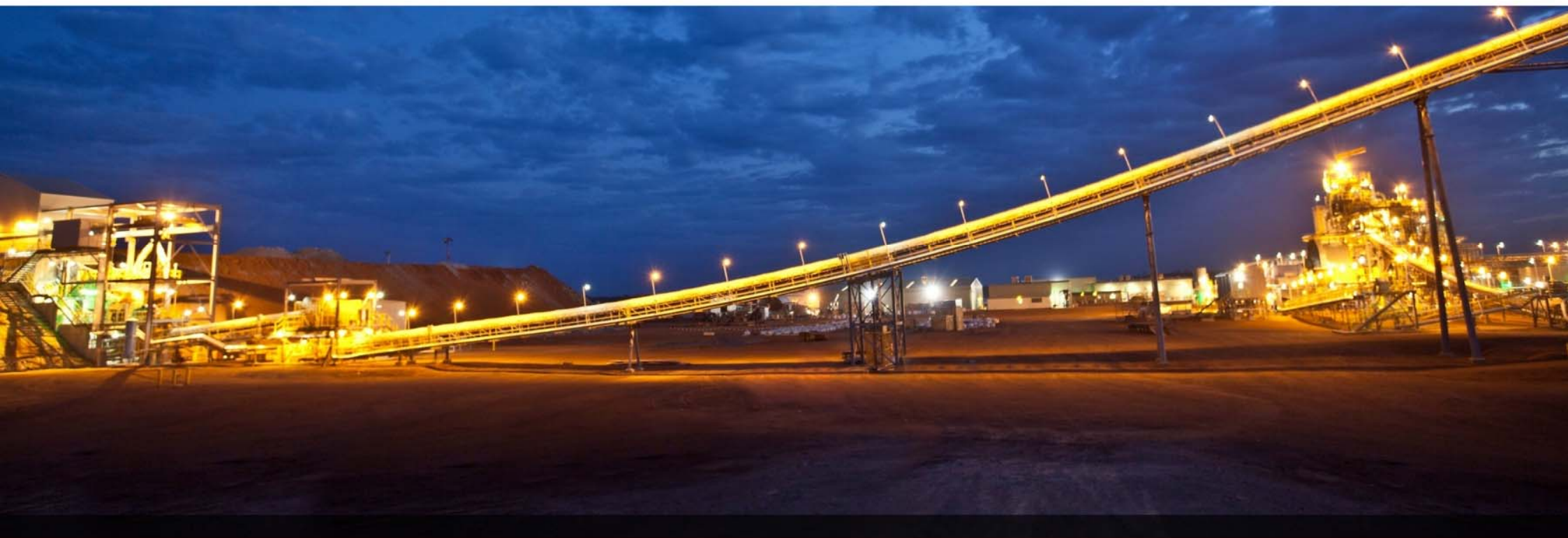




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A PREMIER AUSTRALIAN COPPER PRODUCER



December 2014 Half-Year Results Webcast – 26 February 2015

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Operations Update

Mike Spreadborough – Chief Operating Officer

1H FY2015 in Review

1H FY2015 production; FY2015 guidance and business development

- **1H FY2015 production:** 31,413t copper and 17,737oz gold; C1 US\$1.22/lb
- **Processing plant optimisation** programs delivering results
- **Underground mining impacted by water ingress;** production and development recommenced and returned to previous levels
- **Release of maiden C4 Ore Reserve and mine life extension to mid-2021**
- **Doolgunna exploration programs accelerating** under \$15M Talisman Mining Joint Venture; Sipa acquisition completed in late January 2015
- **FY2015 production guidance:** 65-68,000t copper, 36-38,000oz gold: C1 cash cost range of US\$1.10-1.20/lb
- **Secured cornerstone position in advanced, high-grade USA copper project** via 36% stake (C\$16M) in US copper developer Tintina Resources (TSX-V: TAU)
- **Drilling commenced** at Misima Project (WCB Resources: SFR 38%) targeting potential porphyry copper discovery



1H FY2015 in Review

Mid-Quarter Update

- Mine production running at +1.5Mtpa rates
- Mine grade on target for guidance
- ROM stocks restored: exceeding 50,000t at 6% Cu
- First C4 development ore intersected; development program on target for first stope ore from early FY2016
- C5 Mineral Resource and exploration drilling continues
- All elements of the Processing Improvement Projects have been commissioned with optimisation underway
- Immediate benefits of improvement projects being realised: improved grind optimisation, recovery lift and reduced operating costs (power, consumables)



1HFY2015 in Review

Processing Improvements

- Pebble crusher operation has allowed increased scatted out of the SAG mill leading to improved grind optimisation and throughput
- SAG screen has reduced recycle load on the SAG mill and balance operation of the SAG and Ball mill; significant improvement in grind management, SAG mill throughput and increased recovery
- SAG mill ball charge lowered significantly (to below 4%) while allowing increased throughput rates (up to 225tph)
- Achieved +20% reduction in SAG Mill power draw
- Column flotation cell optimisation underway: original recovery improvement target (plus 1%) exceeded
- Lift in concentrate grade (plus 0.5% Cu)





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Financial Results for 1HFY2015

Matthew Fitzgerald – Chief Financial Officer

Headline Financial Results for the Half-Year Ended 31 December 2014

Sandfire maintains dividend payments following strong operational and financial performance



- Sales revenue of **\$264.2M**
- Strong cash flow from operating activities of **\$100.3M** (**\$112.8M** prior to payments for exploration and evaluation expenses)
- DeGrussa Mine earnings before net finance and income tax of **\$68.1M**
- Profit before net finance and income tax of **\$50.3M**
- Profit before income tax of **\$44.9M**
- Net profit after tax **\$30.6M** (no tax payable for 1HFY2015)
- Earnings per share of **19.62cps** (basic and diluted)
- Interim dividend of **3.0cps** (unfranked)
- Cash at 31 December 2014 of **\$45.8M**; finance facility balance reduced to **\$130.0M**

December 2014 Half Year Presentation – Headline Income

Income Statement Review – Key Results

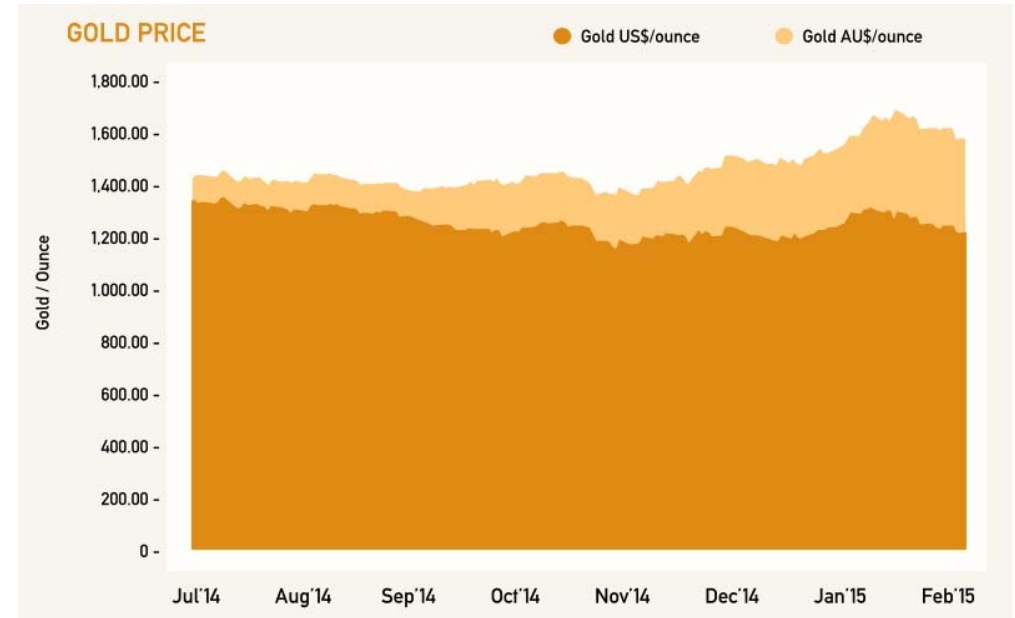
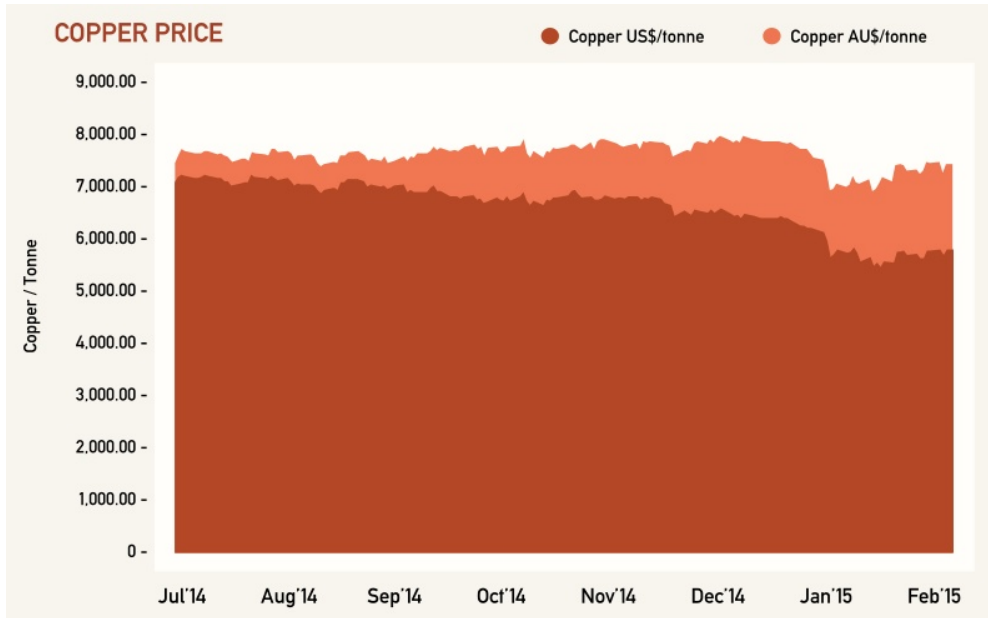
(\$'000)	Dec 2014	Dec 2013
Sales revenue	264,236	249,609
Profit before net finance and income tax	50,279	55,943
Net finance expense	(5,407)	(8,190)
Profit before income tax	44,872	47,753
Income tax expense	(14,309)	(14,249)
Net profit for the period	30,563	33,504

- Maintained revenue from copper and gold production – AUD copper prices remain robust, with declines in USD copper offset in part by the lower AUD
- Profit before income tax includes \$3.7M share of net losses of Tintina and WCB and valuation movement of share warrants, \$7.7M water ingress expense
- Income tax expense booked on profit result, however no tax payable for the 1H FY2015; tax payments expected to commence in March/June 2015 Quarters



Commodity Prices and Exchange Rate

Market rates – copper and gold



December 2014 Half Year Presentation

Income Statement Review – Operating Segments



(\$'000)	DeGrussa Mine 1HFY2015	Other Operations		Group 1HFY2015
		Exploration	Other	
Sales revenue	264,236	-	-	264,236
Metal and price adjustment gains (losses)	(13,621)	-	-	(13,621)
Other income	4,311	-	-	4,311
Changes in inventories of finished goods and work in progress	(10,602)	-	-	(10,602)
Mine operations costs	(56,570)	-	-	(56,570)
Employee benefit expenses	(17,033)	(3,484)	(1,097)	(21,614)
Freight, treatment and refining expenses	(40,860)	-	-	(40,860)
Royalties expense	(12,220)	-	-	(12,220)
Exploration and evaluation expenses	-	(9,025)	-	(9,025)
Depreciation and amortisation expenses	(41,836)	(97)	(119)	(42,052)
Water ingress expense	(7,683)	-	-	(7,683)
Share of net loss equity accounted investments	-	(1,706)	-	(1,706)
Administrative expenses	-	-	(2,315)	(2,315)
PROFIT BEFORE NET FINANCE AND INCOME TAX	68,122	(14,312)	(3,531)	50,279

December 2014 Half Year Presentation

Balance Sheet Review



(\$'000)	Dec 2014	Jun 2014
ASSETS		
Cash and cash equivalents	45,760	57,590
Trade and other receivables	12,487	14,531
Inventories	27,865	36,501
Other current assets	1,152	2,005
Total current assets	87,264	110,627
Receivables	139	174
Inventories	11,698	11,698
Mine properties	195,272	194,894
Property, plant and equipment	227,059	227,022
Investments - equity method	14,814	3,829
Other financial assets	4,957	2,310
Exploration and evaluation assets	3,148	3,148
Total non-current assets	457,087	443,075
TOTAL ASSETS	544,351	553,702

- Cash – includes \$17M relating to finance facility
- Inventories – Port and site concentrates, ore stockpiles and stores
- Mine properties – Underground development continues
- Property, plant and equipment – Plant improvement projects
- Investments and other financial assets – Tintina and WCB shares and warrants

December 2014 Half Year Presentation

Balance Sheet Review



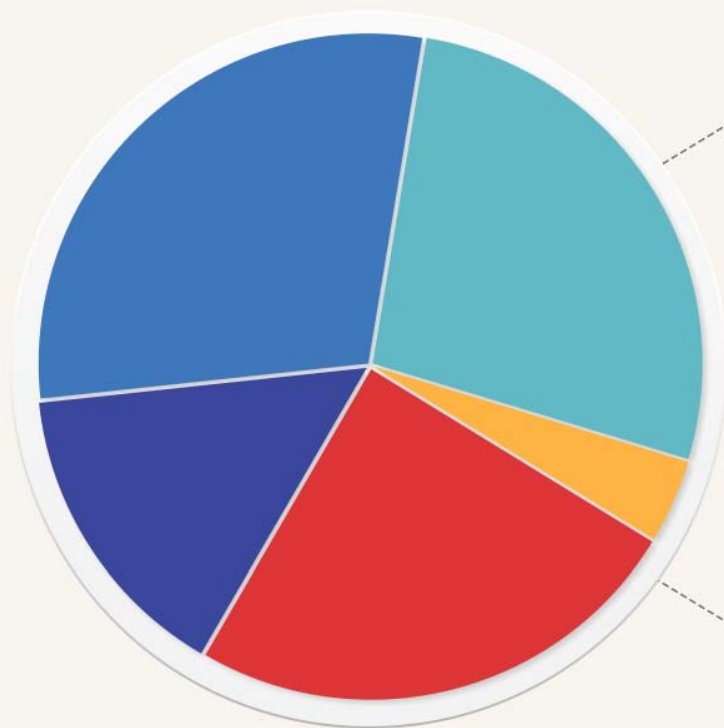
(\$'000)	Dec 2014	Jun 2014
LIABILITIES		
Trade and other payables	33,028	45,359
Interest bearing liabilities	128,932	75,979
Provisions	2,891	2,672
Total current liabilities	164,851	124,010
Trade and other payables	195	763
Interest bearing liabilities	1,105	84,616
Provisions	23,414	21,654
Deferred tax liabilities	45,158	30,851
Total non-current liabilities	69,872	137,884
TOTAL LIABILITIES	234,723	261,894
NET ASSETS	309,628	291,808

- Finance facility – \$30M repaid during 1HFY2015, \$130M remaining (current)
- 2HFY2015 – \$45M total scheduled quarterly repayments
- 1HFY2016 – \$85M total scheduled quarterly repayments

December 2014 Half Year Presentation

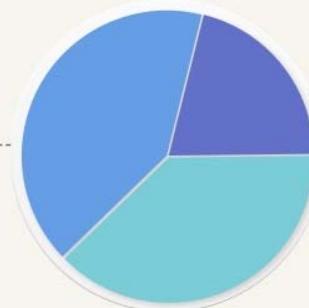
Cash Flow Review

USES OF CASH GENERATION:



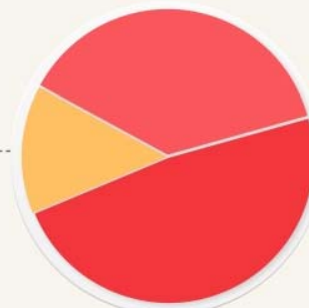
- Finance Facility Repayment & Interest Costs - \$33.8M
- Mine Development - \$31.2M
- Interim Dividend - \$4.7M
- Exploration & Evaluation Activities - \$28.4M
- Property, Plant and Equipment - \$17.2M

DEBT AND CAPITAL REQUIREMENTS:



- Finance Facility Repayment & Interest Costs - \$33.8M
- Property, Plant & Equipment - \$17.2M
- Mine Development - \$31.2M

DIRECT AND INDIRECT SHAREHOLDER RETURN:



- Exploration & Evaluation Activities - \$12.5M
- Tintina Resources - \$15.9M
- Interim Dividend - \$4.7M



2HFY2015 key drivers

Expecting a strong second half to FY2015

- Mine grade, plant and recovery improvements to drive ~4kt higher Cu production than 1HFY2015
- Once-off water ingress costs of \$7.7 million in 1HFY2015
- ~13,000t Cu sales remains subject to QP pricing at 31 December 2014 (at ~US\$6,300/t)
- A\$ copper and gold prices remain robust; reducing diesel consumption and pricing



Summary and Outlook

Continued strong outlook for the remainder of FY2015 and beyond

- 1HFY2015 production: 31,413t copper; 17,737oz gold; C1 US\$1.22/lb
- Plant optimisation projects delivering immediate results
- Strong and consistent outlook for remainder of FY 2015:
 - FY2015 guidance: 65-68kt Cu, 36-38koz gold at C1 US\$1.10-1.20/lb
- Strong operating cash flow:
 - \$112.8M prior to exploration and evaluation expenses
 - 3c per share interim dividend (unfranked)
 - \$30M repayments reduce finance facility to \$130M
- Cornerstone position acquired in high-grade USA copper project
- Drilling at Misima Tier-1 porphyry copper-gold opportunity

A premier Australian copper-gold company





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