

28 February 2023

ASX Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

Sandfire Resources Ltd (**Sandfire** or **the Company**) is pleased to attach the following items for immediate release to the market:

1. **Half-Year Financial Report** for the six months ended 31 December 2022 and **Appendix 4D**;
2. ASX release titled **December 2022 Half Year Financial Results**, relating to the Company's half-year financial results; and
3. **December 2022 Half Year Financial Results Presentation**.

In addition, a teleconference and live webcast on the Company's financial results will be held for the investment community at 10.00am (AWST) / 1.00pm (AEST) today.

The Half-Year Financial Report, ASX release and accompanying slide presentation will be available via the ASX Company Announcements Platform (ASX Code: SFR) and Sandfire's website at www.sandfire.com.au.

A live webcast of the teleconference and synchronised slide presentation will also be available by [clicking here](#).

Yours sincerely

Sophie Raven
Company Secretary

28 February 2023

Appendix 4D

Half-Year ended 31 December 2022

Results for announcement to the market	US\$'000	Up / Down	Movement
Revenue from ordinary activities	431,713	Up	38%
Loss from ordinary activities after tax attributable to members	(27,082)	Down	(149%)

Net tangible assets	2023	2022
Net tangible assets per ordinary security	\$3.63	\$3.60

Dividend information	Amount per share (AUD)	Franked amount per share (AUD)
Interim dividend per share (cents per share)	-	-

Refer to the Director's Report and the Half-Year Financial Report for additional disclosures relating to the Appendix 4D.

This information should be read in conjunction with Sandfire's auditor reviewed 31 December 2022 Half-Year Financial Report, which is enclosed.

All comparisons reported above are to the half-year ended 31 December 2021. The Group's presentation currency is United States (US) dollars. Consequently, unless otherwise stated, all references to dollars are to US dollars.

For further information, please contact:
Sandfire Resources Ltd
Ben Crowley – Head of Investor Relations
Office: +61 8 6430 3800

Media Inquiries:
Read Corporate
Nicholas Read
Mobile: +61 419 929 046

This announcement is authorised for release by Sandfire's Acting CEO, Jason Grace.



Half-Year Financial Report

For the six months ended 31 December 2022

ASX Code: SFR

CORPORATE INFORMATION	1
IMPORTANT INFORMATION AND DISCLAIMER	2
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	12
CONSOLIDATED INCOME STATEMENT	13
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	14
CONSOLIDATED BALANCE SHEET	15
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
CONSOLIDATED STATEMENT OF CASH FLOWS	17
NOTES TO THE HALF-YEAR FINANCIAL REPORT	18
DIRECTORS' DECLARATION	27
INDEPENDENT AUDITOR'S REVIEW REPORT	28

CORPORATE INFORMATION

ABN 55 105 154 185

Directors

John Richards	<i>Independent Non-Executive Chair</i>
Roric Smith	<i>Independent Non-Executive Director</i>
Sally Langer	<i>Independent Non-Executive Director</i>
Jennifer Morris OAM	<i>Independent Non-Executive Director</i>
Robert Edwards	<i>Independent Non-Executive Director</i>
Sally Martin	<i>Independent Non-Executive Director</i>

Company Secretary

Sophie Raven

Registered Office and Principal Place of Business

Level 2, 10 Kings Park Road
West Perth WA 6005
Tel: +61 8 6430 3800
Fax: +61 8 6430 3849
Email: admin@sandfire.com.au
Web: www.sandfire.com.au

Share Registry

Automic Group Limited
Level 5, 191 St Georges Terrace
Perth WA 6000
Tel: 1300 288 664 (within Australia)
+61 2 9698 5414 (outside Australia)
Fax: +61 2 8583 3040
Email: 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

ASX Code

Sandfire Resources Limited shares are listed on the Australian Stock Exchange (ASX).
Ordinary fully paid shares: SFR

Forward-Looking Statements

Certain statements made during or in connection with this report contain or comprise certain forward-looking statements regarding Sandfire's Mineral Resources and Reserves, exploration and project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Sandfire believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statements and no assurance can be given that such expectations will prove to have been correct.

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 report that relates to Exploration Results, is based on information compiled by Mr Richard Holmes who is a Fellow 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 report of the matters based on his information in the form and context in which it appears.

ASX releases referred to in this report:

'Sandfire December 2022 Quarterly Report' released to the Australian Securities Exchange (ASX) on 24 January 2023.

'Near-mine Exploration Success at MATSA' released to the ASX on 24 January 2023.

'Motheo Copper Project Expansion DFS' released to the ASX on 30 August 2022.

'37Mt Ore Reserve cements foundation for long-term growth at Sandfire's MATSA Operations' released to the ASX on 28 July 2022.

'147Mt Mineral Resource sets strong foundation for optimisation and long-term growth at MATSA' released to the ASX on 30 June 2022.

'Maiden Ore Reserve for A4 Deposit and PFS confirms 5.2 Mtpa 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 approves development of new long-life copper mine in Botswana' released to the ASX on 1 December 2020.

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 six months ended 31 December 2022 and the independent auditor's review report thereon.

Directors

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

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

Principal Activities

The principal activities of the Group during the six months ended 31 December 2022 were:

- Production and sale of copper, zinc and lead concentrates, containing silver by-products from the Group's 100% owned MATSA Operations in Spain;
- Production and sale of copper concentrate, containing gold and silver by-products from the Group's 100% owned DeGrussa Copper Operations in Western Australia;
- Development of the Motheo Copper Mine, evaluation and development of the Motheo Expansion Project in Botswana;
- Evaluation of Sandfire Resources America Inc.'s high-grade Black Butte Copper 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.

Operational and financial review

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 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.

Safety Performance

The Total Recordable Injury Frequency Rate (TRIFR) for the Group as at 31 December 2022 was 2.1 compared with 3.8 as at 30 June 2022. Safety system developments continue to focus on the prevention of incidents and principal hazard management, with programs to assist in managing and improving the safety culture and the management of risk for both employees and contractors.

MATSA Operations, Spain

Located in the Huelva Province of south-western Spain, the MATSA Operations (MATSA) consist of three underground mines and a 4.7Mtpa central processing facility. MATSA generates revenue from the delivery and sale of copper, zinc and lead concentrates with silver by-products.

Overview

Production for the 6 months to 31 December 2022 was 26,435 tonnes of contained copper, 39,290 tonnes of contained zinc, 4,398 tonnes of contained lead and ~1.2 million ounces of contained silver. The production summary for the half-year is provided below.

MATSA Production Statistics		Units	Sep 2022 Quarter	Dec 2022 Quarter	HY 2023
Mining	Total Ore	Tonnes	1,125,250	1,052,960	2,178,210
	Ore – Cupriferous	Tonnes	456,684	205,461	662,145
	Grade – Cupriferous	Cu%	1.4	1.6	1.5
	Ore - Poly	Tonnes	668,566	847,499	1,516,065
	Grade – Poly	Cu%	1.7	1.7	1.7
	Grade – Poly	Zn%	4.1	3.4	3.7
Concentrator	Total Milled	Tonnes	1,077,749	1,052,853	2,130,602
	Ore – Cupriferous	Tonnes	408,991	291,137	700,128
	Grade – Cupriferous	Cu%	1.7	1.5	1.6
	Ore - Poly	Tonnes	668,758	761,716	1,430,474
	Grade – Poly	Cu%	1.7	1.7	1.7
	Grade – Poly	Zn%	4.1	3.6	3.8
Concentrate Produced	Concentrate	Tonnes	122,442	111,775	234,217
	Contained Copper	Tonnes	13,747	12,688	26,435
	Contained Zinc	Tonnes	19,535	19,755	39,290
	Contained Lead	Tonnes	2,477	1,921	4,398
	Contained Silver	Ounces	~0.6Moz	~0.6Moz	~1.2Moz

Mining and production statistics are rounded to the nearest 0.1% Cu and Zn grade. Errors may occur due to rounding.

Underground Mining

Mining at MATSA continued across all three mines for the half-year with the Aguas Teñidas Mine and Sotiel Mine delivering production rates in line with expectations. Mine production at the Magdalena Mine was lower than planned due to localised poor ground conditions in the main production areas during the December 2022 Quarter. This resulted in changes to the mine plan that restricted the supply of cupriferous ore and delivered an increased supply of Poly ore at a lower zinc grade.

As at the end of the period, mining at Magdalena was advancing well with high grade cupriferous ore deferred from the half-year now planned for extraction during the second half of the 2023 financial year.

Operational and financial review (continued)

Processing

Processed tonnes for the half-year were slightly below expectations due to the restricted supply of cupriferous ore from the Magdalena Mine in the December 2022 Quarter. As a result, opportune maintenance was undertaken on Processing Line 1 (dedicated cupriferous processing line) in December to bring forward planned maintenance scheduled for the June 2023 Quarter and ensuring plant availability is maximised for the second half of the 2023 financial year.

Sales & Marketing

A total of 237,218 tonnes of concentrate was sold for the half-year containing 25,019 tonnes of copper, 32,813 tonnes of Zinc, 4,125 tonnes of lead and 0.8 million ounces of silver.

Exploration

The Group holds a significant landholding in the Iberian Pyrite Belt of Spain and Portugal and is continuing to test near-mine and greenfield targets.

As announced to the market on 24 January 2023, recent underground drilling has delineated a new zone (San Pedro Zone) of volcanic massive sulphide (VMS) copper-zinc-silver mineralisation adjacent to the Aguas Teñidas Mine. Encouraging widths and grades of VMS copper-zinc-silver mineralisation have been intersected to date and 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.

Further details in relation to these exploration projects and activities can be found on the Company's website www.sandfire.com.au and in the Company's December 2022 Quarterly Report ASX announcement, dated 24 January 2023.

DeGrussa Copper Operations, Western Australia

The DeGrussa Copper Operations (DeGrussa) are located approximately 900km north-east of Perth in Western Australia and include the high-grade DeGrussa and Monty Copper-Gold Mines.

Overview

Production for the 6 months to 31 December 2022 was 21,652 tonnes of contained copper and 12,777 ounces of contained gold. The production summary for the half-year is provided below.

DeGrussa Production Statistics		Units	Sep 2022 Quarter	Dec 2022 Quarter	HY 2023
Mining	Total Ore	Tonnes	437,196	11,510	448,706
	Copper Grade	%	3.9	4.1	3.9
	Gold Grade	g/t	1.5	1.9	1.5
Concentrator	Milled	Tonnes	385,110	330,192	715,302
	Copper Grade	%	4.1	2.6	3.4
	Gold Grade	g/t	1.4	1.0	1.3
Concentrate produced	Concentrate	Tonnes	60,635	32,103	92,738
	Contained Copper	Tonnes	14,309	7,343	21,652
	Contained Gold	Ounces	8,215	4,562	12,777
	Contained Silver	Ounces	~67koz	~38koz	~0.1Moz

Mining and production statistics are rounded to the nearest 0.1% Cu grade and 0.1 g/t Au grade. Errors may occur due to rounding.

Underground Mining

Underground mining operations have been completed at DeGrussa, with the final stopes extracted and hauled to surface in October 2022.

Processing

Processing of run-of-mine (ROM) sulphide ore was completed in October 2022, with the Company transitioning to the processing of transitional stockpiles and mineralised waste stockpiles remaining on site at the end of ROM operations. This process is based on utilising the existing DeGrussa flotation plant with minimal circuit changes, adopting a simplistic approach to treat whole stockpiles with oxide reagents.

Successful plant-scale trials on processing oxide copper stockpiles were also completed during the half-year and confirmed the opportunity to extend processing up to June 2023 comprising approximately 600kt ore at 2% Cu, subject to ongoing technical and economic outcomes. Processing of certain oxide copper stockpiles commenced in January 2023 and will continue while cash-flow positive, with further processing dependent on an assessment of technical risk and economic viability.

Operational and financial review (continued)

Sales & Marketing

A total of 95,030 tonnes of concentrate was sold for the half-year containing 20,986 tonnes of copper and 11,785 ounces of gold. Ten shipments were completed from Port Hedland and Geraldton during the half-year.

Potential Divestment

The Group has initiated a formal sale process for the DeGrussa Copper Operations and related exploration tenure in Western Australia following a strategic review.

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

Motheo Copper Project, Botswana

The Motheo Copper Project (Motheo), where development commenced in FY2021, will initially mine a significant sediment-hosted copper and silver deposit (T3 Deposit). Located in the Kalahari Copper Belt in Botswana, the project is 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.

Motheo Copper Mine (3.2Mtpa) Development

Development at Motheo is proceeding on schedule, with first production expected early in the June 2023 Quarter. Construction activities are continuing with over 1,700 personnel on site.

Some of the key recent developments include:

- Construction activities nearing completion with over 1,700 personnel currently on site.
- Process Plant Structural, Mechanical and Piping (SMP) Contractor approximately 95% complete.
- Process Plant Electrical and Instrumentation (E&I) Contractor approximately 85% complete.
- Tailings Storage Facility (TSF) lining works more than 95% complete and tailings pipeline installation underway.
- HV switching station commissioned and connected to the Botswana Power Corporation Grid in late December 2022, with the HV 132/11 kV sub-station commissioned in January 2023, completing the power supply for the project.
- Primary crusher structure complete and all crusher mechanicals nearing completion.
- SAG Mill fully assembled, alignments completed and mill lining to be completed during February 2023.
- Open pit mining operations continuing on a 24-hour basis, with pre-strip advancing on schedule with 10.0 million bank cubic metres (BCM) mined to date (to end of January 2023), and initial commissioning ore stockpiled on the ROM Pad.
- Commissioning team mobilised and commenced commissioning activities in early January 2023.
- Work well advanced on the 5.2Mtpa expansion with the Environmental and Social Impact Assessment (ESIA) for the A4 Open Pit development submitted to the Botswana Department of Environmental Affairs (DEA) and engineering design for the expansion now 85% complete.

Motheo Expansion

On 30 August 2022, The Company announced the positive Definitive Feasibility Study for the 5.2Mtpa Motheo Copper Project Expansion inclusive of the A4 Deposit Ore Reserve. The Company has submitted the ESIA for the A4 Deposit to Botswana's DEA and delivery to site of the 4.5MW Ball Mill, the only long-lead equipment item, was completed in October 2022. Engineering design work for the expansion works was 70% complete by the end of the half-year.

Operational and financial review (continued)

Kalahari Exploration

The Group holds highly prospective exploration licences in the Kalahari Copper Belt of Botswana and Namibia representing a rare belt-scale exploration opportunity globally. Sandfire's landholding, comprising a strategic position extending over the central and western portion of the Kalahari Copper Belt, is prospective for sedimentary-style copper deposits and includes several high-priority targets located in close proximity to the advanced Motheo Copper Mine.

Further details in relation to these exploration projects and activities can be found on the Company's website www.sandfire.com.au and in the Company's December 2022 Quarterly Report ASX announcement, dated 24 January 2023.

Black Butte Copper Project, USA

Sandfire holds an 87% interest, via North American-listed company Sandfire Resources America Inc. (TSX-V: SFR) (Sandfire America), in the high-grade Black Butte Copper Project (Black Butte), located in central Montana in the United States. The planned mine development will utilise best-practice technology and modern mining techniques to develop a wholly-underground mine with minimal surface footprint thereby minimising environmental impact.

Legal Update

Sandfire America announced on 1 November 2022 that the necessary permits to appropriate water for the Black Butte Copper Project have been issued by the State of Montana Department of Natural Resources and Conservation (DNRC).

Refer to the Sandfire Resources America Inc. website www.sandfireamerica.com for further details on the project's status and latest updates.

Corporate

Equity Raising

During the half-year, the Group successfully completed a \$134.9 million (A\$200.0 million) equity raise at an offer price of A\$4.30 per share. The equity raise strengthened the Group's balance sheet, providing enhanced financial flexibility whilst ensuring the Group remains well funded to progress its ongoing strategic growth initiatives and exploration across its portfolio.

Finance Facilities

Sandfire executed a \$140.0 million Motheo Project Finance Facility (Facility) with Nedbank and Société Générale in September 2022 to fund the development of the Motheo Copper Mine. The Facility has a 7-year tenure with scheduled repayments commencing in December 2023. The first two tranches totalling \$110.0 million have been drawn down, with the balance expected to be drawn in the second half of the 2023 financial year.

The 5.2Mtpa Motheo Expansion Project and mining of the A4 Deposit will be funded via a combination of existing cash, operating cash flows and an additional \$40.0 to \$60.0 million of Project debt which is currently being negotiated, and is expected to be completed prior to the end of the 2023 financial year.

The Group repaid \$118.0 million of the MATSA Syndicated Debt Facility during the half-year, with an \$80.0 million repayment made subsequent to period end on 31 January 2023.

The Corporate Debt Facility with ANZ was fully repaid during the half-year, repayments of \$97.5 million (A\$150.0 million) and \$33.4 million (A\$50.0 million) were made on 30 September 2022 and 30 December 2022 respectively.

Hedging

MATSA hedging as at 31 December 2022 comprised 56,136 tonnes of copper hedged under committed swaps at an average price of \$4.08/lb with a tenor out to January 2025, and 62,641 tonnes of zinc production hedged at an average price of \$1.26/lb. The end of period unrealised mark-to-market gain on MATSA hedging was \$27.9 million.

Additionally, DeGrussa hedging as at 31 December 2022 comprised 10,600 tonnes of copper at an average price of \$3.80/lb with a tenor out to July 2023. The end of period unrealised mark-to-market gain on DeGrussa hedging was \$0.1 million.

Operational and financial review (continued)

Group financial overview

	Units	HY 2023	HY 2022	Change \$	Change %
Sales revenue	\$000	431,713	311,752	119,961	38%
Group EBITDA ⁽ⁱ⁾	\$000	135,890	161,642	(25,752)	(16%)
Operations EBITDA ⁽ⁱ⁾⁽ⁱⁱ⁾	\$000	174,611	205,459	(30,848)	(15%)
Net (loss) / profit after tax	\$000	(28,278)	54,391	(82,669)	(152%)
Cash flows from operating activities	\$000	(6,805)	101,072	(107,877)	(107%)
Cash flows from operating activities excluding E&E and tax	\$000	68,240	193,112	(124,872)	(65%)
Cash flows from investing activities	\$000	(134,437)	(305,301)	170,864	56%
Cash and cash equivalents	\$000	263,690	1,201,705	(938,015)	(78%)
Operations EBITDA margin	%	40%	66%	(26%)	(39%)
Basic earnings per share	Cents	(18.9)	14.2	(33.1)	(233%)

Net profit after tax to cash earnings reconciliation

	Units	HY 2023	HY 2022	Change \$	Change %
Net (loss) / profit after tax	\$000	(28,278)	54,391	(82,669)	(152%)
Tax	\$000	(5,814)	33,981	(39,795)	(117%)
Depreciation & amortisation	\$000	137,815	76,444	61,371	80%
Net finance costs	\$000	32,167	(3,174)	35,341	(1113%)
Group EBITDA ⁽ⁱ⁾	\$000	135,890	161,642	(25,752)	(16%)
Impairment	\$000	2,237	-	2,237	100%
Exploration and evaluation expenses	\$000	20,006	22,618	(2,612)	(12%)
Corporate and other	\$000	16,478	21,199	(4,721)	(22%)
Operations EBITDA ⁽ⁱ⁾⁽ⁱⁱ⁾	\$000	174,611	205,459	(30,848)	(15%)

* The Board does not use Net (loss) / profit after tax as a measure of operational business performance. Under the Group's periodic disclosure obligations per ASX Listing Rules, it discloses Group EBITDA and Operations EBITDA in its Quarterly Reports which are key measures used to assess operational performance.

(i) Group EBITDA and Operations EBITDA are non IFRS measures. These measures are presented to enable a better understanding of the operations of the Group and are reconciled to statutory net profit/ (loss) in the table above.

(ii) Operations EBITDA comprises total revenue, other gains or losses and operating cost (defined on page 9) for the MATSA and DeGrussa segments.

DIRECTORS' REPORT

Operational and financial review (continued)

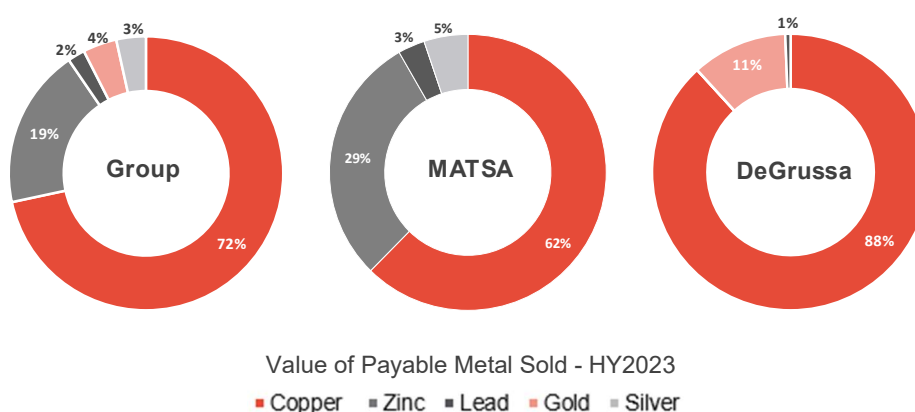
Revenue

Total Group revenue increased by \$119.9 million to \$431.7 million due to the inclusion of MATSA sales offset by decreased copper production and sales at DeGrussa with the processing of higher grade ROM sulphide ore at DeGrussa ceasing in October 2022.

	MATSA \$000	DeGrussa \$000	Group HY 2023 \$000
Gross value of metal payable sold ⁽ⁱ⁾	323,180	185,399	508,579
Quotational period (QP) price adjustment gain / (loss)	(4,166)	(656)	(4,822)
Hedge gain / (loss)	12,871	1,211	14,082
Value of payable metal sold	331,885	185,954	517,839
Port services and sea freight	(31,283)	-	(31,283)
Treatment and refining charges	(42,552)	(12,291)	(54,843)
Total Revenue	258,050	173,663	431,713

(i) Value of metal payable sold is a non IFRS measure. This measure is presented to enable a better understanding of the operations of the Group and is reconciled to total statutory revenue above.

Copper Dominant Revenue Stream



Operating costs and Operations EBITDA

Group Operating costs were \$260.4 million delivering a Group Operations EBITDA margin of 40% for the half-year. Operating costs during the period were impacted by elevated European energy costs at MATSA and heightened labour and supply inflation. At the end of the period energy costs had tracked downward since the September quarter peaks.

	Units	MATSA HY 2023	DeGrussa HY 2023	Group HY 2023
Operating costs ⁽ⁱ⁾	US\$M	165,654	94,772	260,426
Operations EBITDA	US\$M	94,620	79,991	174,611
Operations EBITDA Margin	%	37	46	40

(i) Operating costs include mine operations costs, freight expenses, employee benefit expenses, royalties expense and movements in inventories for the MATSA and DeGrussa segments.

Depreciation and amortisation

Group depreciation and amortisation charges for the period increased by \$61.4 million to \$137.8 million (31 December 2021: \$76.4 million) primarily due to the acquisition of MATSA.

Financing expense

Group net finance expense of \$32.2 million (31 December 2021: income of \$3.2 million) for the period consists of \$23.6 million in interest charges (calculated using the effective interest rate method) on borrowings plus \$8.7 million in foreign exchange losses on retranslation of foreign currency denominated balance sheet items.

Operational and financial review (continued)

Income tax expense / (benefit)

Income tax benefit of \$5.8 million for the period consists of current and deferred tax expense and is based on the accounting profit / (loss) of the Group entities, adjusted for permanent differences between tax and accounting treatments. The effective tax rate differential is predominantly driven by lower foreign tax rates which range from 19% to 27% in the jurisdictions in which the Group operates.

Financial Position

Net assets of the Group have increased by \$82.2 million to \$1,747.6 million during the half-year period.

Cash balance

Group cash on hand was \$263.7 million as at 31 December 2022 (30 June 2022: \$463.1 million). Net debt at period end was \$378.3 million (30 June 2022: \$324.7 million).

Trade and other receivables

Trade and other receivables include remaining funds to be received from the sale of concentrate subject to quotational period pricing finalisation. At 31 December 2022 \$32.3 million was receivable from customers (30 June 2022: payable of \$50.5 million).

Inventories

Current inventories have decreased by \$7.1 million to \$44.3 million primarily due to the depletion of run-of-mine (ROM) sulphide ore at DeGrussa following the completion of underground mining activities in October 2022.

Property, plant and equipment, including mine properties and assets under construction

The carrying value of property, plant and equipment (PPE), including mine properties and assets under construction, has increased by \$26.1 million to \$2,606.6 million at the end of the half-year driven by additions of \$175.2 million offset by depreciation and amortisation charges of \$137.8 million. Additions for the period includes transferred Motheo A4 exploration and evaluation assets of \$18.7 million and Motheo construction and development expenditure of \$106.2 million.

Trade and other payables

Trade and other payables predominantly comprises trade payables of \$128.1 million and accrued expenses of \$29.8 million. \$119.0 million of the trade payables balance relates to MATSA which operates under longer dated trading terms. At 30 June 2022 the trade and other payables balance also included a \$50.5 million payable to customers for quotational period pricing finalisations (31 December 2022: \$32.3 million receivable).

Interest bearing liabilities

Interest bearing liabilities outstanding at half-year end comprised \$532.0 million under the MATSA Syndicated Debt Facility and \$110.0 million under the Motheo Project Finance Facility. Refer to Note 11 for further details regarding the Group's borrowing arrangements.

Deferred tax liabilities

The Group has recorded a deferred tax liability (DTL) of \$493.1 million the majority of which was recognised on acquisition of MATSA. Spanish tax law does not permit a reset of the tax cost base of assets acquired under a business combination giving rise to a DTL on the purchase price allocation uplift. The DTL also relates to the timing of the tax deductions for MATSA capital expenditure.

Cash Flows

Operating activities

Net cash outflow from operating activities was \$6.8 million for the period impacted by \$30.1 million of tax payments relating to the 2022 financial year, \$17.7 million for exploration and evaluation activities and \$16.1 million of DeGrussa wind down expenditure. Prior to these impacts cash flows from operating activities were \$57.1 million.

Net cash flows from operating activities have also been impacted by an increase in receivables from customers, with \$32.3 million owing as at half-year end (30 June 2022: payable of \$50.5 million).

Operational and financial review (continued)

Investing activities

Net cash outflow from investing activities was \$134.4 million for the period including payments for property, plant and equipment and mine development of \$162.2 million, of which \$114.2 million relates to project development at the Motheo Copper Mine. This was partially offset by MATSA purchase price adjustments of \$28.0 million.

Financing activities

Net cash outflow from financing activities of \$47.1 million included \$248.9 million in debt repayments relating to the MATSA Syndicated Debt Facility (\$118.0 million) and the A\$200.0 million ANZ Corporate Facility (\$130.9 million) offset by proceeds from the A\$200.0 million (\$134.9 million) equity raise and \$110.0 million in drawdowns under the Motheo Project Finance Facility.

Significant events after the balance date

Subsequent to period end the outstanding MATSA Syndicated Debt Facility balance was reduced to \$452.0 million following the 31 January 2023 scheduled repayment of \$80.0 million. No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or Group's state of affairs in future financial years.

Signed in accordance with a resolution of the Directors.



John Richards
Non-Executive Chairman



Jason Grace
Acting Chief Executive Officer

West Perth, 27 February 2023

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

27 February 2023

Dear Directors

Auditor's Independence Declaration to Sandfire Resources Limited and its controlled entities

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 review of the financial statements of Sandfire Resources Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



David Newman
Partner
Chartered Accountants

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 \$000	31 Dec 2021 \$000
Sales revenue	5	431,713	311,752
Other gains / (losses)		3,491	1,546
Changes in inventories of finished goods and work in progress		(5,639)	2,404
Mine operations costs		(176,046)	(52,893)
Employee benefit expenses		(50,995)	(23,573)
Freight expenses		(28,382)	(28,318)
Royalties expense		(8,420)	(16,603)
Exploration and evaluation expenses		(20,006)	(22,618)
Impairment expense	9	(2,237)	-
Acquisition and integration costs		-	(4,629)
Administrative expenses		(7,589)	(5,426)
Depreciation and amortisation expenses	10	(137,815)	(76,444)
(Loss) / profit before net finance income and income tax expense		(1,925)	85,198
Finance income	6	1,709	4,093
Finance expense	6	(33,876)	(919)
Net finance income / (expense)		(32,167)	3,174
(Loss) / profit before income tax expense		(34,092)	88,372
Income tax benefit / (expense)	7	5,814	(33,981)
Net (loss) / profit for the period		(28,278)	54,391
Attributable to:			
Equity holders of the parent		(27,082)	55,231
Non-controlling interests		(1,196)	(840)
		(28,278)	54,391
Earnings per share (EPS):			
Basic EPS attributable to ordinary equity holders of the parent (cents)		(18.9)	14.2
Diluted EPS attributable to ordinary equity holders of the parent (cents)		(18.9)	14.2

The consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Net (loss) / profit for the financial period	(28,278)	54,391
Other comprehensive income		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations, net of tax	123	882
Loss on derivatives designated as cash flow hedges	(21,376)	(48,164)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of equity investments carried at fair value through other comprehensive income, net of tax	(1,554)	6,820
Other comprehensive loss for the period, net of tax	(22,807)	(40,462)
Total comprehensive (loss) / income for the period, net of tax	(51,085)	13,929
Attributable to:		
Equity holders of the parent	(49,891)	14,769
Non-controlling interests	(1,194)	(840)
	(51,085)	13,929

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	31 Dec 2022 \$000	30 Jun 2022 \$000
ASSETS			
Cash and cash equivalents		263,690	463,093
Trade and other receivables		91,829	69,097
Inventories		44,317	51,405
Derivative financial asset	12	6,326	14,975
Income tax receivable		2,591	-
Other current assets		12,312	12,156
Total current assets		421,065	610,726
Financial investments	8	6,902	4,305
Receivables		1,166	1,117
Exploration and evaluation assets	9	63,671	84,126
Property, plant and equipment	10	2,606,571	2,580,424
Derivative financial asset	12	29,538	37,229
Deferred tax asset		20,454	16,505
Other non-current assets		5,683	5,435
Total non-current assets		2,733,985	2,729,141
TOTAL ASSETS		3,155,050	3,339,867
LIABILITIES			
Trade and other payables		170,251	239,568
Derivative financial liabilities	12	905	257
Interest-bearing liabilities	11	184,795	348,334
Lease liabilities		17,865	18,492
Income tax payable		5,069	39,413
Provisions		12,201	15,317
Total current liabilities		391,086	661,381
Derivative financial liabilities	12	7,029	-
Interest-bearing liabilities	11	440,268	433,949
Lease liabilities		7,494	13,127
Provisions		68,401	72,518
Deferred tax liabilities		493,148	493,454
Total non-current liabilities		1,016,340	1,013,048
TOTAL LIABILITIES		1,407,426	1,674,429
NET ASSETS		1,747,624	1,665,438
EQUITY			
Issued capital		1,322,494	1,189,309
Reserves		11,817	(12,820)
Retained profits		414,064	488,506
Equity attributable to equity holders of the parent		1,748,375	1,664,995
Non-controlling interests		(751)	443
TOTAL EQUITY		1,747,624	1,665,438

The consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR SIX MONTHS ENDED 31 DECEMBER 2022

	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) / profit for the period	-	-	-	-	(27,082)	(27,082)	(1,196)	(28,278)
Other comprehensive income	-	123	(21,376)	(1,556)	-	(22,809)	2	(22,807)
Total comprehensive income for the period	-	123	(21,376)	(1,556)	(27,082)	(49,891)	(1,194)	(51,085)
Transactions with owners in their capacity as owners:								
Share based payments	889	-	-	350	-	1,239	-	1,239
Issue of shares	134,895	-	-	-	-	134,895	-	134,895
Share issue costs	(2,599)	-	-	-	-	(2,599)	-	(2,599)
Dividends	-	-	-	-	-	-	-	-
Share issue in controlled entity	-	-	-	(264)	-	(264)	-	(264)
Transfers to reserves	-	-	-	47,360	(47,360)	-	-	-
At 31 December 2022	1,322,494	(83,708)	17,741	77,784	414,064	1,748,375	(751)	1,747,624

* Other reserves consist of share-based payments reserve, Spanish statutory profit reserve, fair value reserve and equity reserve.

	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
(Loss) / profit for the period	-	-	-	-	55,231	55,231	(840)	54,391
Other comprehensive income	-	882	(48,164)	6,820	-	(40,462)	-	(40,462)
Total comprehensive income for the period	-	882	(48,164)	6,820	55,231	14,769	(840)	13,929
Transactions with owners in their capacity as owners:								
Share based payments	-	-	-	1,360	-	1,360	-	1,360
Issue of shares	901,679	-	-	-	-	901,679	-	901,679
Share issue costs	(17,422)	-	-	-	-	-	-	(17,422)
Dividends	-	-	-	-	(33,579)	(33,579)	-	(33,579)
Share issue in controlled entity	-	-	-	(6)	-	(6)	-	(6)
At 31 December 2021	1,188,701	(63,719)	(48,164)	30,407	441,132	1,548,357	1,560	1,549,917

* Other reserves consist of share-based payments reserve, fair value reserve and equity reserve.

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SIX MONTHS ENDED 31 DECEMBER 2022

	31 Dec 2022	31 Dec 2021
	\$000	\$000
Cash flows from operating activities		
Cash receipts	364,212	321,935
Cash paid to suppliers and employees	(298,048)	(129,472)
Income tax paid	(57,350)	(66,940)
Payments for exploration and evaluation	(17,695)	(25,100)
Interest received	2,076	649
Net cash (outflow) / inflow from operating activities	(6,805)	101,072
Cash flows from investing activities		
Payments for exploration and evaluation assets	-	(2,571)
Payments for property, plant and equipment	(30,257)	(2,872)
Payments for mine properties	(131,899)	(69,864)
Payments for investments	-	(1,001)
MATSA purchase price adjustment ⁽ⁱ⁾	28,000	-
Payments for MATSA acquisition	-	(300,000)
Proceeds from sale of investments	-	71,027
Payments for security deposits and bonds	(281)	(20)
Net cash outflow from investing activities	(134,437)	(305,301)
Cash flows from financing activities		
Proceeds from share issue	134,890	905,009
Share issue costs	(3,838)	(17,383)
Proceeds from loans and borrowings	110,000	145,128
Transaction costs related to loans and borrowings	(1,162)	(538)
Repayment of borrowings	(248,907)	-
Payments for derivatives	-	(6,557)
Repayment of lease obligations	(9,692)	(3,977)
Interest and other costs of finance paid	(28,431)	(184)
Cash dividend paid to equity holders	-	(33,600)
Net cash (outflow) / inflow from financing activities	(47,140)	987,898
Net (decrease) / increase in cash and cash equivalents	(188,382)	783,669
Net foreign exchange differences	(11,021)	(13,277)
Cash and cash equivalents at the beginning of the period	463,093	431,313
Cash and cash equivalents at the end of the period	263,690	1,201,705

(i) Relates to adjustments to the Headline Price for cash acquired, working capital and indebtedness as at the date of acquisition.

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Corporate information and basis of preparation

1 Corporate information

The interim consolidated financial statements of Sandfire Resources Limited and its subsidiaries (collectively, the Group) for the six months ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 27 February 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 3.

2 Basis of preparation and changes to the Group's accounting policies

The interim consolidated financial statements for the six months ended 31 December 2022 are general purpose condensed financial statements prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

During the half-year, the Group took important steps to strengthen its balance sheet and de-risk the future long term growth pathway, which included the repayment of A\$200.0 (\$130.9 million) under the ANZ Corporate Debt Facility and \$118.0 million in scheduled repayments under the MATSA Syndicated Debt Facility, with total Group borrowings as at 31 December 2022 being \$642.0 million (30 June 2022: \$787.8 million).

Additionally, the Group also completed an A\$200.0 million (\$134.9 million) fully underwritten Entitlement Offer in November 2022, significantly improving the working capital position of the Group. The current asset surplus as at 31 December 2022 improved to \$30.0 million (30 June 2022: \$50.7 million deficit).

In conjunction with funding arising from existing and new finance facilities which are discussed further below, the Group is forecast to generate positive operating cash flows sufficient to support its operations, meet required debt repayments, and fund its planned capital expenditure.

In September 2022, Sandfire executed a \$140.0 million Motheo Project Finance Facility to fund the development of the Motheo Copper Mine. The first two tranches totalling \$110.0 million were drawn down during the period, with the balance expected to be drawn in the second half of the 2023 financial year. First ore was fed into the crusher in February 2023 with first concentrate production scheduled in the June 2023 quarter. The T3 project ramp-up to 3.2Mtpa post-commissioning is forecast to generate positive cash flows to meet required debt repayment obligations and fund the planned capital commitments of the 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 and an additional \$40.0 to \$60.0 million in project debt which is currently being negotiated and is forecast to be completed prior to the end of the 2023 financial year.

Subsequent to period end the outstanding MATSA Syndicated Debt Facility balance was reduced to \$452.0 million following the 31 January 2023 scheduled repayment of \$80.0 million (30 June 2022: \$650.0 million). The annual base case financial model review process, which reflects the positive outlook for Copper and Zinc, and operational performance experienced post Sandfire's acquisition of MATSA has provided the opportunity to engage with the facility lenders with the aim of rescheduling future principal repayments, and amending ongoing compliance obligations to better align with the updated mine plan.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2022 and considered together with any public announcements made by Sandfire Resources Limited during the half-year ended 31 December 2022. The annual report of the Group as at and for the year ended 30 June 2022 is available at www.sandfire.com.au.

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 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in FY2023, but these do not have a material impact on the interim condensed consolidated financial statements of the Group.

Rounding

The amounts contained in this financial report have been rounded to the nearest \$1,000 (unless rounding is 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'.

3 Information relating to subsidiaries

The interim consolidated financial statements of the Group include:

	Country of incorporation	% equity interest	
		31 Dec 2022	30 Jun 2022
Pormining LDA	Portugal	51.00	51.00
Sandfire Resources America Inc.	Canada	86.90	86.90
Sandfire BC Holdings (Australia) Pty Ltd	Australia	100.00	100.00
Sandfire BC Holdings Inc.	Canada	100.00	100.00
Sandfire (RMP) Pty Ltd	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	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 Ltd	United Kingdom	100.00	100.00
Sandfire Spain Holdings Limited	United Kingdom	100.00	100.00
Sandfire Resources (ES), S.L.	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
Emisurmin, Unipessoal LDA.	Portugal	100.00	100.00

Segment Information

4 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.

The operating segments reported are presented in accordance with current segment information provided to the CODM, being the executive management team and the Board of Directors.

Segment name	Description
DeGrussa Copper 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-gold concentrate to customers in Asia and Europe.
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.
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 Copper Project	This segment consists of the Group's development of the Motheo Copper Mine, exploration and evaluation activities in Botswana and Namibia within the Kalahari Copper Belt including the T3 and A4 Copper-Silver Projects.
Exploration and Other	This segment includes the Group's exploration and evaluation activity including both regional and Doolgunna based exploration activities and the Group's corporate expenses that are unable to be directly attributed to an operating segment.

NOTES TO THE HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

4 Segment information (continued)

Segment information is evaluated by the executive management team and is prepared in conformity with the accounting policies adopted for preparing the financial statements of the Group.

Segment results

Income statement for the half-year ended 31 December 2022	DeGrussa Copper Operations \$000	MATSA Operations \$000	Black Butte Project \$000	Motheo Copper Project \$000	Exploration and Other \$000	Group \$000
Sales revenue	173,662	258,051	-	-	-	431,713
Other gains	1,101	2,222	-	168	-	3,491
Changes in inventories	(8,021)	2,382	-	-	-	(5,639)
Mine operations costs	(48,146)	(127,900)	-	-	-	(176,046)
Employee benefit expenses	(11,021)	(27,209)	(158)	(3,483)	(9,124)	(50,995)
Freight expenses	(19,165)	(9,217)	-	-	-	(28,382)
Royalties expense	(8,420)	-	-	-	-	(8,420)
Exploration and evaluation expenses	-	(3,072)	(3,854)	(7,326)	(5,754)	(20,006)
Impairment expense	348	(2,585)	-	-	-	(2,237)
Administrative expenses	-	(3,710)	(108)	(84)	(3,687)	(7,589)
Group EBITDA	80,338	88,962	(4,120)	(10,725)	(18,565)	135,890
Depreciation and amortisation expenses	(11,774)	(123,266)	(88)	(529)	(2,158)	(137,815)
Segment result (EBIT)	68,564	(34,304)	(4,208)	(11,254)	(20,723)	(1,925)
Finance income						1,709
Finance expense						(33,876)
(Loss) before income tax						(34,092)
Income tax benefit / (expense)						5,814
Net (loss) for the half-year						(28,278)

Income statement for the half-year ended 31 December 2021	DeGrussa Copper Operations \$000	MATSA Operations \$000	Black Butte Project \$000	Motheo Copper Project \$000	Exploration and Other \$000	Group \$000
Sales revenue	311,752	-	-	-	-	311,752
Other gains	-	-	-	-	1,546	1,546
Changes in inventories	2,404	-	-	-	-	2,404
Mine operations costs	(52,893)	-	-	-	-	(52,893)
Employee benefit expenses	(12,429)	-	(189)	(2,222)	(8,733)	(23,573)
Freight expenses	(28,318)	-	-	-	-	(28,318)
Royalties expense	(16,603)	-	-	-	-	(16,603)
Exploration and evaluation expenses	-	-	(6,085)	(5,429)	(11,104)	(22,618)
Acquisition and integration costs	-	-	-	-	(4,629)	(4,629)
Administrative expenses	-	-	(724)	(724)	(3,978)	(5,426)
Group EBITDA	203,913	-	(6,998)	(8,375)	(26,898)	161,642
Depreciation and amortisation expenses	(73,685)	-	(103)	(326)	(2,330)	(76,444)
Segment result (EBIT)	130,228	-	(7,101)	(8,701)	(29,228)	85,198
Finance income						4,093
Finance expense						(919)
Profit before income tax						88,372
Income tax benefit / (expense)						(33,981)
Net profit for the half-year						54,391

4 Segment information (continued)

Adjustments and eliminations

Finance income, finance expense and income tax expense are not allocated to individual segments as they are managed 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.

Results for the half-year

5 Sales revenue

	31 Dec 2022 \$000	31 Dec 2021 \$000
Revenue from contracts with customers		
Revenue from sale of concentrate	414,070	313,624
Revenue from shipping services	8,383	13,346
Total revenue from contracts with customers	422,453	326,970
Realised and unrealised fair value movements on receivables subject to QP adjustment	(4,822)	566
Realised and unrealised hedge gains / (losses)	14,082	(15,784)
Total revenue	431,713	311,752

6 Finance income and expenses

	31 Dec 2022 \$000	31 Dec 2021 \$000
Finance income		
Interest on bank deposits	1,709	586
Net foreign exchange gain	-	3,507
Total finance income	1,709	4,093
Finance expenses		
Interest charges calculated using the effective interest rate method	(23,552)	(398)
Interest on lease liabilities	(318)	(225)
Net foreign exchange loss ⁽ⁱ⁾	(8,668)	-
Unwinding of discount on provisions	(908)	(166)
Facility fees and charges	(430)	(130)
Total finance expense	(33,876)	(919)

(i) Net foreign exchange loss includes exchange losses on retranslation of foreign currency denominated balance sheet items.

NOTES TO THE HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

7 Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The major components of income tax expense in the consolidated interim income statement are:

	31 Dec 2022 \$000	31 Dec 2021 \$000
Income taxes		
Current income tax expense	17,058	60,616
Deferred income tax (benefit) related to origination and reversal of temporary differences	(20,746)	(26,042)
Over provision in prior periods	(2,126)	(593)
Income tax (benefit) / expense recognised in the income statement	(5,814)	33,981
Income tax expense recognised in other comprehensive income	729	1,629
Total income tax (benefit) / expense recognised in the income statement and other comprehensive income	(5,085)	35,610
Reconciliation of income tax expense to pre-tax profit		
Profit / (loss) before income tax	(34,092)	88,372
Income tax expense at the Australian tax rate of 30% (2021: 30%)	(10,227)	26,512
Increase (decrease) in income tax due to:		
Tax rate differential on foreign income	4,369	-
Non-deductible expenses	1,730	2,344
Foreign tax losses and deductible temporary differences not recognised	1,406	4,981
Current year capital losses not recognised	405	-
Over provision for prior year	(2,102)	(593)
Non assessable income	(51)	-
Recognition of previously unrecognised prior year capital losses	(970)	-
Other deductible expenses	(1,457)	(12)
Other assessable income	1,083	749
Income tax (benefit) / expense	(5,814)	33,981

NOTES TO THE HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

8 Financial assets and liabilities

The following table shows the fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value measurement hierarchy as at 31 December 2022.

	Note	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets					
Trade receivables at fair value through profit and loss	(i)	-	14,248	-	14,248
Financial assets at fair value through other comprehensive income	(ii)	6,434	-	468	6,902
Derivative assets – commodity swap contracts	(iii)	-	35,864	-	35,864
Total financial assets		6,434	50,112	468	57,014
Financial liabilities					
Trade payables at fair value through profit and loss	(i)	-	-	-	-
Derivative liabilities – commodity swap contracts	(iii)	-	(7,934)	-	(7,934)
Total financial liabilities		-	(7,934)	-	(7,934)

- (i) Trade receivables and payables comprise 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 in listed and 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 12 for further information relating to the fair value of derivatives.

The fair value of the financial instruments as at 30 June 2022 are summarised in the table below.

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets				
Trade receivables at fair value through profit and loss	-	32,225	-	32,225
Financial assets at fair value through other comprehensive income	3,830	-	475	4,305
Derivative assets – commodity swap contracts	-	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	-	(53,694)	-	(53,694)
Derivative liabilities – commodity swap contracts	-	(257)	-	(257)
Total financial liabilities	-	(53,951)	-	(53,951)

9 Exploration and evaluation assets

	31 Dec 2022 \$000	30 Jun 2022 \$000
Reconciliation		
At 1 July 2022	84,126	49,486
Other expenditure and exploration tenements acquired	-	11,389
Transfer to mine properties ⁽ⁱ⁾	(18,690)	(65)
Acquired as part of business combination	-	26,700
Impairment ⁽ⁱⁱ⁾	(2,237)	-
Exchange differences	472	(3,384)
At 31 December 2022	63,671	84,126

- (i) Transfer to mine properties relates to the transfer of A4 Deposit E&E assets following the completion of the combined T3/A4 Definitive Feasibility Study (DFS).
- (ii) Impairment expense for the period relates to tenement licences relinquished at MATSA.

NOTES TO THE HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

10 Property, plant and equipment

	Mine Properties \$000	Plant and equipment \$000	Right of use asset \$000	Assets under construction ⁽ⁱ⁾ \$000	Total \$000
31 December 2022					
Opening net carrying amount	1,347,534	958,437	30,166	244,287	2,580,424
Additions	2,051	561	3,510	150,431	156,553
Disposals	-	(892)	-	-	(892)
Transfers	69,112	43,738	-	(112,850)	-
Transfer from exploration and evaluation	-	-	-	18,690	18,690
Capitalised depreciation	-	(1,118)	-	1,118	-
Depreciation and amortisation	(81,043)	(47,656)	(9,116)	-	(137,815)
Movement in the rehabilitation and restoration asset	(2,147)	2,536	-	-	389
Exchange differences	350	(4,631)	(522)	(5,975)	(10,778)
Closing net carrying amount	1,335,857	950,975	24,038	295,701	2,606,571
At 31 December 2022					
Gross carrying amount – at cost	1,482,226	1,306,749	66,028	295,701	3,150,704
Accumulated depreciation	(146,369)	(355,774)	(41,990)	-	(544,133)
Net carrying amount	1,335,857	950,975	24,038	295,701	2,606,571

	Mine Properties \$000	Plant and equipment \$000	Right of use asset \$000	Assets under construction ⁽ⁱ⁾ \$000	Total \$000
30 June 2022					
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 ⁽ⁱⁱ⁾	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

(i) Assets under construction includes Mine properties under development and associated capitalised operating costs. During the commissioning phase (before the commencement of commercial production) expenditure of an operating nature is capitalised to Assets under construction (Mine properties under development).

(ii) During the prior period, the Company completed the acquisition of MATSA. For details of the acquisition, refer to the 30 June 2022 Annual Report (Note 26).

11 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, as part of the effective interest rate of the related borrowings.

	31 Dec 2022 \$000	30 Jun 2022 \$000
Current interest-bearing liabilities		
Secured bank loans	184,795	348,334
Total current interest-bearing liabilities	184,795	348,334
Non-current interest-bearing liabilities		
Secured bank loans	440,268	433,949
Total non-current interest-bearing liabilities	440,268	433,949

Secured Bank Loans

During the half-year the Group executed a \$140.0 million Project Finance Facility with Société Générale and Nedbank to finance development of the Motheo Copper Mine. The Facility has a 7-year tenure with scheduled repayments commencing in December 2023. The first two tranches totalling \$110.0 million have been drawn down, with the balance expected to be drawn in the second half of the 2023 financial year.

Motheo Project Finance Facility

The key terms for the Motheo Project Finance Facility with Société Générale and Nedbank include:

- Total finance facility of \$140.0 million;
- The effective interest rate (EIR) on the debt facility is 9.80% (variable) including amortisation of capitalised transaction costs;
- Maturity date of 30 June 2029;
- 7-year tenure with scheduled repayments commencing in December 2023; and
- The Facility is secured against the operating assets of Tshukudu Metals Botswana.

During the half-year, repayments of other bank loans amounting to \$248.9 million (31 December 2021: nil) were made in line with previously disclosed repayment terms.

12 Derivatives

During the period, Sandfire entered into copper and zinc commodity swap arrangements that were designated in cash flow hedge relationships.

Fair value measurement

When measuring the fair value of its derivative assets and liabilities, the Company uses observable market data.

Commodity swap contracts

	31 Dec 2022 \$000	30 Jun 2022 \$000
Derivative assets		
Commodity swap contracts – current	6,326	14,975
Commodity swap contracts – non-current	29,538	37,229
Total derivative assets	35,864	52,204
Commodity swap contracts – current	905	257
Commodity swap contracts – non-current	7,029	-
Total derivative liabilities	7,934	257

As at 31 December 2022, the Group had a net hedge asset position reflecting the negative mark-to-market of copper, zinc and gold contracts. Total hedge position comprised 66,736 tonnes of copper at an average price of \$4.04/lb and 62,641 tonnes of zinc at an average price of \$1.26/lb. The hedging tenor extends through to January 2025.

13 Related Parties

There have been no significant changes in the nature of related parties or amounts during the period.

14 Commitments

Contractual commitments

The Group has entered into a number of key contracts as part of its operations. The minimum expected payments in relation to these contracts which were not required to be recognised as liabilities at 31 December 2022 amount to approximately \$60.9 million (undiscounted) (30 June 2022: \$93.9 million).

15 Significant events after the reporting date

Subsequent to period end the outstanding MATSA Syndicated Debt Facility balance was reduced to \$452.0 million following the 31 January 2023 scheduled repayment of \$80.0 million. No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or Group's state of affairs in future financial years.

DIRECTOR'S DECLARATION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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 half-year ended 31 December 2022 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 31 December 2022 and of its performance for the half-year ended on that date; and
 - (ii) complying with AASB 134 (Interim Financial Reporting) and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Richards

Non-Executive Chairman



Jason Grace

Acting Chief Executive Officer

West Perth, 27 February 2023

Independent Auditor's Review Report to the members of Sandfire Resources Limited

Conclusion

We have reviewed the half-year financial report of Sandfire Resources Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



David Newman

Partner

Chartered Accountants

Perth, 27 February 2023