**-1.1% depletion**	19%	As of 30 June 2023, reserves were depleted by 1.1% in the year. This excludes a Mineral Resource and Ore Reserve update for MATSA that is being undertaken and expected to be released in the June 2024 half year.
TOTAL		**100%**			49%	

Remuneration report (continued)

Application of Board discretion

Our Business Scorecard focuses management on the Company's priorities for the financial year, however, it cannot always contemplate certain events or strategic decisions that are made during the performance period.

For example, management's innovative processing route that unlocked additional 10.6kt CuEq from low grade and oxide stockpiles at DeGrussa, which is expected to deliver around US$17 million (before tax) in additional value. Then, once the economics of this processing solution became challenging, outstanding safety outcomes were achieved as the operation transitioned to care and maintenance, which is something the team, and Company overall, can be exceptionally proud of.

Significant time and effort was also involved in re-sculpting our MATSA debt facility and following unanimous approval by the international banking syndicate, the loan tenor of the MATSA facility was extended by a further two years, to 31 December 2028, reducing the repayment profile and taking pressure off the balance sheet.

Consistent with better practice, the Board considered these elements and the overarching performance of the business to test whether the Scorecard outcome was a fair reflection of the year. This included the Company's Underlying Earnings, record safety performance, robust production results (once the additional tonnes are DeGrussa were taken into account), excellent project development outcomes, and strong absolute and relative TSR performance.

This led your Board to conclude, on balance, that the Company had a good year managing the factors within its control, despite extensive internal change and external volatility, and that it is extremely well positioned for the future.

After careful deliberation, the Board elected to exercise a degree of discretion by applying a modest positive adjustment to the STI outcome to deliver an overall result of 60% of maximum, as opposed to the unadjusted 49%, noting this is still below the 'Target' outcome as shown in Figure 8 below. We trust our stakeholders are aligned and support the decision.

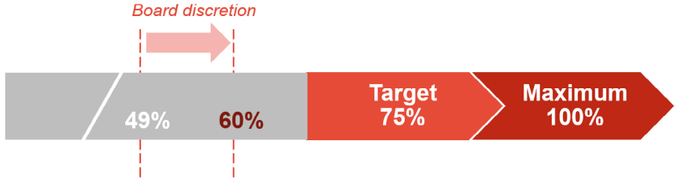


Figure 8: Application of Board discretion.

CEO Individual Performance

The Board believes the recent appointment of Brendan Harris positions Sandfire to execute the next phase of its strategy and capitalise on its strong foundations. Brendan's performance has been outstanding since joining Sandfire and taking this into account, the Board believes the most prudent decision is that he is awarded the overall Business Scorecard outcome of 60%.

Overall STI outcome

Table 6 – STI award for Executives in FY2023

	Maximum STI Opportunity	Scorecard Outcome (inc. discretion)	Individual Outcome	Overall Outcome	STI Outcome		Percentage of maximum	
	(A$)	(%)	(%)	(% of Max.)	Cash (A$)	Shares (A$)	Awarded (%)	Forfeited (%)
Brendan Harris[(a)]	225,000	60	-	60	**67,500**	**67,500**	60	40
Jason Grace[(b)]	635,625	60	98	59	**187,112**	**187,112**	59	41
Matthew Fitzgerald	487,500	60	100	60	**146,250**	**146,250**	60	40
Karl Simich[(c)]	975,000	-	-	-	**-**	**-**	-	100

(a) Mr Harris commenced as CEO and Managing Director on 3 April 2023. His maximum STI opportunity is pro-rated for the performance period.

(b) Mr Grace's Maximum STI Opportunity is based on his aggregate Fixed Remuneration over FY2023 of $847,500.

(c) Mr Simich stepped down as CEO and Managing Director effective 30 September 2022 and was not eligible to participate in the FY2023 STI.

Remuneration report (continued)

Long-term incentives

6.4 LTI performance testing

The FY2021 LTI was granted in July 2020 and has a four-year performance period, ending 30 June 2024. As such, there is no LTI performance testing for the period ending 30 June 2023.

Full details of the FY2021 LTI Plan are disclosed in the Company's 2021 Remuneration Report and the details of Rights held by Executives are set out in Section 9.5.

6.5 LTI granted in FY2023

Under our FY2023 LTI Plan, ZEPOs were granted to our Executives in October 2022 (April 2023 for the CEO) and have a three-year performance period subject to performance hurdles as outlined in Section 5.1. Shareholders approved, under ASX Listing Rule 10.14, the grant of rights for the CEO at the EGM on 21 March 2023.

For Mr Harris, the FY2023 LTI award was pro-rated based on his start date of 3 April 2023.

For Mr Grace and Mr Fitzgerald, this award was reduced by 50% due to the transition from the four-year plan in FY2021 (refer to Section 4.4 for information regarding the phased re-introduction of LTI).

The FY2023 LTI grants for Executives are detailed in Table 7 below.

Table 7 – FY2023 LTI grants

Executive	Face Value (% of Fixed Remuneration)	Face Value[(a)] (A$)	Target Value (% of Fixed Remuneration)	Target Value (A$)	No. of awards	Anticipated Vesting Date
Brendan Harris	125	375,000	72.5	217,500	77,120	Aug-25
Jason Grace	50	423,750	29	245,775	87,146	Aug-25
Matt Fitzgerald	50	325,000	29	188,500	66,838	Aug-25

(a) The Face Value for Mr Harris has been pro-rated based on his commencement date of 3 April 2023. The Face Value for Mr Grace and Mr Fitzgerald is 50% of their standard award.

6.6 FY2023 Strategic measures update

In FY2023, two strategic measures were introduced to the LTI – Climate and Strategy Execution. The purpose of these measures is to align our LTI plan with two critically important elements of our Strategy that warrant additional focus given their expected importance to the Company's longer-term viability and success. They drive our Executives to establish a credible pathway to materially reduce our carbon emissions and significantly extend the life of our strategically valuable metal processing hubs, by identifying additional reserves and creating options for future development.

Final outcomes for these measures will be contemplated and determined by the Board following the performance period (on 30 June 2025), and will reflect management's progress in these important areas, thereby seeking to create even greater alignment with enduring shareholder value.

The Board's rationale in assessing performance and determining the vesting outcome for each measure will be clearly articulated in the relevant Remuneration Report. We also commit to providing regular disclosure of progress against each measure.

The table below highlight progress made against these measures during FY2023.

Table 8 – FY2023 Cash Earnings and Strategic Measures update

Measure	FY2023 progress against Measure
Cash Earnings Cash Earnings will be the actual outcome achieved each year, assessed against the Board approved budget, which is set annually, with the results averaged over three years at the end of the performance period in June 2025. FY2023 Cash Earnings ÷ FY2023 Budget = FY2023 Outcome	The details for FY2023 are shown below for the information of stakeholders. **Measure** / **FY2033 Budget** / **FY2023 Actual** / **% Outcome** Unadjusted: 109,380 / 89,823 / 82 Adjusted: 109,380 / 84,275 / 77

Remuneration report (continued)

Measure	FY2023 progress against Measure
Sustainability - Climate (Carbon Abatement) Sustainability, in culture and behaviours, is integral to the achievement of our Purpose. Our core product, copper, is of critical importance to the low emissions economy of the future. In 2023 we announced our ESG Goals including: • A commitment to a company-wide net zero target by 2050, covering Scope 1 and 2 emissions for all sites under operational control; and • An interim commitment to source 50% of the Company's electricity requirements from renewable energy by 2030.	• The Board approved our ESG Strategy and six global ESG pillars in line with the UN Sustainable Development Goals; • Entered into a new agreement with Endesa Energia, the largest power provider in Spain, providing MATSA with multi-year access to reliable, carbon emissions free, energy supply and a substantial reduction in exposure to spot energy prices; • Entered into a Memorandum of Understanding with Endesa Energia for a dedicated solar facility at MATSA; • Advanced the design for the construction of a dedicated solar energy facility at Motheo; • Completed emissions modelling for all operating assets; and • Defined net-zero roadmap and supporting modelling for the business overall.
Strategic - Portfolio Optimisation Our strategy execution measure is designed to unlock material additional shareholder value in the Iberian Pyrite and Kalahari Copper Belts, and through the identification and development of opportunities that may support future investment decisions. We will do this by: • Materially increasing reserves in the provinces we have chosen for their exploration potential; • Enhancing our social license; and • Demonstrating capital discipline.	• Identified and then extended the San Pedro mineralised zone at Aguas Teñidas, which lies less than 100m from existing underground mine infrastructure, and identified a new western zone of mineralisation, Olivo, at Magdalena (all at MATSA); • Made strong progress with the fundamental re-modelling and re-interpretation of the geological setting at MATSA, with an updated reserve estimate expected in the second half of FY2024; • Identified a high-grade polymetallic zone at the Sesmarias Prospect in Portugal, part of the joint venture with TSX-listed Avrupa Minerals Limited; and • Discovered the A1 zone of mineralisation at Motheo, with drilling planned for FY2024 designed to determine the scale of any resource.

6.7 Other long-term awards granted in FY2023

Sign-on awards

The Board approved a sign-on award of 1,100,000 Rights for the CEO, Brendan Harris, for incentives forgone from his previous employer when joining Sandfire. These awards were approved by Shareholders under ASX Listing Rule 10.14, at the EGM on 21 March 2023.

In determining the number of sign-on rights and vesting schedule, the Board's intention was to reasonably, but not excessively, compensate Mr Harris for those incentives foregone.

The Rights will vest in three equal tranches on the first, second and third anniversary of his commencement date, subject to a service condition and the terms of the offer being met. The tranche-based vesting was determined based on alignment to Mr Harris' previous awards.

One-off retention award

A one-off equity award was provided to Jason Grace as a retention mechanism (refer 25 November 2022 ASX announcement) as the Board considers his skills, experience and continued contribution as being critical to the Company's ongoing success.

The Rights provide Mr Grace with an opportunity to be rewarded, subject to his continued service with the Company for a period of two years from the grant date and will further align his interests with the interests of Sandfire and our shareholders.

Table 9 – Other long-term awards granted

Executive	Face Value (% of Fixed Remuneration)	Face Value[a] (A$)	No. of awards	Anticipated Vesting Date
Brendan Harris	325	3,900,000	366,666	Apr-24
			366,667	Apr-25
			366,667	Apr-26
Jason Grace	100	780,000	171,806	Nov-24

(a) The Face Value for Mr Harris was determined during his negotiations to join Sandfire as its CEO. The Face Value for Mr Grace is based on his revised Fixed Remuneration of A$780,000 per annum.

Remuneration report (continued)

7. Non-Executive Director remuneration

7.1 NED remuneration policy

Sandfire's NED remuneration policy is designed to attract and retain suitably skilled Directors who can discharge the roles and responsibilities required in terms of good governance, oversight, independence and objectivity. The Board seeks to attract Directors with different skills, experience, expertise and diversity.

The current maximum aggregate NED fee pool of A$1,500,000 per annum was approved by shareholders at the 2021 AGM. Within this aggregate amount, NED fees are reviewed annually by the People and Performance Committee and set by the Board. The Committee reviews NED fees against comparable companies within the broader general industry and taking into account recommendations from independent remuneration advisors. Sandfire has set the benchmark for NED fees between the median and upper quartile of the custom peer group (see Section 4.2).

NED fee levels increased in FY2023 to reflect the increase in scale and complexity of the business, as outlined in Table 10 below.

Table 10 – NED fees inclusive of superannuation (A$)

	Role	FY2023	FY2022
Board fees	Chair	**$300,000**	$220,000
	NED	**$150,000**	$136,000

	Role	FY2023	FY2022
Committee fees	Chair	**$35,000**	$26,000
	Member	**$20,000**	$13,000

The payment of committee fees recognises the additional time commitment required by NEDs who serve in those positions. The Chair of the Board does not receive additional fees for being a member of any Board committee. NEDs do not receive termination benefits and do not participate in any incentive plans.

7.2 Total fees paid to NEDs

Table 11 – NED statutory remuneration (A$)

		Short-term benefits		Post-employment	
	Financial year	Salary and fees $	Other $	Superannuation $	Total $
Current Directors					
John Richards[a]	**2023**	**274,708**	**-**	**25,292**	**300,000**
	2022	165,908	-	16,590	182,498
Roric Smith	**2023**	**171,946**	**36,000[b]**	**18,054**	**226,000**
	2022	149,241	35,999[b]	14,923	200,163
Sally Langer	**2023**	**195,260**	**-**	**9,740**	**205,000**
	2022	159,091	-	15,908	174,999
Jennifer Morris[c]	**2023**	**185,520**	**-**	**19,480**	**205,000**
	2022	157,120	-	15,711	172,831
Robert Edwards[d]	**2023**	**201,154**	**-**	**3,846**	**205,000**
	2022	-	-	-	-
Sally Martin[d]	**2023**	**179,092**	**-**	**10,908**	**190,000**
	2022	-	-	-	-
Former Directors					
Derek La Ferla[e]	**2023**	**3,126**	**-**	**328**	**3,454**
	2022	189,242	-	18,924	208,166
Totals	**2023**	**1,210,806**	**36,000**	**87,648**	**1,334,454**
	2022	820,602	35,999	82,056	938,657

(a) Mr Richards was appointed as an Independent NED on 1 January 2021. He was appointed Chair on 30 April 2022.
(b) Represents fees paid to a related entity for work beyond services as a NED.
(c) Ms Morris was appointed as an Independent NED on 1 January 2021.
(d) Mr Edwards and Ms Martin were appointed as Independent NEDs on 8 July 2022.
(e) Mr La Ferla resigned as Chair on 30 April 2022. He continued as an Independent NED through the rest of FY2022. He resigned as an Independent NED effective 8 July 2022.

Remuneration report (continued)

Figures in the table below have been converted from A$ to US$ using an average rate of 0.6734 for FY2023 and 0.7258 for FY2022.

Table 12 – NED statutory remuneration (US$)

		Short-term benefits		Post-employment	
	Financial year	Salary and fees $	Other $	Superannuation $	Total $
Current Directors					
John Richards[(a)]	**2023**	**184,988**	**-**	**17,032**	**202,020**
	2022	120,416	-	12,041	132,457
Roric Smith	**2023**	**115,788**	**24,242[(b)]**	**12,158**	**152,188**
	2022	108,319	26,128[(b)]	10,831	145,278
Sally Langer	**2023**	**131,488**	**-**	**6,559**	**138,047**
	2022	115,468	-	11,546	127,014
Jennifer Morris[(c)]	**2023**	**124,929**	**-**	**13,118**	**138,047**
	2022	114,038	-	11,403	125,441
Robert Edwards[(d)]	**2023**	**135,457**	**-**	**2,590**	**138,047**
	2022	-	-	-	-
Sally Martin[(d)]	**2023**	**120,601**	**-**	**7,345**	**127,946**
	2022	-	-	-	-
Former Directors					
Derek La Ferla[(e)]	**2023**	**2,105**	**-**	**221**	**2,326**
	2022	137,352	-	13,735	151,087
Totals	**2023**	**815,356**	**24,242**	**59,023**	**898,621**
	2022	595,593	26,128	59,556	681,277

(a) Mr Richards was appointed as an Independent NED on 1 January 2021. He was appointed Chair on 30 April 2022.

(b) Represents fees paid to a related entity for work beyond services as a NED.

(c) Ms Morris was appointed as an Independent NED on 1 January 2021.

(d) Mr Edwards and Ms Martin were appointed as Independent NEDs on 8 July 2022.

(e) Mr La Ferla resigned as Chair on 30 April 2022. He continued as an Independent NED through the rest of FY2022. He resigned as an Independent NED effective 8 July 2022.

Remuneration report (continued)

8. Looking forward to FY2024

During FY2023, management worked with employees from across the organisation to co-create a shared belief in a new, shared purpose that reflects the Company's aspirations and what it wants to achieve. This new, shared purpose reflects the transition of the business into a global copper producer of significance and provides clear direction for employees and contractors, strong motivation, and alignment toward the pursuit of a common goal.

The further refinement of our Executive Reward Framework is designed to create enduring alignment with the Company's new Purpose and refined Strategy.

8.1 Fixed Remuneration

There will be no increase to Fixed Remuneration for Executives in FY2024. The CEO's Fixed Remuneration will remain at $1,200,000 per annum.

8.2 Short-Term Incentive

The STI Framework will remain unchanged in FY2024, with the maximum opportunity for Executives staying at 75% of Fixed Remuneration. The STI Scorecard for FY2024 will be enhanced, with an increase in the weighting of the Sustainability measures (including Safety, which remains unchanged at 10%). Financial measures, including Production and Cost, will form the majority of the overall Scorecard's weighting.

KPI	STI Measures	Weight
Sustainability	Safety (TRIFR)	25%
	People, Culture, Inclusion & Diversity	
	Communities, Water and Biodiversity	
Financial	Production – CuEq (t)	30%
	Cost of production (Flexed) US$M	12.5%
	Cost of production (Unflexed) US$M	12.5%
Strategic	MATSA complex optimisation	20%
	Motheo 5.2mtpa expansion	
	Progress Black Butte Project	

8.3 Long-Term Incentive

There will be no change to the maximum opportunity for Executives in FY2024, with the CEO remaining at 125% and other Executives at 100% of Fixed Remuneration. The three-year performance period also remains unchanged.

As we continue to transition from the four-year plan, shareholder return measures will be included in the LTI Scorecard with a weighting of 60%, with the weighting of other measures being reduced accordingly. Our Sustainability measure has been renamed 'Climate' to cover all applicable emissions reduction initiatives and to reflect the global imperative to reduce carbon emissions.

The award vehicle will revert to Performance Rights and there will no longer be a dividend equivalent payment for Rights that ultimately vest.

KPI	LTI Measures	Weight
Sustainability	Climate – Emissions Reduction	10%
Financial	rTSR – Copper Peers	30%
	rTSR – ASX 200 constituents	30%
	Cash Earnings	10%
	Cash Earnings (Adjusted)	10%
Strategic	Portfolio Optimisation	10%

8.4 Non-Executive Director Fees

There will be no increase to Non-Executive Director Fees in FY2024.

We will not be seeking an increase to the Director Fee Pool at the 2023 Annual General Meeting.

Remuneration report (continued)

9. Statutory Disclosures

9.1 Executive Statutory Remuneration

Table 13 – Statutory remuneration table (A$)

		Short-term benefits			Long-term benefits	Post employment		Share-based payments				
	Financial year	Salary and fees	Benefits & allowances[a]	Cash STI[b]	LSL Movement	Super	Termination benefit[c]	STI Shares[d]	LTI Plan rights[e]	LTI Plan options[f]	Total	Performance related
		$	$	$	$	$	$	$	$	$	$	%
Brendan Harris	**2023**	**293,677**	**25,323**	**67,500**	**-**	**6,323**	**-**	**67,500**	**907,368**	**23,243**	**1,390,934**	**77**
	2022	-	-	-	-	-	-	-	-	-	-	-
Jason Grace	**2023**	**823,878**	**40,429**	**187,112**	**8,410**	**25,292**	**-**	**200,162**	**254,268**	**752,436**	**2,291,987**	**61**
	2022	575,000	-	436,799	4,629	25,000	-	224,058	66,006	535,641	1,867,133	68
Matthew Fitzgerald	**2023**	**624,707**	**38,838**	**146,250**	**20,930**	**25,292**	**487,500**	**161,194**	**-**	**686,890**	**2,191,601**	**45**
	2022	541,432	-	431,474	13,851	23,567	-	217,382	60,313	504,397	1,792,416	68
Former Executives												
Karl Simich	**2023**	**325,000**	**13,699**	**-**	-	-	**1,360,000**	**33,385**	**-**	**1,412,852**	**3,144,936**	**46**
	2022	1,100,000	10,000	553,384	-	-	-	415,594	175,400	840,586	3,094,964	64
Totals	**2023**	**2,067,262**	**118,289**	**400,862**	**29,340**	**56,907**	**1,847,500**	**462,241**	**1,161,636**	**2,875,421**	**9,019,458**	
	2022	2,216,432	10,000	1,421,657	18,480	48,567	-	857,034	301,719	1,880,624	6,754,513	

(a) Benefits and allowances includes annual leave movement, the value of Salary Continuance Insurance provided to all Sandfire employees and the value of car parking. For Mr Simich, this amount also includes $10,967 relating to motor vehicle lease payments from FY2022 that were not reported in FY2022 and are reflected in the current year.

(b) The amounts include the cash component of the STI award based on achievement of KPIs in accordance with the STI Plan as of 30 June in the relevant plan year, and amounts paid for the transformation award in 2022.

(c) Termination benefits for Mr Simich were approved by shareholders at the Annual General Meeting on 30 November 2022. Termination benefits for Mr Fitzgerald are the amounts agreed between the Company and Mr Fitzgerald prior to 30 June 2023, and form part of FY2023 statutory earnings despite the intention to pay these benefits in FY2024.

(d) Relates to the equity component of STI awards based on achievement of KPIs in accordance with the STIP as of 30 June in the relevant plan year. 2022 includes the deferred portion of the 2021 STIP.

(e) The fair value of Rights is calculated at the date of grant using the Monte Carlo Simulation model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The fair value is not related to or indicative of the benefit (if any) that the individual Executive may in fact receive.

(f) The fair value of Options is calculated at the date of grant using the Monte Carlo Simulation model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The fair value is not related to or indicative of the benefit (if any) that the individual Executive may in fact receive.

Remuneration report (continued)

Figures in the table below have been converted from A$ to US$ using an average rate of 0.6734 for FY2023 and 0.7258 for FY2022.

Table 14 – Statutory remuneration table (US$)

		Short-term benefits			Long-term benefits	Post employment		Share-based payments				
	Financial year	Salary and fees	Benefits & allowances[a]	Cash STI[b]	LSL Movement	Super	Termination. benefit[c]	STI Shares[d]	LTI Plan rights[e]	LTI Plan options[f]	Total	Performance related
		$	$	$	$	$	$	$	$	$	$	%
Brendan Harris	**2023**	**197,762**	**17,053**	**45,455**	**-**	**4,258**	**-**	**45,455**	**611,022**	**15,652**	**936,657**	**77**
	2022	-	-	-	-	-	-	-	-	-	-	-
Jason Grace	**2023**	**554,799**	**27,225**	**126,001**	**5,663**	**17,032**	**-**	**134,789**	**171,224**	**506,690**	**1,543,423**	**61**
	2022	417,335	-	317,029	3,360	18,145	-	162,621	47,907	388,768	1,355,165	68
Matthew Fitzgerald	**2023**	**420,678**	**26,154**	**98,485**	**14,094**	**17,032**	**328,283**	**108,548**	**-**	**462,552**	**1,475,826**	**45**
	2022	392,971	-	313,164	10,053	17,105	-	157,776	43,775	366,091	1,300,935	68
Former Executives												
Karl Simich	**2023**	**218,855**	**9,225**	**-**	**-**	**-**	**915,824**	**22,481**	**-**	**951,415**	**2,117,800**	**46**
	2022	798,380	7,258	401,646	-	-	-	301,638	127,306	610,097	2,246,325	64
Totals	**2023**	**1,392,094**	**79,657**	**269,941**	**19,757**	**38,322**	**1,244,107**	**311,273**	**782,246**	**1,936,309**	**6,073,706**	
	2022	1,608,686	7,258	1,031,839	13,413	35,250	-	622,035	218,988	1,364,956	4,902,425	

(a) Benefits and allowances includes annual leave movement, the value of Salary Continuance Insurance provided to all Sandfire employees and the value of car parking. For Mr Simich, this amount also includes US$7,385 relating to the value of motor vehicle lease payments from FY2022 that were not reported in FY2022 and are reflected in the current year.

(b) The amounts include the cash component of the STI award based on achievement of KPIs in accordance with the STI Plan as of 30 June in the relevant plan year, and amounts paid for the transformation award in 2022.

(c) Termination benefits for Mr Simich were approved by shareholders at the Annual General Meeting on 30 November 2022. Termination benefits for Mr Fitzgerald are the amounts agreed between the Company and Mr Fitzgerald prior to 30 June 2023, and form part of FY2023 statutory earnings despite the intention to pay these benefits in FY2024.

(d) Relates to the equity component of STI awards based on achievement of KPIs in accordance with the STIP as of 30 June in the relevant plan year. 2022 includes the deferred portion of the 2021 STIP.

(e) The fair value of Rights is calculated at the date of grant using the Monte Carlo Simulation model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The fair value is not related to or indicative of the benefit (if any) that the individual Executive may in fact receive.

(f) The fair value of Options is calculated at the date of grant using the Monte Carlo Simulation model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The fair value is not related to or indicative of the benefit (if any) that the individual Executive may in fact receive.

Remuneration report (continued)

9.2 FY2023 realised pay for Executives

The cash value of remuneration realised by Executives is set out below. This information is relevant as it provides shareholders with a view of the 'take home pay' received by Executives based on performance to 30 June 2023, and may differ from the remuneration disclosure in the statutory remuneration table (see Section 9.1).

The FY2023 realised pay for Executive includes:

- Fixed Remuneration earned in FY2023 (including superannuation);
- Non-monetary benefits and other cash earned in FY2023;
- Total FY2023 STI earned (including cash and shares) based on performance in this financial year; and
- LTI awards that vested based on performance and/or service conditions to 30 June 2023.

Table 15 – FY2023 realised pay for Executives (A$'000)

	Fixed Remuneration	Other[a]	Termination benefits	STI cash[b]	STI shares[c]	LTI vested[d]	Realised pay
Brendan Harris[e]	300,000	2,732	-	67,500	67,500	-	**437,732**
Jason Grace	847,500	17,229	-	187,112	187,112	-	**1,238,953**
Matthew Fitzgerald	650,000	17,229	-	146,250	146,250	-	**959,729**
Karl Simich[f] (former CEO & MD)	325,000	2,732	1,360,000	-	-	-	**1,687,732**

(a) 'Other' includes the value of Salary Continuance Insurance provided to all Sandfire employees and the value of car parking.

(b) STI Cash represents the cash component of the FY2023 STI award.

(c) STI Shares represents the portion of the FY2023 STI that is delivered in Sandfire shares.

(d) No LTI Plan awards granted to Executives in prior years vested based on performance to 30 June 2023. This differs from the amount disclosed in the statutory remuneration table under 'Share-based payments', which includes the amortised fair value of LTI grants which may or may not vest in future years.

(e) Mr Harris commenced as CEO and Managing Director on 3 April 2023, details in the table above are pro-rated for his service during FY2023.

(f) Mr Simich stepped down as CEO and Managing Director effective 30 September 2022, details in the table above reflect service during FY2023.

9.3 Securities Trading Policy

Sandfire's Securities Trading Policy provides clear guidance on how Company securities may be dealt with and applies to the NEDs, Executives and all other personnel of the Company including employees and contractors.

The Securities Trading Policy details acceptable and unacceptable periods for trading in Company securities including the consequences of breaching the policy. The policy also sets out a specific governance approach for how Directors and Executives can deal in Company securities. The policy can be found on the Governance page of the Company's website.

9.4 Executive contracts

Remuneration arrangements for Executives are formalised in employment agreements or service contracts (contract). The following table outlines the key terms of the contracts with Executives.

Table 16 – Executive key contract provisions

Name	Term of contract	Notice period from the Company[a]	Notice period from the Executive	Treatment of STI and LTI on cessation
Brendan Harris	Ongoing employment agreement	12 months	6 months	Refer to Section 5.1 for the treatment of STI and LTI on cessation of employment.
Jason Grace	Ongoing employment agreement	6 months	3 months	Refer to Section 5.1 for the treatment of STI and LTI on cessation of employment.
Matthew Fitzgerald	Ongoing employment agreement	6 months	6 months	Refer to Section 5.1 for the treatment of STI and LTI on cessation of employment.
Karl Simich[b]	Rolling service contract with Resource Development Company Pty Ltd	12 months	6 months	Refer to Section 5.1 for the treatment of STI and LTI on cessation of employment.

(a) The Company may make payment in lieu of notice and must pay statutory entitlements together with superannuation benefits. No notice period or payment in lieu of notice applies if termination was due to serious misconduct.

(b) Mr Simich stepped down as CEO and Managing Director effective 30 September 2022.

Remuneration report (continued)

9.5 Options and Rights holdings of Executives

The following table details more information about the Options and Rights over Sandfire shares held by Executives, including the movements in those awards held during FY2023.

Table 17 – Detail and movement of Options and Rights held by Executives during FY2023

Award[a][b]	Opening Balance	Grant Date	Fair Value[c]	Granted in FY2023	Issued in FY2023[d]		Forfeited or other change in FY2023		Closing balance	Performance testing date	Expiry date
Executive	**Number**		**A$**	**Number**	**Number**	**%[e]**	**Number**	**%[e]**	**Number**		
Brendan Harris	**-**			**1,177,120**	**-**	**-**	**-**	**-**	**1,177,120**		
FY2023 LTI (P)	-	21-Mar-23	5.61	77,120	-	-	-	-	77,120	Jun-25	Apr-28
FY2023 Sign-On T1 (S)	-	21-Mar-23	5.61	366,666	-	-	-	-	366,666	Apr-24	-
FY2023 Sign-On T2 (S)	-	21-Mar-23	5.61	366,667	-	-	-	-	366,667	Apr-25	-
FY2023 Sign-On T3 (S)	-	21-Mar-23	5.61	366,667	-	-	-	-	366,667	Apr-26	-
Jason Grace	**583,501**			**258,952**	**23,524**	**30**	**53,957**	**70**	**764,972**		
FY2023 LTI (P)	-	7-Oct-22	3.94	87,146	-	-	-	-	87,146	Jun-24	Oct-27
FY2023 Retention (S)	-	23-Nov-22	4.94	171,806	-	-	-	-	171,806	Nov-24	-
FY2021 LTI (P)	506,020	17-Jul-20	4.56	-	-	-	-	-	506,020	Jun-24	Aug-26
FY2020 LTI (P)	53,957	28-Jun-19	3.68	-	-	-	53,957	100	-	Jun-22	Aug-24
FY2021 Deferred STI (S)	23,524	30-Jun-21	6.84	-	23,524	100	-	-	-	Jun-22	-
Matthew Fitzgerald	**542,075**			**66,838**	**23,159**	**26**	**64,673**	**74**	**521,081**		
FY2023 LTI (P)[f]	-	7-Oct-22	3.94	66,838	-	-	22,259	-	44,579	Jun-25	Oct-27
FY2021 LTI (P)	476,502	17-Jul-20	4.56	-	-	-	-	-	476,502	Jun-24	Jul-26
FY2020 LTI (P)	42,414	28-Jun-19	3.68	-	-	-	42,414	100	-	Jun-22	Nov-24
FY2021 Deferred STI (S)	23,159	30-Jun-21	6.84		23,159	100	-	-	-	Jun-22	-
Former Executives											
Karl Simich	**1,136,298**				**43,729**	**11**	**368,198**	**89**	**724,371**		
FY2023 LTI (P)	-	-	-	-	-	-	-	-	-	-	-
FY2021 LTI (P)	927,703	27-Nov-20	3.54	-	-	-	203,332	22	724,371	Jun-24	Nov-26
FY2020 LTI (P)	164,866	27-Nov-19	2.45	-	-	-	164,866	100	-	Jun-22	Nov-24
FY2021 Deferred STI (S)	43,729	30-Jun-21	6.84	-	43,729	100	-	-	-	Nov-22	-

(a) At the time of vesting, the number of awards that vest based on performance and/or service conditions will automatically convert to Sandfire shares, in the participant's name, for nil consideration. Any Options or Rights that do not vest will immediately lapse. Vested Options have an expiry date as set out in the table. (S) - Service only or (P) - Performance and Service conditions apply. As Options and Rights are subject to service and/or performance conditions, the minimum possible total value of Options or Rights granted is nil and the maximum possible total value is the number of Options or Rights multiplied by the market price of Sandfire shares on the date of exercise or vesting.

(b) Further details regarding each of the prior year incentive grants are outlined in past Sandfire Annual Reports.

(c) The fair value of Rights is calculated at the date of grant using the Monte Carlo Simulation model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The fair value is not related to or indicative of the benefit (if any) that the individual Executive may in fact receive.

(d) FY2021 STI that was deferred and issued as Sandfire ordinary shares for nil consideration.

(e) Percentage based on the maximum number of Options or Rights available to vest in FY2023 and termination arrangements for Mr Fitzgerald.

(f) Treatment of the FY2023 LTI formed part of the termination arrangements agreed between the Company and Mr Fitzgerald prior to 30 June 2023.

Remuneration report (continued)

9.6 Shareholdings of KMP

The following table discloses the movements in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties.

Table 18 – Shareholdings of KMP

NED	Balance at 1 Jul 22	Purchases	Received on the vesting of Rights / Options[a]	Net other movements[b]	Balance at 30 Jun 23
John Richards	60,000	6,819	-	-	66,819
Roric Smith	-	-	-	-	-
Sally Langer	26,080	2,964	-	-	29,044
Jennifer Morris	9,484	18,578	-	-	28,062
Robert Edwards[c]	-	-	-	-	-
Sally Martin[c]	-	-	-	-	-
Executives					
Brendan Harris[d]	-	-	-	-	-
Jason Grace	-	-	53,242	6,051	59,293
Matthew Fitzgerald	-	-	51,720	(51,720)	-
Former KMP					
Derek La Ferla[e]	21,668	-	-	-	21,668
Karl Simich[f]	5,200,051	-	-	-	5,200,051

(a) Includes FY2021 Deferred STI and FY2022 STIP provided in Sandfire shares.

(b) Net other movements include acceptance of December 2022 Rights issue and sales of shares, including to fund tax liabilities.

(c) Mr Edwards and Ms Martin were appointed as Independent NED on 8 July 2022. Opening Balance is as of this date.

(d) Mr Harris commenced as CEO and Managing Director on 3 April 2023. Opening Balance is as of this date.

(e) Mr La Ferla resigned as Independent NED on 8 July 2022. Closing Balance is as of this date.

(f) Mr Simich stepped down as CEO and Managing Director on 30 September 2022. Closing balance is as of this date.

9.7 Other transactions and balances with KMP and their related parties

Certain KMP or their related parties hold positions in other entities that result in them having control or significant influence of those entities. The transactions with related parties are made on terms no worse than those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. The Board reviews and approves all transactions with related parties. Board members who are a party to the transaction are excluded from the review and approval process.

Table 19 – Other transactions with KMP and their related entities (in A$)

KMP and their Director related entity	Transaction	Note	Transaction value 30 Jun 2023	Balance outstanding 30 Jun 2023
Karl Simich *Tongaat Pty Ltd*	Lease of corporate office parking premises	(a)	4,988	-
Karl Simich *Resource Development Company Pty Ltd*	Lease of corporate office parking premises	(a)	4,549	-
Karl Simich *Resource Development Company Pty Ltd*	Corporate administrative, clerical and accounting services	(b)	209,704	-
			219,241	**-**

(a) The Company leased parking bays from Tongaat Pty Ltd and Resource Development Company Pty Ltd (RDC) for the benefit of Sandfire staff on independently assessed market rates.

(b) Transactions with RDC relate to the provision of staff to Sandfire for corporate administrative, clerical and accounting services. The provision of services was carried out at cost, with no profit margin applicable. The director of these private companies, as such, does not profit from any arrangement with the Company.

(c) Under his termination arrangements, Mr Simich purchased two vehicles and miscellaneous IT equipment from the Company for a combined fair market value of A$129,010.

(d) The above related party transactions ceased on or before Mr Simich's resignation on 30 September 2022.

Signed in accordance with a resolution of the Directors.

John Richards
Non-Executive Chair

Brendan Harris
Managing Director and Chief Executive Officer

West Perth, 30 August 2023

Consolidated Income Statement

For the year ended 30 June 2023

	Note	30 June 2023 $000	30 June 2022 $000
Sales revenue	4	803,974	922,705
Other gains	3	11,749	600
Changes in inventories of finished goods and work in progress		(9,652)	(1,260)
Mine operations costs		(334,426)	(224,930)
Employee benefit expenses	5	(102,499)	(76,638)
Freight expenses		(43,529)	(69,506)
Royalties expense		(11,806)	(33,946)
Exploration and evaluation expenses		(36,142)	(46,389)
Impairment expense	20	(4,022)	-
Acquisition and integration costs		-	(13,502)
Administration and other expenses		(8,960)	(9,844)
Depreciation and amortisation expenses	21	(269,976)	(256,729)
(Loss) / profit before net finance expense and income tax benefit / (expense)		**(5,289)**	**190,561**
Finance income	6	2,479	8,759
Finance expense	6	(53,697)	(16,363)
Net finance expense		(51,218)	(7,604)
(Loss) / profit before income tax expense		**(56,507)**	**182,957**
Income tax benefit / (expense)	7	2,846	(73,525)
Net (loss) / profit for the period		**(53,661)**	**109,432**
Attributable to:			
Equity holders of the parent		(51,576)	111,430
Non-controlling interests		(2,085)	(1,998)
		(53,661)	**109,432**
Earnings per share (EPS):			
Basic (loss) / EPS attributable to ordinary equity holders of the parent (cents)	8	(11.81)	32.05
Diluted (loss) / EPS attributable to ordinary equity holders of the parent (cents)	8	(11.81)	32.05

The consolidated income statement should be read in conjunction with the accompanying notes. Refer to Note 2 Basis of Preparation to in relation to reclassifications made to the prior year Consolidated Income Statement.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	30 June 2023 $000	30 June 2022 $000
Net (loss) / profit for the financial period	**(53,661)**	**109,432**
Other comprehensive income		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations, net of tax	8,486	(19,230)
(Gain) / loss on derivatives designated as cash flow hedges	(23,951)	39,117
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	1,300	6,068
Other comprehensive (loss) / income for the period, net of tax	**(14,165)**	**25,955**
Total comprehensive (loss) / income for the period, net of tax	**(67,826)**	**135,387**
Attributable to:		
Equity holders of the parent	(65,663)	137,344
Non-controlling interests	(2,163)	(1,957)
	(67,826)	**135,387**

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

Consolidated Balance Sheet

As at 30 June 2023

	Note	30 June 2023 $000	30 June 2022 $000
ASSETS			
Cash and cash equivalents	9	141,939	463,093
Trade and other receivables	18	78,368	69,097
Inventories	19	62,532	51,405
Derivative financial asset	11	12,989	14,975
Other current assets		7,136	12,156
Total current assets		**302,964**	**610,726**
Financial investments	16	4,860	4,305
Exploration and evaluation assets	20	59,348	84,126
Property, plant and equipment	21	2,649,078	2,580,424
Inventories	19	6,608	-
Derivative financial asset	11	27,656	37,229
Deferred tax asset	7	15,244	16,505
Other non-current assets		8,631	6,552
Total non-current assets		**2,771,425**	**2,729,141**
TOTAL ASSETS		**3,074,389**	**3,339,867**
LIABILITIES			
Trade and other payables	12	177,987	239,568
Derivative financial liabilities	11	1,051	257
Interest bearing liabilities	10	72,409	348,334
Lease liabilities	14	15,981	18,492
Income tax payable	7	2,045	39,413
Provisions	28	12,962	15,317
Total current liabilities		**282,435**	**661,381**
Derivative financial liabilities	11	41	-
Interest bearing liabilities	10	497,850	433,949
Lease liabilities	14	10,352	13,127
Provisions	28	85,111	72,518
Deferred tax liabilities	7	464,053	493,454
Total non-current liabilities		**1,057,407**	**1,013,048**
TOTAL LIABILITIES		**1,339,842**	**1,674,429**
NET ASSETS		**1,734,547**	**1,665,438**
EQUITY			
Issued capital	13	1,322,308	1,189,309
Reserves	13	(7,889)	(12,820)
Retained profits		421,848	488,506
Equity attributable to equity holders of the parent		**1,736,267**	**1,664,995**
Non-controlling interest		(1,720)	443
TOTAL EQUITY		**1,734,547**	**1,665,438**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Note	Issued capital $000	Foreign currency translation reserve $000	Hedging Reserve $000	Other reserves* $000	Retained profits $000	Total $000	Non-controlling interests $000	Total equity $000
At 1 July 2022		**1,189,309**	**(83,831)**	**39,117**	**31,894**	**488,506**	**1,664,995**	**443**	**1,665,438**
Loss for the year		-	-	-	-	(51,576)	(51,576)	(2,085)	(53,661)
Other comprehensive income		-	8,486	(23,951)	1,378	-	(14,087)	(78)	(14,165)
Total comprehensive income for the period		**-**	**8,486**	**(23,951)**	**1,378**	**(51,576)**	**(65,663)**	**(2,163)**	**(67,826)**
Transactions with owners in their capacity as owners:									
Issue of shares		134,895	-	-	-	-	134,895	-	134,895
Share issue costs		(2,784)	-	-	-	-	(2,784)	-	(2,784)
Share based payments		888	-	-	3,936	-	4,824	-	4,824
Dividends	17	-	-	-	-	-	-	-	-
Transfer to reserves		-	-	-	15,082	(15,082)	-	-	-
At 30 June 2023		**1,322,308**	**(75,345)**	**15,166**	**52,290**	**421,848**	**1,736,267**	**(1,720)**	**1,734,547**

	Note	Issued capital $000	Foreign currency translation reserve $000	Hedging Reserve $000	Other reserves* $000	Retained profits $000	Total $000	Non-controlling interests $000	Total equity $000
At 1 July 2021		**304,444**	**(64,601)**	**-**	**22,233**	**419,480**	**681,556**	**2,400**	**683,956**
Profit for the year		-	-	-	-	111,430	111,430	(1,998)	109,432
Other comprehensive income		-	(19,230)	39,117	6,027	-	25,914	41	25,955
Total comprehensive income for the period		**-**	**(19,230)**	**39,117**	**6,027**	**111,430**	**137,344**	**(1,957)**	**135,387**
Transactions with owners in their capacity as owners:									
Issue of shares		901,679	-	-	-	-	901,679	-	901,679
Share issue costs		(16,814)	-	-	-	-	(16,814)	-	(16,814)
Share based payments		-	-	-	3,440	-	3,440	-	3,440
Dividends	17	-	-	-	-	(42,404)	(42,404)	-	(42,404)
Share issue in controlled entity		-	-	-	194	-	194	-	194
At 30 June 2022		**1,189,309**	**(83,831)**	**39,117**	**31,894**	**488,506**	**1,664,995**	**443**	**1,665,438**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes. Refer to Note 13 Issued capital and reserves for further information.

* Other reserves consists of share-based payments reserve, Spanish statutory profit reserve, fair value reserve and capital reserve.

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	30 June 2023 US$000	30 June 2022 US$000
Cash flows from operating activities			
Cash receipts from customers		726,356	959,301
Cash paid to suppliers and employees		(519,696)	(388,195)
Income tax paid		(60,977)	(132,793)
Payments for exploration and evaluation		(32,678)	(48,347)
Interest received		3,617	1,222
Net cash inflow from operating activities	9	**116,622**	**391,188**
Cash flows from investing activities			
Payments for exploration and evaluation assets		(1,515)	(6,877)
Payments for plant and equipment		(33,649)	(32,606)
Payments for mine properties and assets under construction		(291,816)	(166,800)
Payments for investments		-	(5,157)
Proceeds from sale of investments		2,304	73,403
MATSA purchase price adjustment[(a)]		28,000	-
Payment for MATSA Acquisition net of cash acquired		-	(1,494,103)
Refund / (payment) of security deposits and bonds		(796)	153
Net cash outflow from investing activities		**(297,472)**	**(1,631,987)**
Cash flows from financing activities			
Proceeds from share issue		134,890	905,009
Share issue costs		(2,883)	(16,775)
Proceeds from loans and borrowings		140,000	795,525
Net proceeds from short-term working capital facilities		13,292	-
Transaction costs related to loans and borrowings		(2,892)	(19,729)
Payments for derivatives		-	(1,243)
Repayment of borrowings		(348,907)	(313,000)
Repayment of lease obligations		(17,856)	(13,868)
Interest and other costs of finance paid		(40,032)	(1,995)
Cash dividends paid to equity holders		-	(42,404)
Net cash (outflow) / inflow from financing activities		**(124,388)**	**1,291,520**
Net (decrease) / increase in cash and cash equivalents		**(305,238)**	**50,721**
Net foreign exchange differences		(15,916)	(18,941)
Cash and cash equivalents at the beginning of the year		463,093	431,313
Cash and cash equivalents at the end of the year	9	**141,939**	**463,093**

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

(a) Relates to adjustments to the Headline Price for cash acquired, working capital and indebtedness as at the date of acquisition.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Index – notes to the Consolidated Financial Statements

Corporate information and basis of preparation

1 Corporate information

The consolidated financial statements of Sandfire Resources Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 30 August 2023.

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 24.

2 Basis of preparation

The consolidated financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with IFRS as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis, except for trade receivables, cash-settled share-based payments and equity investments which have been measured at fair value.

The balance sheet transition process continued during FY2023 following the acquisition of the MATSA Copper Operations (MATSA) in FY2022 and our continued investment in the Motheo Copper Mine Project. At period end the Group had cash on hand of $141.9 million and net of debt of $430.1 million[2] including $432.0 million owing under the MATSA Financing Facility and $140.0 million under the Motheo Finance Facility, following the successful completion of a $134.9 million (A$200.0 million) equity raise to support our business growth strategy, repay corporate debt and support the working capital position of the Group. The current asset surplus as at 30 June 2023 improved to $20.5 million (2022: $50.7 million deficit).

Following the addition of ore reserves the MATSA Syndicated Debt Facility was successfully re-sculpted in May 2023 with the revised amortisation profile extending the loan tenor by two years, to 31 December 2028 and lowering the repayment profile to 30 June 2025. Overall, corporate and project finance debt[(i)] decreased by $215.8 million (27%) in FY2023 to $572.0 million including $218.0 million in scheduled repayments at MATSA and the repayment of the A$200.0 million ANZ Corporate Debt Facility offset by $140.0M in drawdowns under the Motheo Project Finance Facility.

The Motheo Project Finance Facility was fully drawn down during the period to fund the development of the Motheo Copper Mine. First concentrate production in late May 2023 signalled the start of the production ramp-up to the initial 3.2Mtpa rate and the operations successfully achieved commercial production in July 2023. The T3 project ramp-up to 3.2Mtpa post-commissioning is expected to generate positive cash flows to meet required debt repayment obligations and partly fund the remaining planned capital commitments of the expansion project.

The 5.2Mtpa Motheo Expansion Project and mining of the A4 Deposit will be funded via a combination of existing cash, operating cash flows generated by the 3.2Mtpa T3 operations and a $60.0 million upscaling of the Motheo Project Finance Facility, the negotiation of which is well advanced and has been designed to facilitate completion of the expansion project in Q2 FY2024. The Group has obtained syndicate bank credit approvals for the $60.0 million upscaling with drawdown subject to the completion of customary conditions precedent following the approval of the expanded A4 mining license which was granted in August 2024.

In conjunction with the Motheo Project Finance Facility upscaling which is discussed further above, the Group is forecasting to generate positive cash flows from operating activities to support its operations, meet required debt repayments, and fund its planned capital expenditure.

All 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 2023 except for the adoption of the new standards and amendments which became mandatory for the first time this reporting period commencing 1 July 2022. The adoption of these standards and amendments did not result in a material adjustment to the amounts or disclosures in the current or prior year. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The prior period comparative information presented in the Consolidated Income Statement includes the reclassification of the following items to align with current period presentation for consistency and comparison purposes:

- $12.0 million of exchange rate differences on deferred tax balances have been reclassified from finance income to income tax expense.
- $4.2 million of MATSA operations related costs have been reclassified from administration and other expenses to mine operations costs.

[2] Net debt excludes capitalised transaction costs, leases and revolving short-term working capital facilities.

2 Basis of preparation (continued)

Rounding

The amounts contained in this financial report have been rounded to the nearest $1,000 (unless rounding is not 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.

Presentation currency

The Group's presentation currency is United States (US) dollars. Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates, the 'functional currency'. The functional currency of Sandfire Resources Limited is Australian dollars.

(a) Key estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgments in the process of applying the Group's accounting policies and estimates that affect the reported amounts of revenue, expenses, assets and liabilities. Judgements and estimates which are material to the financial report are found in the following notes.

Note		Key estimate or judgement
Note 4	Sales revenue	• Price adjustment for estimate of concentrate specifications. • Fair value of receivables is based on the closing forward LME metal price.
Note 7	Income tax	• The recognition of deferred tax assets depends on the probability of future taxable profits.
Note 14	Lease liabilities	• The Group determines whether a contract is, or contains, a lease at the commencement date. Judgement is applied to determine whether or not the contract contains an identified asset, has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use and has the right to direct how and for what purpose the asset is used throughout the period of use. Judgement is also applied in assessing a supplier's right and practical ability to substitute alternative assets through the period of use.
Note 16	Fair value measurement	• Where the fair value of an instrument is not determinable with reference to active market prices, an alternative valuation technique is used to estimate the fair value of the instrument.
Note 20	Exploration and evaluation assets	• The application of the Group's accounting policy for exploration and evaluation assets requires judgment to determine whether future economic benefits are likely from either future exploitation or sale. • An exploration and evaluation asset shall be reclassified to mine properties when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and a decision has been made to develop and extract the resource.
Note 28	Provisions	• Rehabilitation, restoration and dismantling provisions are reassessed at the end of each reporting period. The estimated costs include judgement regarding the Group's expectation of the level of rehabilitation activities that will be undertaken, technological changes, regulatory obligations, cost inflation and discount rates.

(b) Basis of consolidation and business combinations

The consolidated financial statements comprise the financial statements of Sandfire Resources Limited and the subsidiaries it controls (as outlined in Note 24).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The income statement and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2 Basis of preparation (continued)

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in Acquisition and integration costs.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the income statement.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

(c) Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in United States dollars. Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates, the 'functional currency'. The functional currency of Sandfire Resources Limited is Australian dollars.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Group companies

On consolidation, the assets and liabilities of any foreign operations are translated into United States dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions or the average exchange rates over the reporting period. The exchange differences arising on translation for consolidation purposes are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(d) Input tax (GST/VAT)

Revenues, expenses and assets are recognised net of the amount of input tax (GST/VAT), except:

- When the input tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the input tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- When receivables and payables are stated with the amount of input tax included.

The net amount of input tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Commitments and contingencies are disclosed net of the amount of input tax recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the input tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

2 Basis of preparation (continued)

(e) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of property, plant and equipment including mine development is dependent on the Group's estimate of the Ore Reserve that can be economically and legally extracted. The Group estimates its Ore Reserves and Mineral Resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of each ore body, and requires complex geological judgments to interpret the data.

The estimation of Ore Reserves is based on factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body and removal of waste material. Changes in these estimates may impact upon the carrying value of mine properties, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, inventory as well as depreciation and amortisation charges during the period.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses for continuing operations are recognised in the income statement in expense categories consistent with the function of the impaired asset. An assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(f) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant in understanding the financial statements are provided throughout the notes to the financial statements.

Segment Information

This section contains information which will help users understand how the Group's operating segments are organised, with each segment representing a strategic business.

3 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. Each operating segment is organised and managed separately.

Segment name	Description
DeGrussa Operations	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 concentrate to customers in Asia, Europe and the United States. Following the completion of oxide processing in May 2023, the DeGrussa site has transitioned to care and maintenance while all alternatives are considered for the operation, including closure and rehabilitation, and divestment.
MATSA Operations	This segment consists of the Minas De Aguas Teñidas (MATSA) polymetallic mining complex in Spain, comprising three underground mines and a 4.7Mtpa central processing facility. The mines generate revenue from the sale and delivery of copper, zinc and lead concentrates to customers in Spain. The segment also includes Iberian Pyrite Belt exploration and evaluation activities in Spain and Portugal.
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 Operations	This segment consists of the Group's development of the Motheo Copper Mine, and exploration and evaluation activities in Botswana and Namibia within the Kalahari Copper Belt, including the T3 and A4 Open Pits.
Exploration and Other	This segment includes the Group's Australian exploration and evaluation activity, and the Group's corporate expenses that are unable to be directly attributed to an operating segment.

Segment results

Segment performance is assessed based on Group EBITDA, Operations EBITDA and EBIT. EBIT is profit before net finance expenses and taxation. Group EBITDA is EBIT before depreciation and amortisation. Operations EBITDA is Group EBITDA before corporate costs, impairment and immediately expensed exploration expenditure. During the period the Group transitioned to reporting consolidated financial information on an Underlying Earnings basis to the CODM, being the executive management team and the Board of Directors. The operating segments reported below, including comparatives, have been updated in the current financial year to include Underlying Earnings adjustments to align with the reporting that is presented to the CODM.

These Underlying Earnings measures provide insight into segment performance by excluding the impact of events that are not part of the segment's usual business activities. A reconciliation of these underlying performance measures to the Consolidated Income Statement is detailed on the following pages.

3 Segment information (continued)

For the year ended 30 June 2023	DeGrussa Operations $000	MATSA Operations $000	Black Butte Project $000	Motheo Operations $000	Exploration and Other $000	Group $000
Underlying sales revenue	238,776	557,830	-	-	-	796,606
Underlying other gains	825	4,090	-	-	-	4,915
Changes in inventories of finished goods and work in progress	(7,035)	(2,617)	-	-	-	(9,652)
Underlying mine operations costs[(i)]	(95,863)	(313,031)	-	-	-	(408,894)
Freight expense	(23,464)	(20,065)	-	-	-	(43,529)
Royalties expense	(11,806)	-	-	-	-	(11,806)
Underlying exploration and evaluation expenses[(i)]	-	(6,426)	(7,880)	(14,589)	(15,905)	(44,800)
Underlying administration & other expenses[(i)]	-	-	-	(395)	(23,940)	(24,335)
Underlying Group EBITDA	**101,433**	**219,781**	**(7,880)**	**(14,984)**	**(39,845)**	**258,505**
Depreciation and amortisation	(11,929)	(254,645)	(181)	(393)	(2,828)	(269,976)
Underlying EBIT	**89,504**	**(34,864)**	**(8,061)**	**(15,377)**	**(42,673)**	**(11,471)**
Underlying net finance expense						(44,575)
Underlying income tax benefit						10,789
Underlying Earnings						**(45,257)**
Underlying Group EBITDA	**101,433**	**219,781**	**(7,880)**	**(14,984)**	**(39,845)**	**258,505**
Underlying exploration and evaluation expenses[(i)]	-	6,426	7,880	14,589	15,905	44,800
Underlying administration & other expenses[(i)]	-	-	-	395	23,940	24,335
Underlying Operations EBITDA	**101,433**	**226,207**	-	-	-	**327,640**
Underlying Group EBITDA						**258,505**
Underlying exploration and evaluation expenses[(i)]						44,800
Net interest paid[(ii)]						(36,415)
Net income tax payments[(iii)]						(60,977)
Sustaining capital expenditure[(iv)]						(116,090)
Cash Earnings						**89,823**

(i) Employee benefits expenses per the face of the Consolidated Income Statement have been allocated against the function to which they most closely relate. The total employee benefits expense of $102.5 million has been allocated across Underlying mine operating costs ($78.5 million), Underlying exploration and evaluation expenses ($8.7 million), and Underlying administrative & other expenses ($15.3 million).

(ii) The amount of cash interest paid net of cash interest received during the year.

(iii) The net amount of cash payments for income tax to government authorities during the year.

(iv) Includes capitalised underground mine development at MATSA and DeGrussa. Motheo capital expenditure has been excluded as the operations were not in commercial production as at 30 June 2023.

3 Segment information (continued)

For the year ended 30 June 2022	DeGrussa Operations $000	MATSA Operations $000	Black Butte Project $000	Motheo Operations $000	Exploration and Other $000	Group $000
Underlying sales revenue	626,379	303,694	-	-	-	930,073
Underlying other gains	224	1,783	-	-	-	2,007
Changes in inventories of finished goods and work in progress	(2,444)	1,184	-	-	-	(1,260)
Underlying mine operations costs[i]	(137,198)	(133,286)	-	-	-	(270,484)
Freight expense	(56,035)	(13,471)	-	-	-	(69,506)
Royalties expense	(33,946)	-	-	-	-	(33,946)
Underlying exploration and evaluation expenses[i]	-	(1,940)	(14,082)	(18,506)	(27,427)	(61,955)
Underlying administration & other expenses	-	-	-	(799)	(19,758)	(20,557)
Underlying Group EBITDA	**396,980**	**157,964**	**(14,082)**	**(19,305)**	**(47,185)**	**474,372**
Depreciation and amortisation	(135,346)	(115,737)	(160)	(797)	(4,689)	(256,729)
Underlying EBIT	**261,634**	**42,227**	**(14,242)**	**(20,102)**	**(51,874)**	**217,643**
Underlying net finance expense						(8,730)
Underlying income tax expense						(70,081)
Underlying Earnings						**138,832**
Underlying Group EBITDA	**396,980**	**157,964**	**(14,082)**	**(19,305)**	**(47,185)**	**474,372**
Underlying exploration and evaluation expenses[i]	-	1,940	14,082	18,506	27,427	61,955
Underlying administration & other expenses[i]	-	-	-	799	19,758	20,557
Underlying Operations EBITDA	**396,980**	**159,904**	**-**	**-**	**-**	**556,884**
Underlying Group EBITDA						**474,372**
Underlying exploration and evaluation expenses[i]						61,955
Net interest paid[ii]						(773)
Net income tax payments[iii]						(132,793)
Sustaining capital expenditure[iv]						(70,662)
Cash Earnings						**332,099**

(i) Employee benefits expenses of $76.6 million per the face of the Consolidated Income Statement have been allocated across Underlying mine operations costs ($49.8 million), Underlying exploration and evaluation expenses ($15.6 million), and Underlying administration & other expenses ($11.2 million).

(ii) The amount of cash interest paid net of cash interest received during the year.

(iii) The net amount of cash payments for income tax to government authorities during the year.

(iv) Includes capitalised underground mine development at MATSA and DeGrussa. Motheo capital expenditure has been excluded as the operations were not in commercial production as at 30 June 2022.

3 Segment information (continued)

Underlying results reconciliation

For the year ended 30 June 2023	DeGrussa Operations $000	MATSA Operations $000	Black Butte Project $000	Motheo Operations $000	Exploration and Other $000	Group $000
Underlying sales revenue	**238,776**	**557,830**	**-**	**-**	**-**	**796,606**
Hedge adjustment[i]	-	7,368	-	-	-	7,368
Sales revenue	**238,776**	**565,198**	**-**	**-**	**-**	**803,974**
Underlying other gains	**825**	**4,090**	**-**	**-**	**-**	**4,915**
Gains on disposal or sale[ii]	2,757	-	-	-	-	2,757
Gain from modification of debt facilities[iii]	-	5,239	-	-	-	5,239
Change in rehabilitation estimate[iv]	(1,162)	-	-	-	-	(1,162)
Other gains	**2,420**	**9,329**	**-**	**-**	**-**	**11,749**
Underlying mine operations costs	**(95,863)**	**(313,031)**	**-**	**-**	**-**	**(408,894)**
DeGrussa wind down expenditure[v]	(3,999)	-	-	-	-	(3,999)
Mine operations costs[vi]	**(99,862)**	**(313,031)**	**-**	**-**	**-**	**(412,893)**
Underlying impairment expense	-	-	-	-	-	-
Net impairment (expense) / reversal[vii]	348	(2,585)	-	(1,785)	-	(4,022)
Impairment expense	**348**	**(2,585)**	**-**	**(1,785)**	-	**(4,022)**
Underlying net finance expense						**(44,575)**
Exchange rate losses on restatement of monetary items						(6,643)
Net finance expense						**(51,218)**
Underlying income tax benefit						**10,789**
Tax effect of adjustments to Underlying EBIT						(3,337)
Tax effect of recognition of tax losses[viii]						988
Exchange rate variations on tax balances						(5,594)
Income tax benefit						**2,846**

(i) Non-recurring hedge adjustment with respect to the MATSA acquisition.

(ii) Includes $2.8 million gain arising on the disposal of property plant and equipment assets during the wind down of DeGrussa operations.

(iii) MATSA amended and extended the outstanding $452.0 million balance of the Syndicated Debt Facility during the period. The resulting $5.2 million modification gain has been excluded from the MATSA segment. Refer to Note 10 Interest bearing liabilities.

(iv) Relates to a change in the DeGrussa rehabilitation provision following an update to the cost estimate input assumptions. The movement in the provision value was immediately expensed as DeGrussa was no longer in production at year end.

(v) Comprises employee redundancy and obsolete inventory expense incurred during the wind down of the DeGrussa operations.

(vi) Includes an allocation of $78.5 million in mine operations related employee benefit expenses. Total employee benefit expenses of $102.5 million (including $78.5 million relating to the mining operations) are separately disclosed on the face of the Consolidated Income Statement.

(vii) Includes impairment of Namibian ($1.8 million) and Spanish ($2.6 million) exploration and evaluation asset acquisition costs for tenements relinquished during the period and reversal of previously impaired Australian tenements sold in FY2023 ($0.3 million). Refer to Note 20 Exploration and evaluation assets.

(viii) Tax losses brought to account in the Motheo segment.

3 Segment information (continued)

For the year ended 30 June 2022	DeGrussa Operations $000	MATSA Operations $000	Black Butte Project $000	Motheo Operations $000	Exploration and Other $000	Group $000
Underlying sales revenue	**626,379**	**303,694**	**-**	**-**	**-**	**930,073**
Hedge adjustment[(i)]	-	(7,368)	-	-	-	(7,368)
Sales revenue	**626,379**	**296,326**	**-**	**-**	**-**	**922,705**
Underlying other gains	**224**	**1,783**	-	-	-	**2,007**
Gains on disposal or sale[(ii)]	3,931	-	-	-	-	3,931
Write off of loan to non-related entity[(iii)]	(5,338)	-	-	-	-	(5,338)
Other gains	**(1,183)**	**1,783**	-	-	-	**600**
Underlying mine operations costs	**(137,198)**	**(133,286)**	-	-	-	**(270,484)**
DeGrussa wind down expenditure[(iv)]	(4,246)	-	-	-	-	(4,246)
Mine operations costs[(v)]	**(141,444)**	**(133,286)**	-	-	-	**(274,730)**
Underlying administration & other expenses	**-**	**-**	**-**	**(799)**	**(19,758)**	**(20,557)**
MATSA acquisition & integration costs	-	-	-	-	(13,502)	(13,502)
Impairment of exploration assets[(vi)]	-	-	-	(559)	-	(559)
Administration & other expenses[(vii)]	**-**	**-**	**-**	**(1,358)**	**(33,260)**	**(34,618)**

Underlying net finance (expense)	**(8,730)**
Exchange rate gains on restatement of monetary items	1,126
Net finance (expense)	**(7,604)**
Underlying income tax expense	**(70,081)**
Tax effect of adjustments to Underlying EBIT	2,384
Tax effect of recognition of tax losses[(viii)]	3,064
Derecognition of deferred tax asset[(ix)]	(9,015)
Tax effect of losses not recognised[(x)]	(8,890)
Exchange rate variations on tax balances	9,013
Income tax expense	**(73,525)**

(i) Non-recurring hedge adjustment with respect to the MATSA acquisition.

(ii) DeGrussa segment $3.9 million gain relating primarily to the gain on sale of Altia, Breena Plains and Cannington tenements.

(iii) Write-off of debt funding for international exploration project which was terminated during FY2022.

(iv) Comprises employee redundancy and obsolete inventory expense incurred during the wind down of the DeGrussa operations.

(v) Includes an allocation of $49.8 million in mine operations related employee benefit expenses. Total employee benefit expenses of $76.6 million (including $49.8 million relating to the mining operations) are separately disclosed on the face of the Consolidated Income Statement.

(vi) Includes impairment of Botswana exploration and evaluation asset acquisition costs for tenements relinquished during the period. Refer to Note 20 Exploration and evaluation assets.

(vii) Includes an allocation of $11.2 million in administration related employee benefit expenses. Total employee benefit expenses of $76.6 million (including $11.2 million relating to administration & other) are separately disclosed on the face of the Consolidated Income Statement.

(viii) Tax losses brought to account in the Motheo segment.

(ix) Relates to derecognition of deferred tax asset relating to the DeGrussa rehabilitation obligations.

(x) Tax losses not brought to account for MATSA hedge losses recognised in equity for accounting purpose.

3 Segment information (continued)

Adjustments and eliminations

Finance income, finance expense and income tax expense are not allocated to individual segments as these metrics are analysed on a Group basis.

Revenue

Revenue includes the gross revenue adjusted for both the realised and unrealised price and hedge adjustments during the quotational period as well as treatment and refining charges charged by the customer.

Geographical information on non-current assets

30 June 2023 – Net Carrying Amount	Botswana and Namibia $000	Spain $000	United States of America $000	Australia $000	Group $000
Exploration and evaluation assets	21,429	24,115	12,487	1,317	59,348
Property, plant and equipment	496,624	2,140,989	7,742	3,723	2,649,078
Total Non-Current Assets	518,053	2,165,104	20,229	5,040	2,708,426

30 June 2022 – Net Carrying Amount	Botswana and Namibia $000	Spain $000	United States of America $000	Australia $000	Group $000
Exploration and evaluation assets	43,033	26,700	11,604	2,789	84,126
Property, plant and equipment	280,293	2,277,996	8,400	13,735	2,580,424
Total Non-Current Assets	323,326	2,304,696	20,004	16,524	2,664,550

FY2023 – Movement	Botswana and Namibia $000	Spain $000	United States of America $000	Australia $000	Group $000
Exploration and evaluation assets	(21,604)	(2,585)	883	(1,472)	(24,778)
Property, plant and equipment	216,331	(137,007)	(658)	(10,012)	68,654
Total Non-Current Assets	194,727	(139,592)	225	(11,484)	43,876

Geographical information on sales and customers

The Group's sales revenue (refer to Note 4 for details) arise from sales to customers in Asia and Europe. 100% of MATSA Copper Operation's production is sold to Trafigura under offtake agreements with sales on an ex-works (EXW) basis at Impala Terminals in Huelva Spain. DeGrussa Operations production was delivered to the Philippines (26%), Singapore (24%), United Kingdom (23%), Switzerland (17%) and the United States (9%). The geographical information is based on the location of the customer's operations.

Three customers individually accounted for more than ten percent of total revenue and in combination contributed approximately 75% of total revenue for the year (2022: five individually significant customers contributing 92% of total revenue).

Results for the year

This section focuses on the results and performance of the Group. It includes information on profitability and the resultant return to shareholders via earnings per share.

4 Sales revenue

	2023 $000	2022 $000
Revenue from contracts with customers		
Revenue from sale of concentrate	772,690	999,683
Revenue from shipping services	9,678	26,606
Total revenue from contracts with customers	**782,368**	**1,026,289**
Fair value movements on receivables subject to QP adjustment	(15,854)	(79,032)
Hedge gains / (losses)	37,460	(24,552)
Total Revenue	**803,974**	**922,705**

Recognition and measurement

The Group's principal revenue is from the sale of metal concentrate. The Group also earns revenue from the provision of shipping services in relation to the concentrate. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer and at the amount that reflects the consideration to which the Group expects to receive in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Concentrate sales

Each shipment or delivery of metal concentrate under a master services agreement is determined to be a contract with a customer.

Revenue from metal concentrate sales is recognised when control of the concentrate passes to the customer, which is generally determined when title passes together with significant risks and rewards of ownership, which for Cost, Insurance, and Freight (CIF) shipments of concentrate is the bill of lading date, for EXW delivery is the holding certificate date.

The Group's sales of metal concentrate allow for price adjustments based on the market price of contained metal at the end of the relevant quotational period (QP) stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price therefore occur based on movements in market prices of the contained metal up until the end of the QP. The period between provisional invoicing and the end of the QP is generally between one and five months.

Revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received at the end of QP, being the forward price at the date the revenue is recognised net of the customer's treatment and refining charges. For provisional pricing arrangements, any future changes that occur over the QP are embedded within the trade receivables. Given the exposure to the commodity price, these provisionally priced trade receivables are measured at fair value through profit or loss. Subsequent changes in the fair value of provisionally priced trade receivables are included in the line-item *'Fair value movements on receivables subject to QP adjustment'* and are presented separately from revenue from contracts with customers. Changes in fair value over the term of the provisionally priced trade receivable are estimated by reference to updated forward market prices for the contained metal as well as taking into account relevant other fair value considerations including interest rate and credit risk adjustments.

Shipping services

Where the Group's concentrate sales are sold under CIF Incoterms, the Group is responsible for providing freight/shipping services after the date that the Group transfers control of the metal concentrate to its customers. The Group, therefore, has a separate performance obligation for freight/shipping services which are provided solely to facilitate the sale of the concentrate it produces.

For CIF arrangements, the transaction price (as determined above) is allocated to the metal concentrate and freight/shipping services using the relative stand-alone selling price method. Shipping services revenue is generally recognised over the period of time in which the shipping services are being provided.

Deferred revenue

Deferred revenue is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Deferred revenue is recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

4 Sales revenue (continued)

Key estimates and judgements – Sales revenue

Under the sales contracts, adjustments are made to the transaction price for variations in assay and weight between the time of dispatch of the metal concentrate and time of final settlement. The Group estimates the amount of consideration receivable or payable using the expected value approach based on internal assays. Management consider that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur due to a variation in assay and weight.

The transaction price for metal concentrate is based on the prevailing forward metal price on the London Metals Exchange (LME) at the time control passes to the customer. The customer makes a provisional payment to the Group against a provisional invoice for the contained copper, zinc and lead and precious metal credits (for gold and silver) in the shipment. Final settlement of the sales transaction is based on the average LME metal price over a subsequent pricing period as specified by the terms of the sales contract.

The period commencing on the date of shipment to the end of the pricing period is known as the Quotational Period (QP). The QP historically reflects the average time to elapse (generally one to five months) between the date control passes to the customer and the date of processing by the smelter at final destination. This pricing methodology is standard within the industry and represents an embedded derivative under AASB 9 Financial Instruments. Accordingly subsequent changes in fair value of the receivable or payable is recognised within realised and unrealised price adjustments in the income statement in each period until final settlement. A key input into the fair value determination of the receivable or payable at the balance date is the closing forward LME metal price on the final day of the month. The revaluation of the receivable or payable is performed up until the final invoice is received. For the year ended 30 June 2023 an unfavourable $15.9 million (2022: unfavourable $79.0 million) mark-to-market adjustment to profit or loss was recognised.

5 Employee benefits expense

Employee benefits expense includes the following:

	Note	2023 $000	2022 $000
Employee benefits expense			
Wages and salaries		83,586	64,337
Defined contribution superannuation expense		15,761	8,711
Employee share-based payments	27	4,930	3,628
Other employee benefits expense		2,436	3,040
Foreign currency exchange difference		214	1,480
		106,927	**81,196**
Less employee benefits expense capitalised to mine properties		(4,428)	(4,558)
Total employee benefit expense		**102,499**	**76,638**

Recognition and measurement

Employee benefits

Wages, salaries and defined contribution superannuation expenses are recognised as and when employees render their services. Expenses for non-accumulating personal leave are recognised when the leave is taken and measured at the rates paid or payable. Refer to Note 28 for the accounting policy relating to short-term and long-term employee benefits.

Employee share-based payments

The accounting policy, key estimates and judgements relating to employee share-based payments is set out in Note 27.

6 Finance income and expenses

	2023 $000	2022 $000
Finance income		
Interest on bank deposits	2,479	1,234
Net foreign exchange gain[(i)]	-	7,525
Total finance income	**2,479**	**8,759**
Finance expense		
Interest charges calculated using the effective interest rate method	(44,845)	(14,582)
Interest on lease liabilities	(539)	(608)
Net foreign exchange loss	(5,765)	-
Unwinding of discount on provisions	(1,902)	(739)
Facility fees and charges	(646)	(434)
Total finance expense	**(53,697)**	**(16,363)**

(i) FY2022 exchange rate differences on tax balance of $12.0 million have been reclassified to Income tax expense (refer Note 2).

Recognition and measurement

Interest income and expense is recognised as interest accrues using the effective interest method. Provisions and other payables are discounted to their present value when the effect of the time value of money is significant. The impact of the unwinding of these discounts is reported in finance costs.

7 Income tax

	2023 $000	2022 $000
Components of income tax are:		
Current income tax		
Current year income tax expense	21,334	115,256
Over provision for prior year	(2,100)	(663)
Deferred income tax		
Origination and reversal of temporary differences	(29,527)	(29,127)
Over / under provision for prior year	(28)	76
Foreign exchange relating to tax[(i)]	7,475	(12,017)
Income tax (benefit) / expense in the income statement	**(2,846)**	**73,525**
Deferred income tax related to items credited directly to equity		
Relating to financial instruments	200	15,711
Revaluations	(5,649)	-
Equity raising costs	(1,189)	-
	(6,638)	**15,711**
Reconciliation of income tax expense to pre-tax profit		
(Loss) / Profit before income tax	(56,507)	182,957
Income tax expense at the Australian tax rate of 30% (2022: 30%)	(16,952)	54,887
Increase (decrease) in income tax due to:		
Non-deductible expenses	1,646	11,305
Foreign tax losses and deductible temporary differences not recognised	6,305	6,995
Derecognition of deferred tax assets on rehabilitation obligations	-	9,015
Over provision for prior year	(2,094)	(587)
Tax rate differential on foreign income	5,561	432
Other items	(2,148)	491
Current year capital losses not recognised	229	-
Recognition of previously unrecognised prior year tax losses	(987)	-
Exchange differences[(ii)]	5,594	(9,013)
Income tax (benefit) / expense	**(2,846)**	**73,525**

(i) Foreign exchange arising on retranslation of Euro denominated deferred tax balances.
(ii) FY2022 exchange rate differences on tax balance of $12.0 million have been reclassified to Income tax expense (refer Note 2).

7 Income tax (continued)

Recognised tax assets and liabilities

	2023		2022	
in $000	**Current tax receivable / (payable)**	**Deferred income tax**	**Current tax receivable / (payable)**	**Deferred income tax**
Opening balance	(39,413)	(476,949)	(47,366)	(7,178)
Charged to income	(19,284)	29,555	(114,594)	29,052
Exchange differences	1,711	(7,875)	6,591	(7,230)
Charged to equity	-	6,638	1,679	14,033
Other payments	54,941	-	116,516	-
Acquisitions/disposals	-	(178)	(2,239)	(505,626)
Closing balance	**(2,045)**	**(448,809)**	**(39,413)**	**(476,949)**

	2023 $000	2022 $000
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities		
Mine properties	430,141	392,193
Plant and equipment including assets under construction	108,087	122,097
Other	11,291	29,622
Gross deferred tax liabilities	549,519	543,912
Set-off of deferred tax assets	(85,466)	(50,458)
Net deferred tax liability	**464,053**	**493,454**
Deferred tax assets		
Employee benefits provision	894	1,086
Inventories	41	55
Other payables and accruals	1,215	2,769
Rehabilitation, restoration and dismantling provision	52	-
Share issue costs reflected in equity	952	12
Revenue losses available for offset against future taxable income	73,179	47,499
Mine properties (including rehabilitation asset)	416	5,956
Plant and equipment (including rehabilitation asset)	3,960	2,664
Inventory	1,993	390
Other	18,008	6,532
Gross deferred tax assets	100,710	66,963
Set-off against deferred tax liabilities	(85,466)	(50,458)
Net deferred tax assets	**15,244**	**16,505**

Recognition and measurement

Current income tax

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from, or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates tax positions taken with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

7 Income tax (continued)

Deferred tax

Deferred tax is provided for using the balance sheet full liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Except as noted below, deferred income tax is recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is not recognised in the following situations:

(a) Where temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(b) In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised in equity is recognised in equity.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Key estimates and assumptions – Income tax

Judgement is required to determine whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the timing and generation of sufficient future taxable profits in the same taxing jurisdiction to offset future expenditure such as rehabilitation costs.

Determining if there will be future taxable profits depend on management's estimates of the timing and quantum of future cash flows, which in turn depend on estimates of future production, sales volumes, exploration discoveries, economics, commodity prices, operating costs, rehabilitation costs, capital expenditure, dividends and other capital management transactions.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to income tax expense within the income statement.

The Group has unrecognised temporary differences and carry forward losses for which no deferred tax asset is recognised on the statement of financial position of $141.2 million (2022: $119.0 million) that have not been recognised as the requirements for recognising those deferred tax assets have not been met.

Tax Consolidation

Sandfire Resources Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2017. Sandfire Resources Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

8 Earnings per share (EPS)

	2023 $000	2022 $000
Basic and diluted (loss) / earnings per share	(11.81)	32.05

	2023 $000	2022 $000
Net (loss) / profit used in the calculation of basic and diluted earnings per share	(51,576)	111,430

	2023 Number	2022 Number
Weighted average ordinary shares used as the denominator in calculating basic and diluted earnings per share	436,844,445	347,718,424

Basic EPS amounts are calculated by dividing the net profit / (loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As at 30 June 2023 there were 1,271,806 performance rights (2022: 338,878) and 3,955,657 zero exercise price options (2022: 3,459,677) on issue which are contingently issuable shares that are not considered to be dilutive as the potential increase in shares on issue would decrease the loss per share.

Capital and debt structure

This section contains information which will help users understand the management of the Group's capital and debt structure.

9 Cash and cash equivalents

	2023 $000	2022 $000
Cash at bank and on hand	141,920	462,561
Short-term deposits	19	532
Total cash and cash equivalents	**141,939**	**463,093**

Recognition and measurement

Cash and cash equivalents in the consolidated balance sheet and consolidated statement of cash flows comprise of cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash with insignificant risk of change in value. Short-term deposits are usually between one to three months depending on the short-term cash flow requirements of the Group.

9 Cash and cash equivalents (continued)

Cash flow information

A reconciliation between net (loss) / profit after tax and net cash inflow from operating activities is as follows:

	2023 $000	2022 $000
Cash and cash equivalents in the statement of cash flows	141,939	463,093
Reconciliation of net (loss) / profit after tax to net cash flows from operations:		
(Loss) / Profit for the period	(53,661)	109,432
Adjustments for:		
Net loss / (gain) on sale of assets	(2,811)	(6,539)
Depreciation and amortisation included in the income statement	269,976	256,729
Share based payments expense	4,930	3,628
Unrealised QP price adjustments and foreign currency adjustments	(12,256)	39,715
Unrealised hedge adjustments	(13,322)	(1,661)
Interest and other costs of finance	46,031	14,999
Debt modification (gain) / loss	(5,239)	-
Other non-cash items	13,878	6,321
Change in assets and liabilities:		
(Increase) / decrease in trade and other receivables	(47,017)	5,488
(Increase) / decrease in inventories	11,269	7,854
Increase / (decrease) in income tax payable	(37,368)	(900)
Increase / (decrease) in trade and other payables	(25,763)	5,430
Increase / (decrease) in deferred revenue	-	(24,451)
Increase / (decrease) in deferred tax balances	(30,662)	(28,313)
Increase / (decrease) in provisions	(1,363)	3,456
Net cash inflow from operating activities	**116,622**	**391,188**

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.

	2023 $000	2022 $000
Current interest-bearing liabilities		
Secured bank loans	59,031	348,334
Other Loans[(i)]	13,378	-
Total current interest-bearing liabilities	**72,409**	**348,334**
Non-current interest-bearing liabilities		
Secured bank loans	497,850	433,949
Total non-current interest-bearing liabilities	**497,850**	**433,949**

(i) Other loans comprise of a VAT credit line drawdown during the financial year. The Group has access to an additional $38.2 million of undrawn VAT credit lines and other short-term revolving credit facilities as at 30 June 2023.

Secured Bank Loans

During the year, the Group executed a $140.0 million Project Finance Facility to finance development of the Motheo Copper Mine. The Facility has a 7-year tenure with scheduled repayments commencing in December 2023. Three tranches totalling $140.0 million have been drawn down during the financial year.

10 Interest bearing liabilities (continued)

The Group amended and extended its MATSA Syndicated Debt Facility following the release of the Group's updated and increased Ore Reserve estimate for MATSA. The revised amortisation profile extends the loan tenor by 2 years, to 31 December 2028, and schedules a lower repayment profile to 30 June 2025.

Motheo Project Finance Facility:

The key terms for the Motheo Project Finance Facility include:

- Total finance facility of $140.0 million;
- Effective interest rate (EIR) on the debt facility of 11.57% (variable) including amortisation of capitalised transaction costs;
- Maturity date of 30 June 2029;
- 7-year tenure with scheduled repayments commencing in December 2023; and
- Supported and secured by the operating assets of Tshukudu Metals Botswana.

MATSA Syndicated Debt Facility:

The key terms under the amended Syndicated Debt Facility include:

- A Syndicated Debt Facility of $432.0 million;
- Effective interest rate (EIR) on the debt facility is 7.89% (variable) including amortisation of capitalised transaction costs;
- Maturity date of 31 December 2028;
- Supported and secured by the operating assets of MATSA; and
- Following the amendment, the Group registered a modification gain of $5.2 million in accordance with IFRS 9 recorded within other gains/(losses).

Maturity analysis by year

30 June 2023	On demand $000	Less than 1 year $000	1 – 2 years $000	2 – 3 years $000	3 – 4 years $000	4 – 5 years $000	5+ years $000	Total $000
Secured bank loans[(i)]	-	55,265	92,765	146,647	112,412	118,618	46,293	**572,000**
Other loans	-	13,378	-	-	-	-	-	**13,378**

30 June 2022	On demand $000	Less than 1 year $000	1 – 2 years $000	2 – 3 years $000	3 – 4 years $000	4 – 5 years $000	5+ years $000	Total $000
Secured bank loans[(i)]	-	335,800	170,000	119,000	96,000	67,000	-	**787,800**

(i) Maturity profile of Secured bank loans excludes capitalised transaction costs and interest.

Secured bank loans reconciliation

	2023 $000	2022 $000
Opening Balance	782,283	-
Loan drawdowns	140,000	795,525
Capitalised transaction costs	(9,846)	(18,563)
Modification gain	(5,239)	-
Interest accrued under the EIR method	52,014	14,546
Interest paid	(46,546)	(1,427)
Principal repayments	(354,722)	-
Exchange differences	(1,063)	(7,798)
Closing balance	**556,881**	**782,283**

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 a 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 realised 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.

Sandfire has entered into copper, zinc and gold swaps for a portion of the copper, zinc and gold sold from DeGrussa and MATSA in order to minimise and manage commodity price risk. Sandfire's commodity price risk arises through its sale of metal in concentrate. Commodity price risk arises due to sales pricing being determined based on the average price of copper, zinc and gold between one and five months after the month of shipping or in the case of MATSA, delivery.

In order to reduce exposure to copper, zinc and gold price fluctuations, the Group has entered into derivative instruments to effectively fix the price of sales, therefore reducing the short and medium-term exposure to the market price of metal for completed or forecasted shipments.

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;
- 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; and
- A qualitative assessment of the critical terms (exposed tonnes, maturity and pricing) provides that the hedged item and the hedging instrument are closely aligned. Therefore, the hedging instrument and the hedged item have values that will generally move in the opposite direction because of the same risk and hence that an economic relationship exists between the hedged item and the hedging instrument and hedge ineffectiveness is not expected.

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. Sources of ineffectiveness include the mismatch of the timing of settlements between the hedged item and the hedging instrument. 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. No expense for hedge ineffectiveness was recognised in the current period (FY2022: $1.2 million).

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 the 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 the 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

11 Derivatives (continued)

recognised to offset the liability. Where this occurs the recognition of the deferred tax asset is recorded through the 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

	2023 $000	2022 $000
Derivative assets		
Commodity swap contracts – current	12,965	14,975
Foreign exchange contracts – current	24	-
Commodity swap contracts – non-current	27,656	37,229
Total derivative assets	**40,645**	**52,204**
Derivative liabilities		
Commodity swap contracts – current	1,051	257
Commodity swap contracts – non-current	41	-
Total derivative liabilities	**1,092**	**257**

MATSA Hedging

MATSA hedging as at 30 June 2023 comprised of 44,889 tonnes of copper production hedged under committed swaps at an average price of $8,963/t ($4.07/lb.), and 55,072 tonnes of zinc production hedged at an average price of $2,595/t ($1.18/lb.), with a tenor out to January 2025. The end of period net unrealised mark-to-market gain on MATSA hedging was $38.7 million.

DeGrussa Hedging

DeGrussa hedging as at 30 June 2023 comprised 2,865 tonnes of copper at an average price of $8,595 ($3.90/lb.), with a tenor out to September 2023. The end of period unrealised net market-to-market gain on DeGrussa hedging was $0.8 million.

Maturity analysis by year

	On demand $000	Less than 1 year $000	1 – 2 years $000	2 – 3 years $000	Total $000
Commodity swap contracts – Copper	-	9,093	19,713	-	28,806
Commodity swap contracts – Gold	-	-	-	-	-
Commodity swap contracts – Zinc	-	2,821	7,902	-	10,723
Foreign exchange contracts	-	24	-	-	24
Total	**-**	**11,938**	**27,615**	**-**	**39,553**

12 Trade and other payables

	2023 $000	2022 $000
Current		
Trade and other payables	169,786	185,872
Trade payables owing to customers	8,201	53,696
Total trade and other payables	**177,987**	**239,568**

Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are generally unsecured and are usually paid within 30 – 90 days of recognition. They are initially measured at fair value and subsequently carried at amortised cost. The carrying value of these payables approximates their fair value. Trade payables owing to customers arise as a result of provisional pricing adjustments on the sale of concentrates and are measured at fair value. through profit or loss from the date of recognition of the corresponding sale, with subsequent movements in fair value being recognised in the comprehensive income statement.

13 Issued capital and reserves

Issued ordinary shares

	2023 Number	2023 $000	2022 Number	2022 $000
Movement in ordinary shares on issue				
On issue at 1 July	409,981,893	1,189,309	178,251,333	304,444
Issue of shares, net of transaction costs and tax	46,910,035	132,999	231,730,560	884,865
On issue at 30 June	**456,891,928**	**1,322,308**	**409,981,893**	**1,189,309**

Recognition and measurement

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Group's residual assets. Ordinary shares have no par value.

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management activities is to maximise shareholder's value. In order to achieve this overall objective, the Group's capital management activities, amongst other things, aim to ensure that it meets financial covenants attached to any interest-bearing loans and borrowings that form part of its capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing liabilities during the current financial year or prior financial years.

The Group manages and makes adjustments to its capital structure in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may for example return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies and processes for managing capital during the year ended 30 June 2023.

Nature and purpose of reserves

Share-based payments reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 27 for details.

Foreign currency translation reserve

Exchange differences arising on the translation of entities with a functional currency differing from the Group's presentation currency, are recorded within the foreign currency translation reserve (FCTR).

Spanish statutory profits reserve

In accordance with Spanish statutory requirements, it is obligatory to set aside an amount equivalent to 10% of the annual financial profit of Spanish entities into the statutory profits reserve. This allocation continues until the reserve balance reaches a minimum of 20% of the company's share capital.

Fair value reserve

The fair value reserve represents the changes in fair value of investments where an irrevocable election has been made at initial acquisition to present fair value movements in other comprehensive income (OCI).

Capital reserve

The capital reserve represents gains or losses that are not recycled into the income statement, including the residual difference between the consideration paid to acquire a non-controlling interest's share in a subsidiary and the non-controlling share of the subsidiary's assets and liabilities.

Hedging reserve

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. 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.

14 Lease liabilities

	2023 $000	2022 $000
Current	15,981	18,492
Non-current	10,352	13,127
Total lease liability	**26,333**	**31,619**

Maturity analysis by year

	On demand	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5+ years	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Lease payments	-	17,129	3,617	2,238	1,724	800	1,284	**26,792**

Lease liabilities reconciliation

	2023 $000	2022 $000
Reconciliation		
At 1 July 2022	31,619	9,586
Additions to lease liability	12,783	440
Liabilities acquired as part of the acquisition of MATSA	-	37,939
Interest on lease liabilities	514	576
Lease repayments (cash flow)	(18,068)	(13,868)
Exchange differences	(515)	(3,054)
At 30 June 2023	**26,333**	**31,619**

Recognition and measurement

Lease liabilities

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between one and ten years, while motor vehicles and other equipment generally have lease terms between one and five years.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As at 30 June 2023 lease liabilities have a weighted remaining lease term of three years and seven months and were determined using a weighted average effective interest rate of 7.25%. The undiscounted cash-flows over the remaining lease term across all segments are $26.3 million.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease recognition exemption for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

During the year, the Group incurred short-term lease expenses of $1.8 million (2022: $8.1 million) and productivity-based (variable) lease payments of $31.8 million (2022: $27.5 million). These amounts were not required to be included in the measurement of the lease liability and were recognised in the income statement.

14 Lease liabilities (continued)

Key estimates and assumptions – Lease liabilities

The Group determines whether a contract is, or contains, a lease at the commencement date. Judgement is applied to determine whether or not the contract contains an identified asset, has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use and has the right to direct how and for what purpose the asset is used throughout the period of use. Judgement is also applied in assessing a supplier's right and practical ability to substitute alternative assets through the period of use.

15 Financial risk management objectives and policies

This note presents information about the Group's financial assets and financial liabilities, its exposure to financial risks, as well as objectives, policies and processes for measuring and managing these risks.

During the current reporting period, the Group's principal financial liabilities were external borrowings, lease liabilities as well as trade and other payables. The Group's principal financial assets comprise equity investments, trade and other receivables and cash and short-term deposits.

The Group's activities expose it primarily to the following financial risks:

- Market risk including interest rate risk, foreign currency exchange risk and commodity price risk;
- Credit risk; and
- Liquidity risk.

Primary responsibility for the identification and control of these financial risks rests with the Group's senior management. The Group's senior management is supported by both the Audit and Finance Committee and Risk and Sustainability Committee under the authority of the Board. The committees provide assurance to the Board that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group uses different methods to measure and manage different types of risks to which it is exposed.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprise three types of risk: interest rate risk, currency risk and other price risk, such as commodity price risk. The Group's principal financial instruments affected by market risk include financial liabilities, trade receivables, cash and short-term deposits. The sensitivity analysis in the following sections relate to the position as at 30 June 2023 and 2022.

Interest rate risk management and sensitivity analysis

Interest rate risk is the risk that the fair value of future cash flows of an interest-bearing financial instrument will fluctuate because of changes in market interest rates. The following tables demonstrate the sensitivity of the exposure at the balance sheet date to a reasonably possible change in interest rates.

	Effect on profit before tax	
	2023 $000	2022 $000
2% increase	11,440	(15,760)
2% decrease	(11,440)	15,760

Foreign currency risk and sensitivity analysis

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency cash holdings, receivables from sale of metal concentrate products denominated in US dollars, trade payables denominated in foreign currencies and the Group's net investments in foreign subsidiaries including MATSA. The carrying amount of the Group's financial assets by its currency risk exposure as at 30 June 2023 is listed below.

	Denominated in US$ presented in US$000		Denominated in EU$ presented in US$000		Other currencies presented in US$000		Total in US$000	
	2023 $000	2022 $000	2023 $000	2022 $000	2023 $000	2022 $000	2023 $000	2022 $000
Cash and cash equivalents	40,136	79,372	20,541	19,346	4,636	4,032	65,313	102,750
Trade and other receivables	1,106	1,856	244	27,840	3,434	7,032	4,784	36,728
Trade and other payables	(725)	(19,596)	(105,144)	(92,679)	(13,878)	(4,692)	(119,747)	(116,967)
Total	**40,517**	**61,632**	**(84,359)**	**(45,493)**	**(5,808)**	**6,372**	**(49,650)**	**22,511**

15 Financial risk management objectives and policies (continued)

The following tables demonstrate the sensitivity of the exposure at the balance sheet date to a reasonably possible change in such foreign exchange rates, with all other variables held constant. The impact on the Group's profit before tax and equity is due to changes in the fair value of monetary assets and liabilities.

	Effect on profit before tax AUD/USD		Effect on profit before tax EUR/USD	
	2023 $000	2022 $000	2023 $000	2022 $000
10% increase (2022: 10% increase)	2,686	4,246	(7,764)	(4,342)
10% decrease (2022: 10% decrease)	(2,686)	(4,246)	7,764	4,342

Commodity price risk and sensitivity analysis

The Group is exposed to commodity price volatility on the sale of metal in concentrate products such as copper, zinc and gold, which are priced on, or benchmarked to, open market exchanges, specifically the London Metal Exchange (LME). The Group aims to realise average metal prices, which are materially consistent with the prevailing average market prices for the same period.

The Group has entered into commodity swap contracts during the year ended 30 June 2023 in order to reduce exposure to fluctuations in metal prices. Refer to Note 11 for further information.

The following table demonstrates the sensitivity to the exposure at the balance sheet date of a reasonably possible change in commodity prices from the 30 June 2023 London Metals Exchange (LME) forward curve, with all other variables held constant.

	Effect on profit before tax	
	2023 $000	2022 $000
20% increase (2022: 20% increase)	11,496	30,990
20% decrease (2022: 20% decrease)	(11,496)	(30,990)

The impact on the Group's profit before tax and equity is due to changes in the fair value of the gross value of provisionally priced sales contracts of $216.4 million (2022: $445.1 million) outstanding at year end, offset by the impact of commodity swap contracts. The sensitivity analysis does not include the impact of the movement in commodity prices on the total sales for the year.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities with trade receivables and from its financing activities, including deposits with financial institutions. At the reporting date, the carrying amount of the Group's financial assets represents the maximum credit exposure.

The credit risk on cash and cash equivalents is managed by restricting dealing and holding of funds to banks which are assigned high credit ratings by international credit rating agencies. The Group's cash and cash equivalents as at 30 June 2023 are predominately held with financial institutions with a credit rating of AA- or higher with Standard & Poor's. As short-term deposits have maturity dates of less than twelve months, the Group has assessed the credit risk on these financial assets using life time expected credit losses. In this regard, the Group has concluded that the probability of default on the term deposits is relatively low. Accordingly, no impairment allowance has been recognised for expected credit losses on the short-term deposits.

Credit risk in trade receivables is managed by the Group undertaking a regular risk assessment process including assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. As there are a relatively small number of transactions, they are closely monitored to ensure payments are made on time. Credit risk arising from sales to customers is managed by contracts that stipulate either an upfront payment, or a provisional payment of between 90 and 100 per cent of the estimated value of the sale payable promptly after vessel loading supported by letter of credit arrangements with approved financial institutions. The balance outstanding is received within two and six months of the goods arriving at the final delivery destination. The Group does not have any significant receivables which are past due or impaired at the reporting date and it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

15 Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by conducting regular reviews of the timing of cash flows in order to ensure sufficient funds are available to meet these obligations.

The Group's liquidity risk exposure relates to Interest bearing liabilities as detailed in Note 10, Trade and other payables as detailed in Note 12 and Lease liabilities in Note 14. All current trade payables will be repaid within one year from the reporting date.

16 Fair value measurement

The following table shows the fair value of financial instruments, other than cash and cash equivalents, including their level in the fair value measurement hierarchy as at 30 June 2023.

	Note	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets					
Trade receivables at fair value through profit and loss	(i)	-	26,165	-	26,165
Financial assets at fair value though other comprehensive income	(ii)	4,402	-	458	4,860
Derivative Assets – commodity swap contracts	(iii)	-	40,621	-	40,621
Derivative Assets – foreign exchange contracts	(iii)	-	24	-	24
Total financial assets		**4,402**	**66,810**	**458**	**71,670**
Financial liabilities					
Trade payables at fair value through profit and loss	(i)	-	(8,201)	-	(8,201)
Derivative liabilities – commodity swap contracts	(iii)	-	(1,092)	-	(1,092)
Total financial liabilities		**-**	**(9,293)**	**-**	**(9,293)**

The fair value of the financial instruments as at 30 June 2022 are summarised in the table below.

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets					
Trade receivables at fair value through profit and loss	(i)	-	32,225	-	32,225
Financial assets at fair value though other comprehensive income	(ii)	3,830	-	475	4,305
Derivative Assets – commodity swap contracts	(iii)	-	52,204	-	52,204
Total financial assets		**3,830**	**84,429**	**475**	**88,734**
Financial liabilities					
Trade payables at fair value through profit and loss	(i)	-	(53,694)	-	(53,694)
Derivative liabilities – commodity swap contracts	(iii)	-	(257)	-	(257)
Total financial liabilities		**-**	**(53,951)**	**-**	**(53,951)**

(i) Trade receivables and payables relate to concentrate sale contracts still subject to price adjustments where the final consideration to be received or paid will be determined based on prevailing London Metals Exchange (LME) metal prices at the final settlement date. Receivables and payables 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 any relevant credit risk.

(ii) Equity instruments designated at fair value through OCI include investments in equity shares of non-listed companies. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

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

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

16 Fair value measurement (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to or by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value hierarchy

All assets for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements, during the year ended 30 June 2023 or the comparative period ended 30 June 2022.

Key estimates and assumptions – Fair value measurement

When the fair values of assets or liabilities that are recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

17 Dividends paid and proposed

	2023 $000	2022 $000
Cash dividends on ordinary shares declared and paid:		
Final franked dividend for 2022: nil (2021: 26 cents (AUD) per share)	-	33,600
Interim franked dividend for 2023: nil (2022: 3 cents (AUD) per share)	-	8,804
	-	**42,404**
Proposed dividends on ordinary shares:		
Final cash dividend for 2023: nil (2022: nil)	-	-

Franking credit balance

	2023 $000	2022 $000
The amount of franking credits available for the subsequent financial year are:		
Franking account balance at the end of the financial year at 30% (2022: 30%)	269,269	227,608
Estimated franking debits that will arise from the payment of dividends as at the end of the financial year	-	-
Estimated franking credits that will arise from the payment (refund) of income tax as at the end of the financial year	114	42,228
	269,383	**269,836**

Invested capital

This section provides information on how the Group invests and manages its capital.

18 Trade and other receivables

	2023 $000	2022 $000
Current		
Trade receivables	25,165	32,225
VAT receivable	45,164	35,341
Other receivables	8,039	1,531
Total current trade and other receivables	**78,368**	**69,097**

Recognition and measurement

Receivables are classified at initial recognition, and subsequently measured at amortised cost or fair value through profit or loss. The classification of receivables at initial recognition depends on the receivable's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables are initially measured at the transaction price determined in accordance with the accounting policy for revenue. All other receivables are initially measured at fair value.

In order for a receivable to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Trade receivables are subject to provisional pricing and are exposed to the commodity price risk which causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements in fair value being recognised in the comprehensive income statement.

There are no contract assets, for which consideration is conditional that have been recognised from contracts with customers. Other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

The Group recognises an allowance for estimated credit losses (ECLs) for all receivables not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. For receivables due in less than 12 months, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The expected credit loss is based on its historical credit loss experience in the past two years, current financial difficulties of the debtor and is adjusted for forward-looking factors specific to the debtor and the economic environment. As at 30 June 2023 no allowance for ECLs has been recognised as it is expected that all receivable amounts will be received in full when due. No impairment expense was recognised in relation to receivables for the 2023 and 2022 financial years.

Refer to Note 15 on credit risk of trade receivables to understand how the Group manages the credit risk and measures credit quality of trade receivables that are neither past due nor impaired.

19 Inventories

	2023 $000	2022 $000
Current		
Concentrate – at cost	25,188	26,771
Concentrate – at net realisable value (NRV) (i)	4,603	-
Ore stockpiles – at cost	16,695	12,593
Stores and consumables – at cost	32,150	29,719
	78,636	**69,083**
Allowance for obsolete stock – stores and consumables (iii)	(16,104)	(17,678)
	62,532	**51,405**
Non - Current		
Low grade ore stockpiles – at cost (ii)	6,608	-
	6,608	**-**

(i) Concentrate at NRV relates to recognition of Motheo concentrate inventory production. Nominal amounts of concentrate were produced during the commissioning phase of the processing plant, which achieved commercial production post period-end in July 2023. Refer to Note 29 for significant events after the reporting date.

(ii) Based on current mine scheduling there is no intention to process low grade stockpiles at Motheo within 12 months of year end.

(iii) Obsolete stock allowance predominately associated with the wind down of DeGrussa Operations.

19 Inventories (continued)

Recognition and measurement

Stores and consumables, ore and concentrate are stated at the lower of cost and net realisable value.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs include direct materials, direct labour and a proportion of variable and fixed overhead expenditure which is directly related to the production of inventories to the point of sale. Prior to the commencement of commercial production, an allocation of pre-production mining costs are capitalised to ore inventory.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stores and consumables and ore inventories expected to be utilised within twelve months after the balance sheet date are classified as current assets. All other inventory is classified as non-current.

20 Exploration and evaluation assets

	2023 $000	2022 $000
Reconciliation		
At 1 July 2022	84,126	49,486
Other expenditure and exploration tenements acquired	1,515	11,389
Transfer to Assets Under Construction (Mine properties)	(18,610)	(65)
Acquired as part of business combination	-	26,700
Disposals	(1,697)	-
Impairment expense	(4,022)	-
Exchange differences	(1,964)	(3,384)
At 30 June 2023	**59,348**	**84,126**

Recognition and measurement

Exploration and evaluation expenditure includes pre-license costs, costs associated with exploring, investigating, examining and evaluating an area of mineralisation, and assessing the technical feasibility and commercial viability of extracting the mineral resource from that area. Other than acquisition costs, exploration and evaluation expenditure incurred on licenses where the commercial viability of extracting the mineral resource has not yet been established is generally expensed when incurred. Once the commercial viability of extracting the mineral resource is demonstrable (at which point, the Group considers it is probable that economic benefits will be realised), the Group capitalises any further evaluation costs incurred. The recoverability of the exploration and evaluation assets is dependent on the successful development and commercial exploration, or alternatively, sale of the respective area of interest.

Exploration and evaluation assets are assessed for impairment if:

- Insufficient data exists to determine commercial viability; or
- Exploration for and evaluation of mineral resources in the specific area of interest have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

An exploration and evaluation asset shall be reclassified to mine properties when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and a decision has been made to develop and extract the resource. Exploration and evaluation assets shall be assessed for impairment, and any impairment loss shall be recognised before reclassification to mine properties. No amortisation is charged during the exploration and evaluation phase.

Key estimates and assumptions – Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation assets requires significant judgment to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

21 Property, plant and equipment

Reconciliation of the carrying amounts for each class of property, plant and equipment is set out below.

2023	Mine Properties $000	Plant and equipment $000	Right of use asset $000	Assets under construction $000	Total $000
Opening net carrying amount	1,347,534	958,437	30,166	244,287	2,580,424
Additions	84,009	37,911	13,282	179,592	314,794
Disposals	-	(1,622)	-	-	(1,622)
Transfers	-	115,405	11,415	(126,820)	-
Transfer from exploration and evaluation	-	-	-	18,610	18,610
Capitalised depreciation	-	(5,703)	(736)	6,439	-
Depreciation and amortisation	(183,815)	(68,183)	(17,978)	-	(269,976)
Movement in the rehabilitation and restoration asset	-	3,540	-	8,102	11,642
Exchange differences	(2,107)	(2,336)	(852)	501	(4,794)
Closing net carrying amount	**1,245,621**	**1,037,449**	**35,297**	**330,711**	**2,649,078**
At 30 June 2023					
Gross carrying amount – at cost	1,483,848	1,383,074	62,098	330,711	3,259,731
Accumulated depreciation	(238,227)	(345,625)	(26,801)	-	(610,653)
Net carrying amount	**1,245,621**	**1,037,449**	**35,297**	**330,711**	**2,649,078**

2022	Mine Properties $000	Plant and equipment $000	Right of use asset $000	Assets under construction $000	Total $000
Opening net carrying amount	163,183	51,179	8,990	38,111	261,463
Additions	27,289	2,447	440	195,875	226,051
Assets acquired from acquisition of MATSA	1,303,345	948,206	35,383	73,794	2,360,728
Disposals	(57)	(1,632)	-	-	(1,689)
Transfers	10,097	53,032	-	(63,129)	-
Transfer from exploration and evaluation	65	-	-	-	65
Depreciation and amortisation	(158,353)	(84,063)	(14,313)	-	(256,729)
Movement in the rehabilitation and restoration asset	12,671	(2,644)	-	-	10,027
Exchange differences	(10,706)	(8,088)	(334)	(364)	(19,492)
Closing net carrying amount	**1,347,534**	**958,437**	**30,166**	**244,287**	**2,580,424**
At 30 June 2022					
Gross carrying amount – at cost	2,064,801	1,269,936	63,475	244,287	3,642,499
Accumulated depreciation	(717,267)	(311,499)	(33,309)	-	(1,062,075)
Net carrying amount	**1,347,534**	**958,437**	**30,166**	**244,287**	**2,580,424**

Recognition and measurement

Mine properties

Mine property and development assets include costs incurred in accessing the ore body and costs to develop the mine to the production phase once the technical feasibility and commercial viability of a mining operation has been established. At this stage, exploration and evaluation assets are reclassified to mine properties.

Mine property and development assets are stated at historical cost less accumulated amortisation and any accumulated impairment losses recognised. The initial cost of an asset comprises of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the estimate of the rehabilitation costs, and for qualifying assets (where relevant), borrowing costs. Any ongoing costs associated with mining which are considered to benefit mining operations in future periods are capitalised.

21 Property, plant and equipment (continued)

Plant and equipment

Plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning, restoration and dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Note 28 Provisions for further information about the recognised decommissioning provision.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Depreciation

The depreciation methods adopted by the Group are shown in the table below:

Category	Depreciation method
Mine properties	Units of metal extracted over the life of mine
Plant and equipment	Straight line over the life of the mine/asset (2 - 10 years)
Right-of-use assets	Straight line over the shorter of the lease term and life of the asset

The estimation of the useful lives of assets has been based on historical experience, lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting period and adjusted prospectively, if appropriate.

Impairment

The Group's policy for the impairment of non-financial assets is disclosed in Note 2.

22 Commitments and contingencies

Contractual commitments

The Group has entered into a number of key contracts as part of its operations. The minimum payments in relation to these contracts which do not qualify to be recognised as liabilities at 30 June 2023 amount to approximately $65,317,000 (undiscounted) (2022: $130,707,000).

Contingencies

As at 30 June 2023, the Group did not have any material contingent assets or liabilities (2022: nil).

Group structure and related party information

This section provides information on the Group's structure as well as related party transactions.

23 Information relating to Sandfire Resources Limited (the Parent)

The consolidated financial statements of the parent entity include:

	2023 $000	2022 $000
Current assets	98,041	300,056
Total assets	1,792,990	1,977,753
Current liabilities	27,862	247,074
Total liabilities	58,443	277,675
Issued capital	1,322,308	1,189,309
Retained earnings	603,891	446,531
Share based payment reserve	12,116	8,187
(Loss) / profit of the Parent entity	(84,014)	122,893
Total comprehensive (loss) / income of the Parent entity	(102,809)	82,629

24 Information relating to subsidiaries

The consolidated financial statements of the Group include:

	Country of incorporation	% equity interest 2023	% equity interest 2022
Pormining LDA	Portugal	51.00	51.00
Sandfire Resources America Inc.	Canada	86.89	86.89
Sandfire BC Holdings (Australia) Pty Ltd	Australia	100.00	100.00
Sandfire BC Holdings Inc.	Canada	100.00	100.00
Sandfire (RMP) Pty Ltd[(i)]	Australia	100.00	100.00
Tintina Montana 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[(i)]	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
Trans Kalahari Copper Namibia (Pty) Ltd	Namibia	100.00	100.00
Sandfire Spain Holdings Pty Ltd	Australia	100.00	100.00
Sandfire Spain UK Limited	United Kingdom	100.00	100.00
Sandfire Spain Holdings Limited	United Kingdom	100.00	100.00
Sandfire Resources (ES) SLU	Spain	100.00	100.00
Minas De Aguas Teñidas, S.A.	Spain	100.00	100.00
El Potroso, S.L.	Spain	100.00	100.00
Sandfire Mineira Portugal, Unipessoal LDA[(ii)]	Portugal	100.00	100.00

(i) Deregistered 14 July 2023.
(ii) Previously Emisurmin, Unipessoal LDA.

25 Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 relief has been granted to the Company and all its Australian subsidiaries from the Corporations Act 2001 requirements for the preparation, audit and lodgment of their financial report.

As a condition of the Corporations Instrument, the Company and all its Australian subsidiaries ("Closed Group" (Refer to Note 24)), entered into a Deed of Cross Guarantee ("Deed") on 17 April 2020. Australian subsidiaries added to the Group during the current and prior period have opted into the Deed.

The effect of the Deed is that the Company has guaranteed to pay any deficiency in the event of winding up of an Australian subsidiary within the Closed Group or if they do not meet their obligations under the terms of loans or other liabilities subject to the guarantee. The Australian subsidiaries have also given a similar guarantee in the event that the Company is wound up or if it does not meet its obligations under the terms of loans or other liabilities subject to the guarantee.

The consolidated statement of comprehensive income and consolidated balance sheet of the Closed Group are set out below.

Consolidated Statement of Comprehensive Income – Closed Group entities	2023 $000	2022 $000
Revenue	238,776	626,379
Other gains	2,252	4,219
Changes in inventories of finished goods and work in progress	(7,035)	(2,444)
Mine operations costs	(76,739)	(114,361)
Employee benefit expenses	(44,608)	(47,297)
Freight expenses	(23,464)	(56,033)
Royalties expenses	(11,806)	(33,946)
Exploration and evaluation expenses	(11,206)	(20,824)
Depreciation and amortisation expenses	(14,756)	(140,035)
Acquisition and integration costs	(10)	(13,502)
Impairment expense	(134,083)	-
Administrative expenses	(7,137)	(7,559)
(Loss) / profit before net finance expense and income tax expense	**(89,816)**	**194,597**
Finance income	6,678	9,793
Finance expense	(3,051)	(5,959)
Net finance income	**3,627**	**3,834**
(Loss) / profit before income tax expense	(86,189)	198,431
Income tax expense	(16,280)	(72,130)
Net (loss) / profit for the year	**(102,469)**	**126,301**
Other comprehensive income		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations, net of tax	(6,312)	(3,568)
Gain on derivatives designated as cash flow hedges	357	-
Items not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments carried at fair value through other comprehensive income, net of tax	1,378	5,811
Other comprehensive (loss) / income for the year, net of tax	**(4,577)**	**2,243**
Total comprehensive (loss) / income for the year, net of tax	**(107,046)**	**128,544**

25 Deed of Cross Guarantee (continued)

Consolidated Balance Sheet – Closed Group entities	2023 $000	2022 $000
ASSETS		
Cash and cash equivalents	67,818	265,417
Trade and other receivables	6,664	12,536
Inventories	21,307	33,160
Income tax receivable	-	7,618
Derivative financial asset	811	-
Other current assets	933	9,537
Total current assets	**97,533**	**328,268**
Financial investments	4,860	4,305
Receivables	1,874	4,177
Investment in subsidiaries	1,522,122	1,222,492
Exploration and evaluation assets	17,300	27,981
Property, plant and equipment	80,340	226,022
Intercompany receivable	60,751	-
Deferred tax asset	8,971	13,445
Total non-current assets	**1,696,218**	**1,498,422**
TOTAL ASSETS	**1,793,751**	**1,826,690**
LIABILITIES		
Trade and other payables	14,941	91,485
Lease liabilities	650	2,085
Interest bearing liabilities	-	138,377
Income tax payable	968	42,228
Derivative financial liability	-	257
Provisions	12,064	14,476
Total current liabilities	**28,623**	**288,908**
Lease liabilities	1,918	298
Provisions	28,663	42,416
Total non-current liabilities	**30,581**	**42,714**
TOTAL LIABILITIES	**59,204**	**331,622**
NET ASSETS	**1,734,547**	**1,495,068**
EQUITY		
Issued capital	1,299,759	1,189,309
Reserves	20,888	18,346
Foreign currency translation reserve	(91,575)	(91,328)
Retained profits	505,475	378,741
TOTAL EQUITY	**1,734,547**	**1,495,068**

26 Related party disclosures

As at, and throughout the financial year ended 30 June 2023, the ultimate parent entity of the Group was Sandfire Resources Limited.

Information in relation to interests in other entities is set out in Note 24 to the consolidated financial statements.

Compensation of key management personnel of the Group

	2023 $	2022 $
Short-term employee benefits [(i)]	1,741,692	2,647,783
Long-term employee benefits	19,757	13,413
Post-employment benefits	38,322	35,250
Termination benefits	1,244,107	-
Share-based payments	3,029,828	2,205,979
Total compensation	**6,073,706**	**4,902,425**

(i) FY2023 includes $7,385 of motor vehicle lease payments made on behalf of Mr Simich prior to his resignation on 30 September 2022.

The amounts disclosed in the table represent the amount expensed during the reporting period related to KMP.

Other transactions with KMP

Certain KMP or their related parties hold positions in other entities that result in them having control or significant influence of those entities. The transactions with related parties are made on terms no worse than those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. The Board reviews and approves the nature of all transactions with related parties. Board members who are a party to the transaction are excluded from the review and approval process.

			Transactions value year ended 30 June		Balance outstanding as at 30 June	
KMP and their Director related entity	**Transaction**	**Note**	**2023 $**	**2022 $**	**2023 $**	**2022 $**
Karl Simich – Tongaat Pty Ltd	Lease of corporate office parking premises	(i)	3,359	10,541	-	-
Karl Simich – Resource Development Company Pty Ltd	Lease of corporate office parking premises	(ii)	3,063	9,814	-	-
Karl Simich – Resource Development Company Pty Ltd	Corporate administrative and accounting services	(iii)	141,220	615,539	-	92,175
			147,642	**635,894**	-	**92,175**

(i) The Company leases parking bays located in West Perth from Tongaat Pty Ltd and Resource Development Company Pty Ltd. The parking bays are provided for the benefit of Sandfire staff and are leased on independently assessed market rates.

(ii) The Company's related party transactions with Resource Development Company Pty Ltd (RDC) relate to the provision of staff to Sandfire for corporate administrative, clerical and accounting services. The RDC staff are contracted by the Company and are considered essential by Sandfire as they have serviced the Company for a number of years. The provision of services to Sandfire are carried out at cost, with no profit margin applicable. The director of these private companies, as such, does not profit from any arrangement with the Company.

(iii) Under his termination arrangements, Mr. Simich purchased two vehicles and miscellaneous IT equipment from the Company for a combined fair market value of A$129,010.

(iv) The above related party transactions ceased on or before Mr. Simich's resignation on 30 September 2022.

Transactions with other related parties

NED and their Director related entity	Transaction	2023 $	2022 $
Roric Smith – Roric Advisory	Geology consultancy services	24,242	26,128

Other notes

27 Share-based payments

The expense recognised during the current and previous financial year relating to share-based payments are:

	Note	2023 $000	2022 $000
Expense arising from equity-settled share-based payments – SFR	(i)	4,817	3,534
Expense arising from equity-settled share-based payments – SFRA	(ii)	113	94
Total expense arising from share-based payment transactions		**4,930**	**3,628**

(i) Issued under the Company's Long-term Incentive Plan.

(ii) Relates to Sandfire America employee share-based payment plans. Detailed disclosure of the plan has not been made as the amount is not considered material for the Group.

Recognition and measurement

Equity-settled transactions

The Group provides benefits to its employees and contractors (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made. That cost is recognised, together with a corresponding increase in the share-based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(i) Long-term Incentive Plan (LTI Plan)

Listed below are the terms and conditions of issues made by the Group during current and previous financial years which remain outstanding as at 30 June 2023:

Grant date	Number	Fair value[(i)]	Expected Vesting date	Performance period
23-Nov-22	171,806	$4.94	23-Nov-24	2 years
21-Mar-23	366,667	$5.61	3-Apr-24	1 year
21-Mar-23	366,667	$5.61	3-Apr-25	2 years
21-Mar-23	366,666	$5.61	3-Apr-26	3 years

(i) Represents the fair value per right at grant date.

Under the LTI Plan, awards are made to executives and other management personnel (collectively referred to as senior management) who have an impact on the Group's performance. LTI awards are delivered in the form of performance rights over ordinary shares in the Company for no consideration, which vest over a service period of 2 to 3 years subject to meeting performance measures, with no opportunity to retest. Performance rights granted under the LTI Plan are not entitled to dividends nor do they have voting rights. Refer to the Group's Remuneration Report for further details on the plan.

27 Share-based payments (continued)

Movements in LTI Plan during the year

The movement in the number of performance rights during the year is set out below.

	2023 Number	2022 Number
Opening balance	338,878	602,114
Rights granted during the year	1,271,806	-
Rights lapsed or forfeited during the year	(338,878)	(263,236)
Closing balance	**1,271,806**	**338,878**

(ii) Long-term Incentive Option Plan (ZEPO Plan)

Listed below are the terms and conditions of issues made by the Group during the current financial year.

Issue date	Number	Fair value[(i)]	Underlying share price for issue	Dividend Yield	Expected Volatility	Risk-free rate	Expected Vesting date	Performance period
FY2023								
7 October 22	394,531	2.52	3.94	Nil	45%	3.56%	30 June 25	3.00
23 November 22	181,383	2.44	4.94	Nil	50%	3.38%	30 June 25	3.00
24 February 23	18,262	2.90	6.22	Nil	50%	3.38%	30 June 25	2.35
21 March 23	77,120	3.75	5.61	Nil	50%	3.38%	30 June 25	2.24
31 March 23	28,016	2.89	6.33	Nil	50%	3.38%	30 June 25	2.25

(i) Represents the weighted average fair value at grant date.

The LTI award for FY2023 is in the form of Zero Exercise Price Options (ZEPOs) over ordinary shares in the Company for no consideration. The ZEPOs carry neither rights to dividends nor voting. Under the ZEPO Plan, awards are made to executives and other management personnel (collectively referred to as senior management) who have an impact on the Group's performance. To the extent that the applicable vesting conditions are satisfied at the end of the performance period, LTI awards are delivered by vesting of all or a portion of ZEPOs which may be exercised thereafter in return for allocation of fully paid ordinary shares. Refer to the Group's Remuneration Report for further details on the plan.

Pricing model

The following table lists the assumptions used in determining the fair value of performance rights granted during prior financial years.

	Issue date					
	17 Jul 20	27 Nov 20	23 Mar 21	3 May 21	31 May 21	30 Aug 21
Number of rights issued and outstanding	2,107,390	724,371	135,668	108,857	115,003	65,056
Fair value at measurement date	$3.18	$2.61	$3.56	$4.17	$4.45	$4.45
Underlying share price for issue	$3.81	$3.27	$4.36	$5.12	$5.48	$6.50
Dividend yield	2.68%	3.79%	3.36%	3.28%	3.20%	3.2%
Expected volatility	37.50%	38.00%	40.00%	40.00%	40.00%	40.00%
Risk-free rate	0.41%	0.19%	0.11%	0.29%	0.28%	0.28%
Expected life (years)	4.95	4.59	4.27	4.16	4.08	3.84

The fair value of ZEPOs granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the rights were granted. The model simulates the TSR and compares it against the comparator group constituting companies in the S&P/ASX200 Resources Index (ASX: XJR). It takes into account historical and expected dividends, and the share price fluctuation covariance of the Company and the comparator group to predict the distribution of relative share performance.

Movements in ZEPO Plan during the year

The movement in the number of performance rights during the year is set out below.

	2023 Number	2022 Number
Opening balance	3,459,677	3,511,279
Rights granted during the year	699,312	65,056
Rights lapsed or forfeited during the year	(203,332)	(116,658)
Closing balance	**3,955,657**	**3,459,677**

28 Provisions

	2023 $000	2022 $000
Current		
Employee benefits	10,840	12,466
Rehabilitation, restoration and dismantling	1,774	2,010
Other	348	841
	12,962	**15,317**
Non-current		
Employee benefits	330	491
Rehabilitation, restoration and dismantling	83,161	70,312
Other	1,620	1,715
	85,111	**72,518**

The movement in the rehabilitation, restoration and dismantling provision during the financial year is set out below.

	2023 $000	2022 $000
At 1 July 2022	72,322	32,269
Changes in cost estimate	12,806	12,899
Rehabilitation spend incurred	(975)	-
Acquired as part of the acquisition of MATSA	-	28,992
Unwinding of discount	1,902	739
Foreign exchange movements	(1,120)	(2,577)
At 30 June 2023	**84,935**	**72,322**

Recognition and measurement

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value of the provision reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the unwinding of the discounting on the provision is recognised as a finance cost.

Rehabilitation, restoration and dismantling

The Group recognises a provision for the estimate of the future costs of restoration activities on a discounted basis at the time of exploration or mining disturbance. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related assets to the extent that it was incurred by the development/construction of the asset. Rehabilitation and restoration obligations arising from the Group's exploration activities are recognised immediately in the income statement.

If a change to the estimated provision results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the related asset, the Group considers whether this is an indication of impairment of the asset. If the revised assets, net of rehabilitation provisions, exceed the recoverable amount, that portion of the increase to the provision is charged directly to the income statement.

28 Provisions (continued)

Key estimates and assumptions – Rehabilitation provisions

The Group assesses its rehabilitation, restoration and dismantling (rehabilitation) provision at each reporting date. Significant estimates and assumptions are made in determining the provision as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent, timing and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs.

The discount rate used in the calculation of the provision is derived from an average of the applicable segments government bond rate, with the exception of Botswana and Namibia for which the provision is calculated in USD and therefore an applicable USD discount rate has been applied. The discount rate approximates the estimated time period for when the majority of the future rehabilitation costs are expected to be incurred. The discounts rates used are as follows:

	Australia		Botswana and Namibia		United States of America		Spain	
		%		%		%		%
	2023	2022	2023	2022	2023	2022	2023	2022
Discount rate	3.95%	3.36%	3.87%	2.15%	4.00%	3.32%	3.62%	2.56%
Inflation rate	5.10%	4.00%	3.00%	4.50%	1.73%	2.93%	4.50%	1.05%

Employee Benefits

(i) Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits and other short-term benefits expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating personal leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to future expected wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

29 Significant events after the reporting date

Construction of the 3.2Mtpa Motheo Copper Mine incorporating the T3 Open Pit was largely completed by the end of FY2023 with first copper concentrate produced in May 2023. The rapid ramp-up of the processing facility to its initial design capacity of 3.2Mtpa progressed well during June and into July 2023. During July 2023 it was determined that the Motheo Copper Mine was in commercial production and will be consolidated in the Group's profit and loss statement from 1 July 2023.

In August 2023, the Botswana Department of Mines approved Sandfire's submission for an extension to the Motheo Copper Mining Licence, paving the way for the development and mining of the higher grade A4 Deposit to commence.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

30 Accounting standards and interpretations issued but not yet effective

The standards and interpretations that have been issued or amended but not yet effective, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. Except where noted below, the Group has evaluated the impact of the new standards and interpretations and determined that the changes are not likely to have a material impact on its financial statements. The Group intends to adopt these standards when they become effective.

AASB2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendments require a liability be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.

The Group has performed an assessment and do not expect the amendment to have a material impact on its financial statements for the year ended 30 June 2024.

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

AASB 2021-5 amends the initial recognition exemption in AASB 112 Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences.

The Group has performed an assessment and do not expect the amendment to have a material impact on its financial statements for the year ended 30 June 2024.

31 Auditor remuneration

The auditor of Sandfire Resources Limited is Deloitte Touche Tohmatsu (Deloitte) Australia.

	2023 $	2022 $
Amounts received or due and receivable by Deloitte Touche Tohmatsu (Australia):		
Fees for auditing the statutory financial report of the parent covering the group and auditing the financial reports of any controlled entities	274,295	-
Fees for other services		
Other advisory services	-	-
Total Fees to Deloitte Touche Tohmatsu Australia	**274,295**	**-**
Amounts received or due and receivable by related practices of Deloitte Touche Tohmatsu:		
Fees for auditing the financial reports of any controlled entities	275,705	-
Fees for other services		
Other advisory services	-	-
Total fees to overseas member firms of Deloitte Touche Tohmatsu	**275,705**	**-**
		-
Amounts received or due and receivable by Ernst and Young:		
Fees for auditing the statutory financial report of the parent covering the group and auditing the financial reports of any controlled entities	-	641,356
Fees for other services		
Other advisory services	-	15,830
Total Fees to Ernst and Young	**-**	**657,186**
Total Auditor's remuneration	**550,000**	**657,186**

Directors' Declaration

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 financial year ended 30 June 2023 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 30 June 2023 and of its performance for the year ended on that date; and
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and
   c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   d) as at the date of this declaration, there are reasonable grounds to believe that members of the Closed Group identified in Note 25 will be able to meet any liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.
2. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2023.

Signed on behalf of the Board.

John Richards
Non-Executive Chair

Brendan Harris
Managing Director and Chief Executive Officer

West Perth, 30 August 2023

Deloitte.

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Independent Auditor's Report to the members of Sandfire Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sandfire Resources Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated balance sheet as at 30 June 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Revenue from sale of concentrate, fair value movements on trade receivables, and fair value movements on associated commodity hedging contracts As disclosed in Note 4 of the financial statements, revenue recognised on the sale of concentrate was $772.7 million for the year ended 30 June 2023. Adjustments associated with the fair value movements of trade receivables amounted to a loss of $15.9m and gains on commodity hedges amounted to $37.5 million. As is customary in the sale of such commodities, the sale of metal concentrate is subject to quotational pricing under the various offtake agreements. Revenue is required to be recognised at the time the performance obligation is satisfied, in accordance with the terms of the specific offtake agreement, and as such revenue is recognised prior to completion of the quotational period. During the quotational period, the consideration receivable is remeasured for changes in the commodity price until final settlement occurs, with the fair value movements recognised separately to the related sale. Additionally, to manage the price risk between delivery and settlement, the company executes commodity hedges which are measured at fair value. Both the quotational period adjustments, and the commodity hedging increases the complexity of the Group's recognition of revenue, receivables and associated hedging contracts.	Our procedures included, but were not limited to: • obtaining an understanding of the relevant controls management has in place in respect of revenue recognition, the valuation of trade receivables and hedge accounting; • assessing the revenue recognition policy against the requirements of AASB 15 Revenue from Contracts with Customers; • obtaining an understanding of the various off take agreements, with specific regard to the timing of revenue recognition, and contractual pricing terms; • testing on a sample basis, sales recorded either side of year end to ensure revenue has been recognised in the correct period; • agreeing on a sample basis the metal concentrate tonnes sold to underlying support, including bill of lading documents; • agreeing on a sample basis assay results to third party reports; • assessing the pricing utilised for revenue recognition, and subsequent remeasurement of trade receivables for reasonableness by comparing to external market data; and • assessing the accuracy of the fair value gains or losses recognised in respect of commodity hedges, in conjunction with our treasury specialists. We also assessed the adequacy of the disclosures included in Note 4 to the financial statements.
Accounting for Mine Properties As at 30 June 2023, the carrying value of mine properties amounts to $1,245.6 million as disclosed in Note 21. Accounting for mine properties requires management to exercise significant judgement in determining the appropriate estimates to be applied in the application of the Company's accounting policy, including: • the allocation of mining costs between operating and capital expenditure; and • determination of the units of production used to amortise mine properties. A key driver of the allocation of costs between operating and capital expenditure is the physical mining data associated with the mining activities. For underground operations this includes consideration of the development of declines, lateral and vertical development, as well as capital non-sustaining costs.	For the allocation of mining costs our procedures included, but were not limited to: • obtaining an understanding of, and assessing the design and implementation of key controls management has in place in relation to the capitalisation of underground mining expenditure and the production of physical underground mining data; • assessing the appropriateness of the allocation of costs between operating and capital expenditure based on the nature of the underlying activity, assessing the design and implementation of relevant internal controls over cost allocations, and recalculating the allocation based on the underlying physical data; • testing the mathematical accuracy of the modelling. For the Group's unit of production amortisation calculations our procedures included, but were not limited to:

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Further, judgement is required in relation to the achievement of commercial production in respect of mines under development. Amortisation is applied to each area of interest using the expected copper equivalent tonnes based on the most recent life of mine information. Amortisation rates are updated when estimated life of mine tonnes are revised.	• obtaining an understanding of the key controls management has in place in relation to the calculation of the unit of production amortisation rate; • testing the mathematical accuracy of the rates applied; and • agreeing the inputs to source documentation, including: - the copper equivalent tonnes mined during the year to production schedules; - the total copper equivalent tonnes to the applicable reserves statement; and - the anticipated development expenditure to life of mine models and assessing the reasonableness of the forecast expenditure. In relation to commercial production, we assessed the Group's conclusions in respect of the achievement of commercial production at the Motheo project, and evaluated the appropriateness of conclusions reached based a range of physical and financial metrics. We also assessed the adequacy of the disclosures included in Note 21 to the financial statements.
Rehabilitation provision As at 30 June 2023 a rehabilitation provision of $84.9 million has been recognised as disclosed in Note 28. Judgement is required in the determination of the rehabilitation provision, including: • assumptions relating to the manner in which rehabilitation will be undertaken; • scope and quantum of costs, and timing of the rehabilitation activities; and • the determination of appropriate inflation and discount rates to be adopted.	Our procedures included, but were not limited to: • obtaining an understanding of the key controls management has in place to estimate the rehabilitation provision; • agreeing rehabilitation cost estimates to underlying support, including where applicable reports from management's external experts; • challenging the completeness of provisions considering activities undertaken during the year; • holding discussions with management's external experts to understand and challenge the reasonableness of key assumptions and estimates used in the underlying cost estimates; • assessing the independence, competence and objectivity of experts used by management; • confirming the closure and related rehabilitation dates are consistent with the latest estimates of life of mines; • comparing the inflation and discount rates to available market information; and • testing the mathematical accuracy of the rehabilitation provision model. We also assessed the adequacy of the disclosures included in Note 28 to the financial statements.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023**,** but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 77 to 102 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Sandfire Resources Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants
Perth, 30 August 2023

Shareholder and investor information

The shareholder information set out below is current as at 3 August 2023.

Australian Securities Exchange listing

Sandfire shares are listed on the Australian Securities Exchange (ASX). The Company is listed as Sandfire Resources Ltd with an ASX code of SFR.

Issued Capital

Share capital comprised 456,891,928 fully paid ordinary shares and the Company had 15,767 holders of ordinary fully paid shares.

Distribution of shareholders

Range	Total holders	Number of shares	Percentage of issued capital
1 – 1,000	6,979	2,979,191	0.65
1,001 – 5,000	6,048	15,113,744	3.31
5,001 – 10,000	1,510	11,087,069	2.43
10,001 – 100,000	1,156	25,302,859	5.54
100,001 – and over	74	402,409,065	88.08

The number of Sandfire shareholders holding less than a marketable parcel ($500) based on a market price of A$6.50 per share was 626.

Twenty largest holders of ordinary fully paid shares (as named on the Register of Shareholders)

	Holder name	Number of shares	Percentage held
1	HSBC Custody Nominees (Australia) Limited	124,622,833	27.28%
2	J P Morgan Nominees Australia Pty Limited	121,267,090	26.54%
3	Citicorp Nominees Pty Limited	64,424,685	14.10%
4	National Nominees Limited	33,048,738	7.23%
5	BNP Paribas Noms Pty Limited	11,203,532	2.45%
6	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	6,171,992	1.35%
7	BNP Paribas Noms Pty Limited <Agency Lending DRP A/C>	4,582,661	1.00%
8	Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	3,564,827	0.78%
9	HSBC Custody Nominees (Australia) Limited – A/C 2	2,693,387	0.65%
10	Strata Investment Holdings Plc	2,482,965	0.54%
11	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,888,129	0.41%
12	First Samuel Ltd <ANF ITS MDA Clients A/C>	1,874,466	0.41%
13	Tongaat Pty Ltd	1,755,000	0.38%
14	Resource Development Company Pty Ltd	1,486,786	0.33%
15	Neweconomy Com Au Nominees Pty Ltd	1,378,233	0.30%
16	BNP Paribas Nominees Pty Ltd ACF Clearstream	1,377,097	0.30%
17	BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd	1,377,097	0.30%
18	HSBC Custody Nominees (Australia) Limited	1,148,114	0.25%
19	Kape Securities Pty Ltd	943,166	0.21%
20	BNP Paribas Noms (NZ) Ltd	789,257	0.17%
	Total	**388,310,255**	**84.99%**

Substantial shareholders in Sandfire Resources Ltd

The Company has received the following notices of a substantial shareholding (Notice).

		Relevant interest per the Notice	
Substantial shareholder	Date received	Number of shares	Percentage of issued capital
AustralianSuper Pty Ltd	21 December 2022	67,356,714	14.74%
First Sentier Investors Holdings Pty Limited	24 May 2023	27,421,378	6.00%
Ausbil Investment Management Limited	19 May 2023	24,624,274	5.39%
Yarra Capital Management	13 June 2023	23,160,984	5.07%
Vanguard Group	1 March 2023	22,845,116	5.00%

Other securities on issue

Class of security	Number	Holders
Zero exercise price options expiring 17 July 2026	3,256,346	14
Performance rights	171,806	1
Sign-on rights	1,100,000	1
Zero exercise price options expiring 7 October 2027	699,312	1

Voting rights

The voting rights of security holders of the Company are set out in the Company's Constitution and, in summary, each member has one vote for each fully paid share held by the member in the Company. Holders of performance rights and zero exercise price options do not have voting rights.

On-market buy back

The Company does not have a current buy-back plan.

Key shareholder information

To assist those considering an investment in the Company, the Sandfire website contains key shareholder information. The site contains information on Sandfire's operations, ASX releases and financial and quarterly reports. It also contains a facility for shareholders and investors to direct inquiries to the Company, and to elect to receive communications from Sandfire via email.

Dividends

Sandfire's Board of Directors typically makes a determination on dividends twice each year. Declared dividend payments are credited directly into any nominated bank, building society or credit union account. Sandfire does not operate a dividend reinvestment plan (DRP).

Share registry information

Shareholders who require information about their shareholdings, dividend payments or related administrative matters should contact the Company's share registry:

Automic Group Ltd
Level 5, 191 St Georges Terrace
Perth WA 6000

T: 1300 288 664 (within Australia)
+61 2 9698 5414 (outside Australia)

F: +61 2 8583 3040

E: hello@automicgroup.com.au

W: www.automicgroup.com.au

Visit the Automic website to access a wide variety of holding information, change your personal details and download forms. You can:

- check your current and previous holding balances
- elect to receive financial reports electronically
- update your address details
- update your bank details
- confirm whether you have lodged your Tax File Number (TFN)
- enter your email address
- download a variety of instruction forms

You can access this information via a security login using your Security Holder Reference Number (SRN) or Holder Identification Number (HIN).

Glossary of terms

Term	Definition
Ag	Silver
Au	Gold
BCM	Bank cubic metres
Copper equivalent production	Copper equivalent production is calculated by accumulating revenue using realised prices and dividing by the price of copper.
Cu	Copper
CuEq	Copper equivalent
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EM	Electromagnetic
EM conductors	Electromagnetic conductors returned from EM surveys.
Employees	People directly employed by Sandfire wherever they are located in the world.
g	Gram
GJ	Gigajoules
g/t	Gram per tonne
Integrated waste landform (IWL)	The waste rock dump and the tailing storage facility are one facility known as an integrated waste landform. The waste rock dump surrounds the tailings storage facility.
km	Kilometres
koz	Thousand ounces
kt	Thousand tonnes
ktpa	Thousand tonnes per annum
Local (MATSA)	In the context of our reference to employment at MATSA, local comprises personnel employed from all the municipalities and towns within the Province of Huelva, Spain.
ML	Megalitres
MLEM	Moving-loop electromagnetic surveys
Moz	Million ounces
Mt	Million tonnes
Mtpa	Million tonnes per annum
oz	Ounce
Pb	Lead

Term	Definition
Principal hazard	Hazards that have a potentially fatal risk.
RC	Reverse circulation drilling
Recordable injury	The combination of fatalities, lost time injuries, restricted work injuries and medically treated injuries.
t	Tonnes
Tailings	Tailings are finely ground rock and mineral waste products of mineral processing operations.
Tailings storage facility (TSF)	Purpose built retaining embankment to store tailings for the life of mine.
TRIFR	Total Recordable Injury Frequency Rate; the total number of recordable work-related injuries in the 12 month period for each one million hours worked.
Underlying Earnings	Underlying earnings is profit after tax and earnings adjustment items. Earnings adjustments represent items that don't reflect our underlying operations. We believe that Underlying earnings provides useful information, but shouldn't be considered as an indication of, or an alternative to, profit or attributable profit as an indicator of operating performance.
Underlying Earnings Adjustments	Adjustments applied to statutory earnings each period to calculated Underlying Earnings to exclude the effects of events that are not part of Sandfire's usual business activities.
Underlying EBIT	Underlying EBIT is profit before net finance costs, tax and after any earnings adjustment items, impacting profit. We believe that Underlying EBIT provides useful information, but should not be considered as an indication of, or alternative to, profit or attributable profit as an indicator of operating performance.
Underlying EBIT margin	Comprises Underlying EBIT divided by underlying revenue.
Underlying effective tax rate	Underlying income tax expense/benefit divided by underlying profit/loss subject to tax.
Underlying Group EBITDA	Underlying EBIT before underlying depreciation and amortisation.
Underlying Group EBITDA margin	Comprises Underlying Group EBITDA divided by underlying revenue.
Underlying Operations EBITDA	Underlying EBITDA before underlying corporate costs and immediately expensed underlying exploration expenditure.
Underlying Operations EBITDA margin	Comprises Underlying Operations EBITDA divided by underlying revenue.
VTEM	Airborne versatile electromagnetic surveys
Waste Rock	Waste rock is material that contains minerals in concentrations considered too low to be extracted at a profit.
Workforce	Our total workforce includes all employees and contractors.
Zn	Zinc

Cautionary notes and disclaimers

Forward-Looking Statements

Certain statements made within this Annual Report contain or comprise forward-looking statements regarding Sandfire's Mineral Resources and Ore 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.

Such forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or to be achieved and any other similar expressions. In providing the forward-looking information in this Annual Report, Sandfire has made numerous assumptions which management believes are reasonable as at the date they are made. 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. No representation, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Annual Report.

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.

Exploration Results

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

Exploration and Resource Targets

Any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. While Sandfire is continuing exploration programs aimed at reporting additional JORC compliant resources for the Company's projects, there has been insufficient exploration to define mineral resources in addition to the current JORC compliant Mineral Resource inventory and it is uncertain if further exploration will result in the determination of additional JORC compliant Mineral Resources.

Corporate information

Directors

John Richards	Independent Non-Executive Chair
Brendan Harris	Managing Director and Chief Executive Officer
Sally Langer	Independent Non-Executive Director
Jennifer Morris OAM	Independent Non-Executive Director
Robert Edwards	Independent Non-Executive Director
Sally Martin	Independent Non-Executive Director

Company Secretary

Sophie Raven	Company Secretary

Registered Office and Principal Place of Business

Level 2, 10 Kings Park Road
West Perth WA 6005

T: +61 8 6430 3800
F: +61 8 6430 3849
E: admin@sandfire.com.au
W: www.sandfire.com.au

Share Registry

Automic Group Limited
Level 5, 191 St Georges Terrace
Perth WA 6000

T: 1300 288 664 (within Australia)
+61 2 9698 5414
F: +61 2 8583 3040
E: hello@automicgroup.com.au

Auditors

Deloitte Touche Tohmatsu
Tower 2, Brookfield Place
123 St George's Terrace
Perth, Western Australia 6000

Home Exchange

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

ABN

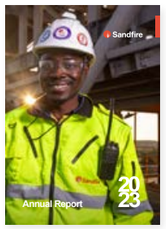
55 105 154 185

ASX Code

Sandfire Resources Limited shares are listed on the Australian Stock Exchange (ASX).

Ordinary fully paid shares ASX Code: SFR

Sandfire produces a range of publications, which can be downloaded or viewed at our website.



Annual Report

Corporate Governance Statement

Sustainability Report

Modern Slavery Statement

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