
SANDFIRE ANNOUNCES FINANCIAL RESULTS

for the six months to 31 December 2013

- **Sales revenue of \$249.6M (2HFY13: \$234.9M) from 30,098t contained copper and 14,437oz gold**
- **Profit before net finance and income tax of \$55.9M (2HFY13: \$22.3M)**
- **Income tax expense of \$14.2M – no income tax payable**
- **Interim profit after income tax of \$33.5M (2HFY13: \$8.9M)**
- **Strong cash flow from operations of \$114.8M (2HFY13: \$127.1M)**
- **First half earnings per share of 21.5cps (basic and diluted)**
- **Cash of \$74.8M at 31 December 2013**
- **\$55M of scheduled project finance facility repayments completed (\$230M remaining balance as at 31 December 2013)**

NOTE: Comparisons provided are to 2HFY13, which had a more representative production and operating cost profile for the DeGrussa operation.

Sandfire Resources NL (ASX: **SFR**: "Sandfire") today announced its financial results for the six months to 31 December 2013, a period which saw it complete the ramp-up of both the underground mine and Concentrator at its flagship DeGrussa Copper Mine to full nameplate capacity of 1.5Mtpa.

The Company reported an interim profit after tax of \$33.5 million. The result was based on metal sales totalling 30,098 tonnes of contained copper-in-concentrate and 14,437oz of gold (production was 31,938 tonnes of copper and 14,570oz of gold) influenced by the impact of a deferred shipment of copper concentrate from late December 2013 to January 2014, as foreshadowed in the 2013 December Quarterly Report.

The headline financial results for the six month period are compared below to both 2HFY13 and the prior corresponding period (1HFY13), which was based primarily on the production and sale of high-grade, high margin Direct Shipping Ore (DSO) from the open pit mining operation completed in April 2013. The Company's financial results since January 2013 have been driven predominantly by Concentrator-only production from sulphide ore.



(\$'000)	1HFY14	2HFY13	1HFY13
Sales revenue	249,609	234,893	272,438
Profit before net finance and income tax	55,943	22,281	119,855
Net finance expense	(8,190)	(10,370)	(6,098)
Profit before income tax	47,753	11,911	113,757
Income tax expense	(14,249)	(3,003)	(34,667)
Net profit for the period	33,504	8,908	79,090

Profit before net finance and income tax was \$75.6M for the DeGrussa Mine and \$55.9 million for the company. The DeGrussa Copper Mine drove strong cash flow from operating activities of \$114.8 million (\$128.6M prior to exploration and business development cash outflows).

The bottom line result included depreciation and amortisation expenses amounting to \$45.6 million and \$14.2 million of additional exploration and evaluation expenses which were written off in line with the Company's accounting policy.

Profit after income tax translated to earnings per share of 21.5cps (basic and diluted) (1HFY13: 52.0cps basic; 51.2cps diluted).

As at 31 December 2013, Sandfire had \$74.8 million in cash and deposits. The strong operating cash flow enabled Sandfire to complete repayments of \$55 million against its project finance facility. As at 31 December 2013, a total of \$230 million remained outstanding on this facility, with a total of \$100 million in quarterly repayments scheduled for CY2014. Scheduled FY14 repayments are \$40 million in March 2014 and \$30 million in June 2014.

Operations Update & Outlook

Further recovery enhancement and optimisation initiatives are underway, with Sandfire targeting an average copper recovery of 92% in the second half of FY2014. Copper recoveries for the March Quarter-to-date have averaged 91.5%, and head grade is expected to average 5.0/5.5%. Copper production for the March Quarter-to-date is approaching 10,000 tonnes contained and is on-track to achieve previously-published guidance of 18-19,000 tonnes.

Development of the C4/C5 decline recommenced in mid-February 2014 following confirmatory drilling and minor amendment to the decline development plan.

As previously advised, production will be weighted towards the second half of FY2014 due to expected variability in mined head grade across different stopes as part of the underground mine plan. Copper grades in the range of 5.0-6.0% Cu are expected for the March and June 2014 Quarters.

The copper price has recently returned to late CY2012 levels, with the spot price now rising above A\$8,000 a tonne. The Australian Dollar and US Dollar gold price has also been increasing in recent weeks following a sustained decline last year.

Sandfire reaffirms previous guidance that FY2014 copper production is expected to be around the mid-point of the previously announced range of 65-75,000 tonnes of contained copper metal and gold production at the lower end of the previously announced range of 35-45,000oz.

C1 cash operating costs are forecast to be around the upper end of the previously announced range of US\$1.05-1.15/lb, influenced by the lower gold production.

Management Comment

Sandfire's Managing Director, Mr Karl Simich, said the Company was on track for a strong second half financial performance, reflecting higher production levels for the March and June Quarters in line with improving mined head grades and copper recoveries, and the improving commodity price environment.

"The first half marked the completion of our ramp-up to full production and the optimisation of the DeGrussa Concentrator as we completed the campaign processing of transitional sulphide ore, which had previously restricted production levels," he said.

"This together with the deferral of a December shipment influenced the bottom line result, although it is important to note that our operating cash flow and underlying earnings remained strong.

"Our operations team has been working to optimise the remaining elements of the plant to ensure that we extract as much value as possible. This includes ongoing work to further lift our copper and gold recoveries and a concerted campaign to reduce costs and enhance margins.

"I am pleased to say that the fruits of this work are beginning to show through, and we have seen strong performance by the operation over the past six weeks. The completion of these programs will provide a powerful platform for continued improvement throughout the rest of the year.

"In addition, the second half will see our exploration programs gather momentum, with further underground diamond drilling to be undertaken from the newly established drilling platforms off the Conductor 1 and Conductor 4/5 Declines to test for extensions of the known mineralisation in the near-mine environment.

"An exciting new phase of regional exploration is also underway under the recently concluded Joint Venture agreements secured with Talisman Mining and Ventnor Resources – both of which provide Sandfire with access to strategic exploration ground in close proximity to DeGrussa.

"Aggressive drilling programs will be underway in the coming months along the entire DeGrussa mine corridor, including the adjacent Talisman ground, and we are very excited about the opportunities which this work could unlock," Mr Simich added.

ENDS

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Forward-Looking Statements

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