



SANDFIRE ANNOUNCE JUNE 2015 ANNUAL RESULTS

Strong and consistent production; dividend stream maintained; discovery success

- Sales revenue of \$548.6M (FY2014: \$525.7M): metal sales 67,903t copper and 37,194oz gold.
- Strong operating cash flow from operating activities of \$224.0M (FY2014: \$223.0M).
- DeGrussa Mine segment earnings before net finance and income tax of \$165.3M (FY2014: \$167.0M).
- Net profit after tax \$69.0M (FY2014: \$78.2M).
- Earnings per share of 44.18c (basic & diluted) (FY2014: 50.22cps basic, 50.15cps diluted).
- Final 10cps fully franked dividend, increasing annual payout to 13cps (FY2014: 10cps).
- Cash at 30 June 2015 \$107.2M; finance facility balance reduced to \$120.0M.
- FY2016 production guidance of 65-68kt Cu, 35-40koz Au: C1 cash cost US\$0.95-1.05/lb.

Sandfire Resources NL (ASX: **SFR**: "Sandfire") is pleased to report on another strong and consistent financial and operational performance for the 2015 financial year, enabling it to declare a final fully-franked dividend of **10 cents** per share after posting a **\$69.0 million** net profit after tax for the 12 months to 30 June 2015.

The strong result – which reflected Sandfire's continued focus on optimising its operations, reducing costs where possible and further reducing its debt, while still growing its longer-term growth pipeline via new exploration and business development initiatives – ensures that the Company remains in strong position despite the current volatile market conditions in the commodities sector.

The recent high-grade VMS discovery at the Monty prospect, located 10km east of its flagship DeGrussa Copper-Gold Mine in WA on the Talisman Mining (ASX: TLM) farm-in, has confirmed the potential for Sandfire to discover new centres of mineralisation proximal to its processing facility. This is opening up an exciting new chapter of growth driven by exploration success.

The net profit after tax of **\$69.0 million** for the year, which equates to earnings per share of 44.18 cents (basic and diluted) compares with a net profit of \$78.2 million for the previous corresponding period.

The result was struck on increased sales revenue of **\$548.6 million** (FY2014: \$525.7 million), reflecting increased metal sales (above production levels) totalling 67,903 tonnes of contained copper and 37,194oz of gold (FY2014: 64,719 tonnes of contained copper and 31,788oz of gold). Declining US Dollar metal prices were partially offset by the falling Australian Dollar exchange rate.



Cash flow from operating activities remained consistent at **\$224.0 million** (FY2014: \$223.0 million) while profit before net finance and income tax was \$119.7 million (FY2014: 127.1 million) and pre-tax earnings were \$104.8 million (FY2014: \$111.9 million). The DeGrussa Mine segment generated earnings before net finance and income tax of **\$165.3 million** (FY2014: \$167.0 million) after depreciation and amortisation charges of \$89.6 million (FY2014: \$94.3 million).

The net profit for the year includes an \$8.1 million expense for management of the water ingress event at the DeGrussa Copper Mine last year, as well as a \$4.9 million impairment of the carrying value of its investment in US copper developer Tintina Resources (TSX-V: TAU). Further, Sandfire has incurred a \$4.6 million share of net losses from its investments in Tintina and PNG-focused copper explorer WCB Resources (TSX-V: WCB). A further \$5.5 million has been incurred on valuation movement of share warrants as a result of a decline in share price of associated entities.

An income tax expense of \$35.8 million was booked on the profit result (FY2014: \$33.8 million). Provisional income tax payments of \$5.2 million commenced in the second half of FY2015, with a \$13.1 million income tax payable remaining at 30 June 2015.

On a group-wide basis, the cash generated by the DeGrussa Copper Mine was deployed in a balanced manner across debt retirement and capital requirements, exploration and business development and dividends.

A total of \$46.8 million was applied to finance facility repayments and interest costs (a reduction on the \$138.2 million last year as a result of the flatter repayment schedule under the restructure finance facilities); \$69.3 million was expended on mine development (FY2014: \$77.9 million); and \$24.5 million was spent on plant & equipment (FY2014: \$16.7 million).

The balance was applied to exploration and evaluation activities (\$42.1 million, which includes a \$15.9 million payment for the investment in Tintina Resources Inc) and dividend payments (\$20.4 million for final and interim, compared with \$16 million last year).

As at 30 June 2015, Sandfire had cash of \$107.2 million (30 June 2014: \$57.6 million), having completed a total of \$40 million in finance facility payments during the year (FY2014: \$125 million), reducing the outstanding balance on the DeGrussa finance facility to \$120.0 million as at 30 June 2015.

Fixed repayments of \$5 million per quarter are scheduled against the \$35 million DeGrussa Amortising Facility for FY2016. The Company's \$85 million Revolver Facility, currently drawn to \$50 million, can be paid down or redrawn as required, but must be fully repaid by 31 December 2017.

This information should be read in conjunction with Sandfire's audited consolidated 2015 Financial Report and accompanying notes.

Management Comment

Sandfire's Managing Director, Mr Karl Simich, said the Company had enjoyed an outstanding year in almost every respect with another strong operational and financial performance.

"Against the backdrop of what is without doubt a very difficult environment for resource companies, Sandfire remains in great shape with a high-grade, low-cost production base, a strong balance sheet and an outstanding growth portfolio both at DeGrussa and further afield in Australia and overseas," he said.

"The DeGrussa operation delivered another solid year of strong, low-cost, high-margin production, with key highlights including the success of our process plant optimisation programs which have delivered a 2 per cent uplift in copper recoveries and 11 per cent increase in mill throughput.

Mr Simich continued. "Underground mine development is on track and the operation is set for another year of consistent production in FY2016, with a continued focused on optimisation and improvements.

“Our financial performance was again pleasing, with the strong cash generation from the DeGrussa operation allowing us to maintain a balanced spread of investment across all aspects of the business including mine capital development, the process plant enhancement projects, exploration, business development and debt reduction – while maintaining a strong dividend stream to shareholders.

“We are delighted to be in a position to declare our first-ever fully franked dividend to shareholders – a final dividend of 10 cents per share, which lifts our annual payout to 13 cents per share. This represents a payout ratio of approximately 30 per cent, which is a level we expect to be guided by moving forward.

“On the exploration front at DeGrussa, we were able to continue to extend the life of the DeGrussa operation through successful underground drilling programs, with the completion of a maiden Ore Reserve for the Conductor 4 deposit and a maiden Ore Reserve for Conductor 5 expected in the March 2016 Quarter.

“One of the most pleasing developments of the year was without question the exciting new VMS discovery we have made at the Monty prospect, located 10km east of DeGrussa on the Talisman Mining/Springfield farm-in. The significance of this discovery will become clearer over the coming months as our drilling progresses, but we now have no doubt that it represents a game-changer for exploration of the Doolgunna VMS field.”

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