30 August 2022

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. **Annual Financial Report** for the year ended 30 June 2022 and **Appendix 4E**;
2. ASX release titled **FY2022 Financial Results**, relating to the Company's annual financial results;
3. ASX release titled **Motheo Copper Project Expansion DFS**, relating to the Company's Motheo Copper Project; and
4. FY2022 Financial Results and Motheo Expansion DFS Presentation.

In addition, a teleconference and live webcast on the Company's financial results and Motheo Copper Project Expansion DFS will be held for the investment community at 10.00am (AWST) / 12.00pm (AEST) today.

The Annual Financial Report, ASX releases 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

Matthew Fitzgerald
Chief Financial Officer
and Company Secretary

30 August 2022

Appendix 4E
Financial year ended 30 June 2022

Results for announcement to the market	US$'000	Up / Down	Movement
Revenue from ordinary activities	922,705	Up	52%
Profit from ordinary activities after tax attributable to members	111,430	Down	13%
Net profit for the period attributable to members	111,430	Down	13%

Net tangible assets	2022	2021
Net tangible assets per ordinary security	$3.78	$3.51

Dividend information	Amount per share (AUD)	Franked amount per share (AUD)
Interim dividend per share (cents per share)	3.0	3.0
Final dividend per share (cents per share)	-	-
Total dividends per share for the year	**3.0**	**3.0**

Refer to the Director's Report and the 30 June 2022 Financial Report for additional disclosures relating to the Appendix 4E.

This information should be read in conjunction with Sandfire's audited consolidated Financial Report, which is enclosed.

All comparisons reported above are to the financial year ended 30 June 2021. The Group has changed its presentation currency from Australian dollars to United Stated (US) dollars, effective 1 July 2021. Consequently, unless otherwise stated, all references to dollars are to US dollars.

For further information, please contact:
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Ben Crowley – Head of Investor Relations
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Media Inquiries:
Read Corporate
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This announcement is authorised for release by Sandfire's Managing Director and CEO, Karl Simich.

Financial Report

For the year ended 30 June 2022

ASX Code: SFR

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ABN 55 105 154 185
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CONTENTS

ABN 55 105 154 185

Directors

John Richards	*Independent Non-Executive Chair*
Karl Simich	*Managing Director and Chief Executive Officer*
Roric Smith	*Independent Non-Executive Director*
Sally Langer	*Independent Non-Executive Director*
Jennifer Morris OAM	*Independent Non-Executive Director*
Robert Edwards	*Independent Non-Executive Director*
Sally Martin	*Independent Non-Executive Director*

Company Secretary

Matthew Fitzgerald *Chief Financial Officer and Company Secretary*

Registered Office and Principal Place of Business

Level 2, 10 Kings Park Road
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Tel: +61 8 6430 3800
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Share registry

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Perth WA 6000
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+61 2 9698 5414
Fax: +61 2 8583 3040
Email: hello@automicgroup.com.au

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia

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 release 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.

There is also continuing uncertainty as to the full impact of the COVID-19 pandemic on Sandfire's business, the Australian economy, share markets and the economies in which Sandfire conducts business. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess the full impact of COVID-19 on Sandfire's business or the price of Sandfire securities.

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.

The Directors present their report on the consolidated entity (referred to as the Group) consisting of the Parent entity, Sandfire Resources Limited (Sandfire or the Company), and the entities it controlled at the end of, or during, the year ended 30 June 2022 (the reporting period) and the auditor's report thereon.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below.

Name	Period of Directorship
Mr John Richards *Independent Non-Executive Chair*	Appointed 1 January 2021 Chair since 30 April 2022
Mr Karl Simich *Managing Director & Chief Executive Officer*	Appointed Director 27 September 2007 Managing Director and Chief Executive Officer since 1 July 2009
Dr Roric Smith *Independent Non-Executive Director*	Appointed 31 December 2016
Ms Sally Langer *Independent Non-Executive Director*	Appointed 1 July 2020
Ms Jennifer Morris OAM *Independent Non-Executive Director*	Appointed 1 January 2021
Mr Robert Edwards *Independent Non-Executive Director*	Appointed 8 July 2022
Ms Sally Martin *Independent Non-Executive Director*	Appointed 8 July 2022
Mr Derek La Ferla *Independent Non-Executive Director*	Appointed 17 May 2010 Resigned 8 July 2022
Mr Paul Hallam *Independent Non-Executive Director*	Appointed 21 May 2013 Resigned 26 November 2021

The qualifications, experience, other directorships and special responsibilities of the Directors in office for the financial year ending 30 June 2022 and up to the date of this report are detailed below.

John Richards, age 61	**Independent Non-Executive Chair**
Qualifications	B.Econ (Hons)
Experience	John Richards is an economist with more than 35 years' experience in the resources industry. He has held strategy and business development positions across several mining companies and has worked extensively in the investment banking and private equity industries. He has been involved in a wide range of significant mining M&A transactions on a global scale. His previous positions include Group Executive – Strategy & Business Development at Normandy Mining Ltd; Head of Mining & Metals Advisory (Australia) at Standard Bank; Managing Director at Buka Minerals Ltd and Operating Partner at Global Natural Resources Investments (GNRI). He holds a Bachelor of Economics (Honours) from the University of Queensland.
Other current listed company directorships	Non-Executive Director of Northern Star Resources Ltd (since February 2021). Non-Executive Director of Sheffield Resources Ltd (since August 2019).
Former listed company directorships in last three years	Non-Executive Director of Saracen Mineral Holdings Ltd (May 2019 to February 2021). Non-Executive Director of Adriatic Metals Plc (November 2019 to July 2020).
Special responsibilities	Member of the People and Performance Committee.
Karl Simich, age 58	**Managing Director and Chief Executive Officer**
Qualifications	B.Com, FCA, F.Fin
Experience	Mr Simich is an experienced international mining executive who has been involved in the financing, construction, development and operation of various mining projects in New Zealand, Australia and Africa over the past 36 years. Specialising in resource finance and corporate management, Mr Simich has been a director of and held senior positions with a number of ASX-listed mining companies. Mr Simich is a Fellow of the Institute of Chartered Accountants and a Fellow of the Financial Services Institute of Australasia and has completed post-graduate studies in business and finance.

Directors (continued)

Roric Smith, age 60	**Independent Non-Executive Director**
Qualifications	B.Sc, B.Sc (Hons) Geology, Ph.D Geology, MAICD
Experience	Dr Smith is a highly experienced geologist with extensive Australian and international experience. Dr Smith was previously Vice President, Discovery and Chief Geologist for Evolution, where he played a key role in leading that company's exploration efforts. Prior to joining Evolution, Dr Smith held senior executive positions with the gold producer AngloGold Ashanti, including as Senior Vice President, Global Greenfield Exploration; Country Manager and Chief Representative China; Exploration Manager – North Asia Region; and Chief Geologist Australia. Dr Smith holds a B.Sc, B.Sc (Hons) Geology and Ph.D from the University of Natal in South Africa.
Former listed company directorships in last three years	Non-Executive Director of Saracen Mineral Holdings Ltd (July 2017 to February 2021).
Special responsibilities	Member of the Risk and Sustainability Committee. Member of the Audit and Finance Committee.
Sally Langer, age 48	**Independent Non-Executive Director**
Qualifications	B.Com, CA, AICD
Experience	Ms Langer has 25 years' experience in Professional Services including as founder and Managing Partner of the management consulting and executive recruitment firm Derwent Executive, where she set up and led the growth of the Perth office servicing a wide range of clients both local and national and led the Mining and Industrial Practice. Prior to that, she was a Director at international recruitment firm Michael Page and a Chartered Accountant at accounting and consulting firm Arthur Andersen. During her career, Ms Langer has been responsible for strategy development and execution with a strong focus on profitable business growth, supervising and coordinating large teams and other management functions including strategy, business development, budgeting and human resources. She has been a trusted advisor to numerous Boards on recruitment, talent management, culture and organisational structure. As an experienced director of public companies, Ms Langer is also Non-Executive Director of Gold Corporation/Perth Mint. Sally holds a Bachelor of Commerce from the University of Western Australia, is a Chartered Accountant and is a graduate of the Australian Institute of Company Directors.
Other current listed company directorships	Non-Executive Director of Northern Star Resources Ltd (since February 2021). Non-Executive Director of MMA Offshore Ltd (since May 2021).
Former listed company directorships in last three years	Non-Executive Director of Saracen Mineral Holdings Ltd (May 2020 to February 2021).
Special responsibilities	Chair of the Audit and Finance Committee. Member of the People and Performance Committee.
Jennifer Morris OAM, age 49	**Independent Non-Executive Director**
Qualifications	B.Arts, MAICD, Finance for Executives (INSEAD)
Experience	Ms Morris is a former partner of global professional services firm Deloitte where her career spanned more than 10 years working across the mining, government and transport sectors. Currently a Commissioner on the Board of the Australian Sports Commission, she was also previously a Senior Marketing Analyst for Rio Tinto Iron Ore and the CEO of Walk Free, the Minderoo Foundation's global initiative against slavery. Jennifer holds a Bachelor of Arts (Psychology and Journalism) from Curtin University, received with Distinction and has completed Finance for Executives at INSEAD. Her experience includes advising government entities and corporations on strategy development, governance controls, business transformation, the embedding of environment, social and governance related policies, the development of leadership and understanding of high-performance environments. Ms Morris is a member of the Australian Institute of Company Directors, a Fellow of Leadership WA and a member of the Vice Chancellor's List, Curtin University. Prior to her business career, she was a member of the highly successful Australian Women's Hockey Team which won Olympic gold medals at both Atlanta in 1996 and Sydney in 2000. In 1997, she was awarded a Medal of the Order of Australia (OAM).
Other current listed company directorships	Non-Executive Director of Fortescue Metals Group Ltd (since November 2016). Non-Executive Director of Liontown Resources Ltd (since November 2021).
Special responsibilities	Chair of the People and Performance Committee. Member of the Risk and Sustainability Committee.

Directors (continued)

Robert Edwards, age 56	**Independent Non-Executive Director**
Qualifications	BE (Hons) Mining, Member of the IOM
Experience	A mining engineer, Rob Edwards brings 30 years of experience in the natural resource sector from production mining, new business development, equity research, investment banking and board level experience. After graduating from the Camborne School of Mines, he started his career in South Africa working in production mining and new business roles before joining HSBC as a precious metals equities analyst as part of the award winning HSBC Global Mining team. Thereafter he moved to Russia and was instrumental in transforming Renaissance Capital (RenCap) from a niche single country investment bank into a successful boutique resource focused investment bank. His final role at RenCap was serving as Chairman, Mining and Metals providing oversight over investment banking and principal investment activity in the mining, metals and fertiliser sectors. After leaving Renaissance he has worked as a Senior Advisor to the Royal Bank of Canada (Europe) Investment Banking Division working on mergers and acquisitions and senior client coverage. Mr Edwards also served as an Independent Non-Executive Chairman of Sierra Rutile until its sale to Iluka Resources in 2016 as well as an Independent Non-Executive Director of GB Minerals until its sale in 2017 to Itafos. Until early 2022 he served as an Independent Non-Executive Director of MMC Norilsk Nickel, the world's biggest producer of nickel and palladium as well as major producer of copper and platinum. He currently serves as an Independent Non-Executive Director of Chaarat Gold Limited with producing and exploration assets in Armenia and Kyrgyzstan.
Other current listed company directorships	Non-Executive Director of Chaarat Gold Ltd (since September 2018).
Special responsibilities	Chair of the Risk and Sustainability Committee. Member of the Audit and Finance Committee.
Sally Martin, age 57	**Independent Non-Executive Director**
Qualifications	BE Electrical, AICD
Experience	Ms Martin is a former senior executive who has held various roles at Shell over the last 34 years. She has extensive operational and business team leadership experience in complex industrial environments including refining and trading. She also has deep working knowledge of stimulating and leading transformational change – most recently as General Manager, Trading and Supply Operations, Europe & Africa. Ms Martin has strong ESG credentials, including in energy transition strategy development as Vice President Health, Safety, Security, Environment & Social Performance at Shell. Ms Martin is a Non-Executive Director of Porvair Plc. (LON: PRV), a specialist filtration and environmental technology company listed on the London Stock Exchange. She has particular focus on safety management, project delivery and managing large and dispersed teams. She leads Porvair's employee engagement processes and chairs the Group's Remuneration Committee. She holds a Bachelor of Engineering degree from University College Cork in Ireland and is a member of the Australian Institute of Company Directors.
Other current listed company directorships	Non-Executive Director of Porvair Plc. (since October 2016).
Special responsibilities	Member of the People and Performance Committee. Member of the Risk and Sustainability Committee.

Interests in the shares of the Company and related bodies corporate

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

	Number of ordinary shares
John Richards	60,000
Karl Simich	5,200,051
Roric Smith	-
Sally Langer	26,080
Jennifer Morris	9,484
Robert Edwards	-
Sally Martin	-

Company Secretary

Matthew Fitzgerald	**Company Secretary and Chief Financial Officer**
Qualifications	B.Com, CA
Experience	Mr Fitzgerald was appointed to the position of Company Secretary in February 2010. Mr Fitzgerald is a Chartered Accountant with extensive experience in the resources industry. He began his career in the Assurance and Advisory division of KPMG, before joining ASX-listed Kimberley Diamond Company NL in 2003, where he held the position of Chief Financial Officer and Director until July 2008. Mr Fitzgerald also holds the position of Non-Executive Chairman of the Company's subsidiary Sandfire Resources America Inc.

Committee structure and membership

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

Audit	People and Performance	Risk
Sally Langer[1] – Chair	Jennifer Morris[1] - Chair	John Richards – Chair
Roric Smith	Sally Langer	Jennifer Morris
John Richards	Derek La Ferla	Roric Smith
	Paul Hallam[2]	

1 Appointed as Chair on 1 September 2021.

2 Mr Hallam resigned as Independent Non-Executive Director on 26 November 2021. He served as a member of the People and Performance Committee from 1 July 2021 to 31 August 2021.

Subsequent to year end the Board resolved to establish the following Committees, with effect from 1 July 2022.

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

1 Mr Edwards and Ms Martin were appointed as Independent Non-Executive Directors on 8 July 2022.

Directors' meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director are detailed below:

	Board Meetings		Meetings of Committees: Audit		People and Performance		Risk	
	A	B	A	B	A	B	A	B
John Richards	11	11	4	4	-	-	4	4
Derek La Ferla	11	11	-	-	5	5	-	-
Karl Simich	11	11	-	-	-	-	-	-
Roric Smith	11	11	4	4	-	-	4	4
Sally Langer	11	11	4	4	5	5	-	-
Jennifer Morris	11	11	-	-	5	5	4	4
Paul Hallam[1]	6	6	-	-	-	1	-	-

A Number of meetings attended.

B Number of meetings held during the time the Director held office or was a member of the relevant committee during the year.

1 Mr Hallam resigned as Independent Non-Executive Director on 26 November 2021. He served as a member of the People and Performance Committee from 1 July 2021 to 31 August 2021.

Principal activities

The principal activities of the consolidated Group during the year were:

- Production and sale of copper concentrate, containing gold and silver by-products from the Group's 100% owned DeGrussa Copper Operations in Western Australia;
- Production and sale of copper, zinc and lead concentrate, containing silver by-products from the Group's 100% owned MATSA Copper Operations in Spain;
- Development of the Motheo Copper Mine and evaluation 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.

Dividends

The details in relation to dividends announced or paid since 1 July 2021, are set out below:

Record date	Date of payment	Period	Amount per share (AUD cents)	Franked amount per share (AUD cents)	Total Dividends $000
07 September 2021	22 September 2021	2021 FY Final	26	26	33,600
16 March 2022	30 March 2022	2022 FY Interim	3	3	8,804

Operational and financial review

CHANGE IN PRESENTATION CURRENCY

The Group has changed its presentation currency from Australian dollars to United States (US) dollars, effective 1 July 2021. Consequently, unless otherwise stated, all references to dollars are to US dollars.

COVID-19 BUSINESS RESPONSE

The Group continued to proactively implement protocols to minimise the potential transmission of COVID-19 and to ensure the health and wellbeing of our staff and contractors. While the Group was required to adjust some of its usual operating practices during the year, the direct impact to our operations was limited, which enabled the Group to maintain strong operating performance.

SAFETY PERFORMANCE

The Total Recordable Injury Frequency Rate (TRIFR) for the Group at the end of 30 June 2022 was 3.8 compared with 4.0 in 2021.

MATSA COPPER OPERATIONS, SPAIN

Located in the Huelva Province of south-western Spain, MATSA Copper 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

During the year the Company announced the acquisition of MATSA in Spain exercising operational control and economic ownership effective from 1 February 2022.

Production for the 5 months to 30 June 2022 was 30,628 tonnes of contained copper, 38,907 tonnes of contained zinc, 4,102 tonnes of contained lead and ~1.2 million ounces of contained silver. A summary of ore and poly-ore production for the 5-month period of operational control is provided below:

MATSA Production Statistics		Units	FY 2022
Mining	Total Ore	Tonnes	1,880,936
	Ore – Cupriferous	Tonnes	508,799
	Grade – Cupriferous	Cu%	2.3
	Ore - Poly	Tonnes	1,372,137
	Grade – Poly	Cu%	2.0
	Grade – Poly	Zn%	3.9
Concentrator	Total Milled	Tonnes	1,891,319
	Ore – Cupriferous	Tonnes	529,412
	Grade – Cupriferous	Cu%	2.2
	Ore - Poly	Tonnes	1,361,907
	Grade – Poly	Cu%	2.1
	Grade – Poly	Zn%	3.9
Concentrate Produced	**Concentrate**	**Tonnes**	**248,263**
	Contained Copper	**Tonnes**	**30,628**
	Contained Zinc	**Tonnes**	**38,907**
	Contained Lead	**Tonnes**	**4,102**
	Contained Silver	**Ounces**	**~1.2Moz**

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

Underground Mining

Production was sourced from the Magdalena, Aguas Teñidas and Sotiel Mines during the period. Since acquisition, MATSA has delivered a significant improvement in mine production with performance in the FY2022 June Quarter achieving an annualised rate of over 4.5Mtpa across all three mines. This was primarily due to improved short-term planning approaches and optimisation of stope designs.

Processing

Mill throughput for the period achieved an annualised processing rate of 4.5Mtpa, supported by strong plant utilisation and throughput rates. Copper and zinc metal production exceeded target and guidance due to higher than forecast mined grades from Aguas Teñidas and Magdalena.

Operational and financial review (continued)

Sales & Marketing

A total of 245,675 tonnes of concentrate was sold for the period containing 30,380 tonnes of copper, 39,012 tonnes of Zinc, 3,840 tonnes of lead and 1.2 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.

Details in relation to these exploration projects and activities can be found on Company's website www.sandfire.com.au and in the Company's June 2022 Quarterly Report ASX announcement, dated 28 July 2022.

DEGRUSSA COPPER OPERATIONS, WESTERN AUSTRALIA

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 12 months to 30 June 2022 was 67,740 tonnes of contained copper and 32,285 ounces of contained gold. A summary of copper and gold production for the year is provided below:

DeGrussa Production Statistics		Units	FY 2022
Mining	Total Ore	Tonnes	1,692,952
	Copper Grade	%	4.2
	Gold Grade	g/t	1.4
Concentrator	Milled	Tonnes	1,680,742
	Copper Grade	%	4.3
	Gold Grade	g/t	1.3
Concentrate produced	**Concentrate**	**Tonnes**	**287,641**
	Contained Copper	**Tonnes**	**67,740**
	Contained Gold	**Ounces**	**32,285**
	Contained Silver	**Ounces**	**~0.3Moz**

Note: 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

Production was sourced from the DeGrussa and Monty Mines during the year, with both mines remaining in balance between production and back-fill. Mine production rates from DeGrussa and Monty were in line with the mine plan with underground planning and scheduling focused on matching extraction sequencing with equipment and personnel availability to provide continued compliance to the mine plan.

With life-of-mine development at the Monty Mine being completed during the March 2022 Quarter, operations during the June 2022 Quarter focused primarily on production ore extraction along with minor ongoing backfill activities.

Processing

Mill throughput for the year continued to be in line with plan and was supported by strong plant utilisation. This resulted in strong copper recovery of 93.8% for the year.

Sales & Marketing

A total of 291,472 tonnes of concentrate was sold for the year containing 68,037 tonnes of copper and 32,076 ounces of gold. Twenty-eight shipments were completed from Port Hedland and Geraldton during the year.

Processing Extension Study

During the year, work continued to evaluate the viability of treating oxide stockpiles, heavily transitional stockpiles and mineralised waste stockpiles at the end of the current DeGrussa mine life.

This new study is based on utilising the existing DeGrussa flotation plant with minimal circuit changes, adopting a simplistic approach to treat whole stockpiles with oxide reagents.

Study work completed during the year included the collection of additional samples for rheology testing to confirm the pumpability of the oxide material, thickening and filtration testwork and a more detailed economic assessment and sensitivity analysis. The final step in this study is to undertake full scale plant trials, scheduled for the September 2022 Quarter.

Operational and financial review (continued)

DEVELOPMENT PROJECTS

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 Mining License

The Mining License for the Motheo Copper Mine was granted by the Government of Botswana in July 2021, representing the final major permitting milestone required for full-scale construction of the project to commence.

As part of the Mining License approval process, the Government of Botswana had a right to acquire up to a 15% fully contributing interest in the Motheo Copper Mine. During the year, the Company was advised that the Government of Botswana has elected not to take up their 15% interest.

Motheo Copper Mine Development

Development of the Motheo Copper Mine (Motheo) is proceeding on schedule, with first production expected in the June 2023 Quarter.

Following the award of the Mining License in early July 2021, project construction and development progressed well during the year with over 1,700 personnel on site by the end of FY2022. Key developments included:

- Completion of all 752 rooms in the Motheo Mine Village
- Award of the Electrical and Instrumentation installation contract (final process plant contract)
- Erection and back-fill of the primary crusher lower retaining wall
- Completion of Reclaim tunnel and SAG Mill concrete foundations
- Completion of Mine Administration Office and Clinic buildings
- Tailings Storage Facility Bulk fill for walls 50% complete and basin lining commenced
- Majority of the process plant equipment including the SAG Mill components all delivered to site during the year
- Structural, Mechanical and Piping (SMP) contractor mobilised and approximately 10% completed by the end of the financial year.

Project Funding

Sandfire intends to fund the development of the Motheo Copper Mine through a combination of cash and project debt. The selection of banks was completed by the end of the financial year. The Group has obtained credit approval for a $140.0 million project debt facility to fund construction completion.

Motheo Expansion Project Definitive Feasibility Study (DFS)

The Motheo Expansion Project is centered on the development of the A4 Deposit as part of an expanded 5.2Mtpa Motheo Production Hub strategy.

Following the release of the A4 Ore Reserve in September 2021 and the strong economics of the Motheo Expansion Project pre-feasibility study (PFS), the DFS was completed in the September 2022 Quarter. Open pit design and production scheduling has been completed, along with design and estimation of the required process plant upgrades. Estimates for infrastructure requirements are also complete and documentation is currently being finalised.

The "Scoping and Terms of Reference" updated submission to the Botswana Department of Environmental Affairs (DEA) is imminent following receipt of detailed feedback from the DEA requiring minor changes to the submission. The Environmental-Social Impact Assessment (ESIA) is scheduled to be submitted to DEA in the December 2023 Quarter.

Fabrication of the only long-lead delivery plant equipment required for the plant expansion, a 4.5MW Ball Mill, is well advanced with delivery on schedule for the December 2023 Quarter.

Kalahari Exploration

The Group holds highly prospective exploration licences in the Kalahari Copper Belt of Botswana and Namibia. Sandfire's 100% owned licences represent a rare belt-scale exploration opportunity globally, comprising an extensive and strategic position extending more than 300km along the centre of a major emerging sediment-hosted copper belt.

Details in relation to these exploration projects and activities can be found on Company's website www.sandfire.com.au and in the Company's June 2022 Quarterly Report ASX announcement, dated 28 July 2022.

Operational and financial review (continued)

BLACK BUTTE COPPER PROJECT, USA (SANDFIRE: 87%)

Sandfire holds an 87% interest, via North American-listed company Sandfire Resources America Inc. (TSX-V: SFR), 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's 87%-owned subsidiary, Sandfire Resources America Inc. (Sandfire America), announced the results of the state District Court Legal Challenge related to its Mine Operating Permit (MOP) during the year.

The District Court Judge granted the plaintiffs' motion for a summary judgement stating that the Montana Department of Environmental Quality (MT DEQ) violated the Montana Metal Mines Reclamation Act and Montana Environmental Policy Act in its analysis of the project.

As part of this ruling, both parties had 45 days to propose remedial measures to the Judge, and on the 1st of July 2022, both parties filed a joint motion recommending a stipulated order for remedies. Subsequently, the District Court Judge issued an order aligned with the joint motion and that will allow Phase I Construction of the Black Butte Copper Project to be completed under the existing Permit.

Sandfire America is working on strategies to complete additional test work, analysis and reporting for additional authorisations from the MT DEQ with the objective of moving the project past Phase 1 of the Permit.

For further details refer to the market releases of Sandfire Resources America Inc. available on the Company's website www.sandfireamerica.com.

CORPORATE

Equity Raising

To partially fund the acquisition of MATSA the Group successfully completed an equity raising in October 2021, comprising the issue of new fully paid ordinary Sandfire shares to eligible retail and institutional investors to raise approximately A$1,248.0 million ($905.0 million) at an issue price of A$5.40 per share.

Finance Facilities

The Group also executed and fully drew down a A$200.0 million ($137.8 million) Corporate Debt Facility with ANZ to partially fund the acquisition of MATSA. Repayment of the facility via bullet payment is due on 30 September 2022 with ANZ holding security over Sandfire's DeGrussa Copper Operations as well as corporate security with minimum quarterly cash holdings until repayment.

Execution of documentation for a $650.0 million MATSA Syndicated Debt Facility was also completed during the year with full draw down occurring on completion of the acquisition of MATSA.

The details and terms of the A$200.0 million Corporate Debt Facility with ANZ and $650.0 million MATSA Syndicated Debt Facility were provided in the ASX announcement dated 27 October 2021.

Hedging

Prior to completing the acquisition of MATSA, copper and zinc hedge agreements were entered under the terms of the MATSA Syndicated Debt Facility. As at 30 June 2022, the hedging tenor extends to January 2025 with 62,028 tonnes of copper production hedged under committed swaps at an average price of $4.17/lb, and 71,674 tonnes of zinc production hedged at an average price of $1.28/lb. The end of period unrealised mark-to-market gain on MATSA hedging was $44.6 million.

DeGrussa hedging as at 30 June 2022 comprised 5,000 tonnes of copper at an average price of $4.43/lb with a tenor out to August 2022 and 9,000 ounces of gold at an average price of $1,802/oz with a tenor out to December 2022. The end of period unrealised mark-to-market gain on DeGrussa hedging was $7.3 million.

Sale of Investment in Adriatic Metals Plc

During the year, Sandfire sold an aggregate of 34,600,780 CHESS depository interests (CDIs) representing ordinary shares in the capital of Adriatic Metals Plc (ASX: ADT), or 16 percent of Adriatic's existing issued ordinary share capital, at a price of $2.08 (A$2.80) per Secondary Placing Share. The sale realised aggregate gross proceeds of $71.0 million (A$97.0 million).

Operational and financial review (continued)

Group Financial review

Year ended 30 June 2022	DeGrussa $000	MATSA* $000	Black Butte Project $000	Motheo Copper Project $000	Exploration and Other $'000	Group $000
Revenue	626,379	296,326	-	-	-	922,705
EBITDA^	392,512	150,593	(14,082)	(19,401)	(62,332)	447,290
Profit before net finance and income tax	257,167	34,856	(14,242)	(20,199)	(67,021)	190,561
Profit before income tax						194,974
Net profit for the year						109,432
Net profit attributable to the equity holders of the parent						111,430
Basic and diluted earnings per share (cents)						32.05

* FY2022 MATSA Copper Operations financial information is for the period 1 February 2022 to 30 June 2022, reflecting the period of Sandfire's operational ownership. The calculation of basic and diluted earnings per share was negatively impacted by the equity raise which was completed to fund the acquisition of MATSA from October 2021, several months prior to the consolidation of MATSA earnings.

^ EBITDA is a non IFRS measure. This measure is presented to enable a better understanding of the operations of the Group and is reconciled to statutory net profit in Note 3 of the financial statements.

The DeGrussa Copper Operations contributed profit before net finance and income tax of $257.2 million (2021: $283.5 million) from underground mining and concentrator operations. The current year result was adversely affected by inflationary pressures in the sector and broader economy and impacted by reduced capitalised mine development impacting overheads attributed to mine operating costs.

The MATSA Copper Operations contributed profit before net finance and income tax of $34.9 million (2021: nil) from the sale of copper, zinc and lead concentrate as well as underground mining.

Black Butte Project represents the Group's 87% interest in Sandfire Resources America Inc. (TSX-V: SFR) which contributed a loss before net finance and income tax of $14.2 million (2021: $14.1 million) from evaluation work on the Black Butte Copper project in USA.

The Motheo Copper Project represents the Group's activities within the Kalahari Copper Belt which includes the Motheo Copper mine and several resource expansion prospects. Motheo contributed a loss before net finance and income tax of $20.2 million (2021: $8.7 million) for the year primarily attributable to exploration and evaluation expenses of $12.3 million.

The Exploration and Other segment contributed a loss before net finance and income tax of $67.0 million (2021: loss of $58.4 million). The loss includes immediately expensed exploration of $19.9 million, corporate and business development activities of $8.8 million and expensed MATSA related acquisition and integrations costs of $13.5 million.

Dividends of $42.4 million were declared during the year, including $33.6 million in respect of the 2021 financial year.

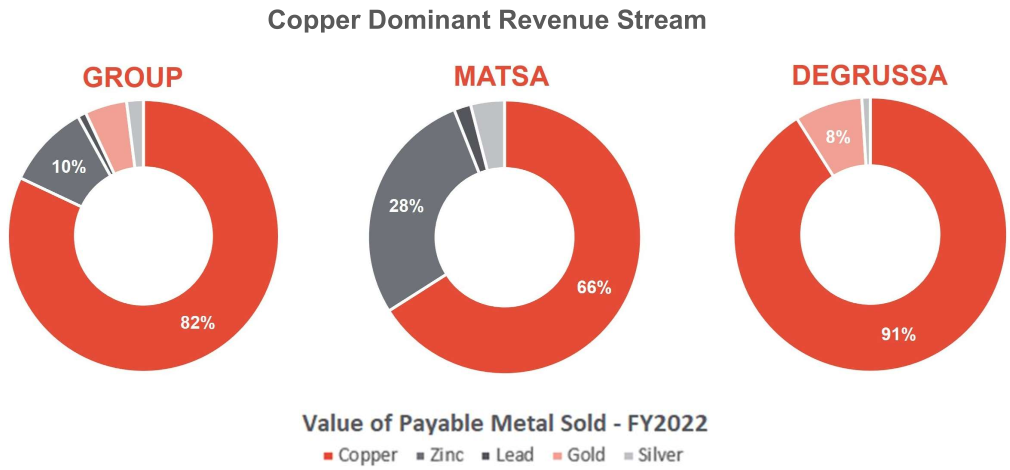
Revenue

Revenue	DeGrussa $000	MATSA $000	Total 30 June 2022 $000
Gross value of metal payable sold ^	688,814	442,319	1,131,133
QP price adjustment gain/(loss)	(16,927)	(62,105)	(79,032)
Hedge gain/(loss)	(18,908)	(5,644)	(24,552)
Value of payable metal sold	**652,979**	**374,570**	**1,027,549**
Port services and sea freight	-	(32,691)	(32,691)
Treatment and refining charges	(26,600)	(45,553)	(72,153)
Total Revenue	**626,379**	**296,326**	**922,705**

* FY2022 MATSA Copper Operations financial information is for the period 1 February 2022 to 30 June 2022, reflecting the period of Sandfire's operational ownership.

^ 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.

Operational and financial review (continued)



Exploration and evaluation

For the year ended 30 June 2022 the Group's Exploration and evaluation expenses across all segments was $46.4 million (2021: $48.9 million).

Exploration and evaluation expenditure comprises expenditure on the Group's projects, including:

a) Near-mine and the Greater Doolgunna regional exploration, which include a number of joint venture earn-in arrangements;
b) Near mine and within the Iberian Pyrite Belt, in Spain and Portugal
c) The Kalahari Copper Belt, in Botswana and Namibia;
d) Expenditure arising on the consolidation of the Group's controlled entities from the Group's investment in Sandfire Resources America Inc; and
e) Other Australian and international exploration projects.

Depreciation and amortisation

	Carrying value 30 June 2022 $000	Carrying value 30 June 2021 $000	Depreciation and amortisation during the year $000
Mine properties	1,347,534	163,183	(158,353)
Plant and equipment	1,202,724	89,290	(84,063)
Right of use assets - AASB 16 Leases	30,166	8,990	(14,313)
	2,580,424	**261,463**	**(256,729)**

Income tax expense

Income tax expense of $85.5 million for the year consists of current and deferred tax expense and is based on the taxable income of the Group entities, adjusted for temporary differences between tax and accounting treatments. Cash tax payments during the year amounted to $132.8 million.

The Group has derecognised during the period the $9.0 million deferred tax asset associated with DeGrussa rehabilitation obligations, with a corresponding increase in income tax expense.

Financial Position

Net assets of the Group have increased by $981.5 million to $1,665.4 million during the reporting period primarily due to continued strong profitability at DeGrussa and the acquisition of MATSA.

Cash balance

Group cash on hand was $463.1 million as at 30 June 2022 (2021: $431.3 million).

Operational and financial review (continued)

Trade and other receivables

Trade and other receivables include remaining funds to be received from the sale of concentrate subject to provisional pricing and quotational periods at the time of sale. At 30 June 2022 $53.7 million (2021: receivable of $11.5 million) was payable to customers as a result of provisional pricing adjustments arising from a reduction in metals prices in the last month of the financial year. The amounts payable to customers are classified under trade and other payables.

Inventories

Current inventories have increased by $10.9 million to $51.4 million primarily due to the acquisition of MATSA which contributed $8.4 million in stores and consumables, $4.3 million in unsold concentrate and $5.5 million to ROM stockpiles.

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 $2,319.0 million to $2,580.4 million at the end of the year driven by the assets acquired as part of the acquisition of MATSA of $2,360.7 million and additions in relation to the development of the Motheo Copper Project of $148.1 million, offset by Group amortisation and depreciation charges of $256.7 million. The closing carrying value of DeGrussa Property, plant and equipment was $13.7 million as the operation nears end-of-mine life.

Derivative financial asset and liabilities

Derivative financial assets of $52.2 million represents the end of period unrealised mark-to-market gain on copper and zinc commodity swaps for the DeGrussa and MATSA Copper Operations. Derivative financial liabilities of $0.3 million represent the unrealised mark-to-market loss on gold commodity swaps for the DeGrussa Copper Operations.

Trade and other payables

Trade and other payables are primarily comprised of ordinary trade payables of $185.9 million, the majority of which relates to MATSA ($112.8 million) which operates under longer dated trading terms. Trade payables owing to customers arising from provisional pricing adjustments comprises $53.7 million of the balance (refer to *Trade and other receivables* section above).

Interest bearing liabilities

Interest bearing liabilities comprise the A$200.0 million ($137.8 million) Corporate Debt Facility with ANZ and $650.0 million MATSA Syndicated Debt Facility. Interest bearing liabilities are initially recorded at fair value net of transaction costs and subsequently measured at amortised cost, with interest accrued under the effective interest rate (EIR) method.

Current and deferred tax liabilities

The estimated taxable profit on operations for the year exceeded tax instalments resulting in the Group booking a current income tax payable of $39.4 million at year-end.

The Group has recorded a deferred tax asset (DTA) of $16.5 million, which predominantly relates to revenue losses available for offset against future taxable income at Motheo, offset by the differing tax depreciation and amortisation rates of mining assets and equipment compared to accounting rates at DeGrussa.

In addition, The Group has recorded a $493.5 million deferred tax liability (DTL), primarily attributable to the acquisition of MATSA. At the date of acquisition MATSA had a net DTL of $263.8 million predominately due to the timings of tax deductibility of capital expenditure. Spanish tax law does not permit a reset of the tax cost base of assets acquired under a business combination. As a result of the $725.2 million purchase price allocation (PPA) uplift an additional $241.8 million DTL has been recognised during the year.

Provisions

Total current and non-current provisions for the Group have increased by $45.8 million to $87.8 million as at 30 June 2022. The Group's provisions predominately relate to mine rehabilitation activities as well as employee entitlements.

The current year increase is primarily due by the initial recognition of the provision associated with MATSA rehabilitation obligations of $29.0 million and an increase in the Motheo Copper Project rehabilitation liability of $11.5 million due to additional disturbance following the ramp-up in project development.

Operational and financial review (continued)

Cash Flows

Operating activities

Net cash inflow from operating activities was $391.2 million for the year (2021: $347.5 million) inclusive of $132.8 million income tax payments. Net cash inflow from operating activities prior to payments for exploration and evaluation activities was $439.5 million (2021: $401.0 million) for the year.

Investing activities

Net cash outflow from investing activities was $1,632.0 million for the year (2021: $97.8 million) including $1,494.1 million (net of $50.0 million cash acquired) for the acquisition of MATSA, payments for property, plant and equipment of $32.6 million and payments for mine development of $166.8 million, $128.6 million of which relates to project development at the Motheo Copper Mine.

Proceeds from the sale of investments for the year of $73.4 million was primarily attributable to the sale of shares held in Adriatic Metals Plc, which realised aggregate gross proceeds of $71.0 million (A$97.0 million).

Financing activities

Net cash inflow from financing activities of $1,291.5 million for the year (2021: $43.0 million outflow) included proceeds from the MATSA capital raising of approximately $905.0 million and proceeds from loans and borrowings of $482.5 million comprising drawdown of the $137.8 million (A$200.0 million) ANZ Corporate Debt Facility and $650.0 million MATSA Syndicated Debt Facility, offset by MATSA indebtedness at acquisition repaid on completion of $313.0 million.

Business Risks and External Factors

Sandfire's business, operating and financial performance are subject to various risks and uncertainties, some of which are beyond Sandfire's reasonable control. The identification and, where possible, mitigation and management of these risks is central to achieving the objectives and targets of our Strategic Growth Plan (refer to page 25).

The matters that have the potential to materially impact Sandfire's operating and/or financial results are set out below. The matters identified are not listed in order of importance and are not intended as an exhaustive list of all the risks and uncertainties associated with Sandfire's business.

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

Business Risks

Commodity Prices

The Group's revenues and cash flows are largely derived from the sale of copper, zinc, lead and gold. The financial performance and operating cash margin of Sandfire is exposed to fluctuations in the market price of these commodities. Sandfire has active copper and zinc hedges to manage this risk.

Prior to completing the acquisition of MATSA, copper and zinc hedge agreements were entered under the terms of the MATSA Syndicated Debt Facility. Additional Copper and Gold hedging has also been put in place for DeGrussa (refer to Note 11).

Foreign Exchange Currency

The Group is an Australian business that reports in US dollars with Group revenue derived from the sale of commodities that are priced in US dollars. Operating costs are denominated in a range of foreign currencies through the Group's projects in Australia, Spain, Botswana and the USA. The impact of exposure to movements in foreign exchange rates cannot be predicted reliably and requires careful management to ensure operating cash margin is maintained.

The Group monitors its ongoing exposure to foreign currency exchange risk and uses forward exchange contracts to minimise and manage foreign currency risk. In FY2022,the Group completed a substantial equity raising denominated in AUD to fund the USD acquisition of MATSA. To manage its exposure to adverse foreign exchange movements the Group entered into forward exchange contracts to provide a high degree of certainty over the rate at which the AUD equity proceeds would be converted to USD.

Interest Rates

During the 2022 financial year the Group acquired variable interest-bearing liabilities comprising the A$200.0 million ($137.8 million) Corporate Debt Facility with ANZ and $650.0 million through the MATSA Syndicated Debt Facility. Additional interest-bearing liabilities are expected to be entered into during the 2023 financial year in relation to the financing of the Group's Motheo Copper Project.

Interest rate movements affect both returns on funds on deposit as well as the cost of borrowings. Global inflationary pressures are expected to impact interest rates in the near term.

The Group continues to monitor and optimise appropriate funding arrangements to meet strategic objectives.

Concentrate Sale Costs

The price of sea freight, smelting and refining charges are market driven and vary throughout the year.

Sea freight, smelting and refining charges for MATSA are set until 31 December 2022 with rates adjusted against market in January 2023 for the 2023 calendar year.

As at 30 June 2022 approximately 40% of the DeGrussa Copper Operations concentrate sales were committed with the remaining 60% exposed to market in relation to smelting and refining charges. DeGrussa shipments for the 2023 financial year are subject to market rates for freight.

Strategic Objective Risks

Executing Delivery

During the 2022 financial year operational and development activities have seen significant increases in supply chain and labour market costs, primarily driven by increased commodity prices, global conflicts, ongoing global impacts of COVID-19, inflation and labour shortages. This has been reflected in increased costs for power, diesel, consumables, labour (both contractor and employee based), freight and equipment.

The Group's operations are subject to uncertainty with respect to (without limitation): ore tonnes, mined grade, ground conditions, metallurgical recovery or unanticipated metallurgical issues (which may affect extraction costs), infill

Business Risks and External Factors (continued)

resource drilling, mill performance, failure of tailings facilities, transportation and logistics issues, the level of experience of the workforce, regulatory changes, safety related incidents, unplanned mechanical failure of plant or equipment, natural events such as storms, floods or bushfires.

The estimation of the Group’s Mineral Resources and Ore Reserves involve subjective judgements regarding a number of factors including (but not limited to) analysis of drilling results, associated geological and geotechnical interpretations, metallurgical performance evaluation, mining assessment, operating cost and business assumptions as well as a reliance on commodity price assumptions. As a result, the assessment of Mineral Resources and Ore Reserves involve areas of significant estimation and judgement. The ultimate level of recovery of minerals and commercial viability of deposits cannot be guaranteed.

The Group employs suitably qualified personnel to assist with the management of its exposure to these risks and continues to monitor and optimise processes, procedures, technical capability and capacity across the business to meet its strategic objective of executing delivery.

Growth

Business development and exploration remains a key focus for Sandfire and the Group’s ability to discover or acquire new mineral prospects is an important factor to being able to sustain or increase its current level of production in the future. Exploration activities are speculative in nature and the ability to find or replace reserves is a significant operational risk.

The Group maintains a business development capability and a systematic, multi-pronged exploration program across its large landholdings globally and employs suitably qualified personnel to assist with the management of its exposure to this risk and to meet its strategic growth objective.

Align and Empower our People

Our people are integral to our business with key talent loss, ongoing attraction and retention of critical skills in a tight market, creating a safe and inclusive work environment and maintaining the Sandfire culture through this transformational period a strategic focus. The second half of FY2022 has seen the business focusing on the MATSA integration as well as the ramping up of the development of the Motheo Copper Project.

To ensure the Group is appropriately structured and resourced for its next growth phase, Sandfire has reviewed structure and resourcing at both MATSA and at head office including strengthening its executive management group during FY2022. This included the appointment of Richard Holmes (Executive – Growth) and Scott Browne (Executive – People and Performance) whose role is to oversee the implementation of the Group’s aligned and empowered people strategy to ensure all parts of the business are aligned with our long-term strategic objectives.

Optimise Capital Strategy and Engagement

The 2022 financial year has been a transformational year for Sandfire. The Board and management team have positioned the business for long-term growth through the acquisition of the MATSA Copper Operations, and progression of construction and development of the Motheo Copper Project. To part fund these growth initiatives, the business has acquired material debt for the first time in a number of years and will see debt requirements increase with the debt financing of the Motheo Copper Project.

The Group employs suitably qualified personnel to assist with the management of its exposure to these risks including careful monitoring of debt compliance, cashflow management and access to additional liquidity if required via capital markets (equity raise etc.) and capital management and investor engagement will continue to be a focus for the Group Board and management in line with its strategic objectives.

Environment, Social and Governance Risks

The Group has material exposure to environmental and social sustainability risks, including changes in community expectations, and environmental, social and governance legislation (including, for example, those matters related to climate change) which can impact on its social license to operate, financial performance and support for ongoing or future project development.

With the acquisition of MATSA and the ongoing development of the Motheo Copper Project, the business has been incorporating MATSA into its ESG program as well as implementing its standards in Botswana as the Motheo Copper Project develops.

The Group reports annually on its sustainability strategy and employs suitably qualified personnel to assist with the management of its exposure to these risks.

Significant changes in the state of affairs

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

Significant events after the balance date

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results

The Group will continue to monitor developments and impacts from the COVID-19 pandemic to our operations and business practices. Further comments on likely developments and expected results of operations of the Group are included in this financial report under 'Operational and financial review'.

Share options

Unissued shares under option

During the year, the Company issued 65,056 unlisted Zero Exercise Price Options (ZEPOs) expiring 17 July 2026 to executives and senior managers. Each ZEPO constitutes a right to receive one ordinary share in the capital of Sandfire, subject to meeting certain performance conditions.

Indemnification and insurance of Directors, Officers and Auditors

Indemnification

The Company indemnifies each of its Directors and Officers, including the Company Secretary, to the maximum extent permitted by the Corporations Act from liability to third parties and in defending legal and administrative proceedings and applications for such proceedings, except where the liability arises out of conduct involving lack of good faith.

The Company must use its best endeavours to insure a Director or Officer against any liability, which does not arise out of a conduct constituting a wilful breach of duty or a contravention of the *Corporations Act 2001*. The Company must also use its best endeavour to insure a Director or Officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal. The Directors of the Company are not aware of any such proceedings or claim brought against Sandfire Resources Limited as at the date of this report.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). However, the indemnity does not apply to any loss in respect of any matters which are finally determined to have resulted from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the end of financial year.

Insurance premiums

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses insurance contracts for current and former Directors, Executive Officers and Secretaries. The Directors have not included details of the premium paid in respect of the Directors' and Officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

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.

Non-audit services

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

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

in $	**2022**
Ernst & Young Australia – Other advisory services	15,830

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Perth WA 6000 Australia
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Auditor's independence declaration to the directors of Sandfire Resources Limited

As lead auditor for the audit of the financial report of Sandfire Resources Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sandfire Resources Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Philip Teale
Partner
29 August 2022

Letter from the Chair of the People and Performance Committee

Dear Shareholders,

On behalf of the Board of Directors of Sandfire Resources Ltd, I am pleased to provide you with the Remuneration Report for the year ended 30 June 2022, for which we will seek your approval at the next annual general meeting.

FY2022 performance

Sandfire has had an outstanding year as our leadership team has delivered against the key objectives and targets of our transformational Strategic Growth Plan and we are confident that Sandfire is well-positioned to deliver further growth.

Importantly, our unwavering focus on safety has seen the Group's Total Recordable Injury Frequency Rate (TRIFR) reduce to 3.8 (FY2021: 4.0).

The Group achieved above-guidance copper production (98,367t) and zinc production (38,907t) for FY2022 which included production from the newly acquired MATSA Copper Operations (MATSA) from February 2022 onwards. Cost performance was challenged by strong global inflationary pressure on energy, labour and supplies as well as lagging impacts of the COVID-19 pandemic on supply chains and labour shortages. Despite these pressures the performance by our entire team, led by our Executives, resulted in strong financial performance across several key metrics, including sales revenue ($922.7 million), operating cash flows ($391.2 million) and net profit ($109.4 million).

While capital markets have faced headwinds in recent months, we are confident in the strategic and operational position of the Group and are well placed to deliver increasing copper production in the coming years into critical industries that will drive decarbonisation and the transition to green energy.

The Company's strong operational and financial performance has been coupled with key milestone achievements during FY2022. This included the company-defining acquisition, integration and optimisation of the MATSA Copper Operations in Spain, and the related expansion of Sandfire's capital base; the development, construction, and expansion studies for the Motheo Copper Project in Botswana and; progression of the Black Butte Copper Project in Montana, USA.

Aligned to our Sustainability Strategy, it is also pleasing that we delivered on a majority of our FY2022 ESG actions and targets. We believe that non-financial performance is connected to long term value creation and will continue to refine our approach to ESG, as we refresh our sustainability strategy and embed it into our global operations.

Remuneration Framework

There was a minor change in the remuneration framework in FY2022 to remove the short-term incentive (STI) 12-month service deferral while retaining clawback rights. This reflected the Board's view that deferral was of limited value, given the FY2021 LTI grant serves as a strong retention tool and contains malus and clawback provisions.

Performance measures

FY2022 Group STI Plan performance measures were changed to incorporate MATSA-specific performance measures. Aligned to our existing Group STI key performance measures, MATSA KPIs relating to production, cost of production and safety were introduced to strengthen the link between pay and performance. The weighting of Individual KPIs remained at 50% of the STI opportunity.

Remuneration outcomes in FY2022

We continue to ensure that remuneration outcomes reflect the performance of the Group over short- and long-term timeframes.

- *Executive fixed remuneration*
  - The Executives' total fixed remuneration per annum was not changed in FY2022.
- *Executive incentives*
  - Short-term incentives (STI): In light of Sandfire's strong operational, financial and strategic performance during FY2022, the Board awarded 76.8%, 76.0% and 77.6% of the maximum annual STI opportunity to Karl Simich, Jason Grace and Matthew Fitzgerald, respectively.
  - Transformation award: To recognise the strategic importance and significant, coordinated effort required to deliver the transformational acquisition of the MATSA Copper Operations to the Group, each executive KMP received US$217,740 (A$300,000). Led by the Executive team, the acquisition included conducting a substantial capital raise which introduced new strategic investors and resolved structural issues in the Company's asset portfolio (notably, the imminent closure of the DeGrussa Copper Operations). The MATSA acquisition has delivered a change in scale of the business and provided a strong foundation for long term growth.
  - Long-term incentives (LTI): Independent assessment of the three-year performance period 1 July 2019 to 30 June 2022 established that Sandfire achieved relative performance against the ASX200 Resources Index at the 28th percentile. This performance resulted in 0% of the three-year FY2020 LTI award vesting. The past four years have seen 0% of LTI awards vest. Due to the four-year grant in FY2021, no LTI was granted in FY2022.

  - Prior to final award decisions, the Board reviewed outcomes against the shareholder experience, COVID impact on operations, underlying safety performance, behaviour consistency with our values and code of conduct, and governance, and confirmed awards remained appropriate and that no exercise of discretion was warranted.

- *Board and Committee fees*
  - Following a market benchmarking exercise, Board Non-Executive Director (NED) committee member fees of US$9,435 (A$13,000) have been applied. NED fee levels in FY2022 were otherwise unchanged from FY2021 and total fees remain within the shareholder approved fee pool limit.

Looking forward

As Sandfire further optimises MATSA's operations, completes construction and development at the Motheo Copper Project towards production, and cements its expanded Executive team, it is evident that Sandfire has significantly progressed its Strategic Growth Plan and that there has been a substantial increase in the scale and complexity of Sandfire's business. The Company is now well established on a long-term growth trajectory as an international and diversified, multi-asset copper company with an expanded global footprint.

Consequently, the Board is reviewing the remuneration framework to ensure it continues to attract and retain high performing Executives and incentivise them to outperform. Any changes arising from the review will be described in the 2022 Annual General Meeting (AGM) Notice of Meeting. Considerations will include the transition to an annual LTI grant cycle starting in FY2023 aligning the newly expanded Executive team over the long term.

We value our shareholders' support and will continue to regularly engage with and provide ongoing updates to our shareholders regarding the appropriateness of our remuneration policies and objectives.

On behalf of the Board, I invite you to review the full report and thank you for your ongoing support of Sandfire.

Yours sincerely,

Jenn Morris

Chair of the People and Performance Committee

Remuneration report (audited)

Reporting currency

As announced to the market in February 2022, Sandfire changed its reporting currency from Australian dollars (AUD) to United States dollars (USD), commencing with reporting of the 31 December 2021 half-year financial results. In line with Sandfire's USD reporting currency, the majority of the Remuneration Report is now disclosed in USD (unless otherwise stated) with all remuneration components having been converted from AUD to USD using an average rate of 0.7258 for FY2022 and 0.7468 for FY2021.

The Executive cash value of remuneration realised table in this Remuneration Report (section 6.1) will continue to be disclosed in AUD. Given the CEO and Executives are contracted and paid in AUD and are predominantly based in the Corporate Office in Western Australia, the Executive cash value of remuneration realised table will continue to clearly provide the remuneration "actually realised" by the Executives without USD exchange rate fluctuations.

1. Remuneration report overview

The Directors of Sandfire Resources Ltd present the Remuneration Report (**the Report**) for the Company and its controlled entities for the year ended 30 June 2022. This Report for the Group forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001.*

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

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

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

The table below outlines the KMP of the Group and their movements during FY2022.

Name	Position	Term as KMP
Non-Executive Directors		
John Richards	Independent Non-Executive Chair	Appointed 30 April 2022
	Independent NED	Full financial year
Derek La Ferla	Independent NED	Full financial year
	Independent Non-Executive Chair	Ceased 30 April 2022
Roric Smith	Independent NED	Full financial year
Sally Langer	Independent NED	Full financial year
Jennifer Morris	Independent NED	Full financial year
Paul Hallam	Independent NED	Ceased 26 November 2021
Executive Director		
Karl Simich	Managing Director and Chief Executive Officer	Full financial year
Senior Executives		
Jason Grace	Chief Operating Officer	Full financial year
Matthew Fitzgerald	Chief Financial Officer and Company Secretary	Full financial year

Mr Derek La Ferla resigned from the position of Independent Non-Executive Director on 8 July 2022. Ms Sally Martin and Mr Robert Edwards were each appointed to the position of Independent Non-Executive Director on 8 July 2022, after the reporting date and before the date the financial report was authorised for issue. There were no other changes to KMP in this time.

Remuneration report (continued)

2. How remuneration is governed

2.1 Remuneration decision making

Figure 1 presents the Group's remuneration decision making framework during FY2022.

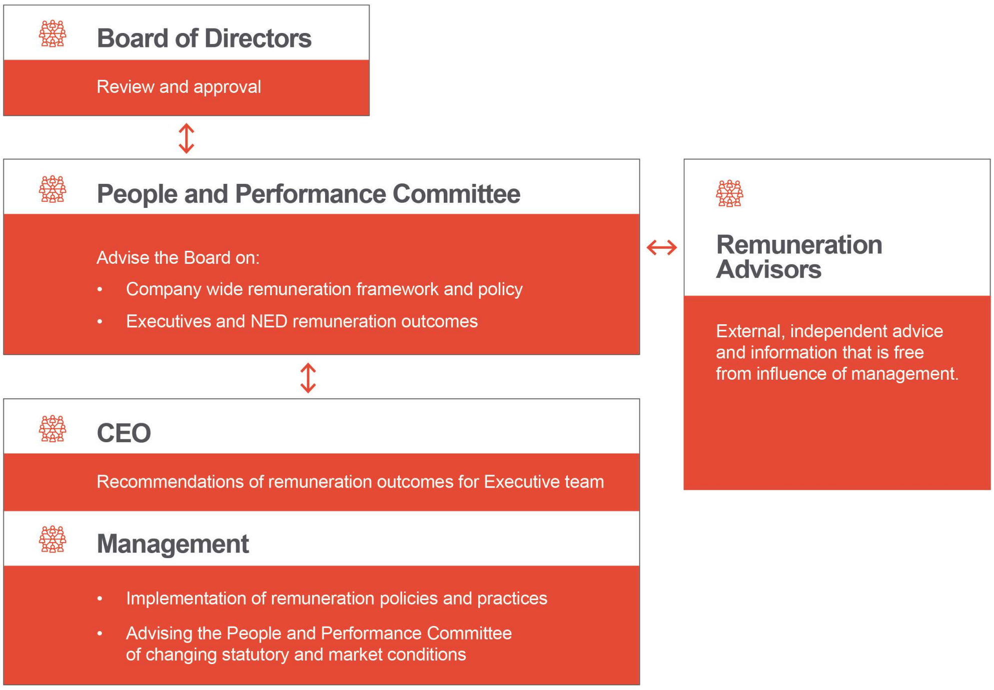

Figure 1: Sandfire's Remuneration Governance Framework.

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

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

More details on the Company's governance framework including Board committee structures and related committee charters are available on the Governance page of the Company's website at www.sandfire.com.au.

2.2 Alignment of the Remuneration Framework to the Strategic Growth Plan

The key elements of Sandfire's Strategic Growth Plan are detailed in Figure 2. The strategy is targeted at delivering sustainable returns to our shareholders over the long term as the organisation moves beyond the life of mine of the DeGrussa asset.

Our remuneration framework in FY2022 was designed to support the execution of the Strategic Growth Plan. The framework links the remuneration outcomes for Executives to the achievement of the key objectives and targets of the Strategic Growth Plan to drive long-term value creation for shareholders, including long term production profile and Ore Reserve growth. This is the remuneration framework described in this report.

The Company's management team, led by the Executives, has continued to deliver against the objectives and targets of the Strategic Growth Plan, including the transformational acquisition of the MATSA Copper Operations. The acquisition has delivered a world-class copper mine into Sandfire's production profile and significant opportunity for further growth in value, including to convert further Mineral Resources to Ore Reserves and exploration opportunities targeting extension of mine life.

Further, the Group's strategic growth in Botswana is on track and positioned to deliver rising production and increased mine life from a new copper mine in an emerging, world-class copper belt.

Remuneration report (continued)

Strategic Imperatives	**SI 1** Execute Delivery	**SI 2** Build a Sustainable Production Pipeline	**SI 3** Accelerate Discovery	**SI 4** Align and Empower Our People	**SI 5** Optimise Capital Strategy and Engagement
Objectives	Maximise the value of DeGrussa and proceed to production in Botswana.	Build a sustainable production pipeline through the near-term acquisition of an operating asset, development studies and ongoing strategic investments.	Continue to build and leverage our exploration capability to maximise chances of success.	Ensure all parts of the business are aligned with long-term strategic outcomes.	Position the capital structure to support the strategy and ensure investors and stakeholders are suitably engaged.
Targets	• Safely deliver against the DeGrussa Mine Plan. • T3 in production early CY2023 at 30kt Cu pa. • A4 Deposit brought into production realising the Motheo Production Hub Concept.	• Build a development pipeline to support pathway to 150kt Cu pa equivalent production by 2025. • Define Ore Reserves for Lowry and Old Highway. • Optimise Black Butte Copper Project.	• Identification of new resources to replace depletion of current production and support production growth target to 150kt Cu equivalent pa.	• Teams and individuals aligned to strategy. • High performing and engaged workforce in the continued success and growth of the business. • Values driven workforce. • Global operating model embedded.	• Maintain flexibility to enable the support of future growth plans. • Appropriate funding mix by project. • Minimised secured corporate debt. • Engaged investors and stakeholders.

Figure 2: Sandfire's Strategic Growth Plan.

2.3 Remuneration advisors

The Committee may seek the advice of the Company's auditors, solicitors or other independent advisers, consultants or specialists as to any matter relating to the powers, duties or responsibilities of the Committee.

Any engagement with third parties will be in a manner that seeks to ensure that engagement and advice received is independent.

During FY2022, the Committee engaged the services of external advisers to provide market remuneration data. The remuneration data was provided to the Committee as input into decision making and did not include making a remuneration recommendation.

None of the Committee's external adviser engagements were for work which constituted remuneration recommendations for the purposes of the Australian *Corporations Act 2001*.

2.4 Securities Trading Policy

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

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

The policy can be found on the Governance page of the Company's website at www.sandfire.com.au.

2.5 Minimum shareholding requirements

In July 2021, the Company introduced a minimum shareholding requirement for Non-Executive Directors to further strengthen the alignment of the interests of NEDs with those of shareholders. The policy requires NEDs to hold Sandfire shares to the value of at least 100% of the annual NED base fee. The period for NEDs to obtain the minimum shareholding requirement is the earlier of five years from the policy adoption date, or their appointment date.

As at the date of this report, the Company does not have a minimum shareholding requirement for Executive KMP. However, the Board acknowledges minimum shareholding requirements can facilitate long-term alignment between Executives and shareholders and will consider this within the FY2023 remuneration framework.

Remuneration report (continued)

3. Executive remuneration policy and practices

Sandfire's remuneration strategy is designed to:

- Motivate the Executives to focus on our Strategic Growth Plan and operational success of the Company and Group;
- Establish a strong alignment between pay and performance;
- Attract, motivate and retain high performing Executives; and
- Reflect our business performance and sustainability.

The remuneration strategy identifies and rewards high performers and recognises the contribution that each Executive makes to the continued growth and success of the Group. The elements of the Executive remuneration framework and its connection to Sandfire's Strategic Growth Plan are summarised in Figure 3 below.

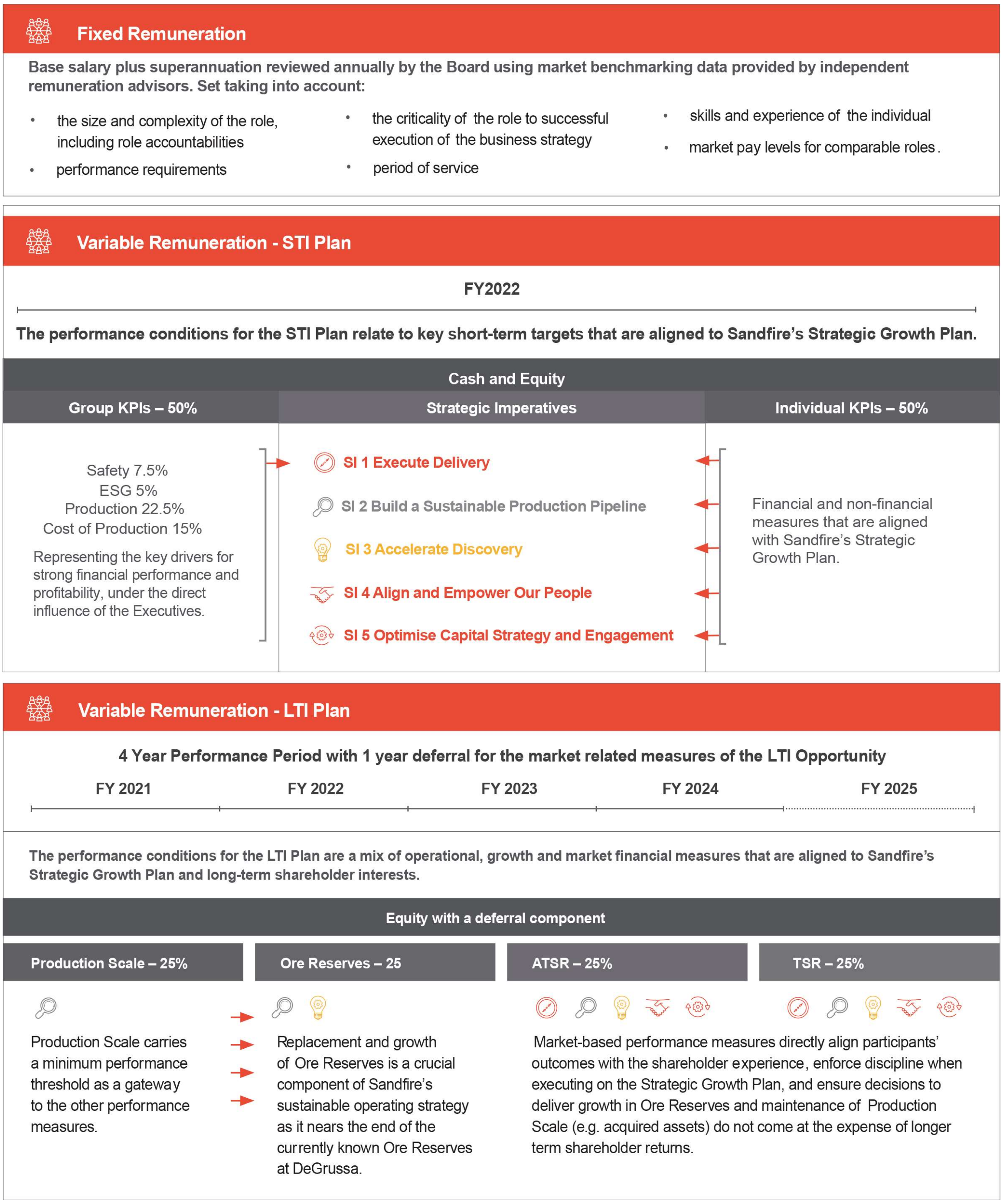

Figure 3: Sandfire's Executive remuneration framework

Remuneration report (continued)

3.1 FY2022 Executive remuneration mix

Figure 4 shows the remuneration mix for stretch performance when maximum at risk remuneration is earned for both the CEO and their direct reports in FY2022.

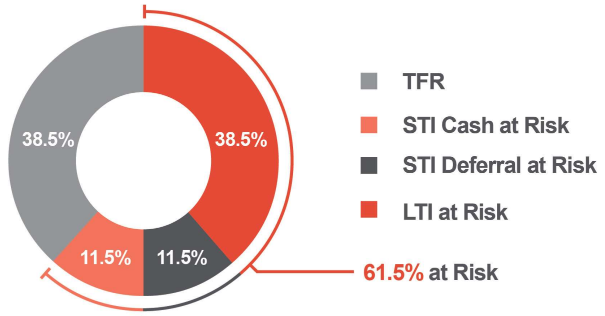

Figure 4: Sandfire's FY2022 Executive remuneration mix

3.2 Remuneration benchmarking and market positioning

Sandfire has adopted a market positioning strategy to support fair and equitable outcomes between employees.

When determining the relevant market for each role, Sandfire considers the companies from which it sources talent, and to whom it could potentially lose talent. From time to time, the Committee engages independent remuneration advisors to provide remuneration advice, including benchmarking data, as input into setting remuneration for Executives.

Executive remuneration packages are benchmarked against comparable roles at a bespoke peer group. The Board periodically reviews the peer group and may consider revising its composition as the Group's operations evolve in line with the Strategic Growth Plan.

The peer group used in FY2021 and FY2022 is detailed below. Companies within the peer group are all ASX-listed; are in the Mining and Metals sector with at least one producing asset; and have similar market capitalisation, revenues, assets and number of employees at the time of benchmarking. These characteristics give rise to similar risks and market conditions as Sandfire.

Champion Iron Ltd	Lynas Corporation Ltd	Mount Gibson Iron Ltd	Orocobre Limited	OZ Minerals Ltd
Perseus Minerals Ltd	Pilbara Minerals Ltd	Ramelius Resources Ltd	Regis Resources Ltd	Resolute Mining Ltd
Silver Lake Resources Ltd	St Barbara Ltd	Western Areas Ltd	Westgold Resources Ltd	

The peer group is being reviewed given the substantial increase in the scale and complexity of Sandfire's business following the acquisition of the MATSA Copper Operations. Sandfire will report on changes to the peer group for FY2023 in its FY2023 Remuneration Report.

The Board has set the total remuneration opportunity (TRO), which includes TFR, STI opportunity and LTI opportunity, for Executives at the 75th percentile of the peer group.

3.3 Total Fixed Remuneration (TFR)

TFR acts as a base-level reward and includes cash, compulsory superannuation and any salary-sacrificed items (including FBT if applicable). TFR levels for the Executives are reviewed annually by the Board using market benchmarking data provided by independent remuneration advisors. The Board considers variations to the benchmark based on:

- the size and complexity of the role, including role accountabilities;
- the criticality of the role to successful execution of the business strategy;
- skills and experience of the individual;
- period of service;
- performance requirements; and
- market pay levels for comparable roles.

Remuneration report (continued)

3.4 Short Term Incentive (STI) Plan: Key questions and answers on how it works

Why does the Board consider a STI Plan is appropriate?	The purpose of the STI Plan is to make a proportion of the total remuneration package subject to meeting various short-term targets linked to Sandfire's Strategic Growth Plan, thereby strengthening the link between pay and performance. The STI Plan is designed to focus and motivate Executives to meet or exceed business optimisation and business value creation objectives that are beyond the standard expected in the normal course of employment.
How is it paid?	STI awards for Executives are paid part in cash (50%) and part in shares (50%) according to the extent of achievement of the applicable performance measures.
What is the performance period and how much can the Executive earn?	STI awards are assessed over a 12-month performance period aligned with the Company's financial year. The maximum STI opportunity for Executives is 60% of TFR. STI award potentials are pro-rated for the period of service and the actual outcome depends on the extent of achievement of the applicable performance measures.
How is performance assessed and what are the performance measures?	Performance measures include Group and individual KPIs (50% each). KPIs include financial and non-financial measures that align with the Group's Strategic Growth Plan and the Group's core values. The acquisition of the MATSA Copper Operations led to a reweighting of the Group component of the STI during FY2022. This resulted in half of the Group component of the STI measuring the objectives for the existing Group operations (Group KPI) and half measuring the objectives for the MATSA Copper Operations (MATSA KPI). The Board, with the assistance of the People and Performance Committee (Committee), sets and assesses the KPIs applicable for the Group and the CEO. The outcome of the assessment determines the STI amount payable to the CEO. The CEO sets and assesses the individual KPIs for the other Executives. The Committee reviews the outcome of the assessment. The KPIs generally have a range of pre-determined performance levels, which are detailed below.

Performance Level	% Outcome	Description of Performance Level
Threshold	50%	Represents the minimum level of performance required for an STI award to be paid. Performance below this level results in a nil outcome.
Target	75%	Represents the achievement of planned performance, set at a challenging level.
Stretch	100%	Represents exceptional performance, set at a stretch level.

The Group KPI areas for FY2022, their weightings and link to strategy are listed below.

Group KPI area	Weighted opportunity (% of STI)	Rationale why chosen and link to strategy
Production*	10%	Critical to the execution of Sandfire's Strategic Growth Plan is the strategic imperative to "Execute Delivery" and strong production and cost control are the key drivers for short-term financial performance.
Cost of production	7.5%	Maximising the value of our existing DeGrussa Copper Operations and strong financial performance will facilitate the achievement of the medium and longer-term growth goals of our strategy.
Safety	2.5%	The Safety and ESG KPI areas support the responsible achievement of our strategic imperatives.
ESG	5.0%	We believe that non-financial performance is connected to long term value creation, and this is best effected when sustainability is embedded throughout our business.
	25%	

*Gold production represents approximately 8% of revenue from the DeGrussa Copper Operations. Accordingly, assessment of production results is weighted proportionately towards copper production.

Remuneration report (continued)

The MATSA KPI areas for FY2022, their weightings and link to strategy are listed below.

MATSA KPI area	Weighted opportunity (% of STI)	Rationale why chosen and link to strategy
Production* Cost of production	12.5% 7.5%	Critical to the execution of Sandfire's Strategic Growth Plan is the strategic imperative to "Execute Delivery" and strong production and cost control are the key drivers for short-term financial performance. Maximising the value of the new MATSA Copper Operations and strong financial performance will facilitate the achievement of the medium and longer-term growth goals of our strategy.
Safety	5%	The Safety KPI supports the responsible achievement of our strategic imperatives.
	25%	

*Zinc production represents approximately 27% of revenue from the MATSA Copper Operations. Accordingly, assessment of production results is weighted proportionately towards copper production.

The remaining 50% of the STI opportunity relates to performance against individual Executive KPIs. The individual KPIs are specific to the key tasks, functions and targets appropriate to assess the performance of the Executive in the areas they control and influence. While assessing individual performance, individual KPIs remain tied to Group strategy and objectives that drive the success of the Group.

Refer to section 4.3 for further detail of the Group and individual CEO KPIs for FY2022, including relative commentary on the performance assessment and achievements.

Is there a gateway?	Yes. Participants will not qualify for a STI award unless all the qualification criteria are met. The first criterion relates to a minimum performance level of threshold for individual performance. Unless the participant meets threshold level as per their individual performance scorecard, regardless of Group performance, no incentive will be paid. The second qualification criterion is service. Participants must be employed by Sandfire at the time the incentive is to be paid.
Is there a deferral mechanism and why?	No. However, half of any STI award is paid in ordinary shares in the Company, with the number of shares to be allocated equal to 50% of the STI award, divided by the face value of Sandfire shares, calculated as the 5-day volume-weighted average price (VWAP) up to and including the end of the performance period (represented by 30 June 2022 for the FY2022 STI award). STI awards are subject to clawback (refer below).
What happens to STI awards when an Executive ceases employment?	If the Executive's employment is terminated for cause, no STI will be paid. If the Executive resigns before the end of the performance period, the STI may be granted on a pro-rata basis in relation to the period of service completed, subject to the discretion of the Board and conditional upon the individual performance of the Executive.
Was the transformation award an integral part of the STI?	No. FY2022 STI KPIs were designed to focus executives on delivering against the Strategic Imperatives of the Strategic Growth Plan. The transformation award was made to Executives in recognition of the significant and coordinated effort required to deliver the transformational acquisition of the MATSA Copper Operations to the Group, which included conducting a substantial capital raise which introduced new strategic investors and introduced new banks onto the balance sheet. The acquisition resolved structural issues in the Company's asset portfolio (notably, the imminent closure of the DeGrussa Copper Operations), delivered a change in scale of the business, and provided a strong foundation for long term growth. The award recognised the requirement for Executives to provide the additional time and requisite skill to work as an integrated team to complete the transaction in an appropriate timeframe and on commercial terms that met the Company's stringent IRR requirements. At the same time, the Executives were required to maintain high levels of focus to achieve STI KPI operational targets.
Are there malus or clawback provisions?	Yes. The Board has discretion to reduce or clawback all vested and unvested awards in certain circumstances to ensure Executives do not obtain an inappropriate benefit. The circumstances in which the Board may exercise this discretion are extensive and include situations where an Executive has engaged in misconduct, where there has been a material misstatement of the Company's results in determining vesting, behaviours of Executives that bring Sandfire into disrepute or any other reasonable factor as determined by the Board. The Board also has discretion, where appropriate, to reduce the amount of the STI otherwise payable, taking into consideration the interests of the Group and its shareholders. In the event of a critical or serious safety or environmental incident, the Board will assess all available information relating to the incident and apply discretion where appropriate.

Remuneration report (continued)

3.5 Long Term Incentive (LTI) Plan: Key questions and answers on how it works

Why does the Board consider the LTI Plan is appropriate?	The Board believes that the LTI Plan can: • Focus and motivate Executives to achieve outcomes that are aligned to optimising shareholder value; • Ensure that decisions and planning have regard to Sandfire's Strategic Growth Plan and the Group's long-term performance; • Be consistent with remuneration governance guidelines; • Be consistent and competitive with current practices of comparable companies; and • Create an immediate ownership mindset among the Executive participants, linking a substantial portion of the potential reward to Sandfire's share price and returns to shareholders.
Who is eligible?	Executives and selected senior managers who are responsible for setting the strategic direction for projects and functions of the Group.
How often are awards made and was an award made in FY2022?	There was no LTI grant in FY2022. The last LTI grant was in FY2021. The FY2021 LTI allocation represented a four-year LTI opportunity to tie Executives' awards to the strategic performance cycle of the Group and create a strong retention mechanism. The performance period for the FY2021 LTI award is 1 July 2020 to 30 June 2024. The grant to the CEO was made following shareholder approval at the Company's 2020 AGM.
How is the award delivered?	The LTI grant in FY2021 was in the form of Zero Exercise Price Options (**ZEPOs**) over ordinary shares in the Company for no consideration. The ZEPOs carry neither rights to dividends nor voting.
What is the quantum of the award and what allocation methodology is used?	The quantum of ZEPOs granted to an Executive was determined by the Executive's TFR; the applicable multiplier (i.e. percentage of TFR); and the face value of Sandfire shares, calculated as the 30-day volume weighted average price (VWAP) up to and including 30 June 2020. The maximum LTI opportunity for Executives is 100% of TFR.
What is the expiry date for the ZEPOs?	Six years from the grant date, which for the FY2021 grant is 17 July 2026.
What are the performance conditions, and what is their link to Sandfire's strategy?	**Service condition** - The service condition is met if employment/engagement with Sandfire is continuous for the period commencing on or around the grant date until the date the ZEPOs vest. **Performance conditions** – The performance conditions for the FY2021 LTI award are a mix of operational, growth and market financial measures that are aligned with Sandfire's Strategic Growth Plan and long-term shareholder interests. Each measure carries an equal weighting (25%) of the grant and include:

Measure	Rationale why chosen and link to strategy
Ore Reserves	Replacement and growth of Ore Reserves is a crucial component of Sandfire's sustainable operating strategy as it nears the end of the known Ore Reserves at DeGrussa. The replacement of Ore Reserves is critical for Sandfire to maintain a sufficient Production Scale in future years. This measure directly aligns with the "Build a Sustainable Production Pipeline" and "Accelerate Discovery" strategic imperatives in Sandfire's Strategic Growth Plan.
Production Scale	Critical to the execution of Sandfire's strategy is to "Execute Delivery" of existing operating mines and bring new mines into production over time. Sandfire needs to maintain a sufficient Production Scale in order to meet the future capital requirements of the Strategic Growth Plan to develop new operating assets.
Absolute Total Shareholder Return (ATSR) Relative Total Shareholder Return (RTSR)	Market-based performance measures directly align participants' outcomes with the shareholder experience, enforce discipline when executing on the Strategic Growth Plan, and ensure decisions to deliver growth in Ore Reserves and maintenance of Production Scale (e.g. acquired assets, etc.) do not come at the expense of longer-term shareholder returns. A mix of absolute and relative returns is appropriate to test the return to shareholders in a competitive operating and capital market.

Remuneration report (continued)

<table>
<tr><td>How is Ore Reserves performance measured?</td><td>Delivery of Ore Reserves over the performance period. For the FY2021 LTI offer with a 4-year performance period of 1 July 2020 to 30 June 2024, 25% of the total tranche issued to Executives will be measured against the following Ore Reserves criteria. If the Ore Reserve change is:
• Negative: Nil vest
• Depletion replaced: 50% vest
• Depletion replaced plus up to a 20% increase: pro rata between 50% and 100% vest
• Depletion replaced plus 20% increase or greater: 100% vest</td></tr>
<tr><td>What is Production Scale and how is it measured?</td><td>Production Scale is the forecast annual copper equivalent metal production rate, measured in tonnes and assessed at the end of the performance period. The Production Scale measure supports the achievement of a sustainable production profile and represents the Group's future production profile detailed in the strategic planning report.
For the FY2021 LTI offer with a 4-year performance period of 1 July 2020 to 30 June 2024, 25% of the total tranche issued to Executives will be measured against the following Production Scale criteria. If the annual Production Scale is:
• Up to 30,000t Cu (Threshold): Nil vest
• 30,001t Cu to 70,000t Cu: pro rata between 0% and 100% vest
• More than 70,000t Cu: 100% vest</td></tr>
<tr><td>What is ATSR and how is it measured?</td><td>Absolute total shareholder return (ATSR) is a method for calculating the return shareholders would earn if they held a notional number of shares over a period of time based on a 30-day VWAP at the relative measure points.
TSR measures the growth in a company's share price together with the value of dividends during the period, assuming that all of those dividends are re-invested into new shares.
For the FY2021 LTI offer with a 4-year performance period of 1 July 2020 to 30 June 2024, 25% of the total tranche issued to Executives will be measured against the following ATSR performance criteria.
<table><tr><th>ATSR of Sandfire</th><th>Percentage of ZEPOs that vest</th></tr><tr><td>Less than 10%</td><td>Nil</td></tr><tr><td>10% to 20%</td><td>Pro rata between 50% and 100% vest</td></tr><tr><td>Greater than 20%</td><td>100% vest</td></tr></table>The Company will engage an independent advisor to calculate the ATSR of the Company to ensure an objective assessment.</td></tr>
<tr><td>What is RTSR and how is it measured?</td><td>Relative total shareholder return (RTSR) is a method for calculating the return shareholders would earn if they held a notional number of shares over a period of time measured against a comparator group based on a 30-day VWAP at the relative measure points.
TSR measures the growth in a company's share price together with the value of dividends during the period, assuming that all of those dividends are re-invested into new shares.
The comparator group for Sandfire constitutes companies in the ASX200 Resources Index (ASX:XJR).
For the FY2021 LTI offer with a 4-year performance period of 1 July 2020 to 30 June 2024, 25% of the total tranche issued to Executives will be measured against the following RTSR performance criteria.
<table><tr><th>RTSR of Sandfire relative to comparator group</th><th>Percentage of ZEPOs that vest</th></tr><tr><td>Less than 50th percentile</td><td>Nil</td></tr><tr><td>At the 50th percentile</td><td>50% vest</td></tr><tr><td>50th to 75th percentile</td><td>Pro rata between 50% and 100% vest</td></tr><tr><td>Greater than 75th percentile</td><td>100% vest</td></tr></table>The Company will engage an independent advisor to calculate the RTSR ranking to ensure an objective assessment.</td></tr>
<tr><td>Why is the ASX200 Resources Index an appropriate comparator group?</td><td>The Board considers the ASX200 Resources Index to be an appropriate comparator group against which Sandfire's performance can be appropriately benchmarked. Benchmarking against comparable companies within the index minimises the impact of fluctuations in commodity price to illustrate how effective management have been in creating value from the Group's assets. Constituents of the ASX200 may be subject to corporate transactions (e.g. mergers and acquisitions) during the performance period and as such may result in a change to the number of companies evaluated at the vesting date.</td></tr>
<tr><td>Is there a gateway?</td><td>Yes. This is based on a minimum performance level to be achieved for the Production Scale performance condition. If the minimum (threshold) Production Scale target is not met, then regardless of the performance in respect of the other tranches (Ore Reserves, ATSR and RTSR), no LTI incentive tranches will vest.
The Board believes this overriding performance condition is crucial to ensure that Sandfire maintains a sufficient scale post current DeGrussa Copper Operations such that the Company can fund future growth opportunities whilst minimising the need to raise additional equity capital. In addition, production scale reduces the cost of debt and brings the opportunity for access to international capital markets should the need arise.</td></tr>
</table>

Remuneration report (continued)

Is there a deferral mechanism and why?	Yes, ZEPOs relating to the market-based performance measures (ATSR and RTSR) are subject to a service-based deferral period of 12 months from the applicable vesting date (deferral period). Deferral mechanisms allow the impact of decisions made in any one year to play out in future years and provide an opportunity for the Board to reinforce accountability for those decisions through remuneration reductions if necessary.
How is performance assessed?	The Company will engage an independent advisor to report on the market performance conditions (ATSR and RTSR). With regard to the non-market measures, this will be reviewed by the Board.
How are dividends treated during the performance period and deferral period?	No dividends are paid on ZEPOs prior to vesting. For any ZEPOs that ultimately vest, a cash payment equivalent to dividends paid by Sandfire during the period between grant of the awards and vesting and during the deferral period will be made. No cash payment will be made in respect of dividends on awards which do not vest.
What happens to ZEPOs when an Executive ceases employment?	If the Executive's employment is terminated for cause, or due to resignation, all unvested ZEPOs will lapse, unless otherwise determined by the Board. For Executives who cease employment for other reasons, the Board has discretion to vest any unvested ZEPOs on a pro-rata basis taking into account time and the current level of performance against the performance conditions, or to hold the LTI award to be tested against performance conditions at the end of the performance period.
What happens in the event of a change of control?	In the event of a change in control, the Board will exercise its discretion, and determine the treatment of the unvested ZEPOs which may include a pro-rata vesting.
Are there malus or clawback provisions?	Yes. The Board has discretion to reduce or clawback all vested and unvested awards in certain circumstances to ensure Executives do not obtain an inappropriate benefit. The circumstances in which the Board may exercise this discretion are extensive and include situations where an Executive has engaged in misconduct, where there has been a material misstatement of the Company's results in determining vesting, behaviours of Executives that bring Sandfire into disrepute or any other reasonable factor as determined by the Board. The Board also has discretion, where appropriate, to reduce the amount of the LTI otherwise payable, including deferred LTI, taking into consideration the interests of the Group and its shareholders. In the event of a critical or serious safety or environmental incident, the Board will assess all available information relating to the incident and apply discretion where appropriate.
Why does the Board consider Board discretion to be appropriate?	The Board acknowledges that formulaic incentive awards and selected performance measures are unable to provide the right remuneration result in every situation, leading to occasions where the incentive does not reflect true performance. It is at this point that discretion becomes necessary, such that the Board can adjust outcomes up or down as warranted. The Board has not applied upward discretion to any incentive awards in the past. This is clearly reflected in recent times with the FY2019, FY2020, FY2021 and FY2022 LTI outcomes, of which 0% vested. The Board will continue to ensure discretion is only applied in a manner that aligns Executive rewards from incentive plans to shareholder value creation.

Remuneration report (continued)

4. Executive remuneration outcomes in FY2022

4.1 FY2022 Company performance

Group performance was strong for FY2022 during a time of acquisition, international expansion, organisational change and global inflation.

Sandfire's Board and management team have driven transformational change during the 2022 financial year, with the Company now well established on a long-term growth trajectory as an international and diversified, multi-asset copper company with an expanded global footprint. The Company has embarked on this new growth chapter against the backdrop of an exceptional long-term outlook for copper due to its pivotal role in the global energy transformation and push to decarbonise the world economy.

Key achievements during FY2022 have included the company-defining acquisition and integration of the MATSA Copper Operations in Spain and the related expansion of Sandfire's capital base; the development, construction and expansion studies for the Motheo Copper Project in Botswana; and the continued strong operating and financial performance of the DeGrussa Copper Operations in Western Australia.

Operational and financial

Driven by operating excellence and careful workforce management, Sandfire's global operations continued to operate at full capacity and the Group achieved above-guidance copper production (98,367t) and zinc production (38,907t) for FY2022, which included production from MATSA from February 2022. Cost performance was challenged by strong global inflationary pressure on energy, labour and supplies as well as lagging impacts of the COVID-19 pandemic on supply chains and labour shortages. Despite these pressures the Group's performance by our entire team, led by our Executives, resulted in strong financial performance across several key metrics, including sales revenue ($922.7 million), operating cash flows ($391.2 million) and net profit ($109.4 million).

Development and construction

Strong progress was made during FY2022 at the Group's key growth project, the Motheo Copper Mine in Botswana. Development and construction activities are well advanced, and despite the global labour and supply challenges, management have been able to keep the project schedule on track, with first production from the 3.2Mtpa Base Case project on track for the June 2023 Quarter.

The Group is well positioned for future growth at Motheo in Botswana with the release of the 5.2Mtpa Expansion Case DFS incorporating the A4 deposit into the existing 3.2Mtpa T3 project. We also continue to actively explore across our extensive Kalahari Copper Belt tenure.

Safety

With a focus on employee and contractor health and wellbeing, and underpinned by a safety improvement plan, further pleasing results have been achieved in safety performance and assurance, with the Group's TRIFR at 30 June 2022 reducing to 3.8.

Sustainability

Key progress was made during FY2022 toward ESG objectives aligned to our sustainability strategy.

The Company operated the DeGrussa Solar Facility at maximum efficiency during FY2022 and explored green energy options at Motheo and MATSA.

Studies for solar power generation were completed for the Motheo Copper Project, including scope for the 5.2Mtpa Expansion Case, and environmental permitting commenced by the end of the reporting period.

Sandfire is conducting further emissions modelling of our footprint to understand and effectively manage emissions intensity with our expanded portfolio.

As part of the Group's community initiatives in the Ghanzi region, the Company also completed studies for a Community Based Agri-Business in Botswana to effectively utilise excess land at Motheo.

COVID Business response

The Company's performance during FY2022 has remained strong and resilient throughout this challenging period. The Group has dealt professionally with the direct and indirect risks, impacts and challenges that the pandemic has brought.

Prior to final award decisions, the Board reviewed outcomes against the shareholder experience, COVID impact on operations, underlying safety performance, behaviour consistency with our values and code of conduct, and governance, and confirmed awards remained appropriate and that no exercise of discretion was warranted.

Remuneration report (continued)

Performance measures

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

Table 1 – Company performance(a)

Measure	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22
Net profit ($'000)	93,625	80,646	47,557	127,428	109,432
Net profit attributable to equity holders of the parent ($'000)	95,386	76,161	48,743	128,594	111,430
Cash and cash equivalents at year end ($'000)	179,873	173,536	199,812	431,313	463,093
Secured bank loan balance at year end ($'000)	-	-	-	-	782,283
Net cash inflow from operating activities ($'000)	189,932	147,568	183,677	347,510	391,188
Basic earnings per share (cents)	60.36	46.67	28.79	72.14	32.05
ASX share price at the end of the year (A$)	9.16	6.69	5.07	6.83	4.45
Dividends per share (A$ cents)	27	23	19	34	3

(a) The comparative information for FY2018 has not been restated following the adoption of AASB 15 and AASB 9 in prior years and the adoption of AASB 16 in FY2020 and continues to be reported under the previous accounting policies.

4.2 Fixed remuneration outcome

There was no change to Executive fixed remuneration during FY2022 based on the remuneration benchmarking methodology outlined in section 3.2 and section 3.3 of the Remuneration Report.

The TFR for the CEO of A$1,100,000 per annum remained unchanged since the 2014 financial year.

4.3 STI performance and outcomes

As discussed elsewhere in the Remuneration Report, FY2022 was the second year for Executives to deliver on the objectives of the Strategic Growth Plan, during which the Executives completed the acquisition of the MATSA Copper Operations in Spain. The transaction immediately transformed Sandfire into one of the largest copper-focused producers on the ASX. The MATSA Copper Operations will form the cornerstone of Sandfire's business over the next decade and beyond, marking the beginning of a new and exciting era for the Company.

Highlighted accomplishments beyond the MATSA acquisition include the significant progress of construction and development of the Motheo Copper Project, including the release of the A4 Ore Reserve and progress towards the Motheo Expansion definitive feasibility study, whilst at the same time maintaining high levels of operating performance, including strong production at DeGrussa.

In addition to these operational accomplishments, we delivered on the FY2022 ESG actions and targets, including those which were explicitly included in our STI measures. We believe that non-financial performance is connected to long term value creation and will continue to refine our approach to ESG, as we refresh our sustainability strategy and embed it into our global operations.

The Group and MATSA-specific KPIs for the Executives and illustrative Individual KPIs for the CEO in FY2022, with commentary on achievements, are provided in Tables 2, 3 and 4, respectively. The STI award percentages and payments to Executives are presented in Table 5.

Remuneration report (continued)

Table 2 – Linking reward and performance (Group performance objectives and outcomes)

KPI Area	Measure	Weighting (% of STI)	Threshold	Target	Stretch	Achievement	Outcome (% of STI)
Production	Tonnes of contained copper and ounces of gold produced	10.0%	> 64,000t Cu > 30,000oz Au	> 66,000t Cu > 31,500oz Au	> 68,000t Cu > 33,000oz Au	67,740t Cu 32,385oz Au **Target**	7.5%
Cost of Production	C1 Costs measured in $US/lb	7.5%	< US$1.10/lb	< US$1.05/lb	< US$1.00/lb	US$1.18/lb **below Threshold**	-
Safety	Group TRIFR at financial year end	2.5%	TRIFR < 7.0	TRIFR < 5.5	TRIFR < 4.5	TRIFR 4.2 at 30 June 2022 **Stretch**	2.5%
ESG	Development of a Community Based Agri-Business in Botswana	2.5%	Complete an assessment of options that suit the Company's community and water stewardship objectives by 30 June 2022	Develop a viable option and seek community feedback by 30 June 2022	Commence a Scoping Study by 30 June 2022	Scoping Study completed **Stretch/Target**	2.25%
	Reduce forecast Carbon Emissions intensity from the Motheo Copper Mine through solar power generation	2.5%	Complete studies for solar power generation by 30 Jun 2022	Complete studies for solar power generation, including scope for the A4 Open Pit and 5.2Mtpa Expansion Project by 30 Jun 2022	Complete studies for solar power generation, including scope for the A4 Open Pit, 5.2Mtpa Expansion Project and environmental permitting commenced by 30 Jun 2022	Studies completed and permitting underway through A4 ESIA **Stretch**	2.5%
	Total	**25.0%**					**14.75%**

Table 3 – Linking reward and performance (MATSA performance objectives and outcomes)

KPI Area	Measure	Weighting (% of STI)	Threshold	Target	Stretch	Achievement	Outcome (% of STI)
Production	Tonnes of contained copper and tonnes of zinc produced	12.5%	> 24,000t Cu > 34,000t Zn	> 25,000t Cu > 36,000t Zn	> 27,000t Cu > 38,000t Zn	30,628t Cu 38,907t Zn **Stretch**	12.5%
Cost of Production	C1 Costs measured in $US/lb	7.5%	< US$1.02/lb	< US$0.98/lb	< US$0.94/lb	US$1.52/lb **below Threshold**	-
Safety	MATSA TRIFR at financial year end	5.0%	TRIFR < 8.0	TRIFR < 6.0	TRIFR < 4.5	TRIFR 2.9 at 30 June 2022 **Stretch**	5.0%
	Total	**25.0%**					**17.5%**

As disclosed in Section 3.4 of the Remuneration Report, individual KPIs for the CEO relate directly to Sandfire's Strategic Imperatives. Table 3 includes the main KPIs and commentary on achievements for the CEO and is illustrative and at summary level.

Remuneration report (continued)

Table 4 – Linking reward and performance (CEO's individual performance objectives and outcomes)

Strategic Imperative	Weighting (% of STI)	KPI	Achievement	Outcome (% of STI)
SI1 Execute Delivery	15.0%	Motheo Copper Project (T3) development and construction on time and on budget.	T3 project development and construction on time for first production scheduled in the June 2023 Quarter; capital costs impacted by increased diesel price and labour charges. Cost control programmes initiated through long lead and early contracting strategy.	13.1%
		Delivery of A4 Deposit Mineral Reserve and Motheo Expansion definitive feasibility study (DFS).	Completion of A4 Deposit drill out to Mineral Reserve standard, leading to positive Motheo Expansion PFS. Significant progress toward completion and delivery of Motheo Expansion DFS.	
SI2 Build a sustainable production pipeline	12.5%	Lead a business development team to deliver project opportunities consistent with Sandfire's strategic criteria and capable of board endorsement.	Delivered the MATSA business development opportunity consistent with Sandfire's strategic investment criteria leading to a positive investment decision.	10.9%
SI3 Accelerate Discovery	7.5%	Execute an effective exploration strategy to identify additional resources to support the Group's production growth target.	Globally centralised exploration strategy embedded with structure well advanced. Systematic competitive funding approach applied, balancing the Group's capital requirements with exploration priorities. Prospective land holding in the Kalahari Copper-Belt increased, addition of prospective exploration tenure in the Iberian Pyrite Belt of Spain and Portugal.	6.6%
SI4 Align and empower our people	7.5%	Achieve employee engagement score > 4.0 across 10 measures = Stretch > 3.5 = Target > 3.2 = Threshold	Achieved employee engagement score across 10 measures of 3.8.	7.4%
		Lead global organisational culture.	Specific focus on in-person rollout of Sandfire values and one team approach to global operations.	
		Implement and embed global operating model.	Global operating model embedded, with key improvements supporting the international expansion into Spain via the acquisition of the MATSA Copper Operations.	
SI5 Optimise capital strategy and engagement	7.5%	Capital structure appropriately positioned to support the Group's growth objectives.	The Group maintained strong cash flow from operations during FY2022: $391.2 million with increased balance sheet leverage. Effective engagement of capital markets to appropriately fund and support the Group's growth objectives. Achieved an appropriate funding mix to maintain a Debt-to-Equity ratio of <1.	6.5%
Total	**50.0%**			**44.5%**

Table 5 – STI award for Executives in FY2022

	Maximum potential value of award A$	STI outcome (50% Cash) US$	STI outcome (50% Shares) US$	Percentage of maximum grant awarded	Percentage of maximum grant forfeited
Karl Simich	660,000	183,906	183,906	76.8	23.2
Jason Grace	360,000	99,289	99,289	76.0	24.0
Matthew Fitzgerald	339,000	95,424	95,424	77.6	22.4

Remuneration report (continued)

4.4 Transformation award

Each Executive KMP received a transformation award payment of US$217,740 (A$300,000) during FY2022.

The transformation award was made to Executives in recognition of the significant and coordinated effort required to deliver the transformational acquisition of the MATSA Copper Operations to the Group, which included conducting a substantial capital raise that introduced new strategic investors and introduced new banks onto the balance sheet. The acquisition resolved structural issues in the Company's asset portfolio (notably, the imminent closure of the DeGrussa Copper Operations), delivered a change in scale of the business, and provided a strong foundation for long term growth.

The award recognised the requirement for Executive KMP to provide the additional time and requisite skill to work as an integrated team to complete the transaction in an appropriate timeframe and on commercial terms that met the Company's stringent IRR requirements. At the same time, the Executives were required to maintain high levels of focus to achieve STI KPI operational targets.

4.5 Testing of LTI performance rights granted in FY2020

The table below shows the performance of Sandfire against the LTI performance hurdles for the FY2020 LTI performance rights which were tested during FY2022. Vesting was based on Sandfire's RTSR against a comparator group comprising of constituents of the ASX200 Resources Index (ASX:XJR). The vesting schedule was: 50% vesting at the 51st percentile with straight line vesting up to 100% vesting at the 75th percentile.

Sandfire's TSR over the performance period was negative 10.05%. **Accordingly, the performance hurdle was not achieved resulting in nil vesting of the award as shown in Table 6.**

Volatility in global markets can result in situations where threshold performance measures are not achieved and the Board retains the ability to apply discretion to awards at all times. No such discretion has been applied to the LTI award in FY2022. **The past four years have seen 0% of LTI awards vest, with the Board electing not to apply any upward discretion.**

Table 6 – Testing of LTI performance rights granted in FY2020

Performance hurdle	Performance period	Percentile ranking	% of Rights vested	% of Rights lapsed
RTSR to constituents of ASX200 Resources Index (ASX:XJR)	1 July 2019 to 30 June 2022	28th	Nil	100

Full details of the FY2020 LTI Plan are disclosed in the Company's 2020 Remuneration Report and the details of Rights held by Executives are set out in Tables 14 and 15 of the 2022 Remuneration Report.

5. Executive contracts

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

Table 7 – Executive key contract provisions

Name	Term of contract	Notice period from the Company[(a)]	Notice period from the Executive	Treatment of STI and LTI on cessation
Karl Simich	Rolling service contract with Resource Development Company Pty Ltd	12 months	6 months	Refer to section 3 of the Remuneration Report for the treatment of STIs and LTIs on cessation of employment.
Jason Grace	Ongoing employment agreement	6 months	3 months	Refer to section 3 of the Remuneration Report for the treatment of STIs and LTIs on cessation of employment.
Matthew Fitzgerald	Ongoing employment agreement	6 months	6 months	

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

Termination payments

The Company did not make any termination payments to KMP during FY2022. All contractual termination benefits comply with the provisions of the *Corporations Act 2001*.

Remuneration report (continued)

6. Executive remuneration tables

6.1 Executive cash value of remuneration realised in FY2022

The actual remuneration earned during the year in accordance with the *Corporations Act 2001* and accounting standards is outlined in section 6.2 of the Remuneration Report. The cash value of remuneration realised by Executive KMP in FY2022 is set out below. This information is considered to be relevant as it provides shareholders with a view of the 'take home pay' received by Executive KMP in FY2022 and may differ from the remuneration disclosure in the statutory remuneration table.

Table 8 – Executive cash value of remuneration realised in FY2022

In AUD	Salary and fees[(a)] ($)	Benefits and allowances[(b)] ($)	Cash Variable[(c)] ($)	Equity STI[(d)] ($)	LTI Plan rights[(e)] ($)	Total actual remuneration ($)
Karl Simich	1,100,000	10,000	553,385	415,596	-	**2,078,981**
Jason Grace	600,000	-	436,800	224,059	-	**1,260,859**
Matthew Fitzgerald	565,000	-	431,475	217,383	-	**1,213,858**

(a) Salary and fees comprise base salary and superannuation entitlements. It reflects the total of "Salary and fees" and "Superannuation" in the statutory remuneration table.

(b) Benefits and allowances include the value of motor vehicle insurance provided to Mr Simich. It reflects the same value that is disclosed in the statutory remuneration table under "Benefits and allowances".

(c) Cash Variable represents the cash component of the FY2022 STI award and the Transformation Award to Executives. It reflects the same value that is disclosed in the statutory remuneration table under "Cash STI".

(d) Equity STI represents the vested portion of the FY2021 deferred STI and the FY2022 equity STI. It reflects the same values that are disclosed in the statutory remuneration table under "Equity STI" and "Deferred STI".

(e) No LTI Plan awards granted to Executives in prior years vested during the current financial year. This differs from the amount disclosed in the statutory remuneration table under "Share-based payments", which includes the fair value of LTI grants which may or may not vest in future years.

Remuneration report (continued)

6.2 Statutory Executive remuneration in FY2022

Table 9 sets out Executive remuneration calculated in accordance with statutory accounting requirements.

Table 9 – Statutory Executive remuneration

		Short-term benefits			Long-term benefits	Post employment	Share-based payments					
	Financial year	Salary and fees	Benefits and allowances[a]	Cash STI[b]	Long service leave	Super-annuation	Equity STI[c]	Deferred STI[d]	LTI Plan rights[e]	LTI Plan options[f]	Total	Perform-ance related
		$	$	$	$	$	$	$	$	$	$	%
Karl Simich	**2022**	**798,380**	**7,258**	**401,646**	**-**	**-**	**183,906**	**117,732**	**127,306**	**610,097**	**2,246,325**	**50.71**
	2021	821,480	7,468	223,339	-	-	-	111,670	202,358	369,769	1,736,084	52.25
Jason Grace	**2022**	**417,335**	**-**	**317,029**	**3,360**	**18,145**	**99,289**	**63,332**	**47,907**	**388,768**	**1,355,165**	**55.62**
	2021	429,410	-	120,141	-	18,670	-	60,071	49,293	381,387	1,058,972	57.69
Matthew Fitzgerald	**2022**	**392,971**	**-**	**313,164**	**10,053**	**17,105**	**95,424**	**62,352**	**43,775**	**366,091**	**1,300,935**	**55.58**
	2021	405,740	-	118,280	10,344	16,201	-	59,140	75,793	359,139	1,044,637	58.62
Total	**2022**	**1,608,686**	**7,258**	**1,031,839**	**13,413**	**35,250**	**378,619**	**243,416**	**218,988**	**1,364,956**	**4,902,425**	**53.36**
	2021	1,656,630	7,468	461,760	10,344	34,871	-	230,881	327,444	1,110,295	3,839,693	55.48

(a) Benefits and allowances include the value of motor vehicle insurance provided to Mr Simich under the Group's motor vehicle insurance policy as part of Mr Simich's remuneration.

(b) The amounts include the cash component of the FY2022 STI award based on achievement of KPIs in accordance with the STI Plan and amounts paid for the transformation award.

(c) Relates to the equity component of the FY2022 STI award based on achievement of KPIs in accordance with the STI Plan.

(d) Relates to the deferred equity component of the FY2021 STI award, including the value of any applicable dividend equalisation payments. The values disclosed represent the portion of the award expensed in FY2022 based on period of service measured over the performance period.

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

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

Remuneration report (continued)

7. Non-Executive Director remuneration

7.1 NED remuneration policy and fee structure

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

Under the Company's Constitution and the ASX Listing Rules, the total annual fee pool for NEDs is determined by shareholders. The current maximum aggregate NED fee pool of A$1,500,000 per annum was approved by shareholders at the 2021 AGM. Within this aggregate amount, NED fees are reviewed annually by the People and Performance Committee and set by the Board.

The Committee reviews NED fees against comparable companies within the broader general industry and taking into account recommendations from independent remuneration advisors. Sandfire has set the benchmark for NED fees at the 75th percentile of the defined market.

Following a market benchmarking exercise, the Board introduced committee member fees of A$13,000 per annum. NED fee levels in FY2022 were otherwise unchanged from FY2021 and total fees remain within the shareholder approved NED fee pool limit. The table below summarises the annual Board and committee fees payable to NEDs.

Table 10 – NED fee structure (inclusive of superannuation)

In AUD	Role	FY2022	FY2021		Role	FY2022	FY2021
Board fees	Chair	$220,000	$220,000	**Committee fees**	Chair	$26,000	$26,000
	NED	$136,000	$136,000		Member	$13,000	Nil

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

7.2 Total fees paid to NEDs

Table 11 – Statutory NED remuneration

		Short-term benefits		Post-employment	
	Financial year	Salary and fees $	Other $	Superannuation $	Total $
Current Directors					
John Richards(b)	**2022**	**120,416**	**-**	**12,041**	**132,457**
	2021	55,243	-	5,247	60,490
Derek La Ferla(c)	**2022**	**137,352**	**-**	**13,735**	**151,087**
	2021	150,041	-	14,254	164,295
Roric Smith	**2022**	**108,319**	**(a)26,128**	**10,831**	**145,278**
	2021	110,485	26,884	10,496	147,865
Sally Langer	**2022**	**115,468**	**-**	**11,546**	**127,014**
	2021	102,429	-	9,730	112,159
Jennifer Morris(d)	**2022**	**114,038**	**-**	**11,403**	**125,441**
	2021	46,376	-	4,406	50,782
Previous Directors					
Paul Hallam(e)	**2022**	**38,819**	**-**	**3,881**	**42,700**
	2021	100,809	-	9,576	110,385
Robert Scott	2021	55,243	-	5,247	60,490
Total	**2022**	**634,412**	**26,128**	**63,437**	**723,977**
	2021	620,626	26,884	58,956	706,466

(a) Represents fees paid to a related entity for work beyond services as a NED.
(b) Mr Richards was appointed as Independent NED on 1 January 2021. He was appointed Chair on 30 April 2022.
(c) Mr La Ferla resigned as Chair on 30 April 2022. He continued as an Independent NED through the rest of FY2022.
(d) Ms Morris was appointed as Independent NED on 1 January 2021.
(e) Mr Hallam resigned as Independent NED on 26 November 2021.

Remuneration report (continued)

8. Equity instrument reporting

8.1 Options and Rights holdings of Executives

The table below discloses the movements in Options held by Executives issued under the LTI Plan.

Table 12 – Options Holdings - LTI Plan

	Balance at 1 Jul 21	Granted as remuneration	Vested	Lapsed	Balance at 30 Jun 22	Unvested	Value of unvested Options[(a)]
Karl Simich	927,703	-	-	-	927,703	927,703	$2,263,995
Jason Grace	506,020	-	-	-	506,020	506,020	$1,588,732
Matthew Fitzgerald	476,502	-	-	-	476,502	476,502	$1,496,057

(a) This is based on the fair value, at grant date, of Options that have yet to vest. The fair value of Options is calculated at the date of grant using the Monte Carlo Simulation model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The fair value is not related to or indicative of the benefit (if any) that the individual Executive may in fact receive. Refer to Note 28 to the Financial Statements for details relating to the valuation of Options.

The Options 'on foot' are disclosed in the table below. Should the Options not vest, the award will expire.

Table 13 – Details of Options 'on foot' – LTI Plan

	Grant date	Number of Options	Fair value[(a)]	Performance and service period[(b)]	Vesting Outcome
Karl Simich	27 Nov 2020	927,703	$2.61	1 Jul 2020 to 30 Jun 2024	To be determined
Jason Grace	17 Jul 2020	506,020	$3.18	1 Jul 2020 to 30 Jun 2024	To be determined
Matthew Fitzgerald	17 Jul 2020	476,502	$3.18	1 Jul 2020 to 30 Jun 2024	To be determined

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

(b) Options relating to the market-based performance measures (ATSR and RTSR) are subject to a service-based deferral period of 12 months from the end of the performance period. Refer to section 3 of the Remuneration Report for details.

The table below discloses the movements in Rights held by Executives issued under the LTI Plan.

Table 14 – Rights Holdings - LTI Plan

	Balance at 1 Jul 21	Granted as remuneration	Vested	Lapsed[(a)]	Balance at 30 Jun 22	Unvested	Value of unvested Rights[(b)]
Karl Simich	281,516	-	-	(116,650)	164,866	164,866	$278,262
Jason Grace	53,957	-	-	-	53,957	53,957	$136,789
Matthew Fitzgerald	71,692	-	-	(29,278)	42,414	42,414	$107,526

(a) This relates to the LTI Plan award made to Executives with a performance period 1 July 2018 to 30 June 2021, Sandfire achieved a TSR of negative 16.43%, placing it 21st out of 34 companies in the comparator group, resulting in 0% of the award vesting.

(b) This is based on the fair value, at grant date, of Rights that have yet to vest. The fair value is not related to or indicative of the benefit (if any) that the individual Executive may in fact receive.

The Rights 'on foot' are disclosed in the table below. Should the Rights not vest, the award will expire.

Table 15 – Details of Rights 'on foot' – LTI Plan

	Grant date	Number of Rights	Fair value of Right[(a)]	Performance and service period	Vesting Outcome
Karl Simich	27 Nov 2019	164,866	$1.66	1 Jul 2019 to 30 Jun 2022	[(b)]0% vested
Jason Grace	28 Jun 2019	53,957	$2.58	1 Jul 2019 to 30 Jun 2022	[(b)]0% vested
Matthew Fitzgerald	28 Jun 2019	42,414	$2.58	1 Jul 2019 to 30 Jun 2022	[(b)]0% vested

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

(b) For the LTI Plan award made to Executives with a performance period 1 July 2019 to 30 June 2022, Sandfire achieved a TSR of negative 10.05% placing it 24th out of 33 companies in the comparator group, resulting in 0% of the award vesting subsequent to year end. Refer to section 4.4 of the Remuneration Report for details.

Remuneration report (continued)

8.2 Shareholdings of KMP

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

Table 16 – Shareholdings of KMP

	Balance at 1 Jul 21 or date becoming a KMP	Purchases	Received on the vesting of Rights / Options	Net other movements	Balance at 30 Jun 22 or date ceasing to be a KMP
Non-Executive Directors					
John Richards	20,000	40,000	-	-	60,000
Derek La Ferla	21,668	-	-	-	21,668
Roric Smith	-	-	-	-	-
Sally Langer	3,580	22,500	-	-	26,080
Jennifer Morris	1,754	7,730	-	-	9,484
Paul Hallam[(a)]	10,000	5,000	-	-	15,000
Executive Directors					
Karl Simich	4,900,051	300,000	-	-	5,200,051

(a) Mr Hallam resigned as Independent NED on 26 November 2021.

9. Other transactions and balances with KMP and their related parties

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

Table 17 – Other transactions with KMP and their related entities

KMP and their Director related entity	Transaction	Note	Transaction value 30 Jun 2022 $	Balance outstanding 30 Jun 2022 $
Karl Simich *Tongaat Pty Ltd*	Lease of corporate office parking premises	(a)	10,541	-
Karl Simich *Resource Development Company Pty Ltd*	Lease of corporate office parking premises	(a)	9,814	-
Karl Simich *Resource Development Company Pty Ltd*	Corporate administrative, clerical and accounting services	(b)	615,539	92,175
			635,894	92,175

(a) The Company leases parking bays located in West Perth from Tongaat Pty Ltd and Resource Development Company Pty Ltd. The parking bays are provided for the benefit of Sandfire staff and are leased on independently assessed market rates.

(b) The Company's related party transactions with Resource Development Company Pty Ltd (RDC) relate to the provision of staff to Sandfire for corporate administrative, clerical and accounting services. The RDC staff are contracted by the Company and are considered essential by Sandfire as they have serviced the Company for a number of years. The provision of services to Sandfire are carried out at cost, with no profit margin applicable. The director of these private companies, as such, does not profit from any arrangement with the Company.

Signed in accordance with a resolution of the Directors.

John Richards
Non-Executive Chair

Karl Simich
Managing Director and Chief Executive Officer

West Perth, 29 August 2022

Financial Statements

For the year ended 30 June 2022

Consolidated Income Statement
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 US$000	30 June 2021 US$000 (restated)
Revenue	4	922,705	609,017
Other gains / (losses)		600	(1,173)
Changes in inventories of finished goods and work in progress		(1,260)	2,306
Mine operations costs		(220,729)	(102,593)
Employee benefit expenses	5	(76,638)	(45,853)
Freight expenses		(69,506)	(37,854)
Royalties expenses		(33,946)	(31,685)
Exploration and evaluation expenses		(46,389)	(48,848)
Administrative expenses		(14,045)	(6,354)
Acquisition and integration costs	25	(13,502)	-
Depreciation and amortisation expenses	21	(256,729)	(134,610)
Profit before net finance expense and income tax expense		**190,561**	**202,353**
Finance income	6	20,776	1,215
Finance expense	6	(16,363)	(7,676)
Net finance (expense) / income		4,413	(6,461)
Profit before income tax expense		**194,974**	**195,892**
Income tax expense	7	(85,542)	(68,464)
Net profit for the year		**109,432**	**127,428**
Attributable to:			
Equity holders of the parent		111,430	128,594
Non-controlling interests		(1,998)	(1,166)
		109,432	127,428
Earnings per share (EPS):			
Basic EPS attributable to ordinary equity holders of the parent (cents)	8	32.05	72.14
Diluted EPS attributable to ordinary equity holders of the parent (cents)	8	32.05	72.14

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	30 June 2022 US$000	30 June 2021 US$000 (restated)
Net profit for the year	**109,432**	**127,428**
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations, net of tax	(19,230)	50,420
Gain on derivatives designated as cash flow hedges	39,117	-
Items not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments carried at fair value through other comprehensive income, net of tax	6,068	16,860
Other comprehensive income for the year, net of tax	25,955	67,280
Total comprehensive income for the year, net of tax	**135,387**	**194,708**
Attributable to:		
Equity holders of the parent	137,344	195,949
Non-controlling interests	(1,957)	(1,241)
	135,387	**194,708**

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

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2022

	Note	30 June 2022 US$000	30 Jun 2021 US$000 (restated)	1 July 2020 US$000 (restated)
ASSETS				
Cash and cash equivalents	9	463,093	431,313	199,812
Trade and other receivables	18	69,097	19,704	18,275
Inventories	19	51,405	40,496	36,851
Derivative financial asset	11	14,975	-	-
Income tax receivable		-	-	11,219
Other current assets		12,156	1,606	3,648
Total current assets		**610,726**	**493,119**	**269,805**
Financial investments	16	4,305	65,168	28,834
Receivables		1,117	671	172
Exploration and evaluation assets	20	84,126	49,486	116,079
Property, plant and equipment	21	2,580,424	261,463	197,748
Derivative financial asset	11	37,229	-	-
Deferred tax asset	7	16,505	-	-
Other non-current assets		5,435	-	-
Total non-current assets		**2,729,141**	**376,788**	**342,833**
TOTAL ASSETS		**3,339,867**	**869,907**	**612,638**
LIABILITIES				
Trade and other payables	12	239,568	54,600	37,765
Deferred revenue		-	24,450	-
Derivative financial liabilities	11	257	-	-
Interest bearing liabilities	10	348,334	-	-
Lease liabilities	14	18,492	8,234	6,896
Income tax payable	7	39,413	47,366	-
Provisions	29	15,317	6,044	4,907
Total current liabilities		**661,381**	**140,694**	**49,568**
Trade and other payables		-	752	1,073
Interest bearing liabilities	10	433,949	-	-
Lease liabilities	14	13,127	1,352	1,681
Provisions	29	72,518	35,975	27,072
Deferred tax liabilities	7	493,454	7,178	19,307
Total non-current liabilities		**1,013,048**	**45,257**	**49,133**
TOTAL LIABILITIES		**1,674,429**	**185,951**	**98,701**
NET ASSETS		**1,665,438**	**683,956**	**513,937**
EQUITY				
Issued capital	13	1,189,309	304,444	304,444
Reserves	13	(12,820)	(42,368)	(110,739)
Retained profits		488,506	419,480	319,589
Equity attributable to equity holders of the parent		**1,664,995**	**681,556**	**513,294**
Non-controlling interest		443	2,400	643
TOTAL EQUITY		**1,665,438**	**683,956**	**513,937**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2022

	Note	Issued capital $000	Foreign currency translation reserve $000	Hedging Reserve $000	Other reserves* $000	Retained profits $000	Total $000	Non-controlling interests $000	Total equity $000
At 1 July 2021		**304,444**	**(64,601)**	**-**	**22,233**	**419,480**	**681,556**	**2,400**	**683,956**
Profit for the year		-	-	-	-	111,430	111,430	(1,998)	109,432
Other comprehensive income		-	(19,230)	39,117	6,027	-	25,914	41	25,955
Total comprehensive income for the period		**-**	**(19,230)**	**39,117**	**6,027**	**111,430**	**137,344**	**(1,957)**	**135,387**
Transactions with owners in their capacity as owners:									
Issue of shares ^		901,679	-	-	-	-	901,679	-	901,679
Share issue costs		(16,814)	-	-	-	-	(16,814)	-	(16,814)
Share based payments		-	-	-	3,440	-	3,440	-	3,440
Dividends	17	-	-	-	-	(42,404)	(42,404)	-	(42,404)
Share issue in controlled entity		-	-	-	194	-	194	-	194
At 30 June 2022		**1,189,309**	**(83,831)**	**39,117**	**31,894**	**488,506**	**1,664,995**	**443**	**1,665,438**

* Other reserves consists of share-based payments reserve; fair value reserve and capital reserve.

^ To partially fund the acquisition of MATSA the Group successfully completed an equity raising in October 2021, comprising the issue of new fully paid ordinary Sandfire shares to eligible retail and institutional investors.

	Note	Issued capital $000 (restated)	Foreign currency translation reserve $000 (restated)	Hedging Reserve $000 (restated)	Other reserves* $000 (restated)	Retained profits $000 (restated)	Total $000 (restated)	Non-controlling interests $000 (restated)	Total equity $000 (restated)
At 1 July 2020 (restated)		**304,444**	**(115,021)**	**-**	**4,282**	**319,589**	**513,294**	**643**	**513,937**
Profit for the year		-	-	-	-	128,594	128,594	(1,166)	127,428
Other comprehensive income		-	50,420	-	16,935	-	67,355	(75)	67,280
Total comprehensive income for the period		**-**	**50,420**	**-**	**16,935**	**128,594**	**195,949**	**(1,241)**	**194,708**
Transactions with owners in their capacity as owners:									
Share based payments		-	-	-	2,712	-	2,712	-	2,712
Dividends	17	-	-	-	-	(28,703)	(28,703)	-	(28,703)
Share issue in controlled entity		-	-	-	(1,696)	-	(1,696)	2,998	1,302
At 30 June 2021 (restated)		**304,444**	**(64,601)**	**-**	**22,233**	**419,480**	**681,556**	**2,400**	**683,956**

* Other reserves consists of share-based payments reserve; fair value reserve and capital reserve.

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

Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2022

		30 June 2022 US$000	30 June 2021 US$000 (restated)
Cash flows from operating activities			
Cash receipts		959,301	636,655
Cash paid to suppliers and employees		(388,195)	(206,361)
Income tax paid		(132,793)	(30,811)
Payments for exploration and evaluation		(48,347)	(53,471)
Interest received		1,222	1,498
Net cash inflow from operating activities	9	**391,188**	**347,510**
Cash flows from investing activities			
Payments for exploration and evaluation assets		(6,877)	(6,271)
Payments for plant and equipment		(32,606)	(8,256)
Payments for mine properties		(166,800)	(74,117)
Payments for investments		(5,157)	(13,059)
Proceeds from sale of investments		73,403	4,017
Payment for MATSA Acquisition net of cash acquired	25	(1,494,103)	-
Refund / (payment) of security deposits and bonds		153	(105)
Net cash outflow from investing activities		**(1,631,987)**	**(97,791)**
Cash flows from financing activities			
Proceeds from rights issue in subsidiary		9	1,265
Proceeds from share issue		905,000	-
Share issue costs		(16,775)	-
Proceeds from loans and borrowings	25	482,525	-
Transaction costs related to loans and borrowings		(19,729)	-
Payments for derivatives		(1,243)	-
Repayment of lease obligations		(13,868)	(10,144)
Interest and other costs of finance paid		(1,995)	(477)
Cash dividends paid to equity holders		(42,404)	(33,600)
Net cash inflow / (outflow) from financing activities		**1,291,520**	**(42,956)**
Net increase in cash and cash equivalents		**50,721**	**206,763**
Net foreign exchange differences		(18,941)	24,738
Cash and cash equivalents at the beginning of the period		431,313	199,812
Cash and cash equivalents at the end of the period	9	**463,093**	**431,313**

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

Index – notes to the Consolidated Financial Statements

Corporate information and basis of preparation

1 Corporate information

The consolidated financial statements of Sandfire Resources Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 29 August 2022.

Sandfire Resources Limited is a for profit company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The nature of the operations and principal activities of the Company are described in the Directors' report. Information on the Group's structure is provided in Note 24.

2 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with IFRS as issued by the International Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for trade receivables, cash-settled share-based payments and equity investments which have been measured at fair value.

The 2022 financial year has been a transformational year for Sandfire. The Group is well placed for long-term growth through the acquisition of the MATSA Copper Operations, and progression of construction and development of the Motheo Copper Project. To part fund these growth initiatives, the business has acquired material debt for the first time in a number of years and will see debt requirements increase with the debt financing of the Motheo Copper Project.

At balance date the Group had a net working capital deficiency of $50.7 million. The deficiency included $38.7 million of trade payables (net of hedging), the scheduled debt repayments of the A$200.0 million ($137.8 million) Corporate Debt Facility with ANZ and $198.0 million MATSA Syndicated Debt related to the transformational acquisition of MATSA. The Group has obtained credit approval for a Motheo project debt facility from a syndicate of banks and forecasts to generate positive cash flows from operating activities to meet its required debt repayment obligations and fund its planned capital commitments to complete construction. As a result the Group is forecasting to meet its commitments as and when they fall due.

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.

Change in presentation currency

The Directors have elected to change the Group's presentation currency from Australian dollars to United States (US) dollars effective from 1 July 2021. The change in presentation currency is a voluntary change which is accounted for retrospectively. The Financial Report has been restated to US dollars using the procedures outlined below:

- Consolidated Income Statement and Consolidated Statement of Cash Flows have been translated into US dollars using average foreign currency rates prevailing for the relevant period;
- Assets and liabilities in the Consolidated Balance Sheet have been translated into US dollars at the closing foreign currency rates on the relevant balance sheet dates;
- The equity section of the Consolidated Balance Sheet, including foreign currency translation reserve, issued capital, retained profits and other reserves, has been translated into US dollars using historical rates; and
- Earnings per share and dividend disclosures have also been restated to US dollars to reflect the change in presentation currency.

All other 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 2021 except for the adoption of the new standards and amendments which became mandatory for the first time this reporting period commencing 1 July 2021. The adoption of these standards and amendments did not result in a material adjustment to the amounts or disclosures in the current or prior year. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2 Basis of preparation (continued)

(a) Key estimates and judgements

The preparation of the Group's consolidated financial statement requires management to make judgments in the process of applying the Group's accounting policies and estimates that effect the reported amounts of revenue, expenses, assets and liabilities. Judgements and estimates which are material to the financial report are found in the following notes.

Note		Key estimate or judgement
Note 4	Revenue	• Price adjustment for estimate of concentrate specifications. • Fair value of receivables is based on the closing forward LME metal price.
Note 7	Income tax	• The recognition of deferred tax asset depends on the probability of future taxable profits.
Note 14	Lease liabilities	• The Group determines whether a contract is, or contains, a lease at the commencement date. Judgement is applied to determine whether or not the contract contains an identified asset, has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use and has the right to direct how and for what purpose the asset is used throughout the period of use. Judgement is also applied in assessing a supplier's right and practical ability to substitute alternative assets through the period of use.
Note 16	Fair value measurement	• Where the fair value of an instrument is not determinable with reference to active market prices, an alternative valuation technique is used to estimate the fair value of the instrument.
Note 20	Exploration and evaluation assets	• The application of the Group's accounting policy for exploration and evaluation assets requires judgment to determine whether future economic benefits are likely from either future exploitation or sale. • An exploration and evaluation asset shall be reclassified to mine properties when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and a decision has been made to develop and extract the resource.
Note 25	Acquisition of MATSA	• Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The application of acquisition accounting requires significant judgement and estimates to be made including but not limited to the tax amortisation benefit of individual assets fair valued.
Note 29	Provisions	• Rehabilitation, restoration and dismantling provisions are reassessed at the end of each reporting period. The estimated costs include judgement regarding the Group's expectation of the level of rehabilitation activities that will be undertaken, technological changes, regulatory obligations, cost inflation and discount rates.

(b) Basis of consolidation and business combinations

The consolidated financial statements comprise of the financial statements of Sandfire Resources Limited and its subsidiaries it controls (as outlined in Note 24).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The income statement and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in Acquisition and integration costs.

2 Basis of preparation (continued)

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *AASB 9 Financial Instruments*, is measured at fair value with the changes in fair value recognised in the income statement.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

(c) Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in United States dollars. Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates, the 'functional currency'. The functional currency of Sandfire Resources Limited is Australian dollars.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Group companies

On consolidation, the assets and liabilities of any foreign operations are translated into United States dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions or the average exchange rates over the reporting period. The exchange differences arising on translation for consolidation purposes are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(d) Input tax (GST/VAT)

Revenues, expenses and assets are recognised net of the amount of input tax (GST/VAT), except:

- When the input tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the input tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- When receivables and payables are stated with the amount of input tax included.

The net amount of input tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Commitments and contingencies are disclosed net of the amount of input tax recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the input tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(e) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2 Basis of preparation (continued)

The recoverable amount of property, plant and equipment including mine development is dependent on the Group's estimate of the Ore Reserve that can be economically and legally extracted. The Group estimates its Ore Reserve and Mineral Resource based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data.

The estimation of Ore Reserves is based on factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body and removal of waste material. Changes in these estimates may impact upon the carrying value of mine properties, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, inventory as well as depreciation and amortisation charges during the period.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses for continuing operations are recognised in the income statement in expense categories consistent with the function of the impaired asset. An assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(f) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant in understanding the financial statements are provided throughout the notes to the financial statements.

Segment Information

This section contains information which will help users understand how the Group's operating segments are organised, with each segment representing a strategic business.

3 Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenditure and about which separate financial information is available that is evaluated regularly by the Group's Chief Operating Decision Makers (CODM) in deciding how to allocate resources and in assessing performance.

The operating segments reported including comparatives have been updated in the current financial year 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 Copper 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 concentrate 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.

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 year ended 30 June 2022	DeGrussa Copper Operations $000	MATSA Copper Operations $000	Black Butte Project $000	Motheo Copper Project $000	Exploration and Other $000	Group $000
Revenue	626,379	296,326	-	-	-	922,705
Other gains/(losses)	-	1,783	-	-	(1,183)	600
Changes in inventories	(2,444)	1,184	-	-	-	(1,260)
Mine operations costs	(114,361)	(106,368)	-	-	-	(220,729)
Employee benefit expenses	(27,083)	(22,717)	(416)	(6,208)	(20,214)	(76,638)
Freight expenses	(56,033)	(13,473)	-	-	-	(69,506)
Royalties expense	(33,946)	-	-	-	-	(33,946)
Exploration and evaluation expenses	-	(1,940)	(12,285)	(12,298)	(19,866)	(46,389)
Administrative expenses	-	(4,202)	(1,381)	(895)	(7,567)	(14,045)
Acquisition and integration costs	-	-	-	-	(13,502)	(13,502)
EBITDA	**392,512**	**150,593**	**(14,082)**	**(19,401)**	**(62,332)**	**447,290**
Depreciation and amortisation expenses	(135,345)	(115,737)	(160)	(798)	(4,689)	(256,729)
Segment result (EBIT)	**257,167**	**34,856**	**(14,242)**	**(20,199)**	**(67,021)**	**190,561**
Finance income						20,776
Finance expense						(16,363)
Profit before income tax						**194,974**
Income tax expense						(85,542)
Net profit for the year						**109,432**

3 Segment information (continued)

Income statement for the year ended 30 June 2021	DeGrussa Copper Operations $000 (restated)	MATSA Copper Operations $000 (restated)	Black Butte Project $000 (restated)	Motheo Copper Project $000 (restated)	Exploration and Other $000 (restated)	Group $000 (restated)
Revenue	609,017	-	-	-	-	609,017
Other gains/(losses)	-	-	-	-	(1,173)	(1,173)
Changes in inventories	2,306	-	-	-	-	2,306
Mine operations costs	(102,593)	-	-	-	-	(102,593)
Employee benefit expenses	(26,666)	-	(1,930)	(384)	(16,873)	(45,853)
Freight expenses	(37,854)	-	-	-	-	(37,854)
Royalties expense	(31,685)	-	-	-	-	(31,685)
Exploration and evaluation expenses	-	-	(11,149)	(6,892)	(30,807)	(48,848)
Administrative expenses	-	-	(615)	(1,188)	(4,551)	(6,354)
Acquisition and integration costs	-	-	-	-	-	-
EBITDA	**412,525**	**-**	**(13,694)**	**(8,464)**	**(53,404)**	**336,963**
Depreciation and amortisation expenses	(128,998)	-	(405)	(246)	(4,961)	(134,610)
Segment result (EBIT)	**283,527**	**-**	**(14,099)**	**(8,710)**	**(58,365)**	**202,353**
Finance income						1,215
Finance expense						(7,676)
Profit before income tax						**195,892**
Income tax expense						(68,464)
Net profit for the year						**127,428**

Adjustments and eliminations

Finance income, finance costs and taxes 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.

Segment assets and liabilities

The Group does not separately report assets or liabilities for its operating segments to the CODM.

Geographical information on non-current assets

30 June 2022	Australia $000	Botswana and Namibia $000	United States of America $000	Spain $000	Group $000
Exploration and evaluation assets	2,789	43,033	11,604	26,700	84,126
Property, plant and equipment	13,735	280,293	8,400	2,277,996	2,580,424
Total Non-Current Assets	16,524	323,326	20,004	2,304,696	2,664,550

30 June 2021	Australia $000 (restated)	Botswana and Namibia $000 (restated)	United States of America $000 (restated)	Spain $000 (restated)	Group $000 (restated)
Exploration and evaluation assets	3,045	35,644	10,797	-	49,486
Property, plant and equipment	127,795	125,883	7,785	-	261,463
Total Non-Current Assets	130,840	161,527	18,582	-	310,949

3 Segment information (continued)

Geographical information on sales and customers

The Group's revenue (refer to Note 4 for details) arise from sales to customers in Asia and Europe. In 2022, the majority of the product was sent to Spain for processing (25%) and the remainder to the Philippines (24%), Singapore (24%), United Kingdom (14%) and Switzerland (11%). During 2021, the majority of the product was sent to China for processing (32%) and the remainder to the Philippines (21%) and Japan (18%). The geographical information is based on the location of the customer's operations.

Five customers individually accounted for more than ten percent of total revenue during the year. Sales revenue from these major customers ranged from 13% to 30% of total revenue, in combination contributing approximately 92% of total revenue (2021: 90%).

Results for the year

This section focuses on the results and performance of the Group. It includes information on profitability and the resultant return to shareholders via earnings per share.

4 Revenue

	2022 $000	2021 $000 (restated)
Revenue from contracts with customers		
Revenue from sale of concentrate	999,683	562,701
Revenue from shipping services	26,606	13,045
Total revenue from contracts with customers	**1,026,289**	**575,746**
Realised and unrealised fair value movements on receivables subject to QP adjustment	(79,032)	33,271
Realised and unrealised hedge losses	(24,552)	-
Total Revenue	**922,705**	**609,017**

Recognition and measurement

The Group's principal revenue is from the sale of metal concentrate. The Group also earns revenue from the provision of shipping services in relation to the concentrate. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer and at the amount that reflects the consideration to which the Group expects to receive in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Concentrate sales

Each shipment or delivery of metal concentrate under a master services agreement is determined to be a contract with a customer.

Revenue from metal concentrate sales is recognised when control of the concentrate passes to the customer, which is generally determined when title passes together with significant risks and rewards of ownership, which for CIF shipments of concentrate is the bill of lading date, for EXW delivery is the holding certificate date.

The Group's sales of metal concentrate allow for price adjustments based on the market price of contained metal at the end of the relevant quotational period (QP) stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price therefore occur based on movements in market prices of the contained metal up until the end of the QP. The period between provisional invoicing and the end of the QP is generally between two to five months.

Revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received at the end of QP, being the forward price at the date the revenue is recognised net of the customer's treatment and refining charges. For provisional pricing arrangements, any future changes that occur over the QP are embedded within the trade receivables. Given the exposure to the commodity price, these provisionally priced trade receivables are measured at fair value through profit or loss. Subsequent changes in the fair value of provisionally priced trade receivable in the line item realised and unrealised fair value movements on receivables subject to QP adjustment, presented separately from revenue from contracts with customers. Changes in fair value over the term of the provisionally priced trade receivable are estimated by reference to updated forward market prices for the contained metal as well as taking into account relevant other fair value considerations including interest rate and credit risk adjustments.

Shipping services

Where the Group's concentrate sales are sold under CIF Incoterms, the Group is responsible for providing freight/shipping services after the date that the Group transfers control of the metal concentrate to its customers. The Group, therefore, has a separate performance obligation for freight/shipping services which are provided solely to facilitate the sale of the concentrate it produces.

For CIF arrangements, the transaction price (as determined above) is allocated to the metal concentrate and freight/shipping services using the relative stand-alone selling price method. Shipping services revenue is generally recognised over the period of time in which the shipping services are being provided.

Deferred revenue

Deferred revenue is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Deferred revenue is recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

4 Revenue (continued)

Key estimates and judgements – Revenue

Under the sales contracts, adjustments are made to the transaction price for variations in assay and weight between the time of dispatch of the metal concentrate and time of final settlement. The Group estimates the amount of consideration receivable using the expected value approach based on internal assays. Management consider that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur due to a variation in assay and weight.

The transaction price for metal concentrate is based on the prevailing forward metal price on the London Metals Exchange (LME) at the time control passes to the customer. The customer makes a provisional payment to the Group against a provisional invoice for the contained copper, zinc and lead and precious metal credits (for gold and silver) in the shipment. Final settlement of the sales transaction is based on the average LME metal price over a subsequent pricing period as specified by the terms of the sales contract.

The period commencing on the date of shipment to the end of the pricing period is known as the Quotational Period (QP). The QP historically reflects the average time to elapse (generally two to five months) between the date control passes to the customer and the date of processing by the smelter at final destination. This pricing methodology is standard within the industry and represents an embedded derivative under *AASB 9 Financial Instruments*. Accordingly subsequent changes in fair value of the receivable is recognised within realised and unrealised price adjustments in the income statement in each period until final settlement. A key input into the fair value determination of the receivable at the balance date is the closing forward LME metal price on the final day of the month. The revaluation of the receivable is performed up until the final invoice is received. For the year ended 30 June 2022 an unfavourable $79,032,000 (2021: favourable $33,271,000) mark-to-market adjustment to profit or loss was recognised.

5 Expenses

Profit before income tax includes the following expenses:

	Note	2022 $000	2021 $000 (restated)
Employee benefits expense			
Wages and salaries		64,337	40,031
Defined contribution superannuation expense		8,711	2,830
Employee share-based payments	28	3,628	2,712
Other employee benefits expense		3,040	2,401
Foreign currency exchange difference		1,480	284
		81,196	**48,258**
Less employee benefits expense capitalised to mine properties		(4,558)	(2,405)
Total employee benefit expense		**76,638**	**45,853**

Recognition and measurement

Employee benefits

Wages, salaries and defined contribution superannuation expense are recognised as and when employees render their services. Expenses for non-accumulating personal leave are recognised when the leave is taken and measured at the rates paid or payable.

Refer to Note 29 for the accounting policy relating to short-term and long-term employee benefits.

Employee share-based payments

The accounting policy, key estimates and judgements relating to employee share-based payments is set out in Note 28.

6 Finance income and finance expense

	2022 $000	2021 $000 (restated)
Finance income		
Interest on bank deposits calculated using the effective interest rate method	1,234	1,215
Net foreign exchange gain	19,542	-
Total finance income	**20,776**	**1,215**
Finance expense		
Interest charges calculated using the effective interest rate method	(14,582)	(14)
Interest on lease liabilities	(608)	(484)
Net foreign exchange loss	-	(6,695)
Unwinding of discount on provisions	(739)	(269)
Facility fees and charges	(434)	(214)
Total finance expense	**(16,363)**	**(7,676)**

Recognition and measurement

Interest income and expense is recognised as interest accrues using the effective interest method.

Provisions and other payables are discounted to their present value when the effect of the time value of money is significant. The impact of the unwinding of these discounts is reported in finance costs.

7 Income tax

	2022 $000	2021 $000 (restated)
Components of income tax are:		
Current income tax		
Current year income tax expense	115,256	90,769
Over provision for prior year	(663)	(795)
Deferred income tax		
Origination and reversal of temporary differences	(29,127)	(22,030)
Under provision for prior year	76	520
Income tax expense in the income statement	85,542	68,464
Deferred income tax related to items credited directly to equity		
Financial assets carried at fair value through other comprehensive income	1,679	7,633
Relating to financial instruments	14,032	-
	15,711	7,633
Reconciliation of income tax expense to pre-tax profit		
Profit before income tax	194,974	195,892
Income tax expense at the Australian tax rate of 30% (2021: 30%)	58,492	58,768
Increase (decrease) in income tax due to:		
Non-deductible expenses	11,305	1,676
Foreign tax losses and deductible temporary differences not recognised	6,995	5,170
Derecognition of deferred tax assets on rehabilitation obligations	9,015	-
Over provision for prior year	(587)	(275)
Tax rate differential on foreign income	432	1,371
Recognition of previously unrecognised prior year capital losses	-	(78)
Other assessable income	-	1,553
Exchange differences	(110)	279
Income tax expense	**85,542**	**68,464**

7 Income tax (continued)

Recognised tax assets and liabilities

in $000	2022 Current tax receivable / (payable)	2022 Deferred income tax	2021 (restated) Current tax receivable / (payable)	2021 (restated) Deferred income tax
Opening balance	(47,366)	(7,178)	11,219	(19,307)
Charged to income	(114,594)	29,052	(88,225)	19,760
Exchange differences	6,591	(7,230)	(704)	-
Charged to equity	1,679	14,033	-	(7,631)
Other payments (net)	116,516	-	30,344	-
Acquisitions/disposals	(2,239)	(505,626)	-	-
Closing balance	**(39,413)**	**(476,949)**	**(47,366)**	**(7,178)**

	2022 $000	2021 $000 (restated)
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities		
Investments	-	10,484
Mine properties	392,193	12,377
Plant and equipment including assets under construction	122,097	4,764
Inventory	-	2,532
Other	29,622	323
Gross deferred tax liabilities	543,912	30,480
Set-off of deferred tax assets	(50,458)	(23,302)
Net deferred tax liability	**493,454**	**7,178**
Deferred tax assets		
Employee benefits provision	1,086	1,063
Inventories	55	-
Other payables and accruals	2,769	1,885
Rehabilitation, restoration and dismantling provision	-	9,096
Share issue costs reflected in equity	12	39
Revenue losses available for offset against future taxable income	47,499	-
Capital losses	-	2,752
Deferred revenue	-	7,335
Mine properties (including rehabilitation asset)	5,956	-
Plant and equipment (including rehabilitation asset)	2,664	-
Inventory	390	-
Other	6,532	1,132
Gross deferred tax assets	66,963	23,302
Set-off against deferred tax liabilities	(50,458)	(23,302)
Net deferred tax assets	**16,505**	**-**

Recognition and measurement

Current income tax

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from, or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates tax positions taken with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

7 Income tax (continued)

Deferred tax

Deferred tax is provided for using the balance sheet full liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Except as noted below, deferred income tax is recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is not recognised in the following situations:

(a) Where temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(b) In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised in equity is recognised in equity.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The temporary differences associated with investments in subsidiaries and joint ventures, for which a deferred income tax liability has not been recognised, aggregate to $36.7 million (2021: $36.0 million).

Key estimates and assumptions – Income tax

Judgement is required to determine whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the timing and generation of sufficient future taxable profits in the same taxing jurisdiction to offset future expenditure such as rehabilitation costs. Judgements are also required about the application of income tax legislation.

Determining if there will be future taxable profits depend on management's estimates of the timing and quantum of future cash flows, which in turn depend on estimates of future production, sales volumes, exploration discoveries, economics commodity prices, operating costs, rehabilitation costs, capital expenditure, dividends and other capital management transactions.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to income tax expense within the income statement.

The Group has unrecognised temporary differences and carry forward losses for which no deferred tax asset is recognised on the statement of financial position of $119.0 million (2021: $116.1 million) that have not been recognised as the statutory requirements for recognising those deferred tax assets have not been met.

Tax Consolidation

Sandfire Resources Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2017. Sandfire Resources Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

8 Earnings per share (EPS)

	2022 $000	2021 $000 (restated)
Net profit attributable to equity holders of the parent	111,430	128,594

	2022 Number	2021 Number
Weighted average ordinary shares adjusted for the effect of dilution	347,718,424	178,251,333

Basic EPS amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As at 30 June 2022 there were 338,878 performance rights (2021: 602,114) and 3,459,677 zero exercise price options (2021: 3,511,279) on issue which are contingently issuable shares and are included in diluted earnings per share.

Capital and debt structure

This section contains information which will help users understand the management of the Group's capital and debt structure.

9 Cash and cash equivalents

	2022 $000	2021 $000 (restated)
Cash at bank and on hand	462,561	430,733
Short-term deposits	532	580
Total cash and cash equivalents	**463,093**	**431,313**

Recognition and measurement

Cash and cash equivalents in the consolidated balance sheet and consolidated statement of cash flows comprise of cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash with insignificant risk of change in value. Short-term deposits are usually between one to three months depending on the short-term cash flow requirements of the Group.

Cash flow information

A reconciliation between cash and cash equivalents and net cash inflow from operating activities is as follows:

	2022 $000	2021 $000 (restated)
Cash and cash equivalents in the statement of cash flows	463,093	431,313
Reconciliation of net profit after tax to net cash flows from operations:		
Profit for the period	109,432	127,428
Adjustments for:		
Net loss / (gain) on sale of assets	(6,539)	110
Depreciation and amortisation included in the income statement	256,729	134,610
Share based payments expense	3,628	2,712
Unrealised QP price adjustments and foreign currency adjustments	39,715	17,931
Unrealised hedge adjustments	(1,661)	-
Interest and other costs of finance	14,999	-
Other non-cash items	6,321	6,303
Change in assets and liabilities:		
(Increase) / decrease in trade and other receivables	5,488	(8,791)
(Increase) / decrease in inventories	7,854	(5,147)
Increase / (decrease) in income tax payable	(900)	58,660
Increase / (decrease) in trade and other payables	5,430	8,340
Increase / (decrease) in deferred revenue	(24,451)	24,451
Increase / (decrease) in deferred tax liabilities	(28,313)	(21,032)
Increase / (decrease) in provisions	3,456	1,935
Net cash inflow from operating activities	**391,188**	**347,510**

10 Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective interest rate method. Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs and amortised over the period of the remaining facility.

10 Interest bearing liabilities (continued)

	30 Jun 2022 $000	30 Jun 2021 $000 (restated)
Current interest-bearing liabilities		
Secured bank loans	348,334	-
Total current interest-bearing liabilities	**348,334**	**-**
Non-current interest-bearing liabilities		
Secured bank loans	433,949	-
Total non-current interest-bearing liabilities	**433,949**	**-**

Secured Bank Loans

During the year, the Group entered into a Corporate Debt Facility with ANZ and a Syndicated Debt Facility to fund the acquisition of MATSA.

Corporate Debt Facility:

The key terms of the Corporate Debt Facility with Australia and New Zealand Banking Group Limited (ANZ) include:

- Total debt facility of $137.8 million (A$200 million);
- The effective interest rate (EIR) on the debt facility is 2.95% (variable);
- Maturity date of 30 September 2022;
- Bullet repayment on maturity; and
- The Facility is secured against Sandfire's DeGrussa Copper Operations and other corporate assets.

MATSA Syndicated Debt Facility:

During the year, the Group executed a secured Syndicated Debt Facility to fund the acquisition of MATSA.

As at 30 June 2022, the loan was fully drawn down to fund the acquisition. The key terms of the Facility include:

- A Syndicated Debt Facility of $650.0 million;
- The effective interest rate on the debt facility is 4.67% (variable);
- Maturity of 5 years from financial close (1 February 2022); and
- The Facility is supported and secured by the cash flows of MATSA.

Maturity analysis by year

	On demand $0	Less than 1 year $0	1 - 2 years $0	2 - 3 years $0	3 - 4 years $0	4 - 5 years $0	Total $000
Secured bank loans*	-	359,470	179,919	124,868	99,027	67,754	831,038

* Maturity profile of secured bank loans excludes capitalised transaction costs

Interest bearing liabilities reconciliation

	30 Jun 2022 $000	30 Jun 2021 $000 (restated)
Opening Balance	-	-
Loan drawdowns	795,525	-
Capitalised transaction costs	(18,563)	-
Interest accrued under the EIR method	14,546	-
Interest paid	(1,427)	-
Principal repayments	-	-
Exchange differences	(7,798)	-
Closing balance	**782,283**	**-**

Bond Facility

The bond facility is drawn in the form of bank guarantees to the relevant government agencies for environmental restoration and property managers for security deposits and does not involve the provision of funds. As at 30 June 2022, the Company has drawn $10,000 of the $100,000 facility limit.

11 Derivatives

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

Fair value of derivatives

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless Sandfire has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge Accounting

Sandfire designates certain commodity swap contracts as hedging instruments in the form of cash flow hedges. At the inception of the hedge relationship, Sandfire documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking hedge transactions.

Sandfire has entered into copper, zinc and gold swaps for a portion of the copper, zinc and gold sold from DeGrussa and MATSA in order to minimise and manage commodity price risk. Sandfire's commodity price risk arises through its sale of metal in concentrate. Commodity price risk arises due to sales pricing being determined based on the average price of copper, zinc and gold between two and five months after shipping.

In order to reduce exposure to copper, zinc and gold price fluctuations, the Group has entered into derivative instruments to effectively fix the price of sales, therefore reducing the short- and medium-term exposure to the market price of metal for completed or forecasted shipments.

Furthermore, at the inception of the hedge and on an ongoing basis, Sandfire documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- at the date the hedges were entered into the transaction and future commodity sales are highly probable;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that Sandfire actually hedges and the quantity of the hedging instrument that Sandfire actually uses to hedge that quantity of hedged item.
- A qualitative assessment of the critical terms (exposed tonnes, maturity and pricing) provides that the hedged item and the hedging instrument are closely aligned. Therefore, the hedging instrument and the hedged item have values that will generally move in the opposite direction because of the same risk and hence that an economic relationship exists between the hedged item and the hedging instrument and hedge ineffectiveness is not expected.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and presented in the cash flow hedge reserve under equity. Sources of ineffectiveness include the mismatch of the timing of settlements between the hedged item and the hedging instrument. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the Other gains / (losses) line item. The Group recognised an expense of $1.2 million within profit and loss due to hedging ineffectiveness in the current period (FY21: nil).

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Sandfire discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. If the forecast transactions are no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve in equity is reclassified to profit or loss immediately.

Unrecognised gains and losses recorded in the hedge reserve will give rise to a deferred tax asset or liability. This is recorded in the cash flow hedge reserve. Sandfire then considers if this is recoverable in the event it is a deferred tax asset. In the event it is a deferred tax liability, Sandfire considers whether unrecognised deferred tax assets should be recognised to offset the liability. Where this occurs the recognition of the deferred tax asset is recorded through income tax benefit in the profit and loss statement.

11 Derivatives (continued)

Fair value measurement

When measuring the fair value of its assets and liabilities, the Company uses observable market data. All assets and liabilities measured at fair value, including hedging instruments, use Level 2 valuation techniques.

Commodity swap contracts

	30 Jun 2022 $000	30 Jun 2021 $000
Derivative assets		
Commodity swap contracts – current	14,975	-
Commodity swap contracts – non-current	37,229	-
Total derivative assets	**52,204**	**-**
Derivative liabilities		
Commodity swap contracts – current	257	-
Total derivative liabilities	**257**	**-**

MATSA Hedging

MATSA hedging as at 30 June 2022 comprised of 62,028 tonnes of copper production hedged under committed swaps at an average price of US$4.17/lb, and 71,674 tonnes of zinc production hedged at an average price of US$1.28/lb. The end of period net unrealised mark-to-market gain on MATSA hedging was $44.6 million.

DeGrussa Hedging

DeGrussa hedging as at 30 June 2022 comprised 5,000 tonnes of copper at an average price of US$4.43/lb. with a tenor out to August 2022 and 9,000 ounces of gold at an average price of US$1,802/oz. with a tenor out to December 2022. The end of period unrealised net mark-to-market gain on DeGrussa hedging was $7.3 million.

Maturity analysis by year

	On demand $000	Less than 1 year $000	1 - 2 years $000	2 - 3 years $000	Total $000
Commodity swap contracts – Copper	-	36,283	19,349	7,184	62,816
Commodity swap contracts – Gold	-	(257)	-	-	(257)
Commodity swap contracts – Zinc	-	(1,805)	(5,006)	(3,801)	(10,612)
Total	**-**	**34,221**	**14,343**	**3,383**	**51,947**

12 Trade and other payables

	2022 $000	2021 $000 (restated)
Current		
Trade and other payables	185,872	54,600
Trade payables owing to customers	53,696	-
Total trade and other payables	**239,568**	**54,600**

Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are generally unsecured and are usually paid within 30 - 90 days of recognition. They are initially measured at fair value and subsequently carried at amortised cost. The carrying value of these payables approximates their fair value.

Trade payables owing to customers arise as a result of provisional pricing adjustments and are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements in fair value being recognised in the comprehensive income statement.

13 Issued capital and reserves

Issued ordinary shares

	2022 Number	2022 $000	2021 Number	2021 $000 (restated)
Movement in ordinary shares on issue				
On issue at 1 July	178,251,333	304,444	178,251,333	304,444
Issue of shares, net of transaction costs and tax	231,730,560	884,865	-	-
On issue at 30 June	**409,981,893**	**1,189,309**	**178,251,333**	**304,444**

Recognition and measurement

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Group's residual assets. Ordinary shares have no par value.

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder's value. In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to any interest-bearing loans and borrowings that form part of its capital structure requirements. There have been no breaches in the financial covenants of any interest bearing liabilities during the current financial year or prior financial years.

The Group manages and makes adjustments to its capital structure in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may for example return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies and processes for managing capital, during the years ended 30 June 2022 and 2021.

Nature and purpose of reserves

Share-based payments reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 28 for details.

Foreign currency translation reserve

Exchange differences arising on the translation of entities with a functional currency differing from the Group's presentation currency, are taken to the foreign currency translation reserve (FCTR).

Fair value reserve

The fair value reserve represents the changes in fair value of investments where an irrevocable election has been made at initial acquisition to present fair value movements in other comprehensive income (OCI).

Capital reserve

The capital reserve represents gains or losses that are not recycled into the income statement, including the residual difference between the consideration paid to acquire a non-controlling interests share in a subsidiary and the non-controlling share of the subsidiaries assets and liabilities.

Hedging reserve

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and presented in the cash flow hedge reserve. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. If the forecast transactions are no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve in equity is reclassified to profit or loss immediately.

14 Lease liabilities

	2022 $000	2021 $000 (restated)
Current	18,492	8,234
Non-current	13,127	1,352
Total lease liability	**31,619**	**9,586**

Maturity analysis by year

	On demand $0	Less than 1 year $0	1 - 2 years $0	2 - 3 years $0	3 - 4 years $0	4 - 5 years $0	Total $0
Lease payments	-	20,568	14,340	467	-	-	35,375

Lease liabilities reconciliation

	2022 $000	2021 $000 (restated)
Reconciliation		
At 1 July 2021	9,586	8,638
Additions to lease liability	440	10,333
Liabilities acquired as part of the acquisition of MATSA	37,939	-
Interest on lease liabilities	576	482
Lease repayments (cash flow)	(13,868)	(10,144)
Exchange differences	(3,054)	277
At 30 June 2022	**31,619**	**9,586**

Recognition and measurement

Lease liabilities

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between one and ten years, while motor vehicles and other equipment generally have lease terms between one and five years.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As at 30 June 2022 lease liabilities have a weighted remaining lease term of two years and nine months and were determined using an weighted average effective interest rate of 2.46%. The undiscounted cash-flows over the remaining lease term across all segments are $35.4 million.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease recognition exemption for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

During the year, the Group incurred short-term lease expenses of $8.1 million (2021: $2.2 million) and productivity-based (variable) lease payments of $27.5 million (2021: $18.5 million), these amounts were not required to be included in the measurement of the lease liability and were recognised in the income statement.

14 Lease liabilities (continued)

Key estimates and assumptions – Leases

The Group determines whether a contract is, or contains, a lease at the commencement date. Judgement is applied to determine whether or not the contract contains an identified asset, has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use and has the right to direct how and for what purpose the asset is used throughout the period of use. Judgement is also applied in assessing a supplier's right and practical ability to substitute alternative assets through the period of use.

15 Financial risk management objectives and policies

This note presents information about the Group's financial assets and financial liabilities, its exposure to financial risks, as well as objectives, policies and processes for measuring and managing these risks.

During the current reporting period, the Group's principal financial liabilities were lease liabilities as well as trade and other payables. The Group did not have any external borrowings at year end or throughout the year. The Group's principal financial assets comprise equity investments, trade and other receivables and cash and short-term deposits.

The Group's activities expose it primarily to the following financial risks:

- Market risk including interest rate risk, foreign currency exchange risk and commodity price risk;
- Credit risk; and
- Liquidity risk.

Primary responsibility for the identification and control of these financial risks rests with the Group's senior management. The Group's senior management is supported by both the Audit Committee and Risk Committee under the authority of the Board. The committees provide assurance to the Board that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group uses different methods to measure and manage different types of risks to which it is exposed.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprise three types of risk: interest rate risk, currency risk and other price risk, such as commodity price risk. The Group's principal financial instruments affected by market risk include financial liabilities, trade receivables, cash and short-term deposits.

The sensitivity analysis in the following sections relate to the position as at 30 June 2022 and 2021.

Interest rate risk management and sensitivity analysis

Interest rate risk is the risk that the fair value of future cash flows of an interest bearing financial instrument will fluctuate because of changes in market interest rates.

The following tables demonstrate the sensitivity of the exposure at the balance sheet date to a reasonably possible change in interest rates.

	Effect on profit before tax	
	2022 $000	2021 $000 (restated)
2% increase	(15,760)	-
2% decrease	15,760	-

Foreign currency risk and sensitivity analysis

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency cash holdings and receivables from sale of metal concentrate products denominated in US dollars, and the Group's net investments in foreign subsidiaries including MATSA. The Group did not use any form of derivatives to hedge its exposure to foreign currency risk during the financial year ended 30 June 2022.

15 Financial risk management objectives and policies (continued)

The carrying amount of the Group's financial assets by its currency risk exposure as at 30 June 2022 is listed below.

	Denominated in US$ presented in US$000		Denominated in EU$ presented in US$000		Other currencies presented in US$000		Total in US$000	
	2022 $000	2021 $000 (restated)	2022 $000	2021 $000 (restated)	2022 $000	2021 $000 (restated)	2022 $000	2021 $000 (restated)
Cash and cash equivalents	79,372	36,802	19,346	-	4,032	2,982	102,750	39,784
Trade and other receivables	1,856	11,743	27,840	-	7,032	2,380	36,728	14,123
Trade and other payables	(19,596)	(7,556)	(92,679)	-	(4,692)	(2,485)	(116,967)	(10,041)
Total	**61,632**	**40,989**	**(45,493)**	**-**	**6,372**	**2,877**	**22,511**	**43,866**

The following tables demonstrate the sensitivity of the exposure at the balance sheet date to a reasonably possible change in the AUD/USD and EUR/USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax and equity is due to changes in the fair value of monetary assets and liabilities.

	Effect on profit before tax AUD/USD		Effect on profit before tax EUR/USD	
	2022 $000	2021 $000 (restated)	2022 $000	2021 $000 (restated)
10% increase (2021: 10% increase)	4,246	1,206	(4,342)	-
10% decrease (2021: 10% decrease)	(4,246)	(1,206)	4,342	-

Commodity price risk and sensitivity analysis

The Group is exposed to commodity price volatility on the sale of metal in concentrate products such as copper, zinc and gold, which are priced on, or benchmarked to, open market exchanges, specifically the London Metal Exchange (LME). The Group aims to realise average metal prices, which are materially consistent with the prevailing average market prices for the same period.

The group have entered into commodity swap contracts during the year ended 30 June 2022 (2021:nil) in order to reduce the exposure to fluctuations in metal prices. Refer to Note 11 for further information.

The following table demonstrates the sensitivity to the exposure at the balance sheet date of a reasonably possible change in commodity prices from the 30 June 2022 London Metals Exchange (LME) forward curve, with all other variables held constant.

	Effect on profit before tax	
	2022 $000	2021 $000 (restated)
20% increase (2021: 20% increase)	30,990	23,986
20% decrease (2021: 20% decrease)	(30,990)	(23,986)

The impact on the Group's profit before tax and equity is due to changes in the fair value of the gross value of provisionally priced sales contracts, offset by the impact of outstanding commodity swap contracts, outstanding at year end totaling $445,080,310 (2021 restated: $125,074,054). The sensitivity analysis does not include the impact of the movement in commodity prices on the total sales for the year.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities with trade receivables and from its financing activities, including deposits with financial institutions. At the reporting date, the carrying amount of the Group's financial assets represents the maximum credit exposure.

The credit risk on cash and cash equivalents is managed by restricting dealing and holding of funds to banks which are assigned high credit ratings by international credit rating agencies. The Group's cash and cash equivalents as at 30 June 2022 are predominately held with financial institutions with a credit rating of AA- or higher with Standard & Poor's. As short-term deposits have maturity dates of less than twelve months, the Group has assessed the credit risk on these financial assets using life time expected credit losses. In this regard, the Group has concluded that the probability of default on the term deposits is relatively low. Accordingly, no impairment allowance has been recognised for expected credit losses on the short-term deposits.

15 Financial risk management objectives and policies (continued)

Credit risk in trade receivables is managed by the Group undertaking a regular risk assessment process including assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. As there are a relatively small number of transactions, they are closely monitored to ensure payments are made on time. Credit risk arising from sales to customers is managed by contracts that stipulate either an upfront payment, or a provisional payment of between 90 and 100 per cent of the estimated value of the sale payable promptly after vessel loading supported by a letter of credit arrangements with approved financial institutions. The balance outstanding is received within 2-5 months of the goods arriving at the final delivery destination. The Group does not have any significant receivables which are past due or impaired at the reporting date and it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by conducting regular reviews of the timing of cash flows in order to ensure sufficient funds are available to meet these obligations.

The Group's liquidity risk exposure relates to interest bearing liabilities as detailed in Note 10, trade and other payables as detailed in Note 12 and lease liabilities in Note 14. All current trade payables will be repaid within one year from the reporting date.

16 Fair value measurement

The following table shows the fair values of financial instruments, other than cash and cash equivalents, including their levels in the fair value measurement hierarchy as at 30 June 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)	-	32,225	-	32,225
Financial assets at fair value though other comprehensive income	(ii)	3,830	-	475	4,305
Derivative Assets – commodity swap contracts	(iii)	-	52,204	-	52,204
Total financial assets		**3,830**	**84,429**	**475**	**88,734**
Financial liabilities					
Trade payables at fair value through profit and loss	(i)	-	(53,694)	-	(53,694)
Derivative liabilities – commodity swap contracts	(iii)	-	(257)	-	(257)
Total financial liabilities		**-**	**(53,951)**	**-**	**(53,951)**

(i) Trade receivables and payables relate to concentrate sale contracts still subject to price adjustments where the final consideration to be received or paid will be determined based on prevailing London Metals Exchange (LME) metal prices at the final settlement date. Receivables and payables still subject to price adjustments at balance date are fair valued by estimating the present value of the final settlement price using the LME forward metals prices at balance date. The fair value takes into account relevant other fair value considerations including any relevant credit risk.

(ii) Equity instruments designated at fair value through OCI include investments in equity shares of non-listed companies. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

(iii) Refer to Note 11 for further information relating to the fair value of derivatives.

16 Fair value measurement (continued)

The fair value of the financial instruments as at 30 June 2021 are summarised in the table below.

	Level 1 $'000 (restated)	Level 2 $'000 (restated)	Level 3 $'000 (restated)	Total $'000 (restated)
Financial assets				
Trade receivables at fair value through profit and loss	-	11,255	-	11,255
Financial assets at fair value though other comprehensive income	64,762	-	406	65,168
Total financial assets	**64,762**	**11,255**	**406**	**76,423**
Financial liabilities				
Derivatives liabilities – commodity swap contracts	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**

The carrying amount of all financial assets and all financial liabilities other than lease liabilities, recognised in the balance sheet approximates their fair value.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to or by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value hierarchy

All assets for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements, during the year ended 30 June 2022 or the comparative period ended 30 June 2021.

Key estimates and assumptions – Fair value measurement

When the fair values of assets or liabilities are recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

17 Dividends paid and proposed

	2022 $000	2021 $000 (restated)
Cash dividends on ordinary shares declared and paid:		
Final franked dividend for 2021: 26 cents (AUD) per share (2020: 14 cents (AUD) per share)	33,600	17,670
Interim franked dividend for 2022: 3 cents (AUD) per share (2021: 8 cents (AUD) per share)	8,804	11,033
	42,404	**28,703**
Proposed dividends on ordinary shares:		
Final cash dividend for 2022: nil (2021: 26 cents (AUD) per share)	-	33,600

Franking credit balance

	2022 $000	2021 $000 (restated)
The amount of franking credits available for the subsequent financial year are:		
Franking account balance at the end of the financial year at 30% (2021: 30%)	227,608	162,577
Estimated franking debits that will arise from the payment of dividends as at the end of the financial year	-	(14,932)
Estimated franking credits that will arise from the payment (refund) of income tax as at the end of the financial year	42,228	47,366
	269,836	**195,011**

Invested capital

This section provides information on how the Group invests and manages its capital.

18 Trade and other receivables

	2022 $000	2021 $000 (restated)
Current		
Trade receivables	32,225	11,255
VAT receivable	35,341	288
Other receivables	1,531	8,161
Total current trade and other receivables	**69,097**	**19,704**

Recognition and measurement

Receivables are classified at initial recognition, and subsequently measured at amortised cost or fair value through profit or loss. The classification of receivables at initial recognition depends on the receivable's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables the Group initially measures a receivable at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are initially measured at the transaction price determined in accordance with the accounting policy for revenue.

In order for a receivable to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Trade receivables are subject to provisional pricing and are exposed to the commodity price risk which causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements in fair value being recognised in the comprehensive income statement.

There are no contract assets, for which consideration is conditional that have been recognised from contracts with customers.

Other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

The Group recognises an allowance for estimated credit losses (ECLs) for all receivables not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. For receivables due in less than 12 months, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The expected credit loss is based on its historical credit loss experience in the past two years, current financial difficulties of the debtor and is adjusted for forward-looking factors specific to the debtor and the economic environment. As at 30 June 2022 no allowance for ECLs has been recognised as it is expected that all receivable amounts will be received in full when due. No impairment expense was recognised in relation to receivables for the 2022 and 2021 financial years.

Refer to Note 15 on credit risk of trade receivables to understand how the Group manages the credit risk and measures credit quality of trade receivables that are neither past due nor impaired.

19 Inventories

	2022 $000	2021 $000 (restated)
Current		
Concentrate – at cost	26,771	25,832
Ore stockpiles – at cost	12,593	9,493
Stores and consumables – at cost	29,719	9,324
	69,083	**44,649**
Allowance for obsolete stock – stores and consumables	(17,678)	(4,153)
	51,405	**40,496**
Cost of goods sold	504,787	292,632

19 Inventories (continued)

Recognition and measurement

Stores and consumables, ore and concentrate are stated at the lower of cost and net realisable value. Costs are capitalised to ore inventory once commercial production commences which is generally once stoping activities start.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs include direct materials, direct labour and a proportion of variable and fixed overhead expenditure which is directly related to the production of inventories to the point of sale.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stores and consumables, and ore inventories expected to be processed or sold within twelve months after the balance sheet date, are classified as current assets.

20 Exploration and evaluation assets

	2022 $000	2021 $000 (restated)
Reconciliation		
At 1 July 2021	49,486	116,079
Assets acquired as part of the acquisition of MATSA	26,700	-
Other expenditure and exploration tenements acquired	11,389	6,910
Transfer to mine properties	(65)	(82,320)
Exchange differences	(3,384)	8,817
At 30 June 2022	**84,126**	**49,486**

Recognition and measurement

Exploration and evaluation expenditure includes pre-license costs, costs associated with exploring, investigating, examining and evaluating an area of mineralisation, and assessing the technical feasibility and commercial viability of extracting the mineral resource from that area. Other than acquisition costs, exploration and evaluation expenditure incurred on licenses where the commercial viability of extracting the mineral resource has not yet been established is generally expensed when incurred. Once the commercial viability of extracting the mineral resource are demonstrable (at which point, the Group considers it is probable that economic benefits will be realised), the Group capitalises any further evaluation costs incurred. The recoverability of the exploration and evaluation assets is dependent on the successful development and commercial exploration, or alternatively, sale of the respective area of interest.

Exploration and evaluation assets are assessed for impairment if:

- insufficient data exists to determine commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

An exploration and evaluation asset shall be reclassified to mine properties when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and a decision has been made to develop and extract the resource. Exploration and evaluation assets shall be assessed for impairment, and any impairment loss shall be recognised, before reclassification to mine properties. No amortisation is charged during the exploration and evaluation phase.

Key estimates and assumptions – Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation assets requires significant judgment to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

21 Property, plant and equipment

Reconciliation of the carrying amounts for each class of property, plant and equipment is set out below.

2022	Mine Properties $000	Plant and equipment $000	Right of use asset $000	Assets under construction $000	Total $000
Opening net carrying amount	163,183	51,179	8,990	38,111	261,463
Additions	27,289	2,447	440	195,875	226,051
Assets acquired from acquisition of MATSA	1,303,345	948,206	35,383	73,794	2,360,728
Disposals	(57)	(1,632)	-	-	(1,689)
Transfers	10,097	53,032	-	(63,129)	-
Transfer from exploration and evaluation	65	-	-	-	65
Depreciation and amortisation	(158,353)	(84,063)	(14,313)	-	(256,729)
Movement in the rehabilitation and restoration asset	12,671	(2,644)	-	-	10,027
Foreign exchange movements	(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**

2021	Mine Properties $000 (restated)	Plant and equipment $000 (restated)	Right-of-use asset $000 (restated)	Assets under construction $000 (restated)	Total $000 (restated)
Opening net carrying amount	117,090	71,362	8,809	487	197,748
Additions	38,661	3,179	10,376	40,003	92,219
Transfers	-	2,134	-	(2,134)	-
Transfer from exploration and evaluation	82,320	-	-	-	82,320
Depreciation and amortisation	(89,724)	(33,998)	(10,888)	-	(134,610)
Movement in the rehabilitation and restoration asset	1,782	1,024	-	-	2,806
Foreign exchange movements	13,054	7,478	693	(245)	20,980
Closing net carrying amount	**163,183**	**51,179**	**8,990**	**38,111**	**261,463**
At 30 June 2021					
Gross carrying amount – at cost	778,729	301,073	30,167	38,111	1,148,080
Accumulated depreciation	(615,546)	(249,894)	(21,177)	-	(886,617)
Net carrying amount	**163,183**	**51,179**	**8,990**	**38,111**	**261,463**

Recognition and measurement

Mine properties

Mine property and development assets include costs incurred in accessing the ore body and costs to develop the mine to the production phase, once the technical feasibility and commercial viability of a mining operation has been established. At this stage, exploration and evaluation assets are reclassified to mine properties.

Mine property and development assets are stated at historical cost less accumulated amortisation and any accumulated impairment losses recognised. The initial cost of an asset comprises of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the estimate of the rehabilitation costs, and for qualifying assets (where relevant), borrowing costs. Any ongoing costs associated with mining which are considered to benefit mining operations in future periods are capitalised.

Plant and equipment

Plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset into use.

21 Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning, restoration and dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Note 29 Provisions for further information about the recognised decommissioning provision.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Depreciation

The depreciation methods adopted by the Group are shown in table below:

Category	Depreciation method
Mine properties	Units of ore extracted basis over the life of mine
Plant and equipment	Straight line over the life of the mine/asset (2 - 5 years)
Right-of-use assets	Straight line over the shorter of the lease term and life of the asset

The estimation of the useful lives of assets has been based on historical experience, lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting period and adjusted prospectively, if appropriate.

Impairment

The Group's policy for the impairment of non-financial assets is disclosed in Note 2.

22 Commitments

Group resource property commitments

Sandfire Resources America Inc.- Black Butte Copper Leases and Water Use Agreement

The Company's subsidiary Sandfire Resources America Inc., through its wholly-owned subsidiary Tintina Montana Inc., has entered into a number mining leases and surface use and water lease agreements (collectively, the "Black Butte Agreements") with the owners of the Black Butte Copper-Cobalt-Silver property in central Montana, United States.

The Black Butte Agreements provide Tintina, with exclusive use and occupancy of any part of the property that is necessary for exploration and mining activities.

Future minimum payments due under the Black Butte Agreements as at 30 June are as follows:

	2022 $000	2021 $000 (restated)
Within one year	495	502
After one year but not more than five years	1,991	2,047
More than five years	6,733	7,522
Total commitments	**9,219**	**10,071**

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 30 June 2022 amount to approximately $93,887,000 (undiscounted) (2021: $73,033,000).

22 Commitments (continued)

Royalties

Motheo Copper Mine

As announced on 23 October 2019, Sandfire completed the acquisition of MOD Resources Limited (MOD) by way of a scheme of arrangement. As part of the acquisition of MOD, a royalty equal to 2% of net smelter returns (gross revenue less certain allowable deductions) from the T3 Project is payable until the total amount of royalty paid reaches US$2 million. First production from the T3 Project is expected in 2023. The T3 Project royalty is not recognised as a liability at 30 June 2022 as payment remains wholly within the control of the Group.

Group structure and related party information

This section provides information on the Group's structure as well as related party transactions.

23 Information relating to Sandfire Resources Limited (the Parent)

The consolidated financial statements of the Group include:

	2022 $000	2021 $000 (restated)
Current assets	300,056	476,530
Total assets	1,977,753	942,989
Current liabilities	247,074	127,713
Total liabilities	277,675	171,385
Issued capital	1,189,349	304,444
Retained earnings	446,531	333,155
Share based payment reserve	8,187	4,654
Profit or loss of the Parent entity	122,893	155,187
Total comprehensive income of the Parent entity	82,629	226,516

24 Information relating to subsidiaries

The consolidated financial statements of the Group include:

		Country of incorporation	% equity interest	
			2022	2021
Pormining LDA	*(iii)*	Portugal	51.00	-
Sandfire Resources America Inc.	*(i)*	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
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	*(ii)*	Australia	100.00	-
Sandfire Spain UK Ltd	*(ii)*	United Kingdom	100.00	-
Sandfire Spain Holdings Limited	*(ii)*	United Kingdom	100.00	-
Sandfire Resources (ES), S.L	*(ii)*	Spain	100.00	-
Minas De Aguas Teñidas, S.A.	*(iii)*	Spain	100.00	-
El Potroso, S.L.	*(iii)*	Spain	100.00	-
Emisurmin, Unipessoal LDA.	*(iii)*	Portugal	100.00	-

(i) *Changes in ownership in Sandfire Resources America Inc. due to the rights issue within Sandfire Resources America Inc.*
(ii) *The wholly owned subsidiaries were formed and incorporated in the current financial year.*
(iii) *The wholly owned subsidiaries were acquired as part of the acquisition of MATSA in the current financial year.*

25 Acquisition of MATSA

As announced on 1 February 2022, Sandfire completed the acquisition of MATSA. The acquisition delivers Sandfire 100% ownership of MATSA, located in the world-class Iberian Pyrite Belt in the Huelva Province of Andalusia in south-western Spain. MATSA is a substantial polymetallic mining complex comprising three underground mines and a 4.7Mtpa central processing facility. The acquisition aligns with the Group's strategy to become an international diversified and sustainable mining company. With the successful completion of the transaction, Sandfire exercised operational control and economic ownership at MATSA effective from 1 February 2022.

Purchase Consideration – cash outflow

	$000
Outflow of cash to acquire subsidiary, net of cash acquired	
Payment for MATSA Acquisition net of cash acquired	1,494,103
Cash acquired on acquisition	49,951
Purchase consideration	**1,544,054**
Purchase price and working capital adjustments	(28,671)
Payment for acquisition of MATSA (net of cash acquired)	**1,515,383**

The amount presented above is net of the repayment of MATSA indebtedness at acquisition of $313.0 million repaid on completion of the transaction.

Assets and liabilities acquired

The assets and liabilities recognised as a result of the acquisition are as follows:

	$000
Net identifiable assets acquired	
Cash and cash equivalents	49,951
Trade and other receivables	40,603
Inventories	20,141
Property, plant and equipment	1,022,000
Right-of-use assets	35,383
Mine properties	1,303,345
Exploration and evaluation assets	26,700
Other assets	12,570
Total Assets	**2,510,693**
Borrowings	(315,201)
Trade and other payables	(100,438)
Lease liabilities	(37,939)
Deferred tax liabilities	(505,616)
Provisions	(36,116)
Total Liabilities	**(995,310)**
Total Purchase consideration	**1,515,383**

We note that the fair values assigned to identifiable assets and liabilities above are presented on a provisional basis. As at the date of this report, taxation and fair value allocations are not yet finalised. The Group will recognise any adjustments to these provisional values as a result of completion the fair value accounting within twelve months following the acquisition date.

The acquired business contributed revenues of $296.3 million and net profit of $24.7 million to the group for the period 1 February 2022 to 30 June 2022. If the acquisition had occurred on 1 July 2021, consolidated pro-forma revenue and net profit for the year ended 30 June 2022 would have been $711.1 million and $59.3 million respectively, based on an extrapolation of actual results since acquisition. The consolidated pro-forma information may not be representative of future performance.

Acquisition-related costs

Expensed acquisition and integration costs of $13.5 million are included in the Consolidated Income Statement.

Key estimates and assumptions – Acquisition of MATSA

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The application of acquisition accounting requires significant judgement and estimates to be made including but not limited to the tax amortisation benefit of individual assets fair valued.

26 Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 relief has been granted to the Company and all its Australian subsidiaries from the Corporations Act 2001 requirements for the preparation, audit and lodgment of their financial report.

As a condition of the Corporations Instrument, the Company and all its Australian subsidiaries ("Closed Group" (Refer to Note 23)), entered into a Deed of Cross Guarantee ("Deed") on 17 April 2020. Australian subsidiaries added to the Group during the period have opted into the Deed.

The effect of the Deed is that the Company has guaranteed to pay any deficiency in the event of winding up of an Australian subsidiary within the Closed Group or if they do not meet their obligations under the terms of loans or other liabilities subject to the guarantee. The Australian subsidiaries have also given a similar guarantee in the event that the Company is wound up or if it does not meet its obligations under the terms of loans or other liabilities subject to the guarantee.

The consolidated statement of comprehensive income and consolidated balance sheet of the Closed Group are set out below.

Consolidated Statement of Comprehensive Income – Closed Group entities	**2022 $000**	**2021 $000 (restated)**
Revenue	626,379	609,017
Other gains	4,219	4,181
Changes in inventories of finished goods and work in progress	(2,444)	2,306
Mine operations costs	(114,361)	(102,593)
Employee benefit expenses	(47,297)	(43,540)
Freight expenses	(56,033)	(37,854)
Royalties expenses	(33,946)	(31,685)
Exploration and evaluation expenses	(20,824)	(31,369)
Depreciation and amortisation expenses	(140,035)	(133,975)
Acquisition and integration costs	(13,502)	-
Administrative expenses	(7,559)	(4,557)
Profit before net finance expense and income tax expense	**194,597**	**229,931**
Finance income	9,793	1,486
Finance expense	(5,959)	(7,623)
Net finance income / (expense)	**3,834**	**(6,137)**
Profit before income tax expense	198,431	223,794
Income tax expense	(72,130)	(68,464)
Net profit for the year	**126,301**	**155,330**
Other comprehensive income		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations, net of tax	(3,568)	50,004
Items not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments carried at fair value through other comprehensive income, net of tax	5,811	16,935
Other comprehensive income for the year, net of tax	**2,243**	**66,939**
Total comprehensive income for the year, net of tax	**128,544**	**222,269**

26 Deed of Cross Guarantee (continued)

Consolidated Balance Sheet – Closed Group entities	2022 $000	2021 $000 (restated)
ASSETS		
Cash and cash equivalents	265,417	417,986
Trade and other receivables	12,536	16,944
Inventories	33,160	-
Income tax receivable	7,618	40,496
Other current assets	9,537	1,108
Total current assets	**328,268**	**476,534**
Financial investments	4,305	65,168
Receivables	4,177	94,142
Investment in subsidiaries	1,222,492	109,431
Exploration and evaluation assets	27,981	3,121
Property, plant and equipment	226,022	127,794
Deferred tax asset	13,445	-
Total non-current assets	**1,498,422**	**399,656**
TOTAL ASSETS	**1,826,690**	**876,190**
LIABILITIES		
Trade and other payables	91,485	41,850
Deferred revenue	-	24,450
Lease liabilities	2,085	8,143
Interest bearing liabilities	138,377	-
Income tax payable	42,228	47,366
Derivative financial liability	257	-
Provisions	14,476	5,901
Total current liabilities	**288,908**	**127,710**
Trade and other payables	-	1,110
Lease liabilities	298	1,137
Provisions	42,416	34,010
Deferred tax liabilities	-	7,178
Total non-current liabilities	**42,714**	**43,435**
TOTAL LIABILITIES	**331,622**	**171,145**
NET ASSETS	**1,495,068**	**705,045**
EQUITY		
Issued capital	1,189,309	304,461
Reserves	18,346	25,559
Foreign currency translation reserve	(91,328)	(54,181)
Retained profits	378,741	429,206
TOTAL EQUITY	**1,495,068**	**705,045**

27 Related party disclosures

As at, and throughout the financial year ended 30 June 2022, the ultimate parent entity of the Group was Sandfire Resources Limited.

Information in relation to interest in other entities is set out in Note 24 to the consolidated financial statements.

Compensation of key management personnel of the Group

	2022 $	2021 $ (restated)
Short-term employee benefits	2,647,783	2,125,739
Long-term employee benefits	13,413	10,344
Post-employment benefits	35,250	34,870
Share-based payments	2,205,979	1,668,529
Total compensation	**4,902,425**	**3,839,482**

The amounts disclosed in the table represent the amount expensed during the reporting period related to KMP and Directors.

Transactions with KMP

Certain KMP or their related parties hold positions in other entities that result in them having control or significant influence of those entities. There have been no guarantees provided or received for any related party receivables or payables. The Board reviews and approves the nature of all transactions with related parties. Board members who are a party to the transaction are excluded from the review and approval process. Subsequent to the end of the financial year, the below corporate administrative and accounting service transactions have ceased.

KMP and their Director related entity	Transaction	Transactions value year ended 30 June		Balance outstanding as at 30 June	
		2022 $	2021 $ (restated)	2022 $	2021 $ (restated)
Karl Simich – Tongaat Pty Ltd	Lease of corporate office parking premises	10,541	7,168	-	-
Karl Simich – Resource Development Company Pty Ltd	Lease of corporate office parking premises	9,814	6,945	-	-
Karl Simich – Resource Development Company Pty Ltd	Corporate administrative and accounting services	615,539	553,857	92,175	98,663
		635,894	**567,970**	**92,175**	**98,663**

Other notes

28 Share-based payments

The expense recognised during the current and previous financial year relating to share-based payments are:

	2022 $000	2021 $000 (restated)
Expense arising from equity-settled share-based payments – SFR [A]	3,534	2,702
Expense arising from equity-settled share-based payments – SFRA [B]	94	10
Total expense arising from share-based payment transactions	**3,628**	**2,712**

[A] Long-term Incentive Plan.

[B] Relates to Sandfire America employee share-based payment plans. Detailed disclosure of the plan has not been made as the amount is not considered material for the Group.

Recognition and measurement

Equity-settled transactions

The Group provides benefits to its employees and contractors (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made. That cost is recognised, together with a corresponding increase in the share-based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(i) Long-term Incentive Plan (LTI Plan)

Listed below are the terms and conditions of issues made by the Group during previous financial years which remain outstanding as at 30 June 2022:

Grant date	Number	Fair value^	Expected Vesting date	Performance period
27 November 2019	164,866	$1.66	31 Aug 2022	3 years
28 June 2019	174,012	$2.58	31 Aug 2022	3 years

^ Represents the fair value per right at grant date.

Under the LTI Plan, awards are made to executives and other management personnel (collectively referred to as senior management) who have an impact on the Group's performance. LTI awards are delivered in the form of performance rights over ordinary shares in the Company for no consideration, which vest over a service period of 3 years subject to meeting performance measures, with no opportunity to retest. Performance rights granted under the LTI Plan are not entitled to dividends nor do they have voting rights. Refer to the Group's Remuneration Report for further details on the plan.

28 Share-based payments (continued)

Pricing model

The following table lists the assumptions used in determining the fair value of performance rights granted during previous financial years.

	Grant date	
	27 Nov 19	28 Jun 19
Fair value at measurement date	$1.66	$2.58
Underlying share price for issue	$3.83	$4.53
Dividend yield	4.90%	5.20%
Expected volatility	35.00%	35.00%
Risk-free rate	0.7%	1.0%
Expected life (years)	2.6	3.0

The fair value of performance rights granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the rights were granted. The model simulates the TSR and compares it against the comparator group constituting companies in the S&P/ASX200 Resources Index (ASX: XJR). It takes into account historical and expected dividends, and the share price fluctuation covariance of the Company and the comparator group to predict the distribution of relative share performance.

Movements in LTI Plan during the year

The movement in the number of performance rights during the year is set out below.

	2022 Number	2021 Number
Opening balance	602,114	977,869
Rights lapsed or forfeited during the year	(263,236)	(375,755)
Closing balance	**338,878**	**602,114**

(ii) Long-term Incentive Option Plan (ZEPO Plan)

Listed below are the terms and conditions of issues made by the Group during the current financial year.

Issue date	Number	WAEP value^	Expected Vesting date	Performance period
FY2022				
30 August 2021	65,056	$4.45	30 Jun 2025	3.84

^ Represents the weighted average exercise price (WAEP) at grant date.

The LTI award for FY2022 is in the form of Zero Exercise Price Options (ZEPOs) over ordinary shares in the Company for no consideration. The ZEPOs carry neither rights to dividends nor voting. Under the ZEPO Plan, awards are made to executives and other management personnel (collectively referred to as senior management) who have an impact on the Group's performance. To the extent that the applicable vesting conditions are satisfied at the end of the performance period, LTI awards are delivered by vesting of all or a portion of ZEPOs which may be exercised thereafter in return for allocation of fully paid ordinary shares. Refer to the Group's Remuneration Report for further details on the plan.

Pricing model

The following table lists the assumptions used in determining the fair value of performance rights granted during the current and prior financial years.

	Issue date					
	17 Jul 20	27 Nov 20	23 Mar 21	3 May 21	31 May 21	30 Aug 21
Number of rights issued and outstanding	2,107,390	927,703	135,668	108,857	115,003	65,056
WAEP at measurement date	$3.18	$2.61	$3.56	$4.17	$4.45	$4.45
Underlying share price for issue	$3.81	$3.27	$4.36	$5.12	$5.48	$6.50
Dividend yield	2.68%	3.79%	3.36%	3.28%	3.20%	3.20%
Expected volatility	37.50%	38.00%	40.00%	40.00%	40.00%	40.00%
Risk-free rate	0.41%	0.19%	0.11%	0.29%	0.28%	0.28%
Expected life (years)	4.95	4.59	4.27	4.16	4.08	3.84

28 Share-based payments (continued)

The fair value of ZEPOs granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the rights were granted. The model simulates the TSR and compares it against the comparator group constituting companies in the S&P/ASX200 Resources Index (ASX: XJR). It takes into account historical and expected dividends, and the share price fluctuation covariance of the Company and the comparator group to predict the distribution of relative share performance.

Movements in ZEPO Plan during the year

The movement in the number of performance rights during the year is set out below.

	2022 Number
Opening balance	3,511,279
Rights granted during the year	65,056
Rights lapsed or forfeited during the year	(116,658)
Closing balance	**3,459,677**

29 Provisions

	2022 $000	2021 $000 (restated)
Current		
Employee benefits	12,466	6,044
Rehabilitation, restoration and dismantling	2,010	-
Other	841	-
	15,317	**6,044**
Non-current		
Employee benefits	491	3,706
Rehabilitation, restoration and dismantling	70,312	32,269
Other	1,715	-
	72,518	**35,975**

The movement in the rehabilitation, restoration and dismantling provision during the financial year is set out below.

	2022 $000
At 1 July 2021	32,269
Arising during the year	12,326
Acquired as part of the acquisition of MATSA	28,992
Unwinding of discount	739
Inflation and discount rate adjustments	573
Foreign exchange movements	(2,577)
At 30 June 2022	**72,322**

Recognition and measurement

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value of the provision reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the unwinding of the discounting on the provision is recognised as a finance cost.

Rehabilitation, restoration and dismantling

The Group recognises a provision for the estimate of the future costs of restoration activities on a discounted basis at the time of exploration or mining disturbance. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

29 Provisions (continued)

When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related assets to the extent that it was incurred by the development/construction of the asset. Rehabilitation and restoration obligations arising from the Group's exploration activities are recognised immediately in the income statement.

If a change to the estimated provision results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the related asset, the Group considers whether this is an indication of impairment of the asset. If the revised assets, net of rehabilitation provisions, exceed the recoverable amount, that portion of the increase to the provision is charged directly to the income statement.

Key estimates and assumptions – Rehabilitation provisions

The Group assesses its rehabilitation, restoration and dismantling (rehabilitation) provision at each reporting date. Significant estimates and assumptions are made in determining the provision as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent, timing and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs.

The discount rate used in the calculation of the provision is derived from an average of the applicable segments government bond rate, with the exception of Botswana and Namibia for which the provision is calculated in USD and therefore an applicable USD discount rate has been applied. The discount rate approximates the estimated time period for when the majority of the future rehabilitation costs are expected to be incurred. The discounts rates used are as follows:

	Australia		Botswana and Namibia		United States of America		Spain	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Discount rate	3.36%	1.13%	2.15%	2.00%	3.32%	2.93%	2.56%	-
Inflation rate	4.00%	2.40%	4.50%	5.00%	2.93%	1.10%	1.05%	-

Employee Benefits

(i) Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits and other short-term benefits expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating personal leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to future expected wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

30 Significant events after the reporting date

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

31 Accounting standards and interpretations issued but not yet effective

The standards and interpretations that have been issued or amended but not yet effective, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. Except where noted below, the Group has evaluated the impact of the new standards and interpretations and determined that the changes are not likely to have a material impact on its financial statements. The Group intends to adopt these standards when they become effective.

AASB 2020-3 Amendments to Australia Accounting Standards – Annual Improvements 2018-2020 and Other Amendments - AASB 116 Property, Plant and Equipment – Proceeds before intended use

The amendment requires an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset.

Without a detailed assessment being performed at this stage, this amendment will be expected to have an impact on the presentation of net profit after tax, net assets and financial position for the year ending 30 June 2023.

AASB2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendments require a liability be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.

The Group has performed an assessment and do not expect the amendment to have a material impact on its financial statements for the year ended 30 June 2023.

32 Auditor remuneration

The auditor of Sandfire Resources Limited is Ernst & Young (EY) Australia.

	2022 $	2021 $ (restated)
Amounts received or due and receivable by EY (Australia) for:		
Fees for auditing the statutory financial report of the parent covering the group and auditing the financial reports of any controlled entities	496,502	248,305
Fees for other services		
Taxation services	-	10,196
Other advisory services	15,830	6,195
Total Fees to EY (Australia)	**512,332**	**264,696**
Amounts received or due and receivable by related practices of EY for:		
Fees for auditing the financial reports of any controlled entities	144,854	125,802
Other services in relation to the entity and any other entity in the consolidated group:		
Other advisory services	-	32,202
Total fees to overseas member firms of EY (Australia)	**144,854**	**158,004**
Total auditor's remuneration	**657,186**	**422,700**

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Sandfire Resources Limited, I state that:

1. In the opinion of the Directors:

   a) the financial statements and notes of Sandfire Resources Limited for the financial year ended 30 June 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 30 June 2022 and of its performance for the year ended on that date; and

      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and

   c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   d) as at the date of this declaration, there are reasonable grounds to believe that members of the Closed Group identified in Note 26 will be able to meet any liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2022.

On behalf of the Board

John Richards
Non-Executive Chair

Karl Simich
Managing Director and Chief Executive Officer

West Perth, 29 August 2022

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Independent auditor's report to the members of Sandfire Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Sandfire Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2022, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Valuation of trade receivables

Why significant	How our audit addressed the key audit matter
As disclosed in Note 18 of the financial report, commodity concentrate sales are subject to a quotational pricing period at 30 June 2022. During the quotational pricing period, the consideration from the sale of commodity concentrate is adjusted for changes in the commodity prices, with the final consideration determined based on the prevailing commodity price at the end of the quotational pricing period. As revenue is recognised prior to the completion of the quotational pricing period, trade receivables are subject to quotational pricing adjustments and are required to be measured at fair value through profit or loss under Australian Accounting Standards. In determining the fair value of trade receivables, a key input is the expected commodity price at the completion of the quotational pricing period, which is based on market forward prices. Given changes in market forward prices can significantly impact the fair value of trade receivables and the unrealised price adjustment, being a gain or loss, recognised in the consolidated statement of other comprehensive income, this was considered a key audit matter.	In completing our audit procedures, we: ► Assessed the methodologies, inputs and assumptions used by the Group in determining the fair value of trade receivables subject to quotational pricing. ► Compared observable inputs in the Group's valuation model, such as quoted prices, to externally available market data. ► Recalculated the Group's fair value measurement of trade receivables still subject to quotational pricing adjustments as at 30 June 2022, using 30 June 2022 market forward prices. ► Evaluated the adequacy of the Group's disclosures in the financial report in accordance with Australian Accounting Standards.

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Recognition and measurement of rehabilitation, restoration and dismantling provisions

Why significant	How our audit addressed the key audit matter
As disclosed in Note 29 of the financial report, the Group has rehabilitation, restoration and dismantling provisions of $72 million at 30 June 2022. The calculation of these provisions requires judgement in estimating the costs to undertake required rehabilitation, restoration and dismantling activities, the timing as to when these costs will be incurred and the determination of an appropriate rate to inflate and discount these costs to present value. The Group reviews the underlying costs, discount and inflation rates used to calculate the rehabilitation, restoration and dismantling provisions on a semi-annual basis. This review incorporates the identification of any new rehabilitation, restoration and dismantling obligations that have arisen, an assessment of the underlining cost assumptions used, effects of any changes in local regulations, and the expected method and timing of restoration and rehabilitation. Given the judgement and estimation involved in determining the rehabilitation, restoration and dismantling provision, this was considered a key audit matter.	In completing our audit procedures, we: ► Evaluated the reasonableness of the cost estimates used to calculate the rehabilitation, restoration and dismantling provisions and considered the completeness of the rehabilitation, restoration and dismantling activities identified by the Group. ► Considered the qualifications, competence and objectivity of the internal and external experts engaged by the Group to determine its cost estimates. ► Considered the timing of the Group's proposed rehabilitation, restoration and dismantling activities for consistency with the Group's legal and/or constructive obligations under its environmental authorities and mining licences and the useful lives of its associated mining operations. ► Assessed the mathematical accuracy of the calculations and the appropriateness of the inflation and discount rates applied by the Group. ► EY reviewed the rehabilitation, restoration and dismantling provision assessment of the component auditor for Minas De Aguas Teñidas ("MATSA"). The component auditor evaluated the reasonableness of the cost estimates used to calculate the rehabilitation, restoration and dismantling provisions and considered the completeness of the rehabilitation, restoration and dismantling activities. ► Evaluated the adequacy of the Group's disclosures in the financial report in accordance with Australian Accounting Standards.

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MATSA operations – reliance on the work of a non-EY component team

Why significant	How our audit addressed the key audit matter
As detailed in Note 25 to the financial report, a significant component of the Group's operating segments and activities take place outside of Australia, predominantly in Spain. These decentralised operations require adequate monitoring activities from a financial reporting perspective. In our role as Group auditor, we are required to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities ("components") within the Group in order to be able to express an audit opinion on the consolidated financial report. We are responsible for the direction, supervision, and performance of the Group audit. Given the financial significance of the Spanish component to the Group result, the extent of our direction and supervision of the non-EY component audit team was considered a key audit matter.	In fulfilling our responsibilities as Group auditor: ► We performed a risk assessment and component scoping at the consolidated Group level and, based on this scoping, identified the Spanish component to be audited by a non-EY component auditor ("component auditor"). ► We sent instructions to the component auditor detailing significant audit areas to be covered, including the relevant risks and the information to be reported to the Group audit team. The Group audit team approved the component materiality, having regard to the size and risk profile of the component relative to the Group. ► The component team provided written confirmation to the Group audit team confirming the work performed and the results of that work as well as key documents supporting their independence, significant findings and observations. ► We performed a site visit, met with local management and the component auditors to gain an understanding of the component's operations. ► We held regular meetings with the component team to discuss the outcome and extent of their procedures. ► With the assistance of EY's Spanish member firm, we reviewed the underlying working papers and documentation of the component auditor for selected areas of audit focus. ► We ensured that the trial balance and related supporting schedules audited by the component auditor agreed to the Group consolidation schedule and, where relevant, financial statement notes. ► We assessed the accounting policies of the component for consistency with the Group's accounting policies and tested the Group's accounting for intercompany transactions.

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MATSA business combination

Why significant	How our audit addressed the key audit matter
As detailed in Note 25 to the financial report, the Group acquired Minas De Aguas Teñidas (“MATSA”) which was completed on 1 February 2022 for a total consideration price of $1,515 million, net of cash acquired. This acquisition was accounted for as a business combination using the acquisition method. The Group has performed a provisional purchase price allocation (“PPA”) exercise to account for this business combination from acquisition date to 30 June 2022. We have determined this to be a key audit matter based on the materiality of the acquisition, the significant management judgment and estimates made in relation to the provisional PPA and the adjustments made to align accounting policies of MATSA with those of the Group. The significant management judgment and estimates involved in the provisional PPA exercise relate mainly to the determination of the fair value of the acquired identifiable assets and liabilities.	In completing our audit procedures, we: ► Read the purchase agreement in order to gain an understanding of its key terms and conditions. ► Assessed the competence, qualifications and objectivity of both internal and external specialists, to consider whether they were appropriately qualified to carry out the PPA valuation. ► Engaged our internal valuation specialist to assist us in the audit of certain aspects of the PPA. ► Assessed the valuation model, the cash flow forecasts, and the key assumptions, including forecast commodity prices and discount rate used in the calculation and allocation of the fair values of acquired identifiable assets and liabilities. ► Evaluated the adequacy of the Group’s disclosures in the financial report in accordance with Australian Accounting Standards.

Information other than the financial report and auditor’s report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company’s 2022 annual report, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion. We obtained the directors’ report that is to be included in the annual report, prior to the date of this auditor’s report, and we expect to obtain the remaining sections of the annual report after the date of this auditor’s report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Sandfire Resources Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

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Philip Teale
Partner
Perth
29 August 2022