



SANDFIRE
RESOURCES NL

A QUALITY COPPER-GOLD COMPANY
ASX Code: SFR

June 2016 Annual Results Webcast

30 August 2016

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Competent Person's Statement – Ore Reserves and Mine Plan

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

Competent Person's Statement – Mineral Resources

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

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 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.

Important Information and Disclaimer



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 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 – FY2016

Karl Simich – Managing Director and CEO

FY2016 in Review

Strong, safe and consistent production; new VMS discovery at DeGrussa, strong outlook

- ▶ **FY2016 production:** Record 68,202t copper and 37,612oz gold; C1 US\$0.95/lb
- ▶ **Safety TRIFR reduced:** 9.5 (FY2015) to 7.1 (FY2016)
- ▶ **C5 grade control and Resource definition drilling completed:** Maiden C5 Ore Reserve released, updated DeGrussa Mine Plan, Ore Reserve and Mineral Resource Statement *
- ▶ **Completed \$15M Earn-In to form Springfield Joint Venture with Talisman Mining (SFR 70%: TLM 30%):** includes the Monty VMS discovery
- ▶ **Feasibility Study commenced and Mining Lease Application lodged on Monty Project:** maiden Mineral Resource estimate – 1.05Mt at 9.4% Cu, 1.6g/t Au for 99,000t of contained copper and 55,000oz of contained gold **
- ▶ **FY2017 production guidance:** 65-68,000t copper, 35-40,000oz gold; C1 cash cost US\$0.95-1.05/lb
- ▶ **Multi-pronged exploration programs:** at both Doolgunna and Springfield JV

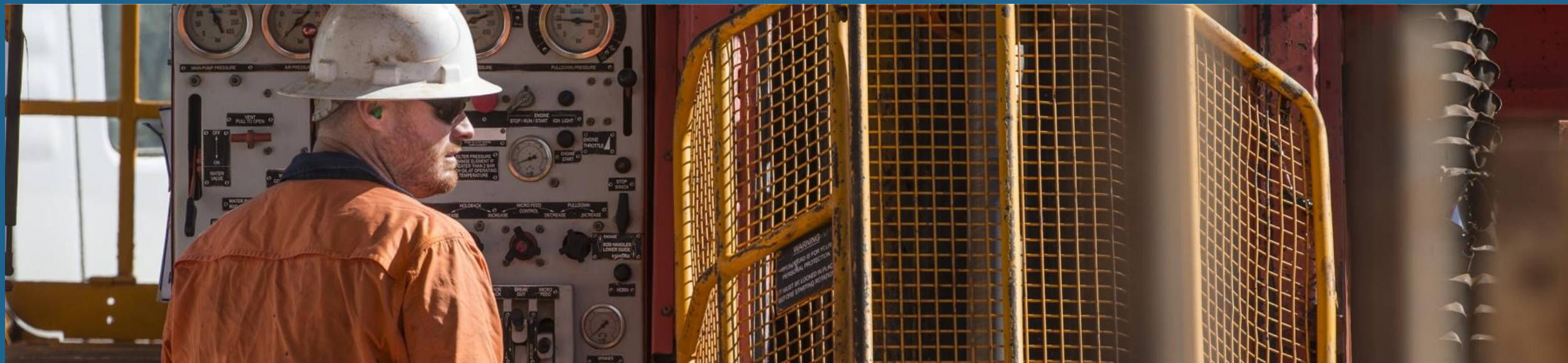
* As at 31 December 2015 – see ASX Release – 14 April 2016

** See ASX Release – 13 April 2016



Strengthened business development pipeline; net cash positive

- ▶ **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
- ▶ **10.6MW DeGrussa Solar Power Project completed:** to supply around 20% of DeGrussa's power requirements and reduce emissions by around 12,000t of CO₂ per annum
- ▶ **Cash and deposits \$62M Sandfire; \$66M Consolidated** including Tintina Resources Inc and Springfield JV (70%)
- ▶ **Sandfire now net cash positive:** \$70M debt reduction (\$120M to \$50M)





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Financial Results – FY2016

Matthew Fitzgerald – Chief Financial Officer

Headline Financial Results for the Year Ended 30 June 2016

Sandfire maintains strong operational and financial performance



- ▶ Sales revenue of **\$497.2M**
- ▶ Strong cash flow from operating activities of **\$133.9M** (**\$166.5M** prior to payments for exploration and evaluation expenses)
- ▶ DeGrussa Mine segment earnings before net finance and income tax of **\$117.9M**
- ▶ Profit before net finance expense and income tax of **\$76.0M**
- ▶ Profit before income tax of **\$68.4M**
- ▶ Net profit after tax **\$46.4M**
- ▶ Net profit after tax attributable to members **\$48.0M**
- ▶ Earnings per share of **30.54cps** (basic and diluted)
- ▶ Cash at 30 June 2016 of **\$66.2M** (Group)
- ▶ Finance facility outstanding balance reduced from \$120.0M to **\$50.0M**

Headline Financial Results for the Year Ended 30 June 2016

Sandfire maintains dividend payments



- ▶ Final dividend for FY2016 of **9.0cps (fully franked)**
- ▶ Maintaining dividend stream with profitable operations despite reduced copper price

Dividend	FY2016	FY2015
Interim dividend (cps)	2.0 (fully franked)	3.0 (unfranked)
Final dividend (cps)	9.0 (fully franked)	10.0 (fully franked)
Total (cps)	11.0 (fully franked)	13.0 (10.0 franked)

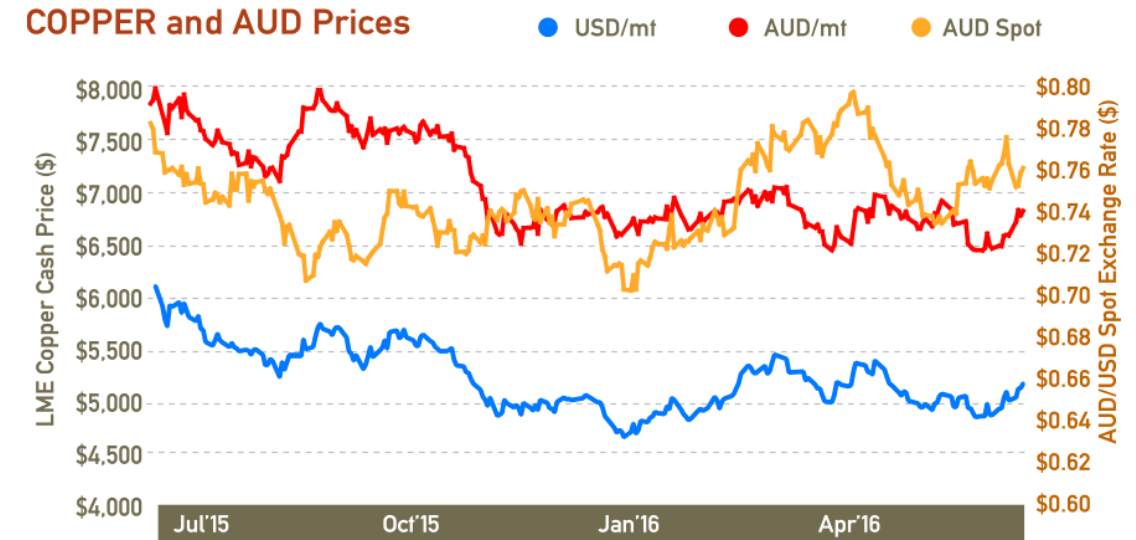
- ▶ FY2016 payout ratio based on ~30% of earnings per share adjusted for the impact of net loss from Tintina Resources and the Monty drillout (Springfield JV)
- ▶ Continuing to balance shareholder returns (dividends, capital growth, business development and exploration) with operational cash flow requirements (mine development, capital expenditure and debt reduction)

Note: Dividends are presented in the period of their respective earnings. Final dividends are declared and paid post the end of the financial year.

June 2016 Full Year Presentation – Headline Income

Income Statement Review – Key Results

(\$'000)	June 2016	June 2015
Sales revenue	497,165	548,610
Profit before net finance and income tax	75,956	119,658
Net finance expense	(6,580)	(14,876)
Profit before income tax	68,376	104,782
Income tax expense	(22,006)	(35,827)
Net profit for the year	46,370	68,955



- ▶ Revenue from copper and gold production – USD copper price declined from ~\$6,000/t to ~\$5,000/t in 1HFY2016, before stabilising; AUD/USD declined in 1HFY2016, increasing in 2HFY2016
- ▶ Realised and unrealised QP losses (\$11,348,000) resulting from the reduction in USD copper price 1HFY2016
- ▶ Exploration and evaluation activities loss before net finance and income tax (\$33,248,000)
- ▶ Tintina Resources consolidation and WCB investment losses (\$3,801,000)

June 2016 Full Year Presentation

Balance Sheet Review

(\$'000)	June 2016	June 2015
ASSETS		
Cash and cash equivalents	66,223	107,154
Trade and other receivables	20,467	9,813
Inventories	30,070	30,951
Other current assets	3,405	1,931
Total current assets	120,165	149,849
Receivables	200	179
Inventories	11,698	11,698
Exploration and evaluation assets	18,489	5,233
Mine properties	209,167	202,588
Property, plant and equipment	198,019	216,293
Investments (equity method)	856	7,644
Other financial assets	157	1,254
Total non-current assets	438,586	444,889
TOTAL ASSETS	558,751	594,738

- ▶ Cash – \$70M debt repayments, \$19M dividend payments
- ▶ Exploration and evaluation – Tintina Resources \$10.4M (57% owned) controlled and consolidated; \$2.9M acquired
- ▶ Mine properties – Underground development continues into C4 and C5 orebodies

June 2016 Full Year Presentation

Balance Sheet Review

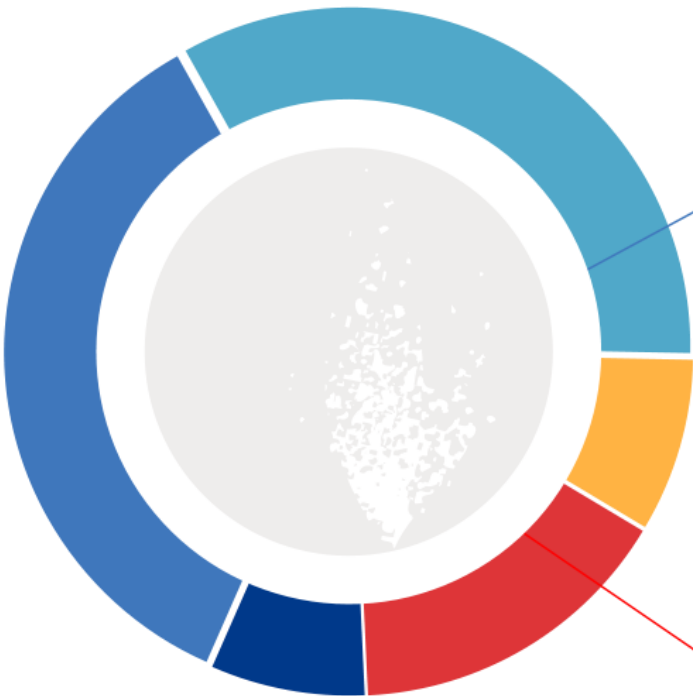
(\$'000)	June 2016	June 2015
LIABILITIES		
Trade and other payables	30,885	39,115
Interest bearing liabilities	1,767	20,493
Income tax payable	7,222	13,128
Provisions	3,563	3,220
Total current liabilities	43,437	75,956
Trade and other payables	117	294
Interest bearing liabilities	50,094	99,536
Provisions	27,675	22,860
Deferred tax liabilities	53,822	48,314
Total non-current liabilities	131,708	171,004
TOTAL LIABILITIES	175,145	246,960
NET ASSETS	383,608	347,778

- ▶ Finance facility – \$70M repaid during FY2016, \$50M remaining (non-current under \$85M Revolver Facility)
- ▶ Deferred tax liability – a result of taxable income lagging accounting profit

June 2016 Full Year Presentation

Cash Flow and Dividends

USES OF CASH GENERATION:



- Finance Facility Repayment & Interest Costs - \$73.4M
- Mine Development - \$69.6M
- Dividends (FY2016 Interim and Final) - \$17.2M
- Exploration & Evaluation Activities - \$32.6M
- Property, Plant and Equipment - \$15.3M

DEBT & CAPITAL REQUIREMENTS:



- Finance Facility Repayment & Interest Costs - \$73.4M
- Mine Development - \$69.6M
- Property, Plant & Equipment - \$15.3M

SHAREHOLDER RETURN & GROWTH:



- Exploration & Evaluation Activities - \$32.6M
- Dividends (FY2016 Interim and Final) - \$17.2M



Summary and Outlook

Continued strong outlook for FY2017 and beyond

- ▶ **Consistent, low-cost copper-gold production**
 - FY2016 performance: 68,202t Cu, 37,612oz gold at C1 US\$0.95/lb
 - FY2017 guidance: 65-68,000t Cu, 35-40,000oz Au at C1 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





SANDFIRE RESOURCES NL

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Mineral Resource, Ore Reserve and Mine Plan



Table 1 – December 2015 Comparison of the Underground Mine Plan, Mineral Resource and Ore Reserve

DeGrussa Underground Mine	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Mine Plan	8.1	4.4	1.7	357,000	443,000
Ore Reserve	8.0	4.4	1.7	353,000	441,000
Mineral Resource	7.8	5.7	2.1	443,000	536,000

DeGrussa Underground Mine by Orebody	Tonnes (Mt)	Stockpiles (Mt)	DG (Mt)	C1 (Mt)	C4 (Mt)	C5 (Mt)
Mine Plan	8.1	0.1	0.9	3.1	2.2	1.8
Ore Reserve	8.0	0.1	0.9	3.0	2.2	1.8
Mineral Resource	7.8	0.1	0.9	3.0	2.1	1.7

Table 2 – December 2015 Mineral Resource

DeGrussa Mineral Resource	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Underground Mine	7.8	5.7	2.1	443,000	536,000
Stockpiles (Open Cut)	2.9	1.2	1.0	35,000	89,000
December 2015 – Total	10.7	4.5	1.8	478,000	625,000

Table 3 – December 2015 Ore Reserve

DeGrussa Mine Ore Reserve	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Underground Mine	8.0	4.4	1.7	353,000	441,000
Stockpiles (Open Cut)	2.8	1.2	1.0	35,000	84,000
December 2015 – Total	10.8	3.6	1.5	388,000	525,000

Refer ASX Announcement “DeGrussa Mine Plan, Mineral Resource and Ore Reserve Update”, 14 April 2016