



SANDFIRE
RESOURCES NL

A QUALITY COPPER-GOLD COMPANY
ASX Code: SFR

December 2016 Half Year Results Webcast – 21 February 2017

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Competent Person's Statement – Ore Reserves and Mine Plan

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

Competent Person's Statement – Mineral Resources

- ▶ The information in this report that relates to Mineral Resources is based on information compiled by Mr Ekow Taylor who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Taylor 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 Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement – Exploration Results

- ▶ The information in this report that relates to Exploration Results is based on information compiled by Mr Shannan Bamforth who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Bamforth 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 Bamforth consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Exploration and Resource Targets

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

JORC Compliance Statement

- ▶ The DeGrussa VHMS (volcanic-hosted massive sulphide) copper-gold deposit is located 900 kilometres north of Perth and 150 kilometres north of Meekatharra in the Peak Hill Mineral Field. The system is hosted within a sequence of metasediments and mafic intrusions situated in the Bryah Basin that have been metamorphosed and structurally disrupted.
- ▶ The sulphide mineralisation consists of massive sulphide and semi-massive sulphide mineralisation. Primary sulphide minerals present are pyrite, chalcopyrite, pyrrhotite and sphalerite, together with magnetite. The sulphide mineralisation is interpreted to be derived from volcanic activity. The deposit shares characteristics with numerous VHMS deposits worldwide. Sandfire are currently exploring the defined prospective sequence in its 100% held tenements and within the Talisman Mining Joint Venture agreement areas.





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Operating Results – 1HFY2017

Martin Reed – Chief Operating Officer

- ▶ **1HFY2017 production:** 33,740t copper and 19,914oz gold; C1 US\$0.92/lb
- ▶ **FY2017 production guidance maintained:** 65-68,000t copper, 35-40,000oz gold; C1 cash cost US\$0.95-1.05/lb
- ▶ **Safety TRIFR reduced:** 7.1 (FY2016) to 6.3 (1HFY2017)
- ▶ **Feasibility Study nearing completion** on the Monty Copper-Gold Project (Springfield JV)
- ▶ **Multi-pronged exploration programs:** at both Doolgunna, Enterprise JV and Springfield JV
- ▶ **Bank debt fully repaid** on 31 January 2017*: Increasing cash holdings
- ▶ **Increased holding in Tintina Resources (TSX-V: TAU) to 61%**** (developing the high-quality Black Butte Copper Project, central Montana, USA)

* See ASX Release – 24 January 2017

** See ASX Release – 25 October 2016





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Financial Results – 1HFY2017

Matthew Fitzgerald – Chief Financial Officer

Headline Financial Results for the Half Year Ended 31 December 2016



Sandfire maintains strong operational and financial performance

- ▶ Sales revenue of **\$248.0M**
- ▶ Strong cash flow from operating activities of **\$96.7M** (**\$112.8M** prior to payments for exploration and evaluation expenses)
- ▶ DeGrussa Mine segment earnings before net finance and income tax of **\$76.4M**
- ▶ Profit before net finance expense and income tax of **\$53.7M**
- ▶ Profit before income tax of **\$52.9M**
- ▶ Net profit after tax **\$35.9M**
- ▶ Net profit after tax attributable to members **\$37.3M**
- ▶ Earnings per share of **22.8cps** (basic and diluted)
- ▶ Cash at 31 December 2016 of **\$107.1M** (Group)
- ▶ Finance facility outstanding balance **\$50.0M** (fully repaid on 31 January 2017)



Sandfire maintains dividend payments

- ▶ Interim dividend for 1HFY2017 of 5.0cps (fully franked)
- ▶ Maintaining dividend stream from profitable operations and increased copper price
- ▶ 1HFY2017 payout ratio based on ~20% of earnings per share adjusted for the impact of net loss from Tintina Resources and the Monty feasibility (Springfield JV)
- ▶ Continuing to balance shareholder returns (dividends, capital growth, business development and exploration) with operational cash flow requirements (reducing mine development, capital expenditure and debt reduction)

Income Statement Review – Key Results

(\$'000)	Dec 2016	Dec 2015
Sales revenue	247,989	228,322
Profit before net finance and income tax	53,707	25,967
Net finance expense	(793)	(3,004)
Profit before income tax	52,914	22,963
Income tax expense	(16,985)	(7,289)
Net profit for the year	35,929	15,674



- ▶ Revenue from copper and gold production – USD copper price initially reducing before increasing markedly in November 2016, since rising to ~USD6,000/t
- ▶ Significant realised and unrealised QP, QP hedging and finance income gains resulting from the increase in USD copper
- ▶ Reduction in cash operating costs across operations, employees and freight, treatment and refining
- ▶ Impact of non-DeGrussa segments - exploration and evaluation and other activities loss

Balance Sheet Review

(\$'000)	December 2016	June 2016
ASSETS		
Cash and cash equivalents	107,087	66,223
Trade and other receivables	23,002	20,467
Inventories	26,129	30,070
Other current assets	1,190	3,405
Total current assets	157,408	120,165
Receivables	187	200
Inventories	11,698	11,698
Exploration and evaluation assets	21,121	18,489
Mine properties	209,337	209,167
Property, plant and equipment	185,127	198,019
Investments (equity method)	618	856
Other financial assets	2,245	157
Total non-current assets	430,333	438,586
TOTAL ASSETS	587,741	558,751

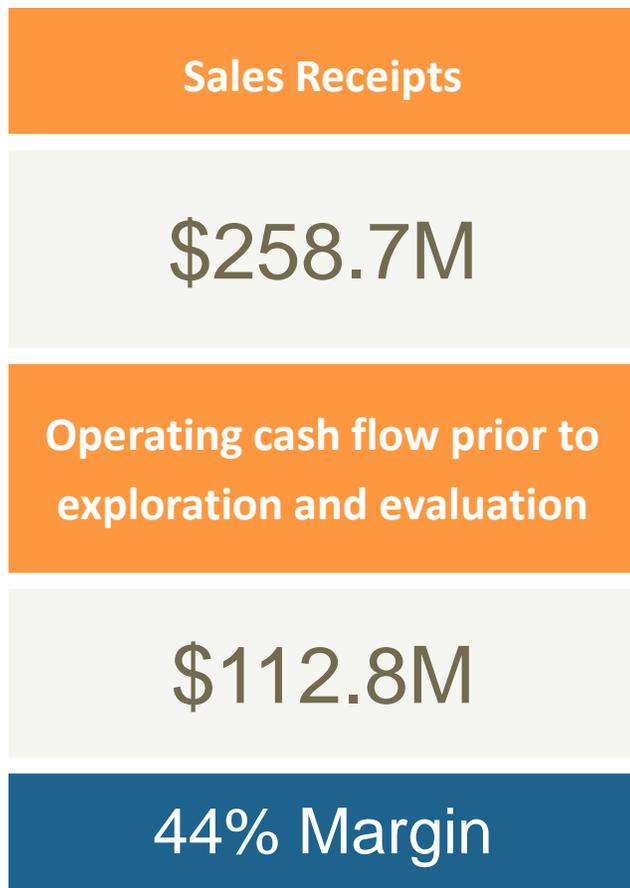
- ▶ Cash – \$107M - \$50M debt repayment 31 January 2017, \$14M dividend payment
- ▶ Mine properties – Underground development continues into C4 and C5 orebodies, \$35M cash outflow for 1HFY2017

Balance Sheet Review

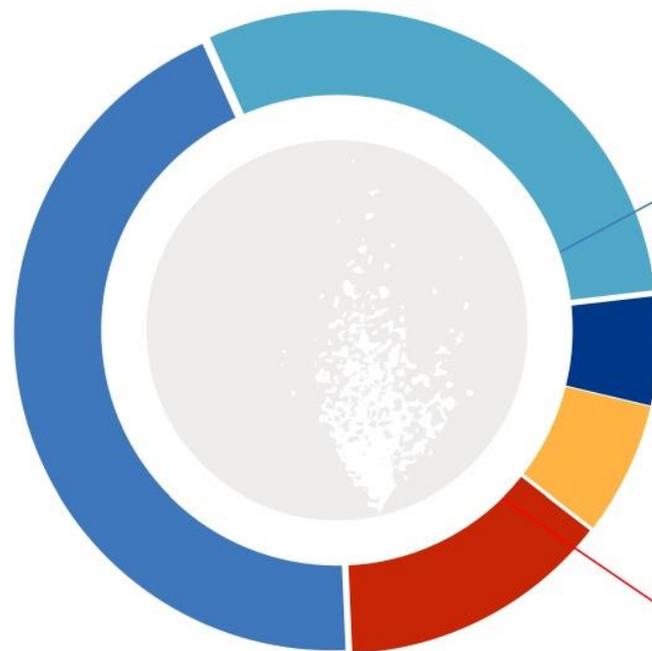
(\$'000)	December 2016	June 2016
LIABILITIES		
Trade and other payables	32,929	30,885
Interest bearing liabilities	50,306	1,767
Income tax payable	8,533	7,222
Provisions	3,175	3,563
Total current liabilities	94,943	43,437
Trade and other payables	114	117
Interest bearing liabilities	228	50,094
Provisions	26,888	27,675
Deferred tax liabilities	55,498	53,822
Total non-current liabilities	82,728	131,708
TOTAL LIABILITIES	177,671	175,145
NET ASSETS	410,070	383,608

- ▶ Finance facility – \$50M repaid 31 January 2017 (\$85M Revolver Facility and \$25M Working Capital Facility undrawn)
- ▶ Deferred tax liability – a result of taxable income lagging accounting profit

Cashflow and Dividends



USES OF CASH GENERATION:



- Finance Facility Repayment & Interest Costs - \$51.5M
- Mine Development - \$34.9M
- Property, Plant and Equipment - \$6.5M
- Dividends (FY2017 Interim) - \$7.9M
- Exploration & Evaluation Activities - \$16.2M

DEBT & CAPITAL:



- Finance Facility Repayment & Interest Costs - \$51.5M
- Mine Development - \$34.9M
- Property, Plant & Equipment - \$6.5M

SHAREHOLDER RETURN & GROWTH:



- Exploration & Evaluation Activities - \$16.2M
- Dividends (FY2017 Interim) - \$7.9M

Continued strong outlook for 2HFY2017 and beyond

- ▶ **Consistent, low-cost copper-gold production**
 - 1HFY2017 performance: 33,740t Cu, 19,914oz gold at C1 US\$0.92/lb
 - FY2017 guidance: 65-68,000t Cu, 35-40,000oz Au at C1 US\$0.95-1.05/lb
- ▶ New chapter of **discovery success and growth** at DeGrussa
 - High-grade Monty VMS discovery, drill-out and feasibility study
 - Re-rated district exploration potential
- ▶ **Cash flow** funding growth and shareholder returns
 - Continued dividend stream for shareholders
 - Committed exploration to further extend mine life
 - 61% interest in high-grade USA copper project
- ▶ **Emerging** international and domestic growth pipeline



A premier Australian copper-gold company



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