



JUNE 2020 FULL YEAR RESULTS

Record copper and gold production drives strong revenue and operational cash-flow, underpinning another solid profit result and full-year dividend

Highlights

- Sales revenue of \$656.8M (FY2019: \$592.2M): payable metal sales 69,593t Cu (FY2019: 65,074t Cu) and 40,004oz Au (FY2019: 39,265oz Au)
- Strong cash flow from operating activities of \$273.6M (FY2019: \$210.4M) – \$331.0M prior to payments for exploration and evaluation expenses (FY2019: \$257.4M)
- DeGrussa Operations EBITDA \$414.4M (FY2019: \$365.4M)
- Depreciation and amortisation of \$201.4M (FY2019: \$140.8M)
- Profit before net finance and income tax expense of \$113.8M (FY2019: \$153.1M), including a previously announced impairment of \$23.6M
- Net profit attributable to members of \$74.1M (FY2019: \$106.5M)
- Group net profit after income tax of \$72.3M (FY2019: \$104.0M)
- Earnings per share of 42.88cps (FY2019: 65.23cps) (basic and diluted)
- Final dividend of 14cps fully-franked (FY2019: 16cps fully-franked); FY2020 dividends 19cps fully-franked (FY2019: 23cps fully-franked)
- Group cash and deposits of \$291.1M (FY2019: \$247.4M)

Sandfire Resources Ltd (ASX: SFR; **Sandfire, the Company or the Group**) is pleased to report its financial results for the year ended 30 June 2020, with the Company posting a net profit after tax attributable to equity holders of **\$74.1 million** and declaring a final fully-franked dividend of **14cps**.

The solid financial performance reflects the Company's success in mitigating potential business interruptions from the COVID-19 pandemic during the year, while also ensuring the safety of its employees and contractors at all times.

This allowed the Company to achieve a record operational performance at its DeGrussa Operations in Western Australia, with production of 72,238 tonnes of contained copper and 42,263 ounces of contained gold, at a C1 cost of US\$0.72/lb (FY2019: 69,394t Cu and 44,455oz Au at a C1 cost of US\$0.83/lb).

Total revenue of \$656.8 million (FY2019: \$592.2 million) was underpinned by payable metal sales totalling 69,593 tonnes of contained copper (FY2019: 65,074t Cu) and 40,004 ounces of contained gold (FY2019: 39,265oz Au).

This strong operational and sales performance resulted in the Company reporting a 13.4% increase in EBITDA from its DeGrussa Operations to a record \$414.4 million (FY2019: \$365.4 million).

The FY2020 net profit after income tax was \$72.3 million (FY2019: \$104.0 million). The current year net profit result includes depreciation and amortisation of \$201.4 million (FY2019: \$140.8 million) and an impairment charge of \$23.6 million for oxide copper stockpiles and regional resources (as previously announced in the June 2020 Quarterly Report).

The FY2020 result includes a full year of production from the new satellite Monty Copper-Gold Mine. This has resulted in an increase to depreciation and amortisation expense of \$60.6 million during the year, driven by the amortisation of the 30% Monty Mine purchase from Talisman Mining Ltd in 2018, as well as amortisation of the decline and mine development works.

The bottom line result equates to earnings per share of 42.88cps (FY2019: 65.23cps) (basic and diluted) and allowed Sandfire to continue to return funds to shareholders and declare a final fully-franked dividend of 14cps (FY2019: 16cps). Combined with the 5cps fully-franked interim dividend, this takes the full-year payout to 19cps fully-franked (FY2019: 23cps fully-franked).

Cash flow from operating activities was \$273.6 million (FY2019: \$210.4 million), \$331.0 million prior to payments for exploration and evaluation expenses (FY2019: \$257.4 million).

The Group cash position at 30 June 2020 was \$291.1 million after making significant investments in long-term growth and diversification projects during the year. This included \$44.6 million for the cash component of the acquisition of MOD Resources Ltd, giving Sandfire 100% ownership of the T3 Copper-Silver Project and expansion area, adding a new growth platform for the Company in the Kalahari Copper Belt.

The Company made \$60.7 million in income tax payments and \$37.4 million in dividend payments during the year, and remains debt-free (excluding lease liabilities).

This information should be read in conjunction with Sandfire's audited 2020 Annual Financial Report and accompanying notes.

Management Comment and Outlook

Sandfire's Managing Director, Mr Karl Simich, said the record production and financial results for the year reflected another consistent and highly professional performance across the business, despite the disruptions and uncertainty caused by the global COVID-19 pandemic.

"The onset of COVID-19 forced a number of changes and adjustments to our operating procedures, and I am proud of the professional and focused response from our people across the organisation in adapting to this new environment and foreseeing and dealing with potential impacts," he said.

"The exceptional performance of the DeGrussa Operations drove increased revenue and operational cash-flow, resulting in a net profit after tax of \$74.1 million – a very solid result.

"We finished the year with an impressive cash balance of almost \$300 million and no debt, after making substantial investments in our future growth pipeline.

"This enviable position has allowed us to maintain our track record of returning funds to shareholders by declaring a final fully-franked dividend of 14cps, taking our full year payout to 19cps.

"It has also put us in an excellent position to take full advantage of the recent recovery in the copper price, which is already up around 35 per cent from its COVID-19 lows, and unlock the potential of our building global development pipeline – which has positioned Sandfire for what we believe is a very bright and exciting future.

"The next few months will be a pivotal period for Sandfire as we put some firmer detail and timelines around our key offshore development projects."

“We expect to complete and announce the results of our Feasibility Studies on the T3 Copper-Silver development project in Botswana and the now fully permitted Black Butte Copper Project in Montana, USA,” Mr Simich said.

“We also expect to post a maiden resource for the exciting A4 Dome discovery in Botswana, located just 8km from our T3 development project, with scoping underway to include it along with T3 in an expanded Motheo production hub.

“Much has changed within the business over the past 18 months, and there is considerable energy and excitement as we embrace the challenges and opportunities involved in building an international growth pipeline and elevate Sandfire as a global mining company.”

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This announcement is authorised for release by Sandfire’s Managing Director and CEO.

Forward-Looking Statements

Certain statements made during or in connection with this announcement contain or comprise certain forward-looking statements regarding Sandfire’s Mineral Resources and Reserves, exploration and project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Sandfire believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements and no assurance can be given that such expectations will prove to have been correct.

There is continuing uncertainty as to the full impact of COVID-19 on Sandfire’s business, the Australian economy, share markets and the economies in which Sandfire conducts business. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess the full impact of COVID-19 on Sandfire’s business or the price of Sandfire securities.

Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management.

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