



SANDFIRE RESOURCES NL

A QUALITY COPPER-GOLD COMPANY - ASX Code: SFR



December 2015 Half Year Results Webcast – 25 February 2016

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Competent Person's Statement – Exploration Results

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

Exploration and Resource Targets

- Any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. While Sandfire is confident that it will report additional JORC compliant resources for the DeGrussa Project, there has been insufficient exploration to define mineral resources in addition to the current JORC compliant Mineral Resource inventory and it is uncertain if further exploration will result in the determination of additional JORC compliant Mineral Resources.

JORC Compliance Statement

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



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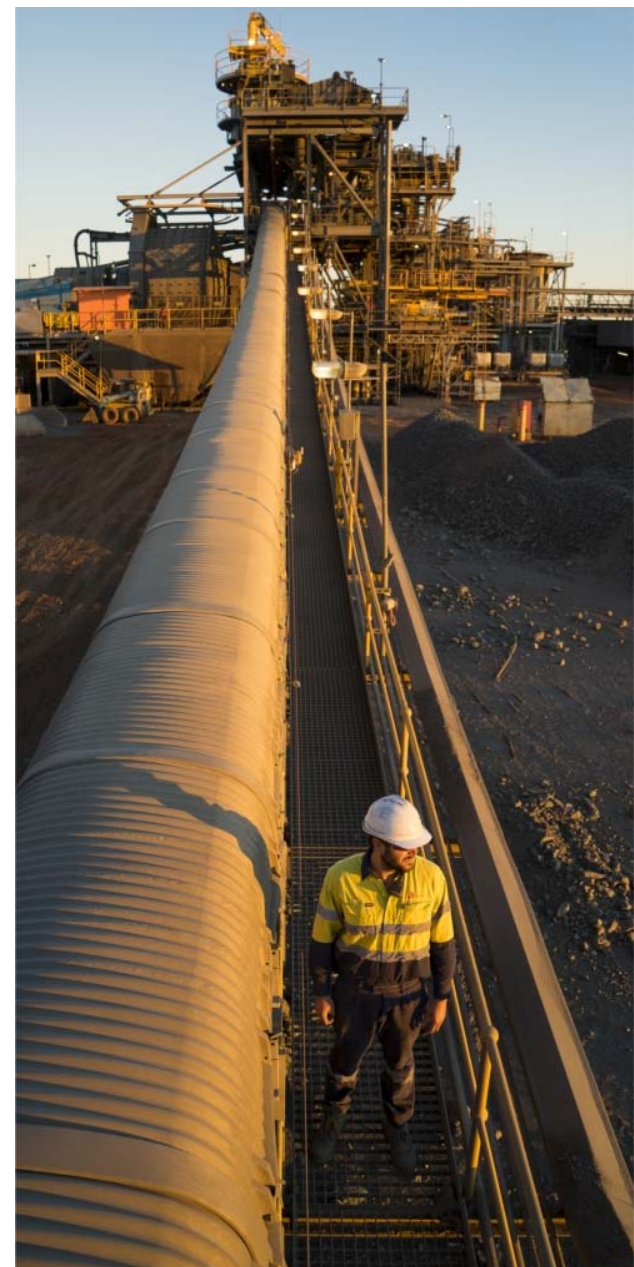
Operating Results – 1H FY2016

Karl Simich – Managing Director and CEO

1HFY2016 in Review

Strong and consistent production; processing enhancements; strong outlook

- **1HFY2016 production:** 34,280t copper and 17,305oz gold; C1 US\$0.99/lb
- **Mining and mill throughput:** 1.6Mtpa; mine development proceeding as planned on C4 and C5 with stoping commenced in C4
- **C5 grade control and Resource definition drilling completed:** Maiden C5 Ore Reserve in progress
- **Completed \$15M Earn-In to form Joint Venture with Talisman Mining (SFR 70%: TLM 30%):** includes the Monty VMS discovery
- **Resource definition drilling at Monty well advanced:** Maiden Mineral Resource planned for around end March 2016
- **10.6MW DeGrussa Solar Power Project nearing completion:** to reduce long-term diesel power generation and CO₂ emissions
- **FY2016 production guidance:** 65-68,000t copper, 35-40,000oz gold; C1 cash cost US\$0.95-1.05/lb



FY2015 in Review

New VMS discovery at DeGrussa; business development; debt restructured

- **Increased stake in Tintina Resources (TSX-V: TAU) to 57%** – developing the high-quality Black Butte Copper Project, central Montana, USA; Mine Operating Permit lodged December 2015
- **Significant debt reduction** – \$45M debt reduction to \$75M





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Financial Results – 1HFY2016

Matthew Fitzgerald – Chief Financial Officer

Headline Financial Results for the Half Year Ended 31 December 2015

Sandfire maintains strong operational and financial performance



- Sales revenue of **\$228.3M**
- Strong cash flow from operating activities of **\$47.6M** (**\$66.2M** prior to payments for exploration and evaluation expenses)
- DeGrussa Mine segment earnings before net finance and income tax of **\$50.2M**
- Profit before net finance expense and income tax of **\$26.0M**
- Profit before income tax of **\$23.0M**
- Net profit after tax **\$15.7M**
- Earnings per share of **10.0cps** (basic and diluted)
- Cash at 30 June 2015 of **\$51.2M** (Group); finance facility outstanding balance reduced from \$120.0M to \$75.0M

Headline Financial Results for the Half Year Ended 31 December 2015

Sandfire maintains dividend payments



- Interim dividend of **2.0cps (fully franked)**
- Maintaining dividend stream with profitable operations despite reduced copper price

Dividend	1HFY2016	1HFY2015
Interim dividend (cps)	2.0 (fully franked)	3.0 (unfranked)
Earnings per share (cps, diluted)	10.0	19.6
Payout ratio – Interim	20%	15%
Payout ratio – Final		30%

- Continuing to balance shareholder returns (dividends, capital growth, business development and exploration) with operational cash flow requirements (mine development, capital expenditure and debt reduction)

Note: Dividends are presented in the period of their respective earnings, which may differ from the financial year declared and/or paid

December 2015 Half Year Presentation – Headline Income

Income Statement Review – Key Results

(\$'000)	Dec 2015	Dec 2014
Sales revenue	228,322	261,772
Profit before net finance and income tax	25,967	50,279
Net finance expense	(3,004)	(5,407)
Profit before income tax	22,963	44,872
Income tax expense	(7,289)	(14,309)
Net profit for the year	15,674	30,563

COPPER and AUD Prices



- Revenue from copper and gold production – High concentrate holding (January 2016 sale), decline in USD copper price (down 18%) only offset in part by lower AUD (down 5%)
- Realised and unrealised QP losses (\$16,392,000) resulting from the reduction in USD copper price
- DeGrussa Mine profit before net finance and income tax \$50,203,000
- Exploration and evaluation activities loss before net finance and income tax (\$18,850,000)

December 2015 Half Year Presentation

Balance Sheet Review



(\$'000)	December 2015	June 2015
ASSETS		
Cash and cash equivalents	51,194	107,154
Trade and other receivables	12,233	9,813
Inventories	46,448	30,951
Other current assets	2,502	1,931
Total current assets	112,377	149,849
Receivables	157	179
Inventories	11,698	11,698
Mine properties	221,389	202,588
Property, plant and equipment	211,441	216,293
Investments - equity method	768	7,644
Other financial assets	157	1,254
Exploration and evaluation assets	5,301	5,233
Total non-current assets	450,911	444,889
TOTAL ASSETS	563,288	594,738

- Cash – debt repayment, exploration, dividend payment
- Inventories – High port and site concentrate stocks
- Mine properties – Underground development continues into C4 and C5 orebodies
- Investments and other financial assets – Tintina Resources (57% owned) now controlled and consolidated

December 2015 Half Year Presentation

Balance Sheet Review



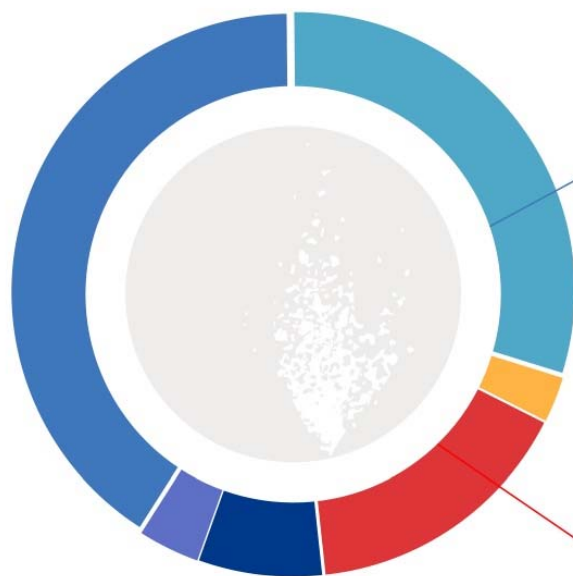
(\$'000)	December 2015	June 2015
LIABILITIES		
Trade and other payables	38,768	39,115
Interest bearing liabilities	17,367	20,493
Income tax payable	10,773	13,128
Provisions	3,341	3,220
Total current liabilities	70,249	75,956
Trade and other payables	171	294
Interest bearing liabilities	58,253	99,536
Provisions	28,987	22,860
Deferred tax liabilities	52,449	48,314
Total non-current liabilities	139,860	171,004
TOTAL LIABILITIES	210,109	246,960
NET ASSETS	353,179	347,778

- Finance facility – \$45M repaid during 1HFY2016, \$75M remaining (\$17M current, \$58M non-current including \$50M balance under \$85M revolving facility)
- Income tax payable – \$9M to be paid for FY2015, \$2M current period
- Deferred tax liability – a result of taxable income lagging accounting profit

December 2015 Half Year Presentation

Cash Flow and Dividends

USES OF CASH GENERATION:



- Finance Facility Repayment & Interest Costs - \$47.8M
- Mine Development - \$35.1M
- Dividends (FY2016 Interim) - \$3.1M
- Exploration & Evaluation Activities - \$18.6M
- Property, Plant and Equipment - \$8.4M
- Acquisition of control Tintina Resources Inc. \$4.2M

DEBT & CAPITAL REQUIREMENTS:



- Finance Facility Repayment & Interest Costs - \$47.8M
- Mine Development - \$35.1M
- Property, Plant & Equipment - \$8.4M

SHAREHOLDER RETURN & GROWTH:



- Exploration & Evaluation Activities - \$18.6M
- Tintina Resources - \$4.2M
- Dividends (FY2016 Interim) - \$3.1M

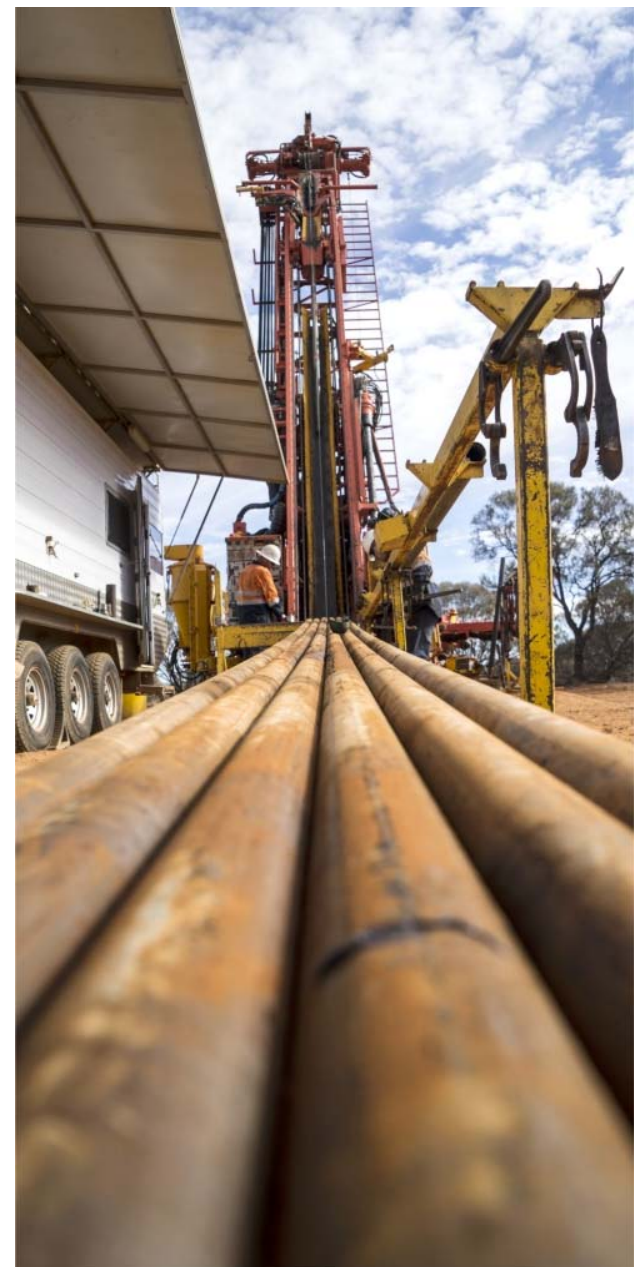


Summary and Outlook

Continued strong outlook for 2HFY2016 and beyond

- **Consistent, low-cost copper-gold production**
 - 1HFY2016 performance: 34,280t Cu, 17,305oz gold at C1 US\$0.99/lb
 - FY2016 guidance: Upper end of 65-68,000t Cu, lower end of 35-40,000oz Au at C1 lower end of US\$0.95-1.05/lb
- New chapter of **discovery success and growth** at DeGrussa
 - High-grade Monty VMS discovery and drill-out re-rates district exploration potential
- **Cash flow** funding growth and shareholder returns
 - Continued dividend stream for shareholders
 - Committed exploration to further extend mine life
 - Control position acquired in high-grade USA copper project
- **Emerging** international and domestic growth pipeline

A premier Australian copper-gold company





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