

SANDFIRE RESOURCES

2018 AGM - 29th November

- ✓ Record revenue
- ✓ Record profit
- ✓ Record cash
- ✓ Record dividend



SANDFIRE
RESOURCES NL

ASX CODE: SFR

A standout year

Consistent low-cost
production, record financial
performance, strong outlook

2018 Annual General Meeting



Our Vision

To build a sustainable, mid-tier mining company operating in the upper quartile of global performance benchmarks.





Our Mission

We are in the business of producing base and precious metals safely and profitably from our operations for the benefit of our shareholders and stakeholders. Our focus is on three business elements:

SAFELY MANAGING

the productivity of our operations by optimising production and rigorously controlling expenditure at all times

INVESTING IN EXPLORATION

to increase our resource base by discovering new deposits

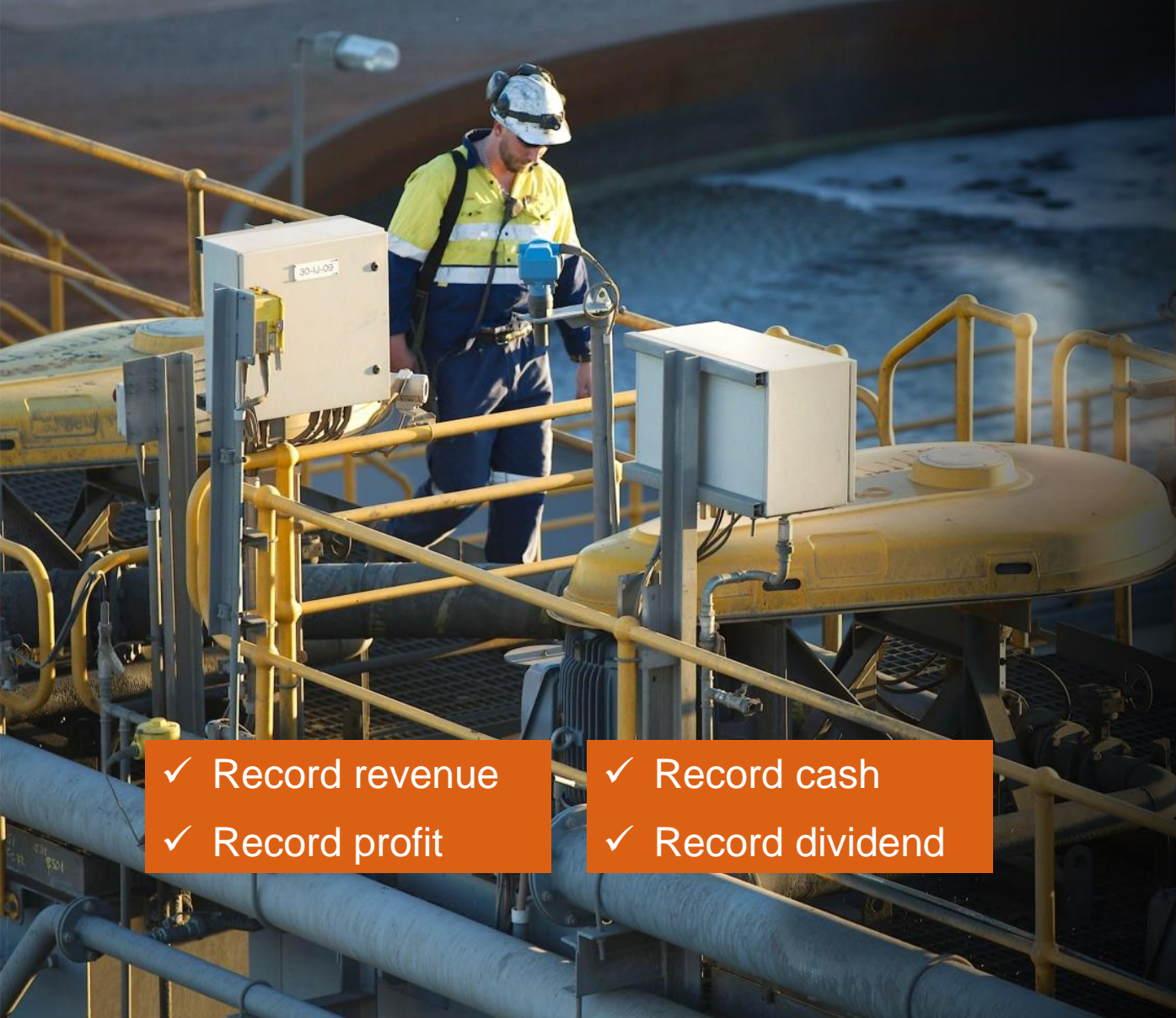
SECURING ASSETS
that meet our investment criteria through business development initiatives and developing assets in accordance with a set of strict economic and technical criteria



Our Values



2018: A Record Year in Snapshot



✓ Record revenue

✓ Record profit

✓ Record cash

✓ Record dividend

Strong, consistent production and continued low operating costs

COPPER AND GOLD PRODUCTION

64,918

tonnes of contained copper

39,273

ounces of contained gold

C1 CASH OPERATING COST

US\$0.93

per pound

(2017: US\$0.93 per pound)

Exceptional Financial Performance

NET PROFIT AFTER TAX
(attributable to equity holders of the parent)

\$123.0M

(2017: \$77.5 million)

EARNINGS PER SHARE

77.85 cents

(2017: 49.16 cents)

59%



58%

SALES REVENUE & PRICE ADJUSTMENT GAINS

\$606.7M

(2017: \$532.5 million)

CASH FLOW FROM OPERATING ACTIVITIES

\$245.0M

\$284.6 million prior to payments for exploration and evaluation expenses
(2017: \$216.1 million)

14%



13%

CASH & DEPOSITS

\$243.4M

at 30 June 2018
(2017: \$126.7 million)

DIVIDENDS

27c FY18

18c FY17

92%



50%



Six Years of Exceptional Performance

FY2013 – 2018:

- ▶ **403,000 tonnes** of copper and **232,000 ounces** of gold produced
- ▶ **\$3.2 billion** in cumulative sales revenue
- ▶ **\$1.5 billion** in cumulative operating cash flow (prior to exploration and evaluation expenditure)
- ▶ **\$484 million** in cumulative net profit after tax (attributable to members)
- ▶ **\$124.6 million** in cumulative dividends to shareholders



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SUSTAINABILITY



OPERATIONS



FINANCIALS



EXPLORATION



DEVELOPMENT



OUTLOOK



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SUSTAINABILITY



Sustainability

Our overarching goal for our sustainability activities is to achieve high standards in safety, environmental management, productivity, governance and transparency while also delivering positive outcomes for society.

We aim to be a responsible miner and resource developer for the future, aiming to generate positive outcomes for our key stakeholders and communities by:

- ▶ Operating responsibly
- ▶ Supporting economic development
- ▶ Providing a safe and supportive workplace
- ▶ Engaging with respect and transparency





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OPERATIONS

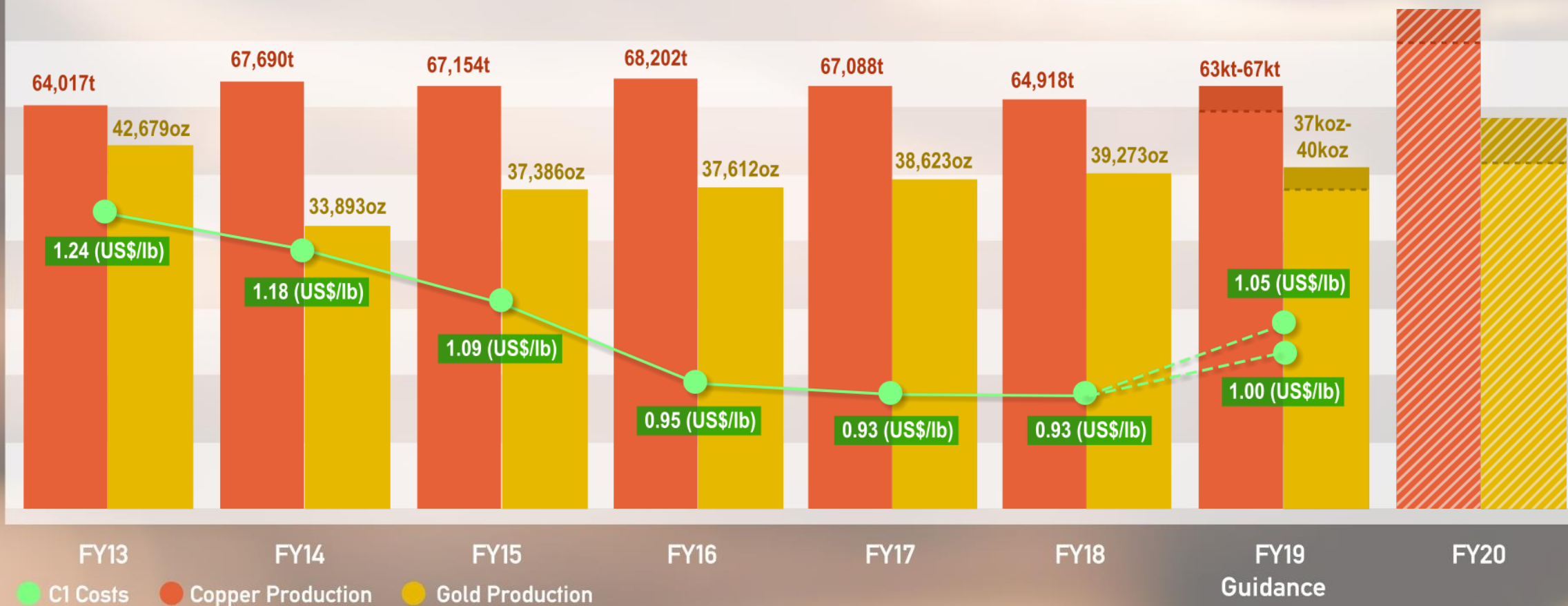


DeGrussa Operations



OPERATIONS

PRODUCTION OVERVIEW



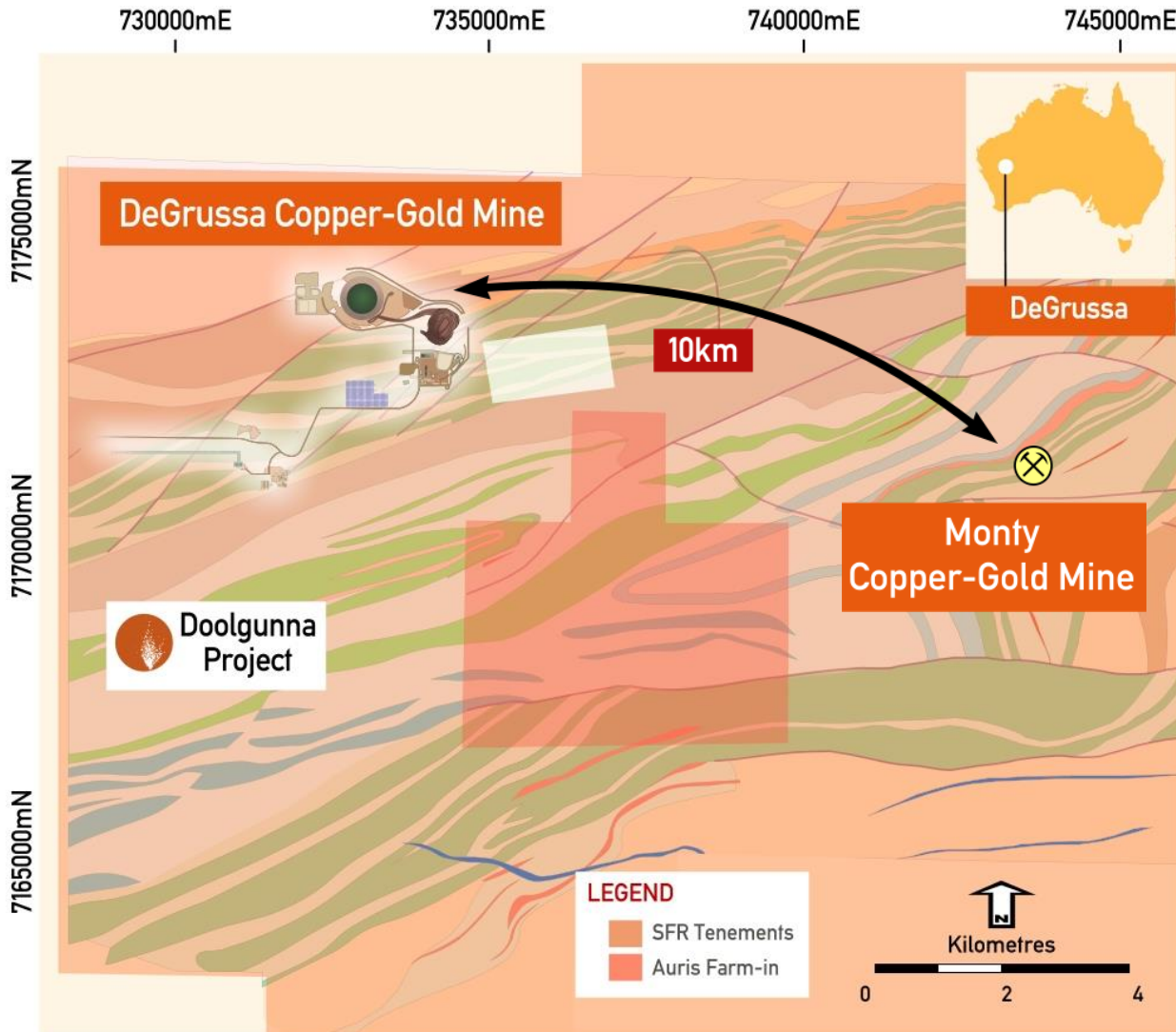
Debt-free with rising production profile in a rising copper market



DeGrussa Operations – Monty Mine



OPERATIONS



Monty – Set to Become One of the World's Highest-Grade Copper Mines

- ▶ New satellite mine located 10km east of DeGrussa
- ▶ Now 100%-owned following acquisition of Talisman's 30% interest
- ▶ Mining by underground method to 400m below surface
- ▶ Mine Plan: 0.8Mt at 9.4% Cu, 1.5 g/t Au for 74,000t Cu and 38,000oz Au *
- ▶ Total underground development advance currently ~4,000m
- ▶ First development ore on schedule for December 2018, stope ore from Q3 FY2019
- ▶ Excellent exploration potential – developing geological understanding from underground mining

* Refer SFR ASX release, 27 April 2018, "DeGrussa Mine Plan, Ore Reserve and Mineral Resource Update"



DeGrussa Operations – Monty Mine



OPERATIONS

Waste Dump, Crushing & Screening Pad

Mine Office

ROM Pad

Discharge Pond

PAF Runoff Pond

Laydown Yard

Haul Road

Monty Underground Mine Infrastructure

Box Cut

Current decline position

First Ore Access



Boxcut



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FINANCIALS



Financial Performance



FINANCIALS

Cumulative Financial Performance

Sales Revenue

\$3.2

BILLION

Operating Cash Flow

\$1.5

BILLION

Profits

\$484

MILLION

Dividends

79

CENTS

Record Revenue, Cash-Flow and Dividends in FY2018

FINANCIAL OVERVIEW:	FY 2013	FY 2014	FY 2015	FY2016	FY2017	FY2018
Revenue	\$492.8M	\$529.6M	\$532.0M	\$485.8M	\$532.5M	\$606.7M
Operating Cash- flow*	\$272.4M	\$249.5M	\$250.1M	\$166.5M	\$248.3M	\$284.6M
NPAT**	\$88.0M	\$78.2M	\$69.0M	\$48.0M	\$77.5M	\$123.0M
Earnings per Share (basic)	57.48c	50.22c	44.18c	30.54c	49.16c	77.85c
Cash + Deposits	\$77.1M	\$57.6M	\$107.2M	\$66.2M	\$126.7M	\$243.4M
Debt	\$285M	\$160M	\$120M	\$50M	NIL	NIL
Dividends	N/A	10c unfranked	13c 10c franked	11c 11c franked	18c 18c franked	27c 27c franked

*Prior to exploration expenditure

**Attributable to members



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EXPLORATION



Exploration



EXPLORATION



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Strong commitment to organic growth through exploration: ~\$30 million
annual exploration commitment



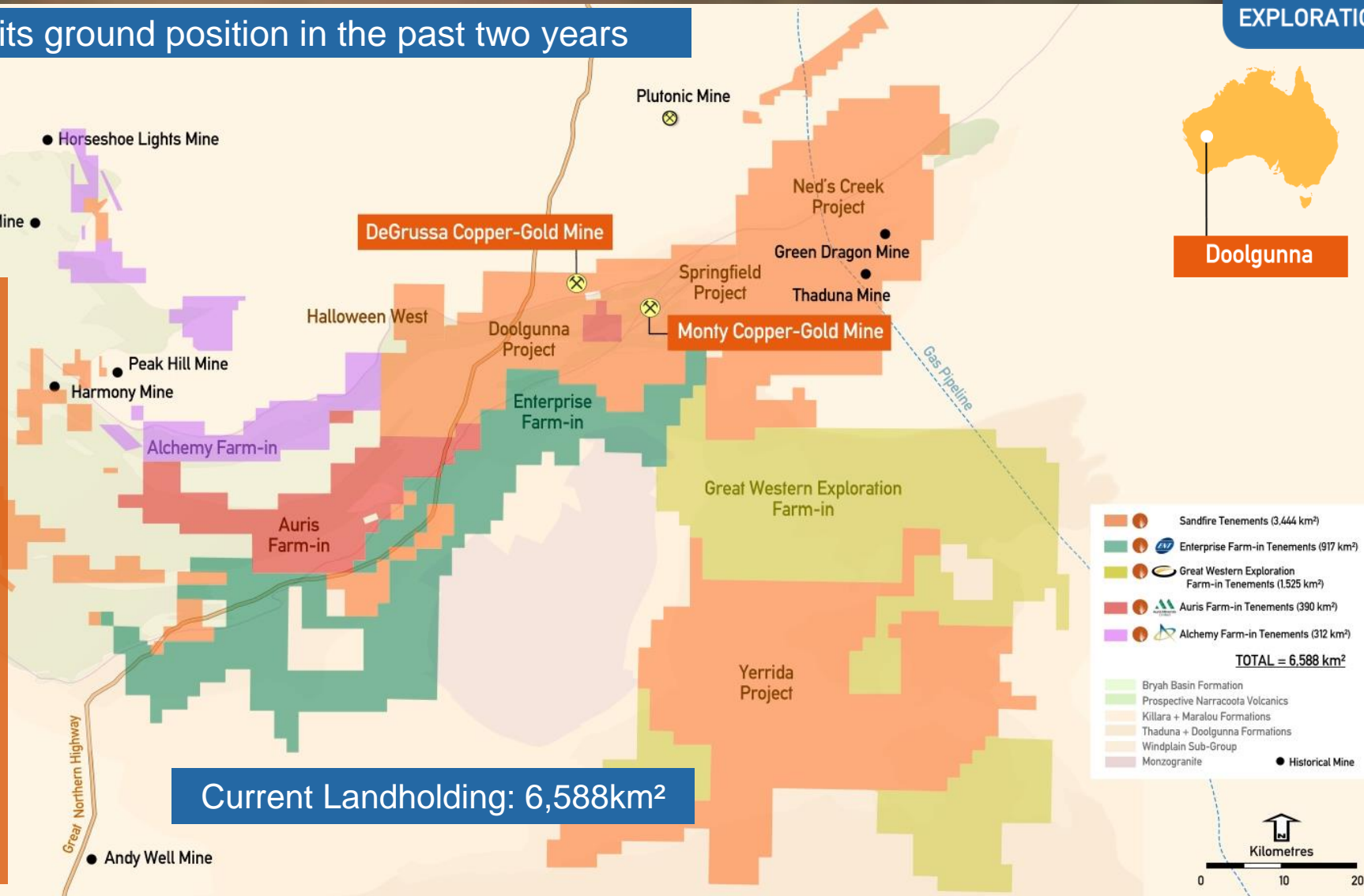
Exploration - Doolgunna



EXPLORATION

Sandfire has more than tripled its ground position in the past two years

- ▶ Greater Doolgunna region: 6,588km² including 90km strike length of prospective VMS lithologies
- ▶ Farm-in deals include:
 - ▶ Alchemy Resources (ASX: ALY) to earn up to 80% interest in ALY Bryah Basin tenements
 - ▶ Auris (ASX: AUR)
 - ▶ Great Western Exploration (ASX: GTE) at North Yerrida
 - ▶ Enterprise Metals (ASX: ENT) to earn up to 75% interest in tenements to the south



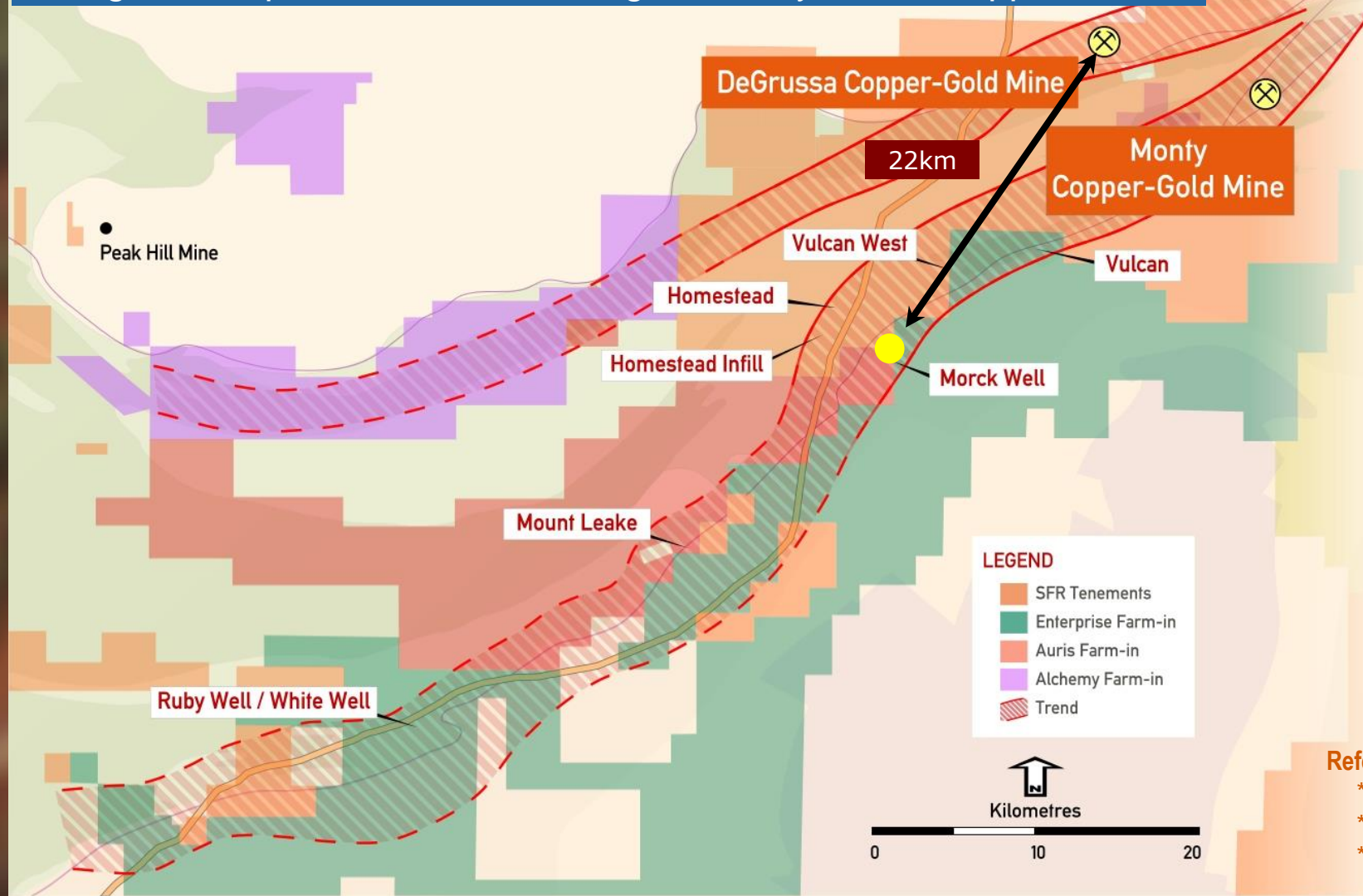


Exploration - Doolgunna



EXPLORATION

Doolgunna Exploration – Multi-Pronged and Systematic Approach



- ▶ Exploration continuing as priority along prospective VMS corridor hosting DeGrussa and Monty
- ▶ Systematic aircore drilling commenced in May at the Morck Well Project (Auris Farm-in)
 - ▶ Recent drilling intersected narrow zones of sulphide and supergene copper mineralisation
 - ▶ First sulphides to be intersected outside of DeGrussa and Monty *
 - ▶ Deep RC drilling and DHEM surveying underway

Refer ASX releases:

- * "Doolgunna Project – Exploration Update" dated 15 May 2018
- * "Doolgunna Project – Exploration Update" dated 21 May 2018
- * "Doolgunna Project – Exploration Update" dated 25 May 2018



Exploration – East Coast



EXPLORATION

Targeting world-class discoveries in Australia's premier exploration provinces



Northern Territory

- ▶ Active drilling by JV partners in Borroloola tenements

Queensland Base Metals

- ▶ 2,400km² in Mt Isa-Cloncurry province including 100km strike length with potential for Broken Hill/Cannington-style and IOCG mineralisation
- ▶ Key targets include 100%-owned, Strathfield, Breena Plains and Cannington West projects

NSW Base Metals

- ▶ 2,100km² in Lachlan Fold Belt with outstanding potential for porphyry mineralisation
- ▶ Porphyry centre identified at 100%-owned Temora Project – evaluation of recent drilling at Donnington, Mandamah
- ▶ Number of priority gold and base metal targets

Strategy: Acquire the best ground with potential for a significant discovery that can be quickly developed.



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DEVELOPMENT



Development – Black Butte Copper Project, USA



- ▶ 86% stake in copper development subsidiary Sandfire Resources America Inc. (TSX-V: SFR) – ~A\$60M invested to date:
 - ▶ Acquisition cost equivalent to ~US\$4c/lb of contained copper in resource
- ▶ Black Butte: an advanced, high quality copper project in a stable jurisdiction:
 - ▶ Mineral Resource: 18Mt at 3.3% Cu, 14g/t Ag, 0.10% Co for 597,000t of copper, 7,980,000oz of silver and 18,000t of cobalt (JORC)*
- ▶ One of the top-10 undeveloped copper projects worldwide by grade
- ▶ Outstanding near-mine and district-wide exploration potential
- ▶ **Mine Operating Permit (MOP) for Johnny Lee copper deposit found to be “Complete and Compliant” by Montana Department of Environmental Quality (DEQ) – highly engineered, state-of-the-art underground mine**
- ▶ **Draft Environmental Impact Statement (EIS) expected early Q3 FY2019**
- ▶ **Feasibility Study and metallurgical testwork underway**
- ▶ **Potential to commence development mid CY2019 – anticipated 2-year construction period with operations over 11-14 years**

* Refer SFR ASX release, 19 October 2017, “Sandfire Group JORC Mineral Resource and Ore Reserve Statement”.



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OUTLOOK



COMMODITIES COMMENT

LME Summit poll:

Lots of love for copper.

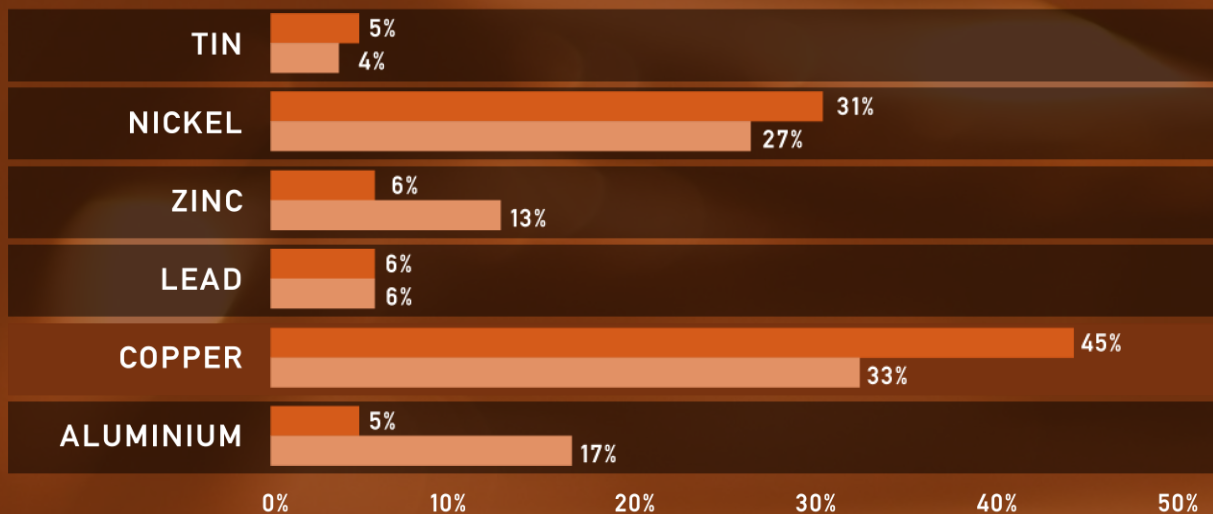
SALES DESK MACRO STRATEGY
MACQUARIE WEALTH MANAGEMENT

COMMODITIES - 8 October 2018 Global

LME cash price	US\$/tonne	% change day on day
Aluminum	2,063	-3.0
Copper	6,174	0.1
Lead	1,948	-1.5
Nickel	12,496	-0.3

Preferences - long on 12-month view

● 2018 ● 2017



Preferences - short on 12-month view

● 2018 ● 2017



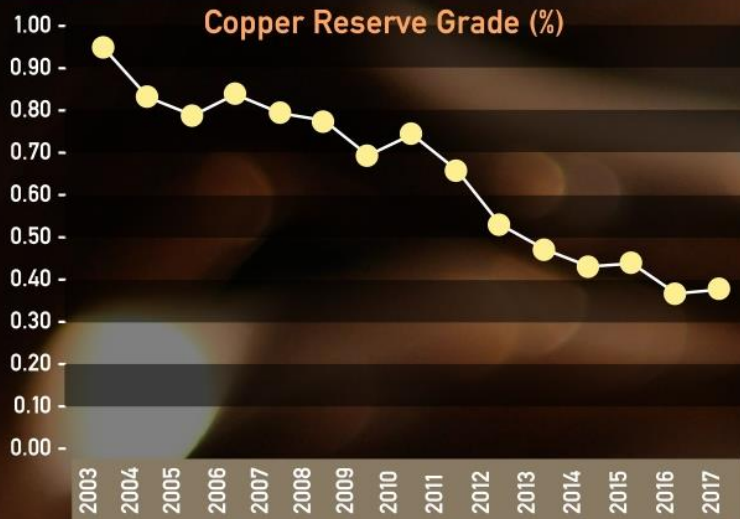
Source: Macquarie Commodities Strategy, October 2018

COPPER

DECLINING GRADES, FALLING PRODUCTION....

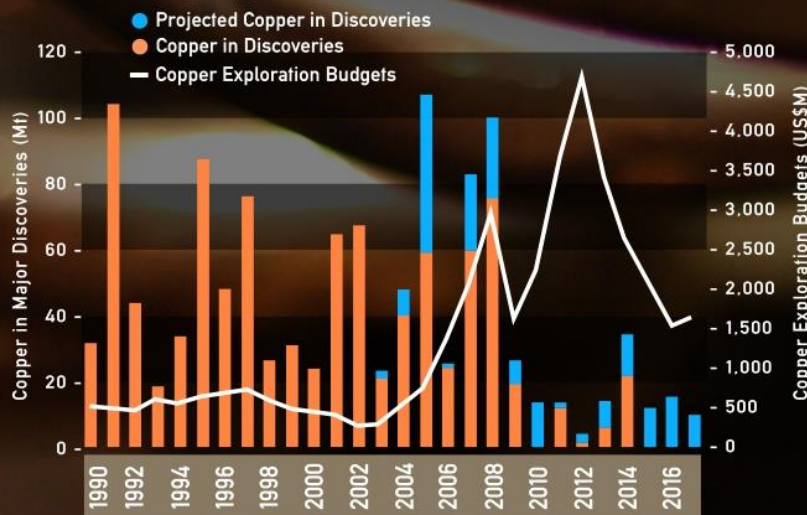
- ▶ Continued decline in global copper mine reserve grade and steady decline in number of new discoveries
- ▶ Supply not able to meet demand over the long run at current prices
- ▶ Mine supply growth forecast to slow down after 2020
- ▶ Citi estimates only a small fraction of ~35% of potential projects will/can come online over the next decade
- ▶ New demand being driven by explosive growth in EV/lithium-ion battery sector and major new infrastructure projects (e.g. One Belt, One Road Initiative – a US\$1.3trillion spend to 2023 over 115 countries)

Global Copper Producer Reserve Grade
(As reporting by Bloomberg)



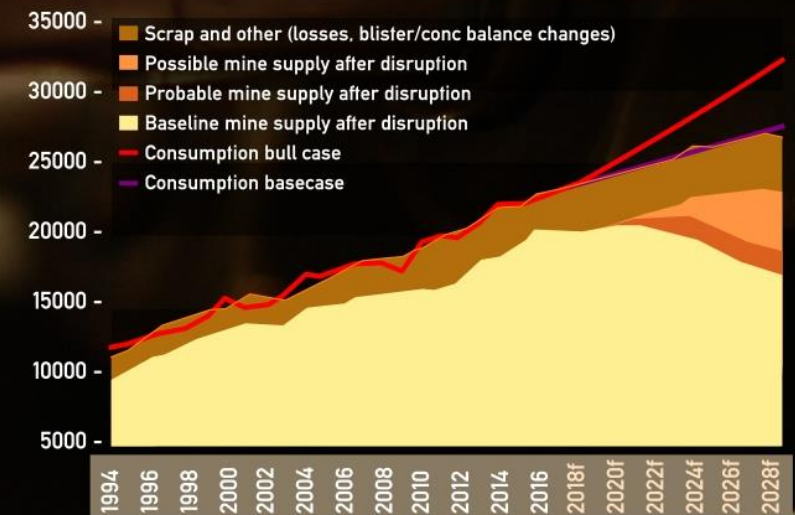
SOURCE: S&P Global Market Intelligence

Copper in Major Discoveries by Year
1990 - 2017



Data as of July 18, 2018

Mine supply growth slows down post 2020 to half of its long run trend growth & nearly a quarter of its recent trend



SOURCE: Citi Research, Wood Mackenzie

BHP predicts that a structural deficit in copper will open in the early 2020s.

Copper

Top Projects

- ▶ 84 copper projects analysed which are set to form >75% of the new copper supply in the near future
- ▶ Incentive price to bring new projects online has increased dramatically by ~35%
- ▶ More than 80% of the unapproved projects we analyse are uneconomic at current prices

Deficit delayed, not denied

WORLD'S DEMAND FOR METALS DOUBLES EVERY 20-30 YEARS

PRIMARY COPPER PRODUCTION FOR WORLD: 1900-2050

Mt pa Cu

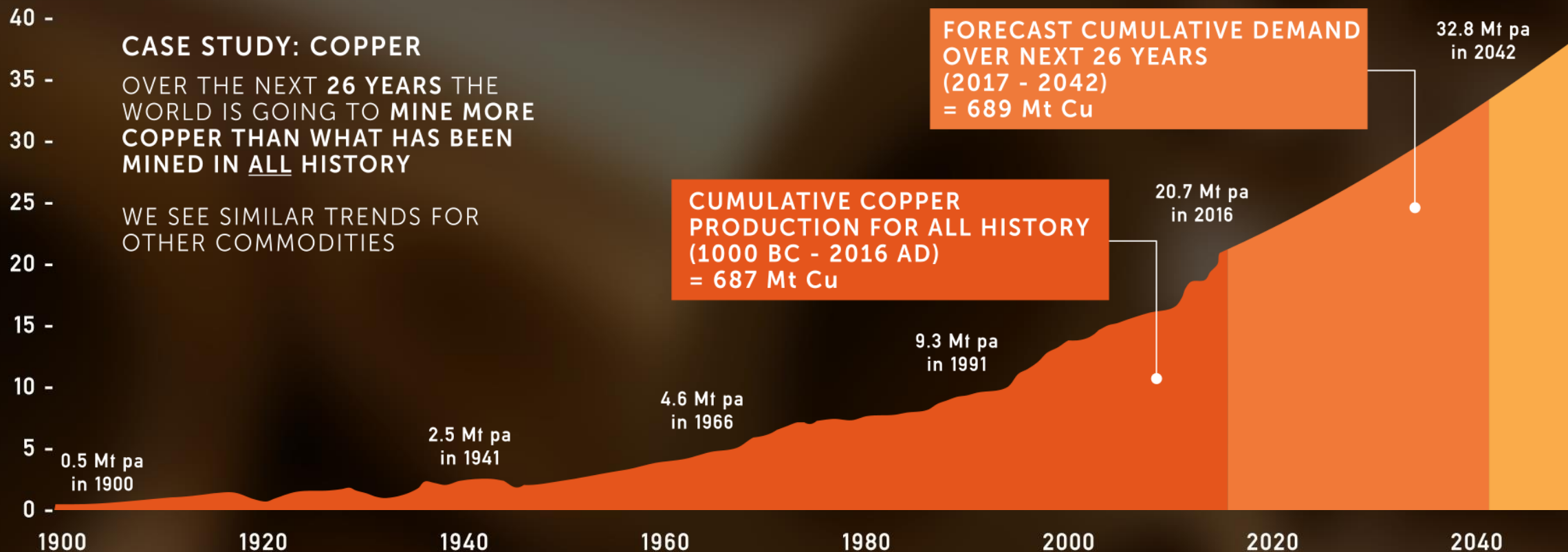
CASE STUDY: COPPER

OVER THE NEXT 26 YEARS THE WORLD IS GOING TO **MINE MORE COPPER THAN WHAT HAS BEEN MINED IN ALL HISTORY**

WE SEE SIMILAR TRENDS FOR OTHER COMMODITIES

FORECAST CUMULATIVE DEMAND
OVER NEXT 26 YEARS
(2017 - 2042)
= 689 Mt Cu

CUMULATIVE COPPER
PRODUCTION FOR ALL HISTORY
(1000 BC - 2016 AD)
= 687 Mt Cu



Source: MinEx Consulting © June 2017 based on historical data from USGS and the Australian Department of Industry

Long term trends in global exploration – are we finding enough metal? – Prof. Richard Schodde

11th Fennoscandian Exploration and Mining Conference – 31st October 2017, Levi, Finland



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Thank you.