



SANDFIRE RESOURCES NL

ASX Code: SFR



A Premier Australian Copper Producer

June 2014 Full-Year Results Webcast

29 August 2014



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Forward-Looking Statements



Forward-Looking Statements

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Introduction and Overview
Karl Simich – Managing Director and CEO



Headline Financial Results for the Year Ended 30 June 2014

Sandfire declares maiden dividend following strong operational and financial performance for FY2014



- Sales revenue of **\$531.2M** from **64,719t** copper, **31,788oz** gold sold
- Strong cash flow from operating activities of **\$223.0M**
(**\$249.5M** prior to payments for exploration and evaluation expenses)
- DeGrussa Mine earnings before net finance and income tax of **\$168.6M**
- Profit before net finance and income tax of **\$125.6M**
- Profit before income tax of **\$111.9M**
- Annual net profit after tax **\$78.2M** (no tax payable for FY2014)
- Earnings per share of **50.22cps (basic)** and **50.15cps (diluted)**
- Maiden final dividend of **10.0cps (unfranked)**
- Cash at 30 June 2014 of **\$57.6M**; finance facility balance reduced to \$160.0M



FY2014 Highlights – Year in Review

FY2014 production; 1.5Mtpa mining and throughput rate achieved; FY2015 guidance and business development



- **FY2014 production:** 67,690t copper and 33,893oz gold; C1 US\$1.18/lb
- **Concentrator throughput exceeded 1.5Mtpa:** optimisation programs underway
- **Underground mining rate exceeded 1.5Mtpa;** 22km of underground development completed
- **Increase in high-grade Mineral Resource** after mining depletion
- **Doolgunna exploration programs accelerating** under \$15M Talisman Mining Joint Venture
- **FY2015 production guidance:** 65-70,000t copper, 35-40,000oz gold: C1 cash cost range of US\$1.15 -1.25/lb

Business Development: Subsequent to 30 June 2014

- **Sandfire secures cornerstone position in advanced, high-grade USA copper project** via 36% stake (C\$16M) in US copper developer Tintina Resources (TSX-V: TAU)
- **Drilling to commence shortly** at Misima Project (WCB Resources: SFR 37%)





Financial Results to June 2014
Matthew Fitzgerald – CFO



June 2014 Full Year Presentation – Headline Income



Statement of Comprehensive Income Review – Key Results

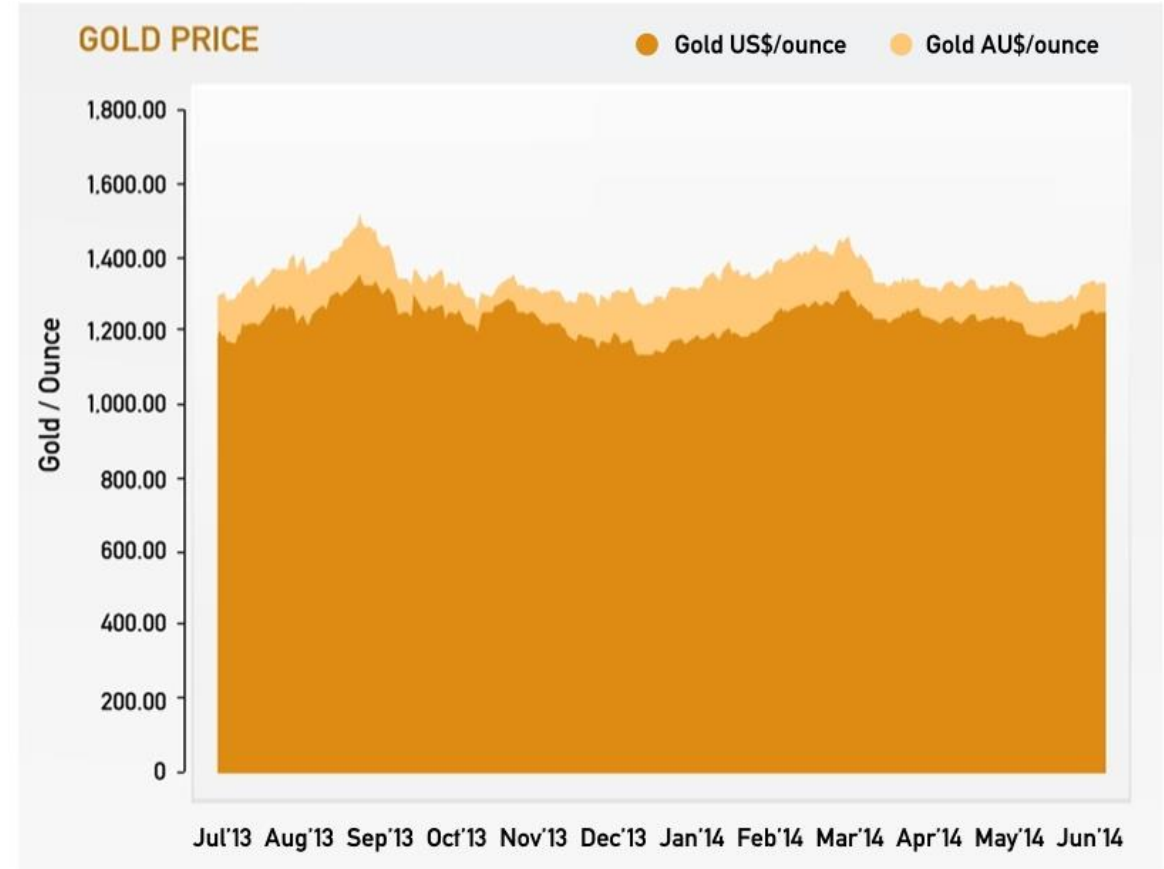
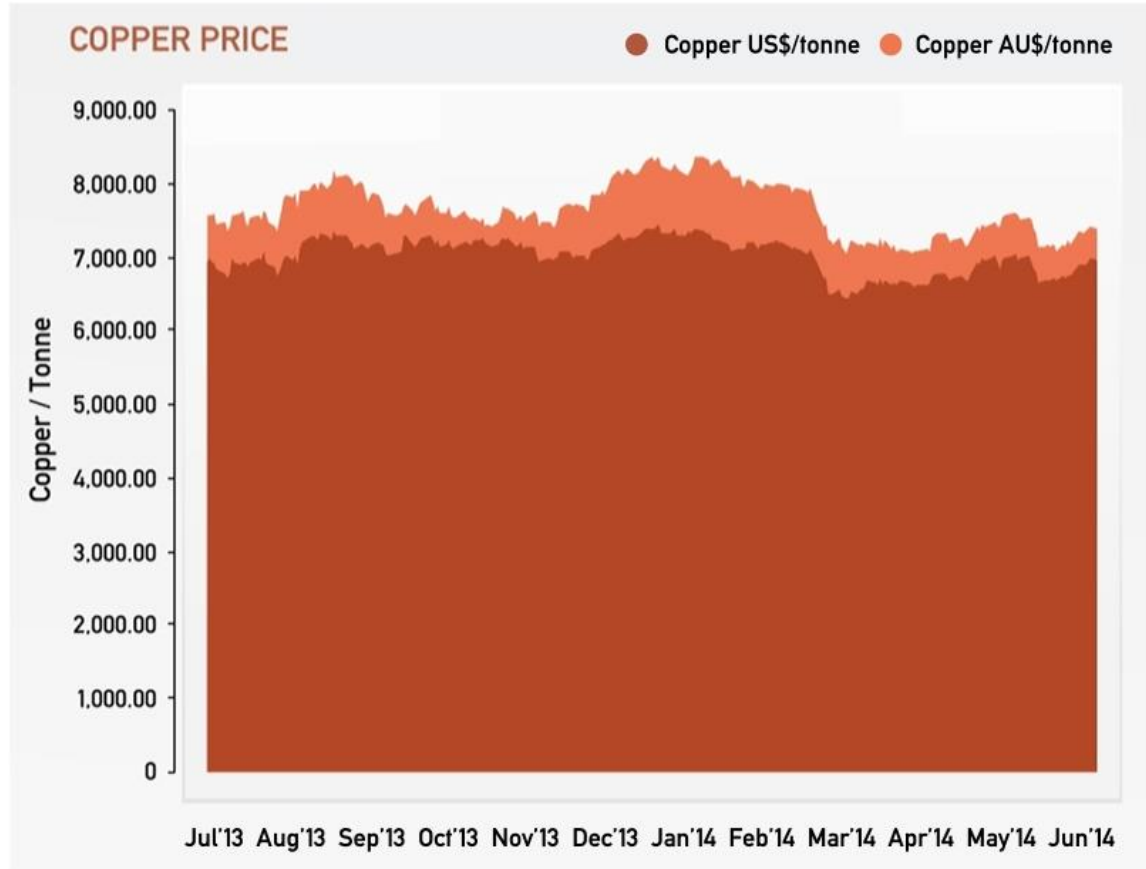
(\$'000)	June 2014	June 2013
Sales revenue	531,230	507,331
Profit before net finance and income tax	125,616	142,136
Net finance expense	(13,668)	(16,468)
Profit before income tax	111,948	125,668
Income tax expense	(33,790)	(37,670)
Net profit for the year	78,158	87,998

- Revenue \$531M as previously announced – plus planned June 2014 shipment completed in early July for additional \$18M revenue and release of profit
- Result includes \$5.4M paid and accrued to POSCO under their capped \$7.5M product discount right (4 shipments completed to POSCO sales representative during the period)
- Income tax expense booked on profit result, however no tax payable for the 2014 financial year



Commodity Prices and Exchange Rate

Market rates – copper, gold and currency



June 2014 Full Year Presentation

Statement of Comprehensive Income Review



(\$'000)	DeGrussa Mine	Other Operations			Group
	FY 2014	Expl and BD	Corporate	Treasury	FY 2014
Sales revenue	531,230	-	-	-	531,230
Metal and price adjustment gains (losses)	-	-	-	(2,407)	(2,407)
Other income	-	-	-	-	-
Changes in inventories of finished goods and work in progress	(2,854)	-	-	-	(2,854)
Mine operations costs	(126,112)	-	-	-	(126,112)
Employee benefit expenses	(30,892)	(7,170)	(6,447)	-	(44,509)
Freight, treatment and refining expenses	(82,886)	-	-	-	(82,886)
Royalties expense	(25,031)	-	-	-	(25,031)
Exploration and evaluation expenses	-	(19,696)	-	-	(19,696)
Depreciation and amortisation expenses	(94,332)	(432)	(333)	-	(95,097)
Reversal of impairment loss	-	-	517	-	517
Administrative expenses	-	-	(7,062)	-	(7,062)
Other expenses	(477)	-	-	-	(477)
Profit before net finance and income tax	168,646	(27,298)	(13,325)	(2,407)	125,616



June 2014 Full Year Presentation

Statement of Financial Position Review



(\$'000)	June 2014	June 2013
ASSETS		
Cash and cash equivalents	57,590	77,070
Trade and other receivables	14,531	8,491
Inventories	36,501	38,298
Other current assets	2,005	1,954
Total current assets	110,627	125,813
Receivables	174	84
Inventories	11,698	11,698
Mine properties	194,894	177,752
Property, plant and equipment	227,022	245,924
Investments - equity method	5,891	-
Other financial assets	248	183
Exploration and evaluation assets	3,148	-
Deferred tax assets	-	2,939
Total non-current assets	443,075	438,580
TOTAL ASSETS	553,702	564,393

- Cash – includes \$11.4M relating to finance facility
- Receivables – QP pricing on rising copper price
- Inventories – Port and site concentrates, ore stockpiles and stores
- Mine properties – Underground development continues
- Tax asset – expense has reduced tax assets, now into provision



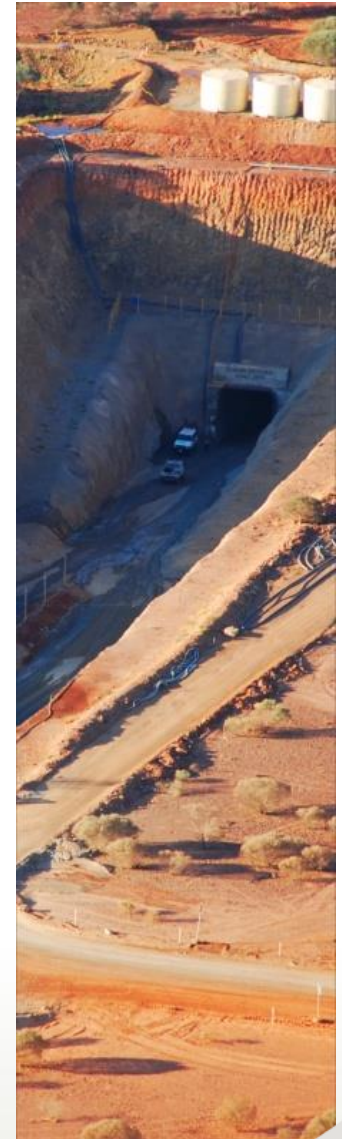
June 2014 Full Year Presentation

Statement of Financial Position Review



(\$'000)	June 2014	June 2013
LIABILITIES		
Trade and other payables	45,359	43,932
Interest bearing liabilities	75,979	163,906
Provisions	2,672	2,151
Total current liabilities	124,010	209,989
Trade and other payables	763	553
Interest bearing liabilities	84,616	119,542
Provisions	21,654	22,654
Deferred tax liability	30,851	-
Total non-current liabilities	137,884	142,749
TOTAL LIABILITIES	261,894	352,947
NET ASSETS	291,808	211,655

- Finance facility – \$125M repaid during FY2014, \$160M remaining debt
- Current – \$75M scheduled quarterly repayments for FY2015 (September 2014 to June 2015)
- Non current – \$85M (September to December 2015)

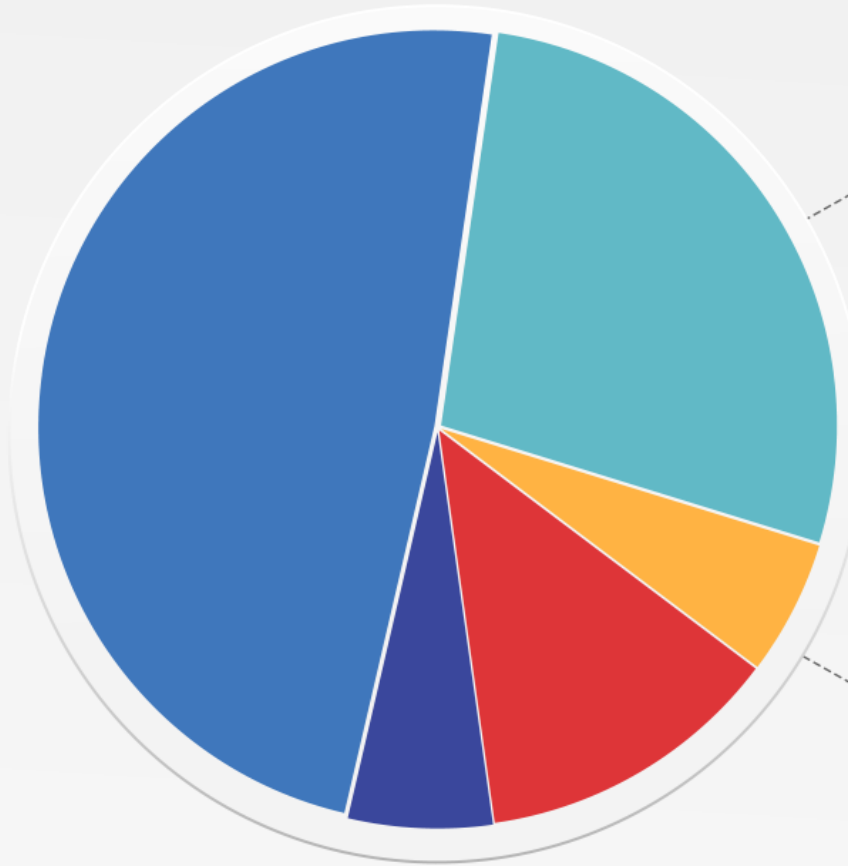


June 2014 Full Year Presentation

Statement of Cash Flow Review

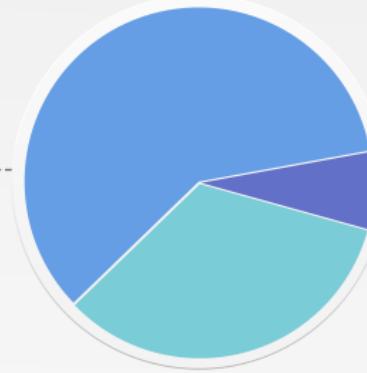


USES OF CASH GENERATION:



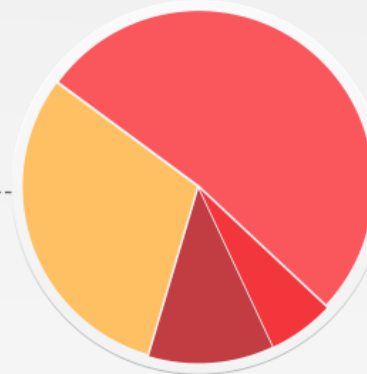
- Finance Facility Repayment & Interest Costs - \$138.2M
- Mine Development - \$77.9M
- Final Dividend - \$15.6M
- Exploration & Business Development - \$35.5M
- Property, Plant and Equipment - \$16.7M

DEBT AND CAPITAL REQUIREMENTS:



- Finance Facility Repayment & Interest Costs - \$138.2M
- Property, Plant & Equipment - \$16.7M
- Mine Development - \$77.9M

DIRECT AND INDIRECT SHAREHOLDER RETURN:



- Exploration & Evaluation Activities - \$26.5M
- Ventnor Resources - \$3.1M
- WCB Resources Ltd - \$5.9M
- Final Dividend - \$15.6M





Business Development
Karl Simich – Managing Director and CEO



Sandfire Resources senior due diligence team on site with Tintina Resources management at the discovery drill-hole, Black Butte Copper Project

Investment in Tintina Resources / Black Butte Copper Project

Sandfire secures opportunity to lead ongoing evaluation and development of high-grade USA copper project

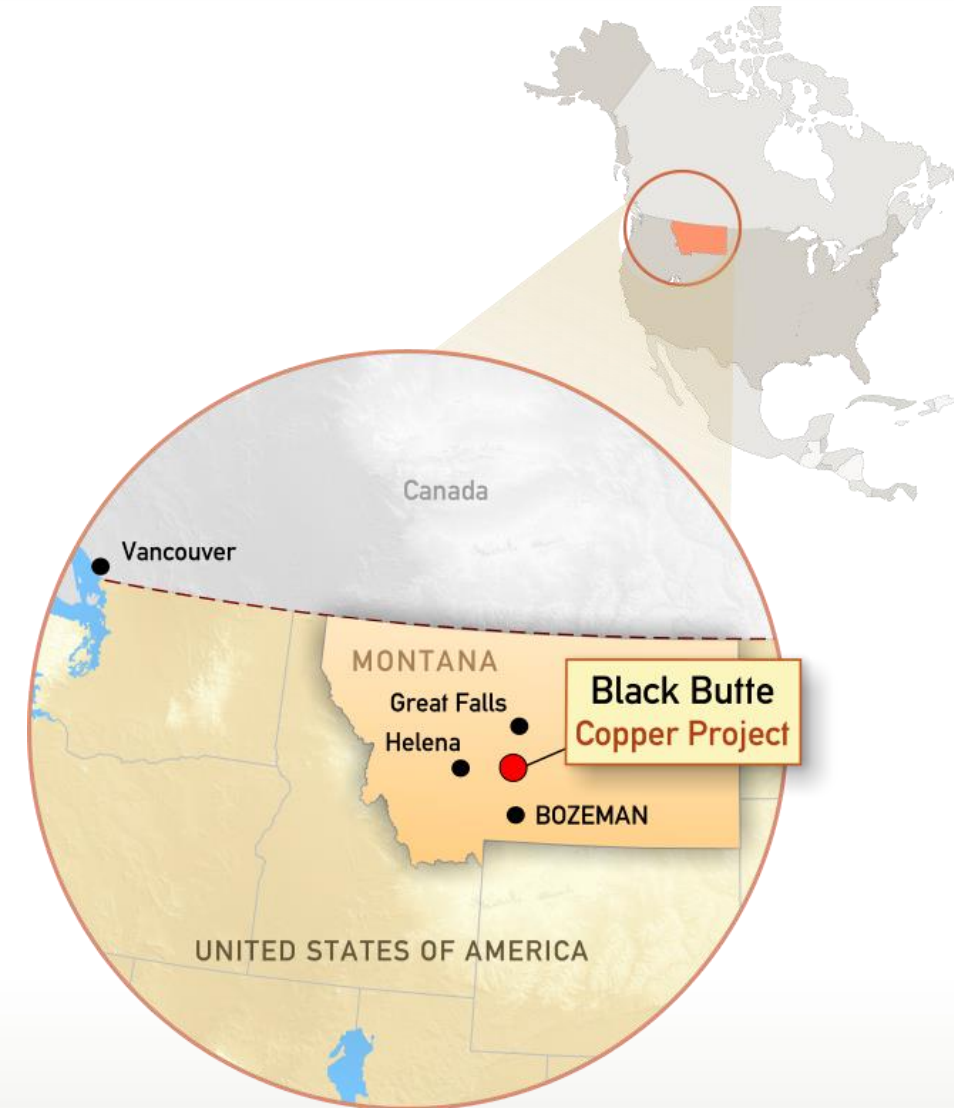


- Investment agreement for Sandfire to acquire a 36% stake in Tintina Resources (TSX-V: TAU) through C\$16M private share placement plus warrants giving a clear pathway to 53% and control
- Key asset: 100% of the Black Butte Copper Project, central Montana, USA
- Advanced, high quality copper project in stable jurisdiction:
 - NI 43-101 Measured and Indicated Resources of 15.7Mt grading 3.4% Cu for 533,600t of contained copper
 - NI 43-101 Inferred Resources of 2.3Mt grading 2.8% Cu for 63,500t of contained copper
- Preliminary Economic Assessment (PEA) completed demonstrating potential to develop robust underground mining operation producing ~30ktpa copper

In Ground Acquisition Cost:

US 3 cents per resource pound (initial)

US 6 cents per resource pound (fully invested)



Investment in Tintina Resources / Black Butte Copper Project

Sandfire secures opportunity to lead ongoing evaluation and development of high-grade USA copper project



- Excellent strategic fit with DeGrussa Project
- Opportunity for Sandfire to apply its project development and operational expertise:
 - Funds to underpin Feasibility Study and pursue project permitting
 - Drilling planned to increase resources and discover new zones
- Sandfire's Chief Business Development Officer, Bruce Hooper, to be appointed as a Director and President/CEO of Tintina, plus right to appoint a further non-executive Director



Black Butte Project Overview

Advanced, high-quality copper project located in a stable jurisdiction; excellent strategic fit for Sandfire



Location	<ul style="list-style-type: none"> Central Montana (private ranch land)
PEA	<ul style="list-style-type: none"> As at July 2013: NPV pre tax of US\$218m¹, IRR of 30% (excl. Lowry)
Development capital	<ul style="list-style-type: none"> Total: US\$218m <ul style="list-style-type: none"> - Direct Costs: US\$152m - Indirect/Owner Costs: US\$32m - Contingency: US\$33m
LOM sustaining capital	<ul style="list-style-type: none"> US\$115m
Resources*	<ul style="list-style-type: none"> Measured & Indicated Resource: 15.7Mt @ 3.4% Cu (533,600t Cu) Inferred Resource: 2.3Mt @ 2.8% Cu (63,500t Cu) Total 17.9Mt @ 3.3% Cu (597,100t Cu)
Mine life	<ul style="list-style-type: none"> ~11yrs
LOM average Cu grade milled	<ul style="list-style-type: none"> 3.1% Cu
LOM average recoveries	<ul style="list-style-type: none"> 88 %
LOM average annual payable production	<ul style="list-style-type: none"> ~30ktpa Cu
LOM average cash costs	<ul style="list-style-type: none"> US\$1.80 /lb (inclusive of royalties)
Infrastructure	<ul style="list-style-type: none"> Existing road, power and rail infrastructure



¹ WACC of 8%, US\$3.05/lb Cu price

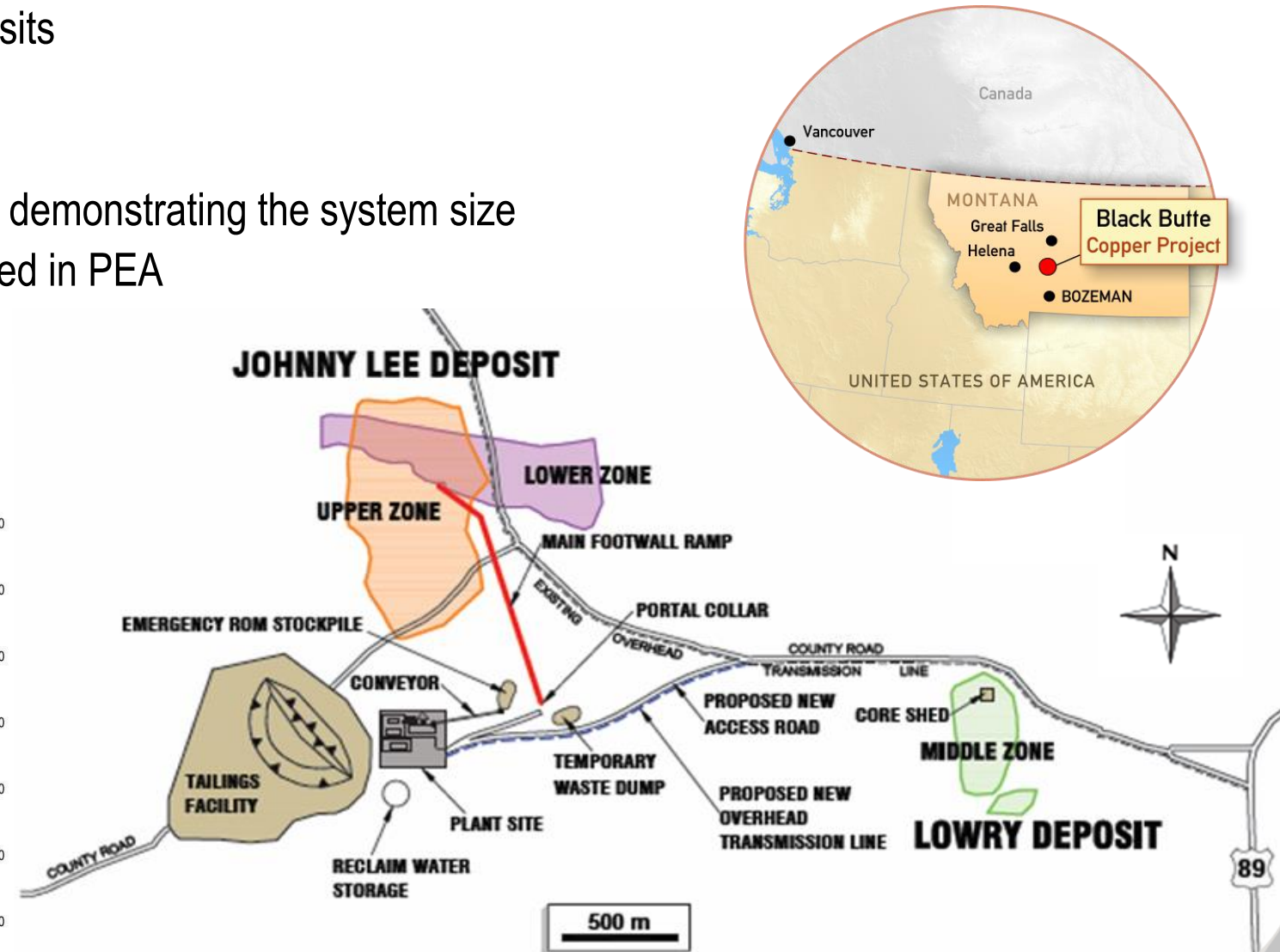
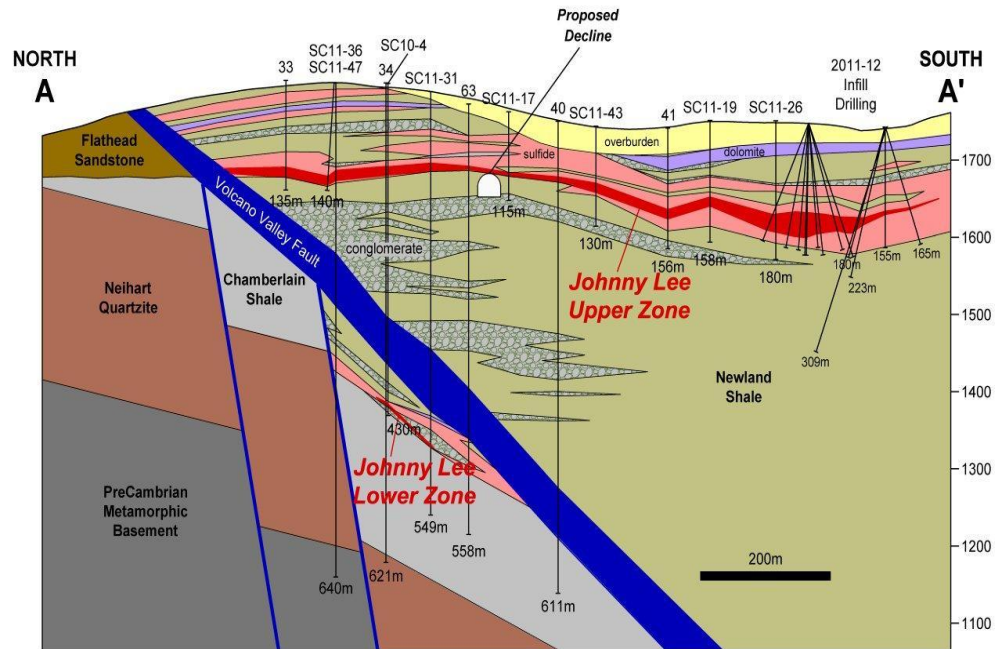
* Resources calculated using a 1.6% Cu cut-off grade **Resources calculated using a 1.5% Cu cut-off grade ***The Lowry Deposit Indicated and Inferred Resources were not included in the economic analysis in the PEA.

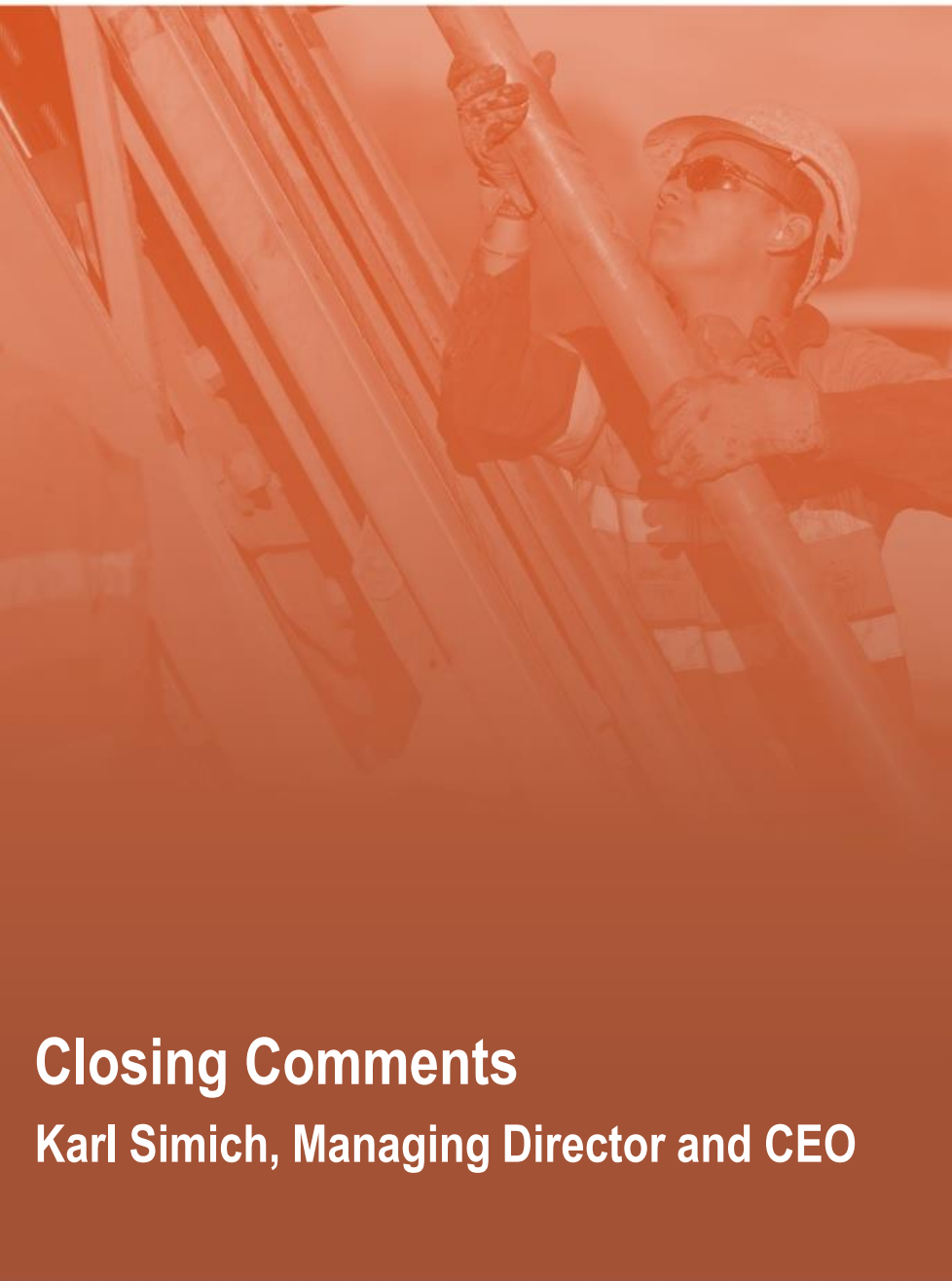
See the technical report entitled "Updated Technical Report and Preliminary Economic Assessment for the Black Butte Copper Project, Montana" dated July 12, 2013 (the "PEA"), for more information. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Black Butte Project Overview

Three flat-lying Sedimentary Copper style deposits which have been extensively drilled

- Three flat-lying sedimentary hosted copper deposits
- Deposits discovered in the 1970's
- Limited further work until recently with Tintina
- Very large sulphide system with thick pyrite units demonstrating the system size
- Lowry deposit 1.5km to east; not currently included in PEA





Closing Comments

Karl Simich, Managing Director and CEO



Summary and Outlook

Continued strong outlook for FY2015

- FY2014 production: 67,690t copper; 33,893oz gold; C1 US\$1.18/lb
- FY2014 sales: 64,719t copper, 31,788oz gold
- Concentrator throughput and underground mining rate exceeded 1.5Mtpa; 22km of underground development now completed
- Strong and consistent outlook for FY 2015:
 - FY2015 guidance: 65-70kt Cu, 35-40koz gold at C1 US\$1.15-1.25/lb
- Strong operating cash flow:
 - \$125M repayments reduce finance facility to \$160M
 - Strong ongoing exploration commitment
- New exploration JV's: drilling delivering exciting results
- Cornerstone position acquired in high-grade USA copper project
- Drilling imminent at Misima Tier-1 porphyry copper-gold opportunity

A premier Australian copper producer

