SANDFIRE RESOURCES NL

Sandfire Resources NL ABN 55 105 154 185
Level 1, 31 Ventnor Ave, West Perth Western Australia 6005
Phone: +61 8 6430 3800 **Fax:** +61 8 6430 3849
Email: info@sandfire.com.au **Web:** www.sandfire.com.au

20 August 2015

Mr Sebastian Bednarczyk
Adviser, Issuers (Perth)
ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Sebastian,

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015 AND APPENDIX 4E

I am pleased to attach the following items for immediate release to the market:

1. ASX release on the Company's annual results for the 12 months ended 30 June 2015.
2. 2015 Annual Financial Report and Appendix 4E.
3. 2015 Annual Results Presentation and Operations Update.
4. Appendix 3A.1 Notification of Dividend / distribution.

In addition, Sandfire's Managing Director and CEO, Karl Simich, is hosting an investor teleconference and live webcast on the annual results at **11.00am (AWST) / 1.00pm (AEST)**, Thursday 20 August.

The webcast and synchronised slide presentation is available through the Company's website or through BRR Media.

Live date: Thursday, 20 August 2015
Access this website at: http://webcasting.brrmedia.com/broadcast/55cac0e0e0d1f9166658faf1
http://www.sandfire.com.au

Yours sincerely,

Matthew Fitzgerald
Chief Financial Officer
and Joint Company Secretary

For further information contact:
Sandfire Resources NL
Karl Simich – Managing Director/CEO
Office: +61 8 6430 3800

Read Corporate
Mobile: +61 419 929 046 (Nicholas Read)
Mobile: +61 421 619 084 (Paul Armstrong)

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ASX Release **20 August 2015**

APPENDIX 4E
Financial year ended 30 June 2015

Results for Announcement to the Market	$'000	Up/Down	Movement
Revenue from ordinary activities	548,610	Up	4%
Profit after tax from ordinary activities attributable to members	68,955	Down	12%
Net profit for the period attributable to members	68,955	Down	12%

Dividend information	Amount per share	Franked amount per share
Interim dividend per share (cents per share)	3.0	-
Final dividend per share (cents per share)	10.0	10.0
Total dividends per share for the year	**13.0**	**10.0**

Final dividend dates	
Record date for determining entitlements to the final dividend	10 September 2015
Payment date for the final dividend	24 September 2015

Net tangible assets	2015	2014
Net tangible assets per ordinary security	$2.22	$1.87

Additional Appendix 4E disclosure requirements can be found in the Director's Report and the 30 June 2015 financial statements and accompanying notes.

This information should be read in conjunction with Sandfire's audited consolidated financial report which is enclosed.

For further information contact:

Sandfire Resources NL
Matthew Fitzgerald – CFO and Joint Company Secretary
Office: +61 8 6430 3800

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WEST PERTH WA 6005
ABN 55 105 154 185

PO BOX 1495
WEST PERTH WA 6872
www.sandfire.com.au

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F +61 8 6430 3849
E admin@sandfire.com.au

Financial Report

For the year ended 30 June 2015

ASX Code: SFR

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CORPORATE INFORMATION

ABN 55 105 154 185

Directors

Derek La Ferla	*Independent Non-Executive Chairman*
Karl Simich	*Managing Director and Chief Executive Officer*
W John Evans	*Non-Executive Director*
Robert Scott	*Independent Non-Executive Director*
Paul Hallam	*Independent Non-Executive Director*

Management and Company Secretary

Michael Spreadborough	*Chief Operating Officer*
Matthew Fitzgerald	*Chief Financial Officer and Joint Company Secretary*
Robert Klug	*Chief Commercial Officer and Joint Company Secretary*

Registered Office and Principal Place of Business

Level 1, 31 Ventnor Avenue
West Perth WA 6005
Tel: +61 8 6430 3800
Fax: +61 8 6430 3849
Email: admin@sandfire.com.au
Web: www.sandfire.com.au

Share registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Tel: +61 8 9315 2333
Fax: +61 8 9315 2233
Email: registrar@securitytransfer.com.au

Auditors

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

Home Exchange

Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
Perth WA 6000

ASX Code

Ordinary fully paid shares: SFR

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.

Forward-Looking Statements

Certain statements made during or in connection with this statement contain or comprise certain forward-looking statements regarding Sandfire's Mineral Resources and Reserves, exploration operations, 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. 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. Except for statutory liability which cannot be excluded, each of Sandfire, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this statement and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this statement or any error or omission. Sandfire undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly you should not place undue reliance on any forward looking statement.

JORC Compliance Statement

A summary of the information used in this report is as follows.

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.

DeGrussa is located wholly within Mining Lease 52/1046. This tenement is subject to the Yugunga-Nya (WC99/046) and Gingirana Claims (WC06/002). A Land Access Agreement was executed with both claimant groups in November 2010. Sandfire is required to make royalty payments to the State and affected Native Title Claimants on a periodical basis.

Drilling of the DeGrussa massive sulphide lens (of which there are four defined lenses of mineralisation) and surrounding area is by diamond drill holes of NQ2 diameter core and, to a lesser extent, by Reverse Circulation (RC) face sampling hammer drilling. The nominal drill-hole spacing is less than 80m x 40m in the inferred areas of the Mineral Resource and increases in density as the classification increases to Measured where nominal 13m x 20m drill hole spacing is achieved. Drilling has been by conventional diamond drilling with a small number holes aided by the use of navigational drilling tools. RC drilling was completed with a nominal 140mm face sampling hammer and split on a cone or riffle splitter. Drill-hole collar locations were surveyed using RTK GPS, and all holes were down-hole surveyed using high speed gyroscopic survey tools.

Sampling of diamond core was based on geological intervals (standard length 0.5 m to 1.3 m). The core was cut into half or quarter (NQ2) to give sample weights up to 3 kg. RC samples were 1.0m samples down-hole, with sample weights between 3.5kg and 7kg depending on material type. Field quality control procedures involved assay standards, along with blanks and duplicates. These QC samples were inserted at an average rate of 1:15.

The sample preparation of diamond core involved oven drying, coarse crushing of the core sample down to ~10 mm followed by pulverisation of the entire sample to a grind size of 90% passing 75 micron. A pulp sub-sample was collected for analysis by either four acid digest with an ICP/OES, ICP/MS (multi element) finish or formed into fused beads for XRF determination on base metals and a fire assay for Au.

All reported assays have been length weighted. No top-cuts have been applied. A nominal 0.3% Cu lower cut-off is applied. High grade intervals internal to broader zones of sulphide mineralisation are reported as included intervals.

The attitude of the ore bodies at DeGrussa is variable but there is a dominant southerly dip from ~40 to 90 degrees flat-lying and is drilled to grid west with drill holes inclined between -60 and -90 degrees. As such the dominant hole direction is north and with varying intersection angles all results are clearly defined as either down hole or approximate true width.

Density of the massive sulphide orebody ranges from 2.8g/cm3 to 4.9g/cm3, with an average density reading of 3.7g/cm3. Geotechnical and structural readings recorded from diamond drilling include recovery, RQD, structure type, dip, dip direction, alpha and beta angles, and descriptive information. All data is stored in the tables Oriented Structure, Geotechnical RQD, Core Recovery, Interval Structure as appropriate.

A suite of multi-element assays are completed on each mineralised sample and include all economic and typical deleterious elements in copper concentrates. This suite includes Cu, Au, Ag, Zn, Pb, S, Fe, Sb, Bi, Cd and As.

Regional drilling has been completed using a combination of RC and AC drilling. A majority of the drilling is preliminary in nature and starts with 8oom x 100m AC drilling where the geology and geochemistry is revaluated to determine the requirement for follow 400m x 100m drilling. If significant anomalism is identified in the AC drilling then follow up RC drilling will be conducted to determine the opportunity for delineating potentially economic mineralisation. Whist the main aim of the exploration at Dooolgunna is to identify additional VHMS mineralisation in some areas of regional land holding it is currently the interpreted that there is shear zones located on the contact between dolerite and sediments hosting auriferous quartz vein stockworks with some coincident copper.

AC and RC regional samples are prepared at Ultra Trace in Perth with the original samples being dried at 80° for up to 24 hours and weighed, and Boyd crushed to -4mm. Samples are then split to less than 2kg through linear splitter and excess retained. Sample splits are weighed at a frequency of 1/20 and entered into the job results file. Pulverising is completed using LM5 mill to 90% passing

75%µm. Assaying is completed using a Mixed 4 Acid Digest (MAD) 0.3g charge and MAD Hotbox 0.15g charge methods with ICPOES or ICPMS. The samples are digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric acids and conducted for multi elements including Cu, Pb, Zn, Ag, As, Fe, S, Sb, Bi, Mo. The MAD Hotbox method is an extended digest method that approaches a total digest for many elements however some refractory minerals are not completely attacked. The elements are then determined by ICPOES or ICPMS finish. Samples are analysed for Au, Pd and Pt by firing a 40g of sample with ICP AES/MS finish.

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 Resources and has sufficient experience that is relevant to the style of mineralization 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 – Ore Reserves

The information in this report that relates to Ore Reserves 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 Resources NL 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 – 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 Resources 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.

The directors present their report on the consolidated entity (referred to as the Group) consisting of the Parent entity, Sandfire Resources NL (Sandfire or the Company), and the entities it controlled at the end of, or during, the year ended 30 June 2015 (the reporting period) and the auditor's report thereon.

1 Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise noted.

Name	Period of Directorship
Mr Derek La Ferla *Independent Non-Executive Chairman*	Appointed 17 May 2010
Mr Karl Simich *Managing Director & Chief Executive Officer*	Appointed Director 27 September 2007 Managing Director and Chief Executive Officer since 1 July 2009
Mr W John Evans *Non-Executive Director*	Appointed Executive Technical Director 2 October 2007 Resigned Executive Technical Director 1 January 2013 Appointed Non-Executive Director 1 January 2013
Mr Robert Scott *Independent Non-Executive Director*	Appointed 30 July 2010
Mr Soocheol Shin *Non-Executive Director*	Appointed 28 February 2012 Resigned 14 May 2015
Mr Paul Hallam *Independent Non-Executive Director*	Appointed 21 May 2013

The qualifications, experience, other directorships and special responsibilities of the directors in office at the date of this report are:

Derek La Ferla	**Independent Non-Executive Chairman**
Qualifications	B.Arts, B.Juris, B.Law, Fellow of AICD
Experience	Mr La Ferla is an experienced corporate lawyer and company director with more than 30 years' experience. He has held senior positions with some of Australia's leading law firms, and is currently a Partner with Western Australian firm, Lavan Legal, in the firm's Corporate Advisory Group (which includes mining and resources). He is also a member of the firm's Advisory Board and previously served on the Norton Rose Australia National Board (while the firm was Deacons). Mr La Ferla also serves as the Chairman of OTOC Limited and Cashmere Iron Limited and was previously a director of the listed company, Katana Capital Limited. He is a fellow of the Australian Institute of Company Directors.
Other current listed company directorships	Non-executive Chairman of OTOC Limited (since 28 October 2011).
Special responsibilities	Member of the Remuneration and Nomination Committee. Member of the Audit and Risk Committee. Member of the Sustainability Committee.
Karl Simich	**Managing Director and Chief Executive Officer**
Qualifications	B.Com, FCA, F.Fin
Experience	Mr Simich is an experienced international mining executive who has been involved in the financing, construction, development and operation of five mining projects in New Zealand, Australia and Africa. Specialising in resource finance and corporate management, Mr Simich has been a director of and held senior positions with a number of ASX-listed mining companies. Mr Simich is a Fellow of the Institute of Chartered Accountants and a Fellow of the Financial Services Institute of Australasia and has completed post-graduate studies in business and finance.
W John Evans	**Non-Executive Director**
Qualifications	B.Sc
Experience	Mr Evans graduated from the University of Auckland, New Zealand, in 1970 with B.Sc Major in geology. From 1970 to 1987, he was employed by various divisions of CRA Limited, including being in charge of all field operations for iron ore in the Pilbara, Western Australia and gold and base metals in the Murchison, Western Australia. He was Managing Director of Marymia Exploration NL for 12 years until 2002 and has been geological consultant to numerous companies during and since.
Special responsibilities	Chairman of the Sustainability Committee.

1 Directors (continued)

Robert Scott	**Independent Non-Executive Director**
Qualifications	FCA
Experience	Mr Scott is a Chartered Accountant with over 35 years of experience as an advisor on corporate services and taxation. Mr Scott holds a Fellowship of the Australian Institute of Chartered Accountants and the Taxation Institute of Australia. He is also a member of the Institute of Company Directors.
Other current listed company directorships	Non-executive director of Lonestar Resources Ltd (formerly Amadeus Energy Ltd) (since October 1996). Non-executive Chairman of Homeloans Ltd (since November 2014; non-executive director since November 2000). Non-Executive Director of RTG Mining Inc (since March 2013).
Former listed company directorships in last three years	Non-Executive Chairman of Manas Resources Ltd (January 2013 to March 2014). Non-Executive Director of CGA Mining Ltd (January 2009 to January 2013).
Special responsibilities	Chairman of the Audit and Risk Committee. Member of the Remuneration and Nomination Committee. Member of the Sustainability Committee.

Paul Hallam	**Independent Non-Executive Director**
Qualifications	BE (Hons) Mining, FAICD, FAusIMM
Experience	Mr Hallam is a highly experienced resource industry executive with more than 35 years of experience working for a number of blue chip Australian and International mining companies, including 15 years at senior executive management level. His experience spans a range of corporate and operating environments, both in Australia and overseas, covers a range of commodities (iron ore, bauxite, alumina, aluminium, gold, silver, copper, zinc and lead) and includes both surface and underground mining. His former roles include Director – Operations with Fortescue Metals Group and Executive General Manager – Development & Projects with Newcrest Mining Limited. Mr Hallam retired from executive roles in 2011 to pursue a career as a professional non-executive director. Mr Hallam is a qualified mining engineer and holds a BE (Hons) from Melbourne University and a Certificate of Mineral Economics from Curtin University. He is a Fellow of the Australian Institute of Company Directors and the Australasian Institute of Mining & Metallurgy.
Other current listed company directorships	Non-executive director of Altona Mining Ltd (since March 2013). Non-executive director of Gindalbie Metals Ltd (since December 2011).
Former listed company directorships in last three years	Non-executive director of Enterprise Metals Ltd (November 2011 to May 2014).
Special responsibilities	Chairman of the Remuneration and Nomination Committee. Member of the Audit and Risk Committee.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Sandfire Resources NL were:

	Number of ordinary shares
Derek La Ferla	21,668
Karl Simich	6,009,735
W John Evans	925,215
Robert Scott	5,000
Paul Hallam	-

2 Company Secretary

Matthew Fitzgerald	Joint Company Secretary and Chief Financial Officer
Qualifications	B.Com, CA
Experience	Mr Fitzgerald was appointed to the position of Company Secretary on 22 February 2010. Mr Fitzgerald is a Chartered Accountant with extensive experience in the resources industry. He began his career in the Assurance and Advisory division of KPMG, before joining ASX-listed Kimberley Diamond Company NL in 2003, where he held the position of Chief Financial Officer and Director until July 2008.
Robert Klug	Joint Company Secretary and Chief Commercial Officer
Qualifications	B.Com, LLB
Experience	Mr Klug was appointed to the position of joint Company Secretary on 7 November 2013. Mr Klug has held accounting, senior legal and corporate finance roles in his 20 year career. Initially trained as an auditor with KPMG Perth, Mr Klug worked in London as a corporate lawyer after having completed his law degree at Murdoch University in Perth. He has worked exclusively in the resources industry since 2001 and is the Company's Chief Commercial Officer.

3 Directors' meetings

The number of meetings of directors, including meetings of committees of directors, held during the year and the number of meetings attended by each director were as follows:

	Board Meetings		**Board Committee Meetings**			
			Audit and Risk		**Remuneration and Nomination**	
	A	**B**	**A**	**B**	**A**	**B**
Derek La Ferla	8	8	4	4	3	3
Karl Simich	8	8	-	-	-	-
W John Evans	8	8	-	-	-	-
Robert Scott	8	8	4	4	2	3
Paul Hallam	7	8	4	4	3	3
Soocheol Shin *(resigned 14 May 2014)*	5	7	-	-	-	-

A Number of meetings attended.

B Number of meetings held during the time the Director held office or was a member of the relevant committee during the year.

Committee membership

As at the date of this report, the Board had an Audit and Risk Committee, a Remuneration and Nomination Committee and a Sustainability Committee. Members acting on the committees during the year were:

Audit and Risk	**Remuneration and Nomination**	**Sustainability Committee [1]**
Robert Scott - Chairman	Paul Hallam – Chairman	W John Evans – Chairman
Derek La Ferla	Derek La Ferla	Derek La Ferla
Paul Hallam	Robert Scott	Robert Scott

1 The Sustainability Committee was formed on 30 June 2015.

4 Dividends

Since the end of the financial year, the Board of Directors has resolved to pay a fully franked dividend of 10 cents per share, to be paid on 24 September 2015. The record date for entitlement to this dividend is 10 September 2015. The financial impact of this dividend amounting to $15,685,000 has not been recognised in the Financial Statements for the year ended 30 June 2015 and will be recognised in subsequent Financial Statements.

Details in relation to dividends announced or paid since 1 July 2014, other than as above, are set out below:

Record date	**Date of payment**	**Amount per share (cents)**	**Franked amount per share (cents)**	**Total dividends $000**
12 March 2015	26 March 2015	3	-	4,679
12 September 2014	10 October 2014	10	-	15,564

5 Principal activities, operating and financial review

The principal activities of the Group during the year were:

- Production and sale of copper, gold and silver from the Group's DeGrussa Mine in Western Australia; and
- Exploration and evaluation of mineral tenements and projects in Australia and overseas.

5.1 Project review, strategies and future prospects

DEGRUSSA COPPER PROJECT, WESTERN AUSTRALIA (100%)

The DeGrussa Copper Project is located within Sandfire's 100%-owned Doolgunna Project, a 400 square kilometre tenement package in WA's Bryah Basin mineral province, approximately 900km north-east of Perth. The Project is located within an established mining district, approximately 150km north of the regional mining hub of Meekatharra, and includes the DeGrussa Copper Mine.

Including 100%-owned ground and tenements held in farm-ins with other companies, Sandfire controls 1,700 square kilometres of contiguous exploration ground in this region, including a 65km strike length of prospective VMS horizon.

DeGrussa Copper Mine

Overview

Copper production for the 12 months to 30 June 2015 was 67,154 tonnes and gold production was 37,386 ounces. A summary of copper and gold production and sales for the year is provided below:

FY 2015 Production Statistics		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined	1,474,782	5.1	1.8	74,820	83,059
	Milled	1,465,523	5.1	1.7	73,944	81,857
	Production	**275,446**	**24.3**	**4.2**	**67,154**	**37,386**
	Copper and gold sales	280,185	24.2	4.1	67,903	37,194

Note: Mining and production statistics are rounded to the nearest 0.1% Cu grade and 0.1 g/t Au grade. Errors may occur due to rounding.

Underground Mining

Underground mining progressed on schedule throughout the 2015 financial year, with the exception of a temporary suspension of mining activities during November and December 2014 as a result of increased water flows into the Conductor 4/5 Decline. These inflows occurred at the location of underground drill holes completed as part of a continuing long-term water management program for the underground mine.

As a precautionary measure, mining activities in the Conductor 1 and DeGrussa orebodies were suspended for a period of 28 days while dewatering and remedial activities were completed, during which time the DeGrussa Concentrator continued to process run-of-mine (ROM) stockpiles.

Despite the temporary suspension of underground mining, ore production was only marginally below the targeted annual ore production rate of 1.5Mtpa, with a total of 1,474,782 tonnes of ore mined.

The mine remains in balance between production and back-fill with steady performance from the paste plant.

The mined grade was 5.1% Cu for the reporting period, which was in line with the current mine sequence.

There was a continued strong focus on underground mine development in both the Conductor 1 and Conductor 4/5 Declines. The Conductor 1 Decline advanced on schedule during the year. The development of this decline will enable the Conductor 1 deposit to be fully developed and extracted. Conductor 4 decline development advanced 1,704 metres and Conductor 5 decline development advanced 553 metres, with all decline development occurring in good ground conditions.

First development ore from the C4 deposit was intersected during the March 2015 quarter, with the development program on target to deliver the first stope ore from C4 in the 2016 financial year.

Processing

Key metrics for the DeGrussa Concentrator for the 2015 Financial Year included:

- 1,465,523 tonnes milled at an average head feed grade of 5.1% Cu, with milling rates during the second half of the financial year maintaining an annualised rate of approximately 1.6Mtpa;
- Average copper recovery for the reporting period of 91%;
- Concentrate production of 275,446 tonnes; and
- Metal production of 67,154 tonnes of contained copper and 37,386 ounces of gold.

5 Principal activities, operating and financial review (continued)

5.1 Project review, strategies and future prospects (continued)

The installation of three key enhancement projects at the DeGrussa Concentrator was completed during the reporting period to increase copper recoveries to the targeted level of +90% and enhance the overall performance and stability of the DeGrussa Concentrator. The plant improvements, which included a pebble crusher; a column flotation cell; and a screen arrangement as part of the SAG mill system in lieu of the existing cyclones, have been installed at a total capital cost of $14 million.

Data collected over the March and June 2015 quarters indicates significant benefits are being generated by each of the process plant improvements, with key outcomes including:

- Improvements to the flotation column have increased copper recoveries from the flotation circuit by around 2%;
- The pebble crusher is delivering a reduction in milling energy, generating improvement to the operating cost of the circuit; and
- Significant improvement in the efficiency of the ball mill, which is now doing more work while using less power.

Ongoing optimisation work is continuing including installation of further processing plant controls and increased integration of geo-metallurgical parameters. The optimisation work currently underway is aimed at delivering a copper recovery of 92% for grades around 4.5% Cu for FY2016. Further opportunities to lift recoveries above this level are being investigated now that the plant performance has been stabilised at an enhanced baseline.

Production Guidance

FY2016 targeted copper production is expected to be within the range of 65,000-68,000 tonnes of contained copper metal with gold production within the range of 35,000-40,000 ounces. Headline C1 cash operating costs are expected to be within the range of US$0.95-1.05/lb.

Mine production is forecast at 1.6 million tonnes with the processing of 1.65 million tonnes of ore achieved via the pull-down of ROM stocks. First and third quarter production will be impacted by 8-day planned shuts to re-line the mill and refurbish the thickener tanks and concentrate filter. The July shut has been completed according to schedule with production returning to planned performance.

Sales & Marketing

Copper Concentrate

A total of 280,185 tonnes of plant concentrate containing 67,903 tonnes of payable copper was sold during the 2015 financial year. Gold sales totaled 37,194 ounces. Shipments were completed from both Port Hedland and Geraldton.

Feasibility Studies

Oxide Copper Feasibility Study

The Sandfire Oxide Copper Project at DeGrussa has been extensively tested and a Scoping Study undertaken on the basis of a traditional sulphuric acid heap leach combined with a solvent extraction circuit with a strong electrolyte fed to an electrowinning circuit to produce 99.99-99.999% copper cathode.

The preliminary economics from the Scoping Study indicate that the Oxide Project has an Internal Rate of Return (IRR) exceeding 10% and requiring capital expenditure of over $50 million. The project is sensitive to acid costs, copper recovery and capital costs.

Sandfire has since conducted further reviews and optimisation of the flow sheet to enhance the project returns. Given the metallurgical complexity of the oxide material, Sandfire conducted a literary review of new and innovative extraction methods currently being developed by research institutions. The review investigated not only leaching methods but leaching environments; identifying Innovat continuous vat leach leaching as an alternative to heap leaching and glycine as a potential alternative to sulphuric acid leach environment.

Based on preliminary testing both these changes have demonstrated comparable high recoveries to the acid leach system however at significantly lower operating costs. Larger samples are being collected and tested to prove up these results further. Sandfire anticipates that on the successful completion of this larger scale testing a study into the capital requirement will be completed to understand the capital requirement for financial evaluation.

5 Principal activities, operating and financial review (continued)

5.1 Project review, strategies and future prospects (continued)

Doolgunna Exploration

Overview

During the reporting period, Sandfire continued to progress a tightly focused, multi-disciplined exploration campaign to test for extensions to the known cluster of VMS deposits at DeGrussa and to unlock the broader potential of the Doolgunna region for additional VMS (volcanogenic massive sulphide) deposits or clusters of deposits.

Key components of the Company's exploration activity at DeGrussa during the reporting period included:

- The discovery of a significant zone of high-grade massive sulphide mineralisation at Talisman's Springfield Project which is emerging as an important new VMS discovery within the Greater Doolgunna Project;
- Continued underground resource definition drilling of Conductor 5 to allow conversion of the existing Inferred Resource to Indicated and Measured status;
- The completion of a series diamond drill holes targeting a geochemical anomaly north of the Robinson Range prospect;
- Continued first-pass regional exploration over a number of projects within the broader Doolgunna tenement holding;
- Continuation of EM surveying over the prospective sequence at Talisman's Springfield Project;
- Continuation of core re-logging and structural interpretation of the Thaduna and Green Dragon copper deposits; and
- Commencement of the process of integrating data from the Ned's Creek Project (following completion of the agreement to acquire all of Sipa's Thaduna tenure).

The aggregate metres drilled on Sandfire Tenements for the 2015 financial year is shown below:

AC/RAB Drilling (m)	RC Drilling (m)	UG Diamond Drilling (m)	Surface Diamond Drilling (m)	Total Drilling (m)
104,099	9,716	11,161	5,811	130,787

Mine Life Extension

During the reporting period, Sandfire completed an updated Mine Plan, Mineral Resource and Ore Reserve as at 31 December 2014. The Mine Plan is Sandfire's internal plan which schedules forecasted production parameters, operating and capital works programs. It is developed with the assistance of both internal Sandfire employees and external consultants and includes both Mineral Resources and Ore Reserves.

Table 1 below compares the DeGrussa Mine Plan to the stated Mineral Resource and Ore Reserve by key output and mining tonnes (refer to the Company's ASX Announcement dated 28 January 2015 for full details of the Mineral Resource and Ore Reserve).

Table 1 – December 2014 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	9.6	4.4	1.6	424,000	484,000
Mineral Resource	9.5	5.7	2.0	546,000	616,000
Ore Reserve	7.8	4.4	1.5	343,000	368,000

DeGrussa Underground Mine by orebody	Tonnes (Mt)	DG (Mt)	C1 (Mt)	C4 (Mt)	C5 (Mt)
Mine Plan	9.6	1.1	4.7	2.2	1.5
Mineral Resource	9.5	1.0	4.7	2.4	1.4
Ore Reserve	7.8	1.1	4.6	2.0	-

Note: Mine Plan and Ore Reserve includes mining dilution.

The Company incorporates Inferred Mineral Resources from Conductor 5 and from the upper portion of Conductor 4 into its Mine Plan process due to the geological continuity and high copper grade tenor of these deposits.

Development of Conductor 4 including decline and sub-level development, ventilation raises and other infrastructure is proceeding on schedule for production from Conductor 4 to commence in early FY2016. Development and diamond drilling of Conductor 5 is continuing with an updated Conductor 5 Mineral Resource and an inaugural Ore Reserve scheduled to be reported in the second half of FY2016. First production from Conductor 5 is expected in FY2017.

5 Principal activities, operating and financial review (continued)

5.1 Project review, strategies and future prospects (continued)

The Mine Plan confirms underground mine production continuing at the current rate of 1.5Mtpa. Mine development continues with around 8,000m of development in FY2016, 5,000m in FY2017, then reducing to less than 1000m per year for the remainder of the Mine Plan.

Ore Reserve Update

Diamond drilling and mine planning work has progressed sufficiently for the inaugural Conductor 4 Ore Reserve to be reported as part of the DeGrussa Ore Reserve. The C4 Ore Reserve is 2.0Mt grading 4.5% Cu and 1.5g/t Au for 88,000t contained copper and 94,000oz contained gold.

Ore Reserves have been updated based on the December 2014 Mineral Resource model and depletions up to 31 December 2014, as set out in Table 2 below.

Table 2 – December 2014 Ore Reserve

DeGrussa Mine Ore Reserve net of depletion	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Underground Mine	7.8	4.4	1.5	343,000	368,000
Stockpiles (Total)	2.8	1.2	1.0	33,000	88,000
December 2014 – Total	**10.6**	**3.5**	**1.3**	**376,000**	**456,000**

Refer to the Company's ASX Announcement dated 28 January 2015 for full details of the Mineral Resource and Ore Reserve.

Near-mine Extensional Exploration

Underground exploration at DeGrussa during the year was focused on completing the Conductor 4 resource definition programme, followed by resource definition drilling at the Conductor 5 deposit aimed at in-filling the existing inferred mineral resource and increasing the drill density at the perimeter of the orebody to allow more defined geological modelling.

Drilling during the reporting period also focused on the delineation of feeder zones in the footwall of the C1 deposit (comprising 1,065m of drilling), focusing on scale, shape and alteration zonation. This information will be used in evaluating the prospectivity of feeder zones and the most efficient method of exploration for these potential targets.

Doolgunna Regional Exploration

The Greater Doolgunna Project now includes the Talisman Joint Venture and the tenements acquired from Sipa Resources, which have increased the aggregate contiguous exploration area to 1,700km^2. This includes over 65km of strike extent in VMS lithologies. Much of this stratigraphy is obscured beneath transported alluvium and requires systematic aircore (AC) drilling to test the bedrock geochemistry and identify prospective areas.

Talisman Farm-in

The Talisman Projects comprise the Springfield, Halloween and Halloween West Projects, which abut Sandfire's DeGrussa-Doolgunna tenements and contain extensions of the prospective stratigraphic sequence which hosts the DeGrussa VMS deposits. The projects are being explored under a Joint Venture Farm-in Agreement with Talisman Mining Limited (ASX: TLM) under which Sandfire has the right to earn up to a 70% interest by spending $15 million on exploration over five-and-a-half years.

Sandfire commenced a new program of reconnaissance diamond drilling at the Springfield Project during the reporting period, targeting the Monty and Homer prospects.

Diamond drill hole TLDD0004A at the Monty Prospect intersected a significant zone of high-grade copper-gold mineralisation approximately 10km east of DeGrussa, with final assays returning an exceptional massive sulphide intercept of 16.5 metres grading 18.9% Cu and 2.1g/t Au from 409.5m to 426m down-hole (not true width, from 365m below surface vertical depth). Full details of the hole are provided in the Company's ASX Announcement dated 25 June 2015.

TLDD0004A was drilled as a follow-up hole to TLDD0002A, completed in May, and was designed to intersect an off-hole EM response detected in a down-hole electro-magnetic (DHEM) survey on the hole.

The intersection in TLDD0004A represents a significant development for Sandfire and the Company's ongoing exploration efforts within the Greater Doolgunna Project.

While exploration of this emerging VMS prospect is still at an early stage, the width, exceptional grade and tenor of the copper-gold mineralisation intersected is considered to be very encouraging.

5 Principal activities, operating and financial review (continued)

5.1 Project review, strategies and future prospects (continued)

This is also the first significant intersection of high-grade copper-gold mineralisation to be discovered outside of the known lenses of VMS mineralisation at DeGrussa. Additionally, the massive sulphide mineralisation intersected in TLDD0004A is similar to that seen in the DeGrussa, Conductor 1, 4 and 5 VMS lenses and occurs within a host sequence that bears many similarities to that which hosts the massive sulphide mineralisation at DeGrussa.

Follow-up diamond hole TLDD0005, which was completed subsequent to the end of the year, intersected the mineralised horizon approximately 70 metres south-west of TLDD0004A, returning an outstanding high-grade massive sulphide intercept of:

- 9.2 metres grading 11.8% Cu and 2.9 g/t Au from 417.0m to 426.2m down-hole (not true width, from 370m below surface vertical depth).

This intercept occurs within a broader mineralised zone of:

- 13.1 metres grading 8.4% Cu and 2.1 g/t Au from 416.7m to 429.8m down-hole.

Also subsequent to the end of the reporting period, RC drill-hole TLRC0004 – which was drilled as a pre-collar for planned diamond drilling and as a platform for down-hole EM surveying along strike from the massive sulphide intercepts in TLDD0004 and TLDD0005 – intersected 18 metres of massive sulphides from 107.0m to 125.0m down-hole. Note, all widths are down-hole as true widths are not currently known.

TLRC0004 was drilled approximately 135 metres along strike from the massive sulphide intersection in TLDD0005 (9.2 metres at 11.8% Cu and 2.9 g/t Au from 417.0m) and approximately 200 metres along strike from the Monty discovery hole, TLDD0004A (16.5 metres at 18.9% Cu and 2.1g/t Au from 409.5m).

Assays received for hole TLRC0004 returned high-grade intercepts of:

- 18.0 metres grading 5.7% Cu and 2.4g/t Au from 107 metres to 125 metres down-hole (true width unknown at this time, top of intercept is 90 metres vertically below surface), and
- 4.0 metres grading 4.2% Cu and 0.7g/t Au from 158 metres to 162 metres down-hole (true width unknown at this time, top of intercept is 140 metres vertically below surface).

The second interval of mineralisation may suggest that the stratigraphy hosting the massive sulphide mineralisation has been split by a narrow dolerite intrusion.

Step-out diamond hole TLDD0006, which was collared to intersect the interpreted strike extension of the previously intersected high-grade mineralisation 80m further to the south-west from hole TLDD0005, was also completed subsequent to the end of the reporting period to a final depth of 553.9 metres.

The hole intersected a potentially significant fault zone and an extension of what is interpreted to be the sedimentary host horizon to the intercepts seen in TLDD0004A and TLDD0005. The fault zone was intersected between 407.2 metres and 445.6 metres down-hole with a thick sedimentary sequence of 80 metres observed from 422.5 metres to 502.2 metres down-hole. This sedimentary sequence is similar to that observed on the margins of the massive sulphide mineralisation at DeGrussa.

While no massive sulphides have been recorded in TLDD0006, the hole provides valuable geological and stratigraphic information to assist in guiding ongoing drilling to test the extent and orientation of the high-grade copper-gold mineralisation intersected in the previous three holes.

The significance of this fault zone, including sense of movement and potential offsets, is not yet known. This includes the relationship of the fault zone to the deeper mineralisation intersected in TLDD0004A and TLDD0005 and the shallower massive sulphide zone intersected in step-out hole TLRC0004. Additional drilling pierce points will be required to inform the Company's growing understanding of the local geological context of this exciting new area.

Diamond drill hole TLDD0007, a step-out hole drilled to follow up TLDD0004A and TLDD0005, intersected a narrow zone of massive sulphides (0.1m from 511.3m to 511.4m down-hole) within a broader zone of disseminated sulphides (6.0m from 507.2m to 513.2m down-hole). All widths are down-hole as true widths are not currently known.

The intersection in TLDD0007 is located 95 metres down-dip from the massive sulphide intersection reported in TLDD0005. Diamond drill core from TLDD0007 has been dispatched for assaying.

Based on field observations, the mineralisation intersected in TLDD0007 is hosted in a sequence of siltstones and is associated with jasper. This is a similar sedimentary sequence to that observed in TLDD0002A. Downhole Electro Magnetic (DHEM) surveys will be undertaken on TLDD0007 to assist planning for further diamond drilling.

Sandfire will continue to explore the area to determine the potential extents of the mineralisation and to develop further understanding of the broader geological context. A multi-faceted approach to the exploration in the area will include collating information from ongoing down-hole EM surveys, structural geological reviews, geochemical vectoring and stratigraphic analysis.

5 Principal activities, operating and financial review (continued)

5.1 Project review, strategies and future prospects (continued)

It is important to note that, while the new intersections have increased the known footprint of mineralisation, the continuity with the mineralisation seen in holes TLDD0004A, TLDD0005 TLRC0004 is not known. Further drilling will be undertaken to determine the geological setting.

Sandfire is encouraged by the results to date from this exciting new area, which has all the hallmarks of a significant new centre of VMS mineralisation within the greater Doolgunna Project.

At the Homer Prospect, TLDD0003 was designed to test the eastern strike extension of the interpreted C5 host horizon roughly 450m ENE of the TLDD0001 intersection. The location of the drill collar coincided with a recently completed seismic line to facilitate stratigraphic interpretation.

The drill-hole intersected haematitic exhalite with jasper clasts, which is interpreted to be the C5 target horizon. This horizon returned weakly anomalous base metal and trace elements. The hole confirms the continuation of the C5 host horizon and supports additional work in the area heading further east along strike.

Seismic Survey

34.48km of 2D seismic surveying was completed by HiSeis Pty Ltd during the 2015 financial year. This programme, which consisted of five dip-parallel and one strike-parallel profiles, was designed as proof-of-concept testing for utilising this technique as a direct detection tool for VMS deposits in the Doolgunna region. Final interpretation of results is expected in Q1 FY2016.

Thaduna Project Joint Venture

A review of the Ventnor Mineral Resource with updated down-hole survey data was used as the basis for assessing the potential development opportunities at Thaduna. These opportunities included processing sulphide ore through the DeGrussa Flotation Processing Plant and oxide ore through the proposed DeGrussa Copper Oxide Heap Leach and SX-EW Plant.

Thaduna is a narrow and steeply-dipping deposit with potential for a small open pit followed by a small-scale underground mine. A production rate of 350,000 tonnes per annum was supported by the Mineral Resource and used for the basis of a Scoping Study.

The resource did not identify sufficient quantities of oxide ore to warrant transport and treatment at the proposed DeGrussa plant nor justify a standalone oxide facility at Thaduna. Metallurgical testwork completed on the sulphide ore indicated good rougher flotation response and recoveries through the DeGrussa processing plant.

Due to the size of the deposit and its proximity to DeGrussa, Thaduna was evaluated as a satellite operation to DeGrussa to minimise costs. This eliminated the need for the establishment of significant surface infrastructure, with the major capital cost being an upgrade to a section of the Wiluna North Road to allow transport of the sulphide ore to the DeGrussa processing plant. Revenue factors, costs and operating parameters from DeGrussa were used as the basis of the study, with the DeGrussa mining contractor providing mining costs for the study on the basis of sharing mining resources where appropriate.

The Scoping Study evaluation determined that, whilst NPV positive under current market conditions, further exploration drilling is required to increase the resource potential with the objective of enhancing the project financial returns.

Planning and preparation has been completed for a drilling program that will be aimed at increasing the understanding of the plunge controls within and around the current resource. It is envisaged the program will commence in Q1 FY2016. This work will be undertaken in line with the JV agreement with Ventnor Resources, with the aim of reviewing the resource and Scoping Study at the completion of drilling.

Ned's Creek Project

The Ned's Creek Project comprises all of the tenements acquired from Sipa Resources Limited. The package totals over 900km^2 of prospective geology and surrounds the Thaduna Project Joint Venture in totality.

During the reporting period, the project data was collected and all core, chip tray and pulp samples aggregated. Project data interrogation identified the need for additional detailed airborne magnetic surveying. Sandfire has developed parameters for a survey to be flown over the Ned's Creek Project in Q1 FY2016.

AUSTRALIAN & INTERNATIONAL EXPLORATION

Northern Territory Borroloola Project

The Borroloola Project is located north of the McArthur River Mine (Xstrata), and is prospective for base metals, sedimentary manganese and iron ore. Sandfire has signed two farm-out agreements to advance the Borroloola Project. The Batten Trough JV covering the eastern portion of the tenements is under an option and joint venture agreement with MMG Exploration Pty Ltd, which can earn up to an 80% interest. The Borroloola West JV covering the western portion is under an agreement with Pacifico Minerals Ltd, which has the right to earn up to an 80% interest.

5 Principal activities, operating and financial review (continued)

5.1 Project review, strategies and future prospects (continued)

Pacifico Minerals commenced drilling at the Coppermine Creek prospect in June 2015, with copper sulphides intersected in one hole subsequent to the end of the reporting period (*Pacifico Minerals Ltd release of 13th July 2015*). Further drilling is now planned at both the Coppermine Creek and the Bing Bong prospects.

MMG carried out helicopter-supported stream sediments and soils sampling at the Batten Trough JV during the reporting period. This work was combined with mapping and field testing of 14 prospects. An Aboriginal Area Protection Authority (AAPA) survey was undertaken and a water bore completed in preparation for the commencement of drilling in Q1 FY2016. A total of 10 holes are planned for 4,000m. In addition an Audio-Magnetotelluric (AMT) and gravity survey will be completed in the coming year.

Queensland Projects

A number of projects are held in the eastern succession of the Mount Isa region south and east of Cloncurry in northwest Queensland which are prospective for Broken Hill style lead-zinc-silver deposits such as the Cannington deposit (BHP) and the Ernest Henry Iron Oxide copper-gold deposits (Xstrata).

A review of existing data and a re-processing of the geophysics for Sandfire's landholdings in the eastern succession has increased the prospectivity of the newly-granted Breena Plains Project. The area contains numerous very high magnetic anomalies both within the +60km strike length of Cannington host rock stratigraphy, and associated with felsic intrusives in a similar style to that seen at the Ernest Henry copper deposit.

Drilling has commenced on the first of these targets, with one drill-hole completed and a second commenced by the end of the June quarter. The first hole intersected lithologies and weak alteration reminiscent of distal Cannington mineralisation. Assays are awaited, however no ore grades are anticipated.

The planned drilling program includes drill testing of another three targets at Breena Plains. One of these is a Broken Hill/Cannington type target and the remaining two are IOCG targets. Further drill testing of the Altia deposit and soil sampling of the Blackrock and Altia projects is planned.

New South Wales Projects

A number of project areas are held in the Lachlan Fold Belt of New South Wales near West Wyalong which are prospective for porphyry copper-gold mineralisation as found at Northparkes (China Moly), Cadia (Newcrest) and Cowal (Barrick). Farm-in agreements to earn up to 80% are held with Straits Resources Ltd (ASX: SRQ) on the Bland Creek Project and with Gold Fields Australasia Pty Ltd on the Marsden South Project.

A small ground magnetics survey has been completed at the Marsden South JV, and a follow up drilling program is planned for November, targeting porphyry copper gold mineralisation.

A review of all NSW projects has been completed and programs planned for the 100%-owned Wingrunner, Wilga West and Wellington North projects. Drilling will be focused on Ordovician porphyry copper mineralisation within the world class Lachlan Fold Belt.

Alford Project

The Alford Project on the Yorke Peninsula lies 20km NE of Wallaroo, South Australia in the southern portion of the Gawler Craton. The tenements are prospective for iron oxide copper-gold mineralisation as found at Prominent Hill (OZ Minerals), Olympic Dam (BHP) and Hillside (Rex Minerals). The Project includes an option to Joint Venture into the Alford Project (EL3969, PM268) with Argonaut Resources (ASX: ARE) to earn up to 75% of the project.

Two diamond drill holes were completed at the Alford Project to test a large magnetic body to the north of Netherleigh Park and down dip of the Netherleigh Park mineralisation itself. Both holes returned encouraging anomalous copper and silver results as reported by Argonaut Resources in their announcement dated 25 June 2015. Follow-up work will include a geological review and drill planning.

Tintina Resources – Black Butte Project, USA

Sandfire holds an initial 36% interest in Vancouver-based copper development company, Tintina Resources (TSX-V: TAU), after subscribing for C$16 million of shares in a private share placement. Tintina's key asset is a 100% interest in the premier, high-grade Black Butte Copper Project, located near Helena in the State of Montana in the United States. The project is located close to existing road, power and rail infrastructure, with the ability to access a residential workforce located nearby and competitive sources of materials and power.

The Black Butte Project copper resource consists of three flat-lying sedimentary hosted copper deposits which have been extensively drilled by Tintina (over 53,000m of diamond drilling).

An Updated Technical Report and Preliminary Economic Assessment (PEA) completed by Tintina in July 2013 was based on reported NI 43-101 Measured and Indicated Resources totalling 15.7 million tonnes grading 3.4% Cu, 0.1% Co and 14g/t Ag for 533,600 tonnes of contained copper and Inferred Resources totalling 2.3 million tonnes grading 2.8% Cu, 0.09% Co and 14g/t Ag for 63,500 tonnes of contained copper (calculated using a 1.6% copper cut-off grade) for the Johnny Lee Upper Zone and Lowry deposits, and a 1.5% Cu cut-off for the Johnny Lee Lower Zone).

5 Principal activities, operating and financial review (continued)

5.1 Project review, strategies and future prospects (continued)

The PEA confirmed that the deposit has the potential to underpin a robust underground mining operation with forecast life-of-mine production of ~30,000tpa of copper-in-concentrate over a mine life of ~11 years, based on total mill throughput of 11.8 million tonnes at an average head grade of 3.1% Cu.

Tintina advised during the reporting period that it continued studies on development of the Johnny Lee deposit to support an application for a Mine Operating Permit which the Company anticipates completing in 2015.

Full details can be found in the Tintina announcements, which are available at the Tintina website, www.tintinaresources.com.

Investment in WCB Resources – Misima Copper Project, PNG

Sandfire holds a 38% interest in WCB Resources Ltd ("WCB"; TSX-V: WCB), a Toronto-listed copper-gold explorer, which it acquired by subscribing for shares in a A$5.9M private share placement. WCB is earning a 70% interest in the Misima Island exploration lease through a joint venture with Pan Pacific Copper ("PPC"), an integrated copper mining and smelting company that is jointly owned by JX Nippon Mining & Metals Corporation and Mitsui Mining & Smelting Company Ltd. The Misima Project is located within a porphyry belt which contains four of the world's richest primary grade copper and gold porphyries including Grasberg (4.9 billion tonnes @ 0.8% Cu and 0.7g/t Au), Ok Tedi (1.7 billion tonnes @ 0.7% Cu and 0.6g/t Au), Golpu (1 billion tonnes at 0.9% Cu and 0.6g/t Au) and Panguna (1.4 billion tonnes @ 0.5% Cu and 0.6g/t Au)[1].

Further details can be found in WCB's News Releases, which are available at the WCB Resources website, www.wcbresources.com.

5.2 Review of financial results

12 months ended 30 June 2015	DeGrussa Copper Mine $ million	Other [A] Operations $ million	Group $ million
Sales revenue	548.6	-	548.6
Profit (loss) before net finance expense and income tax	165.3	(45.6)	119.7
Profit before income tax			104.8
Net profit			69.0
Basic and diluted earnings per share			44.18 cents

A Includes the Exploration and Evaluation and Other Activities segments.

The DeGrussa Copper Mine contributed profit before net finance and income tax of $165.3 million (2014: $167.0 million) from underground mining and concentrator operations. The Group's other operations, which include the exploration and evaluation segment, contributed a loss before net finance and income tax of $45.6 million (2014: loss of $39.9 million).

Dividends of $20.2m were paid during the year, comprising $15.6m in respect of the 2014 financial year. Since the end of the financial year, the Board of Directors has resolved to pay a fully franked dividend of 10 cents per share, to be paid on 24 September 2015 in respect of the 2015 financial year. The financial impact of this dividend amounting to $15.7m has not been recognised in the Financial Statements for the year ended 30 June 2015 and will be recognised in subsequent Financial Statements.

Sales revenue

12 months ended 30 June 2015	DeGrussa Copper Mine $ million
Revenue from sales of copper in concentrate	492.1
Revenue from sales of gold in concentrate	50.5
Revenue from sales of silver in concentrate	6.0
	548.6

Sales revenue during the year came from concentrate produced by the 1.5Mtpa processing plant.

[1] Production + Resources, Interria 2014.

5 Principal activities, operating and financial review (continued)

5.2 Review of financial results (continued)

Copper sales for the period totalled 67,903 tonnes (contained copper production: 67,154 tonnes) and gold sales totalled 37,194 ounces (contained gold production: 37,386 ounces). Copper represents approximately 90% of revenue derived from the DeGrussa Mine at current metals prices. A total of 29 shipments were completed from Port Headland and Geraldton during the financial year.

The base metals market commonly works on Quotational Periods (QP) for the final pricing of metal content shipped to smelters for treatment and refining. The Group's QP settlements are usually completed within a range of 1 to 4 months following the month of shipment, at which time the market price of metal content is derived and the value of final sales becomes fixed. Price adjustment gains and losses are recorded at the conclusion of the QP and disclosed separately in the Consolidated Interim Income Statement.

From time to time the Group may utilise QP hedging to either fix the price of sales at the time of shipment or to reduce the length of the QP, therefore reducing the short and medium term exposure to the market price of metal for completed or imminent shipments. 20,700 tonnes of copper sales subject to QP were hedged under vanilla USD copper swaps during the financial year ended 30 June 2015. A gain of $4.3 million was recorded in the consolidated interim income statement, recognised as part of Other Income. These hedges were considered to be economic hedges, however were not designated into a hedging relationship for accounting purposes.

Operations costs

12 months ended 30 June 2015	DeGrussa Copper Mine $ million
Mine operations costs	115.8
Employee benefit expenses	30.5
Freight, treatment and refining expenses	91.9
Changes in inventories of finished goods and work in progress	7.5
	245.7

Operations costs represent costs incurred in underground mining and plant operations on site as well as in the transport and shipping of copper concentrate to international markets from the ports of Port Hedland and Geraldton in Western Australia.

Posco Australia Pty Ltd (POSA)

In May 2008, the Company entered into a commercial agreement with Posco Australia Pty Ltd (POSA), whereby POSA, or POSA nominated affiliates, has the right to purchase 30% of the Company's future mineral production at fair market value excluding gold and diamond production. The rights under the commercial agreement remain for as long as POSA has at least a 10% holding of Sandfire ordinary shares and entitled POSA to a 7.5% discount on the first $100m of purchased production. POSA announced that it had sold its 15.2% stake in Sandfire on 14 May 2015.

During the year and prior to POSA ceasing to be a shareholder, sales to POSA's nominated sales customer resulted in a discount of $2.1 million, which is included within Freight, Treatment and Refining Expenses during the period.

Unit costs

Operating costs are predominantly driven by the physical quantity of ore moved in mining and processing operations, irrespective of variations in the copper content of that ore. As a result, unit operating costs tend to vary inversely with head grade as gross operating costs spread over higher or lower copper production.

Mine operations costs and employee benefit expenses have been reduced around 6% from the prior period as a result of a lower cost mining contract. Post mine gate costs increased 11% with increased sales quantities and prevailing concentrate smelting market conditions (treatment and refining expenses).

The Group has provided cost guidance for the 2016 Financial Year in the range US$0.95-1.05 per pound of payable copper production (after gold and silver credits).

Royalties

Royalties are levied at 5.0% for copper sold as concentrate and 2.5% for gold, plus native title payments. As DeGrussa's production value is heavily weighted towards copper production, the combined royalty rate approximates the 5% level (net of allowable deductions).

5 Principal activities, operating and financial review (continued)

5.2 Review of financial results (continued)

Exploration and evaluation

Significant exploration and evaluation activities continued in and around the DeGrussa Copper Mine with the objective of discovering further ore bodies and lenses to establish a copper-gold VMS camp. Further expenditure has been incurred on the Group's other project tenements, a number of joint venture earn-in arrangements and equity accounted investments. For the year ended 30 June 2015 the Group's Exploration and Evaluation segment contributed a loss before net financing expense and income tax of $35.8 million (2014: $27.3 million). In accordance with the Group's accounting policy, exploration and evaluation expenditure is expensed as incurred. See note 2(l) to the financial statements for details on the Group's policy with respect to exploration and evaluation.

Depreciation and amortisation

	WDV June 2015 $ million	WDV June 2014 $ million	Depreciation and amortisation during the year $ million
Mine Development	199.2	191.0	53.8
Property, plant and equipment	206.2	215.3	33.8
Rehabilitation, restoration and dismantling	13.4	15.7	2.4
Total depreciation and amortisation			**90.0**

Income tax expense

Income tax expense of $35.8 million for the year is based on the corporate tax rate of 30% on taxable income of the Group, adjusted for differences in tax and accounting treatments. Cash tax payments commenced during the financial year and amounted to $5.2m.

FINANCIAL POSITION

Net assets of the Group increased by $56.0 million to $347.8 million during the reporting period.

Cash balance

Cash on hand was $107.2 million, including $7.0 million held in a Debt Service Reserve Account (DSRA) to cover the September 2015 scheduled facility repayment plus interest costs.

Trade and other receivables

Trade receivables include remaining funds from the sale of concentrate subject to provisional pricing and quotational periods at the time of sale.

Inventories

Finished goods (plant concentrate) have reduced back to normal operating levels following a delayed shipment from June 2014 to July 2014. Ore stockpiles and consumables are within with normal operating ranges. Consumables and ore stockpiles are within normal operating ranges.

Mine properties

Further investment has been made in underground mine development to establish decline and development access to the sulphide ore bodies ahead of stoping activities, with mine properties at cost increasing by $62.1 million to $344.5 million.

Property, plant and equipment

Property, plant and equipment at cost increased by $24.2 million to $300.7 million at the end of the period.

Investments accounted for using the equity method

The Group accounts for its investment in Tintina Resources Inc. (Tintina: TSX.V: TAU) and WCB Resources Ltd (WCB: TSX.V: WCB) using the equity method of accounting. Refer note 16 to the financial statements for details on the Group's investments in associates.

Current and deferred tax liabilities

Taxable profit on operations during the period has exceeded the carried forward balance of tax losses and tax credits resulting in the Group booking a current income tax liability of $13.1m at year end. Income tax instalment payments of $5.2m have been made during the year towards this liability, which are reflected in this balance. In addition the Group has booked a net deferred tax liability position at balance date which predominantly relates to the differing tax depreciation and amortisation rates of mining assets and equipment compared to accounting rates.

5 Principal activities, operating and financial review (continued)

5.2 Review of financial results (continued)

Interest bearing liabilities – finance facilities

The Group's financing arrangements are provided under a secured loan facility with ANZ and are secured by a fixed and floating charge over the Group's assets, including the DeGrussa Project and the broader Doolgunna Project, and a mining mortgage over the Project tenements.

DeGrussa Project Loan Facility

The facility, which was designed to underpin the Group's construction and development of its DeGrussa Copper Mine in Western Australia, was restructured during the current financial year. The restructured facility includes two facilities: an $85.0 million Revolver Facility, initially fully-drawn, which can be paid or redrawn as required and which must be fully repaid by 31 December 2017; and a $40.0 million Amortising Facility with fixed repayments of $5.0 million per quarter for six quarters (commenced on 30 June 2015), followed by $2.0 million per quarter for five quarters (ending 31 December 2017).

The previous repayment schedule required full repayment of the facility by 31 December 2015.

Working Capital Facility

As part of the restructure to the DeGrussa Project Loan Facility, the Company also reduced its existing working capital facility with ANZ from $50.0 million to $25.0 million. The facility, which can be drawn down up to the value of saleable copper concentrate inventories held by the Company at the mine and ports, is designed to reduce the potential cash flow impact of timing of concentrate shipments and cash receipts. The facility was undrawn at 30 June 2015 and at the date of this report.

Bond Facility

The bond facility is drawn in the form of bank guarantees to the relevant State Government Department for environmental restoration and property managers for security deposits and does not involve the provision of funds.

CASH FLOWS

Operating activities

Net cash inflow from operating activities was $224.0 million for the period. Net cash flow from operating activities prior to exploration and evaluation activities was $250.1 million for the period.

Investing activities

Net cash outflow from investing activities was $109.8 million for the period. This included payments for property, plant and equipment purchases ($24.5 million); payments for mine development ($69.3 million); and payment for the Group's investment into Tintina Resources Inc. ($15.9 million).

Financing activities

Net cash outflow from financing activities of $64.7 million for the period includes finance facility repayments ($40.0 million); payment of interest and other costs of finance ($6.8 million); and dividend payments ($19.9 million).

5.3 Risks

The Group's operational and financial performance is subject to a range of assumptions and expectations all of which contain some level of risk. The Group's risk management framework is designed to identify, monitor and mitigate the risks applicable to the Group. The Audit and Risk Committee and the full Board is ultimately responsible for the residual risk exposure of the Group.

In addition to the discussion contained above on the Group's operational and financial reviews, performance and associated risks, the following risks have been identified as at the date of the Directors Report which may affect the Group's future operational and financial performance.

Business and operational

DeGrussa is the Group's sole operating mine and profitable operating segment. DeGrussa derives approximately 90% of its revenue from the sale of copper contained within its concentrate, with the remainder derived from gold and silver.

The DeGrussa operation consists of an underground mine (operating from a single portal and primary decline), processing plant, paste plant and village accommodation facilities. Concentrate is transported to Geraldton and Port Hedland via road and shipped to international trader and smelter customers. The Group's operational and financial performance is heavily reliant on the successful integrated operation of its various business elements.

Production and capital costs affect financial performance and are subject to a variety of factors including, but not limited to, variability in input costs and consumables, changes in economic conditions and changes in operating strategy.

5 Principal activities, operating and financial review (continued)

5.3 Risks (continued)

As is common in the mining and exploration industry, many of the Group's activities are conducted using contractors. The Company's operational and financial results are impacted by the performance of contractors, their efficiency and costs and associated risks. The Group actively manages its contractors to the extent possible working within its agreements with them.

The DeGrussa underground mine is subject to geotechnical risk which, if left unmitigated, could result in a mine collapse, cave-ins or other failures to mine infrastructure and significantly reduced operational performance and increased costs.

The operation ensures that through appropriately qualified and experienced internal geotechnical, geological and mining engineering persons that the geotechnical risks are managed through its technical and operational procedures and activities. Regular audits conducted by external consultants are used to validate assumptions and ensure all risks are managed.

Health, Safety and Environment

Mining operations involve safety risk, including but not limited to areas such as explosives, underground operations including the risk of rock fall, work involving confined spaces, areas where heavy and light vehicles interact, manual handling and operating at height. The occurrence of significant safety incidents could result in regulatory investigations or restrictions which may impact operating performance and negatively impact morale. The company manage these risks through the requirements of its Health and Safety Management System and accompanying policies, procedures, and standards. Company personnel are trained in the assessment of risks and hazards and the operating procedures required to operate safely.

The Group operates under a range of environmental regulation and guidelines. Environmental regulations and health guidelines for certain products and by-products produced or to be produced are generally becoming more onerous. Increased environmental regulation of the Company's products and activities or any changes to the environmental regulations could have an adverse effect on the Company's financial performance and position. The Group is required to close its operations and rehabilitate the land affected by the operation at the conclusion of mining and processing activities. Actual closure costs in the future may be higher than currently estimated.

The Group works closely with local communities affected by its mining and exploration activities, and has compensation agreements in place with indigenous communities affected by its activities. The Group also manages and relies on maintenance of good title over the authorisations, permits and licences which allow it to operate. Loss of good title or access due to challenges instituted by issuers of authorisations, permits or licences, such as government authorities or land owners may result in disruptions to operating performance.

Mineral Resource, Ore Reserve and Mine Plan

The estimation of the Group's Mineral Resource and Ore Reserve involves analysis of drilling results, associated geological and geotechnical interpretations, metallurgical performance evaluation, mining assessment, operating cost and business assumptions as well as a reliance on commodity price assumptions. As a result, the assessment of Mineral Resource and Ore Reserve involve areas of significant estimation and judgement. The ultimate level of recovery of minerals and commercial viability of deposits cannot be guaranteed.

The Group's Mine Plan is based on the Mineral Resource at DeGrussa and changes to it caused by changes in underlying assumptions may impact on the future financial and operational performance of the Group.

DeGrussa's mine life has been successfully extended since original discovery through expenditure on exploration and evaluation activities. The current Mine Life extends to mid-2021, representing the mining of currently identified mineralisation.

Financial

The marketability of the concentrates is dependent on mine supply, smelter demand and quality of the product.

The prices received are dictated by global commodity and currency markets. Commodity prices and exchange rates have a direct and material impact on the Company's financial performance. The Group may from time to time seek to hedge risk in commodity and foreign currency risk on its US dollar dominated sales for current shipments to be priced over a 1-4 month quotational period. The Group selectively utilises letters of credit to mitigate risk of receipt of sales funds and receives provisional payments prior to shipments arriving at their destination port.

The majority of the Group's costs are incurred in Australian dollars, funded through the conversion of US dollar sales proceeds to Australian dollars on receipt from customers.

The Group funded the majority of the construction and development of the DeGrussa mine through a fully secured debt finance facility. While the current debt levels are considered appropriate for the targeted operating and financial performance of the DeGrussa operations over the Mine Plan, financial risk remains in the areas of quarterly compliance measures, repayment obligations and working capital management.

5 Principal activities, operating and financial review (continued)

5.3 Risks (continued)

The Group's inability to manage these risks could lead to facility review or default events, and ultimately demand for payment of facility balances currently disclosed as current and non-current liabilities in the Consolidated Statement of Financial Position.

The Group's approach to managing liquidity is to ensure that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by conducting regular reviews and updates of the timing of cash flows in order to ensure sufficient funds are available to meet its obligations and debt covenants.

5.4 Corporate

Investment in Tintina Resources Inc

As part of its global business development strategy of securing quality growth opportunities in base metals and gold, the Group secured the opportunity to participate in the ongoing evaluation, exploration and development of one of the highest grade undeveloped copper deposits in North America after acquiring a cornerstone interest in Vancouver-based copper development company Tintina Resources ("Tintina"; TSX.V: TAU).

Sandfire acquired a 36% interest in Tintina on 15 September 2014 by subscribing for 80 million shares in a private placement at C$0.20 per share, which at the date of acquisition amounted to a $15,764,000 investment. In addition, Tintina issued Sandfire 20 million two-year Class A warrants exercisable at C$0.28 per share, 20 million three-year Class B warrants exercisable at C$0.32 per share and 40 million five-year Class C warrants exercisable at C$0.40 per share.

Sandfire is Tintina's largest shareholder (36%), alongside other strategic shareholders including Quantum Partners LP (~21%) and Electrum Strategic Metals LLC (~16%).

Mr Bruce Hooper, Sandfire's Chief Exploration & Business Development Officer, has been appointed President and Chief Executive Officer and a director of Tintina on a secondment basis and Mr Paul Hallam, Sandfire's non-executive director, has also been appointed to the Tintina Board as a non-executive director.

Funds contributed by Sandfire will be used to complete studies for the Black Butte Project ("Project") and to pursue project permitting, as well as to fund further exploration in the district.

The Group accounts for the investment in Tintina using the equity method of accounting. For more details refer to note 16 to the Financial Report.

Acquisition of Sipa's Thaduna Project

The Company executed an agreement with Sipa Resources Ltd (Sipa) on 24 December 2014 to acquire Sipa's Thaduna Project, including all of Sipa's legal and beneficial interest in E52/1673, E52/1674, E52/1858, E52/2356, E52/2357, and E52/2405 including the rights and benefits which Sipa is entitled to under heritage agreements and native title contracts, and all mining information which is relevant to the Tenements. The project which is located 25km east of DeGrussa, further consolidates Sandfire's control over the highly prospective Doolgunna District.

Under the terms of the Agreement, which settled on 2 February 2015, Sandfire issued Sipa 477,043 ordinary fully paid shares as partial consideration for the acquisition of the exploration tenements. The Company will also pay Sipa a 1% net smelter return ('NSR') royalty on all minerals produced and sold from the Tenements. In accordance with the Group's accounting policy with respect to exploration and evaluation assets (see note 2(l) to the financial statements), the acquisition cost of Sipa's tenements has been recognised in the Group's balance sheet as an asset.

Board and management

On 14 May 2015, the Company announced the resignation of Mr Soocheol Shin as non-executive director.

Sale of shares by OZ Minerals Ltd and POSCO Australia Pty Ltd

On 13 March 2015, OZ Minerals Limited (ASX: OZL) announced that it had sold its 19.2% stake in Sandfire via an institutional block trade at $4.20 per share.

On 14 May 2015, POSCO Australia announced that it had sold its 15.2% stake in Sandfire via an institutional block trade at an average price of $5.43 per share.

6 Significant changes in the state of affairs

In the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review, other than those described in this financial report under 'Principal activities and review of operations'.

7 Significant events after the reporting date

Dividends

On 19 August 2015, the directors of the Company announced a final dividend on ordinary shares in respect of the 2015 financial year. The total amount of the dividend is $15,685,000, which represents a fully franked dividend of 10 cents per share. The dividend has not been provided for in the 30 June 2015 financial statements.

8 Likely developments and expected results

The Group will continue mining operations from its DeGrussa Copper Mine and further the exploration and evaluation of the Group's tenements. Further comments on likely developments and expected results of certain operations of the Group are included in this financial report under 'Principal activities and review of operations'.

9 Environmental regulation and performance

The Group holds environmental licenses and is subject to significant environmental regulation in respect of its activities in both Australia and overseas. The Board is responsible for monitoring environmental exposures and compliance with these regulations and is committed to achieving a high standard of environmental performance. The Board believes that the Group has adequate systems in place for the management of its environmental requirements.

During the financial year, Sandfire has submitted numerous environmental reports and statements to regulators detailing Sandfire's environmental performance and level of compliance with relevant instruments. These include Sandfire's Annual Environment Report submitted to the Department of Environment Regulation, Annual Environmental Report submitted to the Department of Mines and Petroleum and the Annual Aquifer Review Reports submitted to the Department of Water. Sandfire actively manages water use to ensure efficiencies are recognised and implemented where practical.

Sandfire complies with the National Greenhouse and Energy Reporting Act 2007 (Cth), under which it is required to report energy consumption and greenhouse gas emissions for its Australian facilities for the 12 months ended 30 June 2015 and future periods. Sandfire is committed to proactively managing energy use efficiency and reducing greenhouse gas emissions wherever practical and is guided by internal policy and guidelines.

In addition, the Group's Australian operations, while not liable entities, were indirectly impacted by the Australian Federal Government's Clean Energy Act which came into force on 1 July 2012.

There have been no significant known breaches of the Group's license conditions or any environmental regulations to which it is subject.

10 Share options

10.1 Unissued shares under option

As at the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number
28 February 2016	$9.00	1,466,663
28 February 2016	$10.30	1,383,332
28 February 2016	$11.70	1,300,005
15 July 2018	$7.60	565,000
15 July 2018	$8.80	565,000
15 July 2018	$10.00	565,000

10.2 Share options issued

The Company did not grant any options over unissued ordinary shares in Sandfire Resources NL to directors or officers during or since the end of the financial year.

10.3 Shares issued as a result of the exercise of options

The following number of ordinary shares were issued by the Company as a result of the exercise of options during the year:

Expiry Date	Exercise Price	Number
27 November 2014	$4.66	310,000
15 June 2015	$3.80	33,333
15 June 2015	$4.40	133,333
15 June 2015	$5.00	260,001

10 Share options (continued)

10.4 Share options expired

The following options over ordinary shares issued by the Company expired or cancelled during the financial year:

Expiry Date	Exercise Price	Number
27 November 2014	$5.44	310,000
27 November 2014	$6.22	310,000
15 June 2015	$5.00	73,334
28 February 2016	$9.00	283,332
28 February 2016	$10.30	283,333
28 February 2016	$11.70	283,335

11 Indemnification and insurance of Directors, Officers and Auditors

Indemnification

The Company indemnifies each of its directors and officers, including the company secretary, to the maximum extent permitted by the Corporations Act 2001 from liability to third parties and in defending legal and administrative proceedings and applications for such proceedings, except where the liability arises out of conduct involving lack of good faith.

The Company must use its best endeavours to insure a director or officer against any liability, which does not arise out of a conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavour to insure a director or officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The directors of the Company are not aware of any proceedings or claim brought against Sandfire Resources NL as at the date of this report.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Insurance premiums

The Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts for current and former directors, executive officers and secretaires. The directors have not included details of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

12 Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable and where noted ($'000)) under the option available to the Company under ASIC CO 98/100. The Company is an entity to which the Class Order applies.

13 Auditor independence and non-audit services

The directors received the following declaration from the auditor of Sandfire Resources NL.

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the directors of Sandfire Resources NL

In relation to our audit of the financial report of Sandfire Resources NL for the year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Fiona Drummond
Partner
19 August 2015

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

FD:ET:SFR:008

Non-audit services

The following non-audit services were provided by the Company's auditor, Ernst & Young Australia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young Australia received or are due to receive the following amounts for the provision of non-audit services:

	2015 **$**
Taxation services (R&D)	55,638
Other advisory services	59,946
	115,584

14 Remuneration report (audited)

This remuneration report for the year ended 30 June 2015 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* (Cth) (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

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14 Remuneration report (audited) (continued)

14.1 Remuneration snapshot

Key Management Personnel (KMP)

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly and indirectly including any director (whether executive or otherwise) of the parent.

For the purposes of this report, the term 'executive' includes the executive directors and senior executives of the Group.

The following non-executive directors and executives of the Group were classified as KMP during the 2015 financial year. Unless otherwise indicated, they were classified as KMP for the entire year.

Current non-executive directors	
Derek La Ferla	Chairman (Independent)
W John Evans	Director
Paul Hallam	Director (Independent)
Robert Scott	Director (Independent)

Former non-executive directors	
Soocheol Shin	Director (resigned 14 May 2015)

Current executives	
Executive directors	
Karl Simich	Managing Director and Chief Executive Officer
Other executives	
Michael Spreadborough	Chief Operating Officer
Matthew Fitzgerald	Chief Financial Officer and Joint Company Secretary
Robert Klug	Chief Commercial Officer and Joint Company Secretary

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

Remuneration philosophy

Sandfire Resources NL's Board is committed to delivering remuneration strategy outcomes that further our key business drivers, reflect our business performance and sustainability, and attracts and retains the highest quality executives and non-executive directors.

Sandfire's remuneration strategy is designed to attract, motivate and retain employees and non-executive directors by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Company.

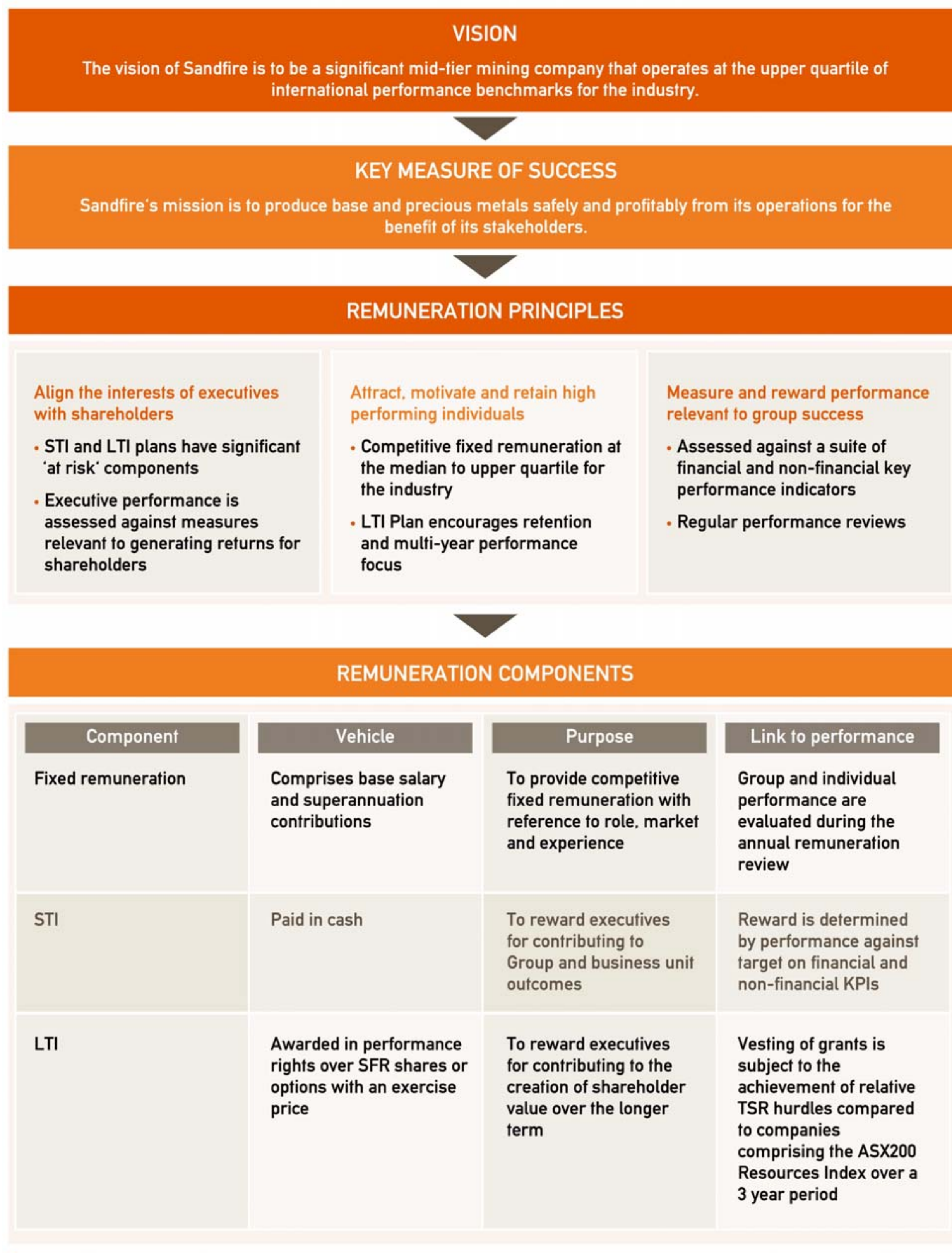
Key objectives of the Company's remuneration framework are to ensure that remuneration practices:

- Are aligned to the Company's business strategy;
- Offer competitive remuneration benchmarked against the external market;
- Provide strong linkage between individual and Company performance and rewards;
- Achieve the broader outcome of creating value for shareholders by aligning the interests of executives, including employees and contractors, with shareholders; and
- Align executive remuneration to shareholder returns, which is evident in our new Long term Performance Rights Plan.

14 Remuneration report (audited) (continued)

14.1 Remuneration snapshot (continued)

The elements of the remuneration framework and its linkage to strategy are summarised below.



Component	Vehicle	Purpose	Link to performance
Fixed remuneration	Comprises base salary and superannuation contributions	To provide competitive fixed remuneration with reference to role, market and experience	Group and individual performance are evaluated during the annual remuneration review
STI	Paid in cash	To reward executives for contributing to Group and business unit outcomes	Reward is determined by performance against target on financial and non-financial KPIs
LTI	Awarded in performance rights over SFR shares or options with an exercise price	To reward executives for contributing to the creation of shareholder value over the longer term	Vesting of grants is subject to the achievement of relative TSR hurdles compared to companies comprising the ASX200 Resources Index over a 3 year period

14 Remuneration report (audited) (continued)

14.1 Remuneration snapshot (continued)

Developments for FY15

Following extensive market research and reports on Sandfire's long term incentive plans by the Company's external independent remuneration advisors, the Board, on recommendation from the Remuneration and Nomination Committee, approved a new Long-term Incentive Plan (LTIP) in 2015, which will be transitioned over a 3 year period.

The objective of the new LTIP is to align performance of the senior executive group with the long-term interests of shareholders and the objectives of the Company's strategic plan. Under the LTIP each executive can be granted performance rights over ordinary shares in the Company for no consideration (or share options with an exercise price), which vest after 3 years, subject to the relative Total Shareholder Return (TSR) performance condition being met. Please refer to 14.3 below for further details on the plan.

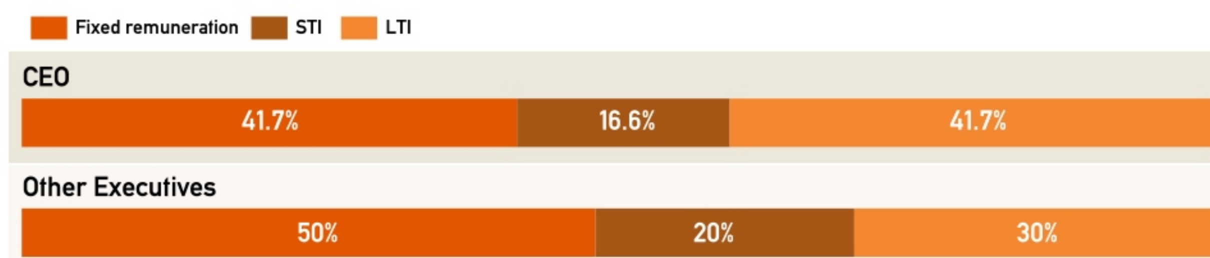
With the introduction of the Long-term Incentive Plan, no further awards will be made under the Long-term Indexed Bonus Plan and Long-term Option Plan.

In FY15 the maximum total incentive opportunity in the Short-term Bonus Plan was limited to 50% of annual total fixed remuneration (TFR), down from a maximum of 57.5% in FY14. Please refer to 14.3 of the remuneration report for details of the plan.

Outlook for FY16 (unaudited)

The FY16 executive remuneration structure is expected to remain broadly consistent with 2015. The key change from 1 July 2015 is that the stretch target of the quarterly assessed component of the Short-term Bonus Plan (safety, production and cost KPIs) will be withdrawn for participants in the new Long-Term Performance Rights Plan. For executives, this reduces the maximum short-term incentive opportunity to 40% of TFR from the 50% applicable during FY15.

The target remuneration structure of the Chief Executive Officer and other members of the Group executive team are summarised below.



14.2 Remuneration governance framework

Remuneration and Nomination Committee composition and responsibilities

The Remuneration and Nomination Committee (Committee) comprises three independent NEDs. All NEDs were members of the Committee for the entire financial year. Members acting on the Committee are listed below.

Role	Name
Chair	Paul Hallam
Members	Derek La Ferla
	Robert Scott

The Committee is responsible for making recommendations to the Board on the remuneration arrangements for NEDs and executives. The Committee meets regularly through the year, and assesses the appropriateness of the nature and amount of remuneration of NEDs and executives by reference to relevant market conditions, with the overall objective of ensuring maximum stakeholder benefit from the attraction and retention of high performing directors and executives. In determining the level and composition of executive remuneration, the Committee engages external advisors to provide independent advice where considered appropriate.

Further information on the Committee's role, responsibilities and membership can be found at www.sandfire.com.au.

14 Remuneration report (audited) (continued)

14.2 Remuneration governance framework (continued)

Remuneration approval process

The Board approves the remuneration arrangements of the CEO and executives and awards made under the short-term and long-term incentive plans, and sets the maximum aggregate NED fees (which is subject to shareholder approval) and the individual NED fee levels, following recommendations from the Committee.

Use of remuneration consultants

The Committee seeks external remuneration advice to ensure it is fully informed when making remuneration decisions. In carrying out its review of the remuneration packages on the Chairman, NEDs, Managing Director and non-director KMP for the 2015 financial year, the Committee engaged the services of independent remuneration consultants, Psytec Management Services (Psytec) and Ernst & Young (EY).

The Committee has established protocols to ensure that if remuneration recommendations, as defined by the Corporations Act, are made by independent remuneration consultants they are free from bias and undue influence by members of the KMP to whom the recommendations relate. The Committee directly engages the remuneration consultants (without management involvement), and receives all reports directly from the remuneration consultants. The Committee is satisfied the advice received from Psytec and EY is free from bias and undue influence.

During the financial year, Psytec provided market data to the Company (sourced from AON Hewitt's *McDonald Gold and General Mining Industry* report) in respect of NED fees and executive remuneration levels. The market data was industry-specific relating to Australian mining companies. The remuneration recommendations were provided to the Committee as input into decision making only. The fees paid to Psytec for the remuneration recommendations were $60,000. Other services provided by Psytec included other human resources (HR) and strategic planning services and the fees for all other services were $144,873.

EY provided the Company remuneration advisory services in respect of long term incentive plan design and supply of executive remuneration market benchmark information. During the 2015 financial year, no remuneration recommendations, as defined by the Corporations Act, were provided by EY.

Remuneration report approval at FY14 Annual General Meeting (AGM)

The FY14 remuneration report received positive shareholder support at the FY14 AGM with a vote of 94% in favour.

14.3 Executive remuneration principles and framework

Remuneration components

During FY15, the remuneration framework for executives consisted of fixed remuneration and variable remuneration. The table below illustrates the structure of these remuneration arrangements:

Remuneration component	Performance Measure	At risk weight	Strategic objective/performance link
TOTAL FIXED REMUNERATION (TFR) Base salary and superannuation contributions if applicable	**Key result areas for the role** As outlined in the position description	Not applicable.	▪ To attract and retain executives. ▪ Annual review considers market competitiveness as well as Company and individual performance. ▪ Internal equity/fairness: remuneration levels are related directly to the job responsibilities and size. ▪ The Remuneration and Nomination Committee's policy is to position fixed remuneration between the median and the upper quartile for the executives, against its defined market to ensure a competitive offering. The market used by the Company is companies in the Australian mining industry, having regard to gross revenue, employee numbers, shareholder equity, net income and market capitalisation. ▪ Reward for performance: the Remuneration and Nomination Committee may find it reasonable to shift the market positioning for the executive, based on an assessment of Company and individual performance.

14 Remuneration report (audited) (continued)

14.3 Executive remuneration principles and framework (continued)

VARIABLE REMUNERATION **SHORT TERM BONUS PLAN** Paid in cash, or can be salary sacrificed into superannuation	Quarterly KPIs: ▪ Safety ▪ Production ▪ Costs Annual KPIs: ▪ Individual	**STI at risk** CEO and other executives: 50% of TFR consisting of Quarterly KPIs (20% of TFR) and Annual KPIs (30% of TFR)	▪ Motivates executives to achieve both Company and individual performance targets (KPIs). ▪ Encourages collaboration across the executive team, while also providing rewards for the achievement of measures within the executive's line of sight.
VARIABLE REMUNERATION **LONG TERM INCENTIVE PLAN (1st grant April 2015)** Provided as a grant of performance rights over Sandfire ordinary shares for nil consideration or options with an exercise price. Granted annually with 3 year vesting period.	**Total Shareholder Return (TSR)** TSR percentile ranking over the performance period relative to a selected peer group constituting companies in the ASX200 Resources Index (XJR:ASX).	**LTI at risk** CEO: 100% of TFR Other executives: 60% of TFR	▪ Align executive reward with creation of shareholder value. ▪ Growth targets in TSR align with Company's long term strategy. ▪ TSR was chosen because it provides a relative, external market performance measure having regard to Sandfire's ASX200 Resources Index peers.

The executives are not subject to any shareholding guidelines. That is, the executives are not required to hold a minimum number of shares in the Company.

Legacy LTI Plans

The **Long-term Indexed Bonus Plan** was created to align executive director rewards with shareholder value creation, retain executive directors, and was provided as a grant of conditional rights. Rights vest in three equal tranches and are all premium priced. The participant realises value from the rights if the share price exceeds the initial notional value (INV) on vesting date, and subsequent test price on re-testing. Where the participant realises value, the holder of the award receives, at the Company's sole discretion, either cash, or subject to any shareholder approval required under the Corporations Act 2001 and the ASX Listing Rules, ordinary shares in the Company for the difference between the 5-day volume weighted average ASX price of underlying Company shares prior to the vesting/testing date and the INV/test price.

The **Long-term Incentive Option Plan** was created to align executive awards with shareholder value and to retain executives, and was provided as a grant of options over ordinary shares to executives. The options vest in three equal tranches after 1, 2 and 3 years, with an exercise price for the three tranches set at a 20%, 40% and 60% premium to the 5-day volume weighted average share price prior to the date of grant.

For rights and options issued under the legacy LTI plans, the Board imposed service based vesting conditions to encourage retention. There was also the challenging market performance hurdle related to share price growth inherent in the INV and exercise price.

Outstanding awards under these Legacy LTI plans are as follows:

- The rights previously issued to the Chief Executive Officer under the Long-term Indexed Bonus Plan expire between 15 December 2015 and 15 December 2018 and the INV/test price ranges from $6.08 to $11.57.
- The options previously issued to the Chief Operating Officer, Chief Financial Officer and Chief Commercial Officer under the Long-term Employee Incentive Option Plan expire between 28 February 2016 and 15 July 2018 and the exercise price ranges from $7.60 to $11.70.

With the introduction of the Long-Term Incentive Plan, no further awards are planned to be made under the Long-term Indexed Bonus Plan and Long-term Incentive Option Plan. See section 14.8 of the Remuneration Report and note 25 to the financial statements for more detail.

Fixed remuneration

Fixed remuneration includes base pay and superannuation contributions, if applicable. Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee and is detailed in the table above.

14 Remuneration report (audited) (continued)

14.3 Executive remuneration principles and framework (continued)

Details of Short-term Bonus Plan KPIs

For executives (including the CEO), the maximum total incentive opportunity is limited to 50% of total fixed remuneration (TFR). Actual short-term payments awarded to each executive depend on the extent to which the KPIs are met, and can vary from 0 to 50% of TFR as determined by the Remuneration and Nomination Committee.

The KPIs cover financial, non-financial, company and individual objectives, chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value. The KPIs for the CEO and executives are:

Measure	Weighting	KPIs	Period of assessment	Rationale
Safety	12%	▪ Primarily measured as the Total Recordable Injury Frequency Rate (TRIFR) for the Group, including contractors. ▪ The Company intends to introduce leading safety indicators for FY15.	Quarterly	▪ Safety is paramount and the inclusion of safety in the incentive plan reflects the Company's commitment to provide an incident-free work environment for its employees and contractors. ▪ TRIFR is a key safety measure in the mining industry.
Production	12%	▪ Measured as copper metal tonnes produced per quarter.	Quarterly	▪ Key profitability driver.
Costs	10%	▪ Measured as the cost per tonne of ore processed based on a measure of Site Operating Costs.	Quarterly	▪ Key profitability driver.
Individual	66%	▪ Measured based on individual objectives which assist the Company in meeting its overall performance targets. ▪ Measures are financial and non-financial oriented and are within the control of the executive (see further detail in table below).	Annually (over calendar year)	▪ Drives a focus on key performance elements that align to overall Company performance targets yet are within the executive's control.

Safety, production and cost KPIs have a threshold, target and stretch level of performance and are assessed on a quarterly basis. Individual KPIs have a range of performance levels, from unsatisfactory to superior, and are assessed annually by the Committee. The award is determined by actual performance against the KPI. No payments are made for below threshold or unsatisfactory performance. This includes if the employee's performance is rated as 'unsatisfactory'.

Individual KPIs are set for each executive. An overview of the measures used in the STI plan, and their weightings as a percentage of the individual component, are detailed below:

CEO	**Strategic Leadership** **(67%)**	▪ Strategic planning ▪ Corporate image and relationships ▪ Business development ▪ Capital raisings	**Executive Leadership** **(33%)**	▪ Leadership rating ▪ Business performance ▪ Executive team performance
Other executives	**Executive Management** **(100%)**	▪ Functional performance improvements ▪ Safety ▪ Cost and efficiency ▪ People management		

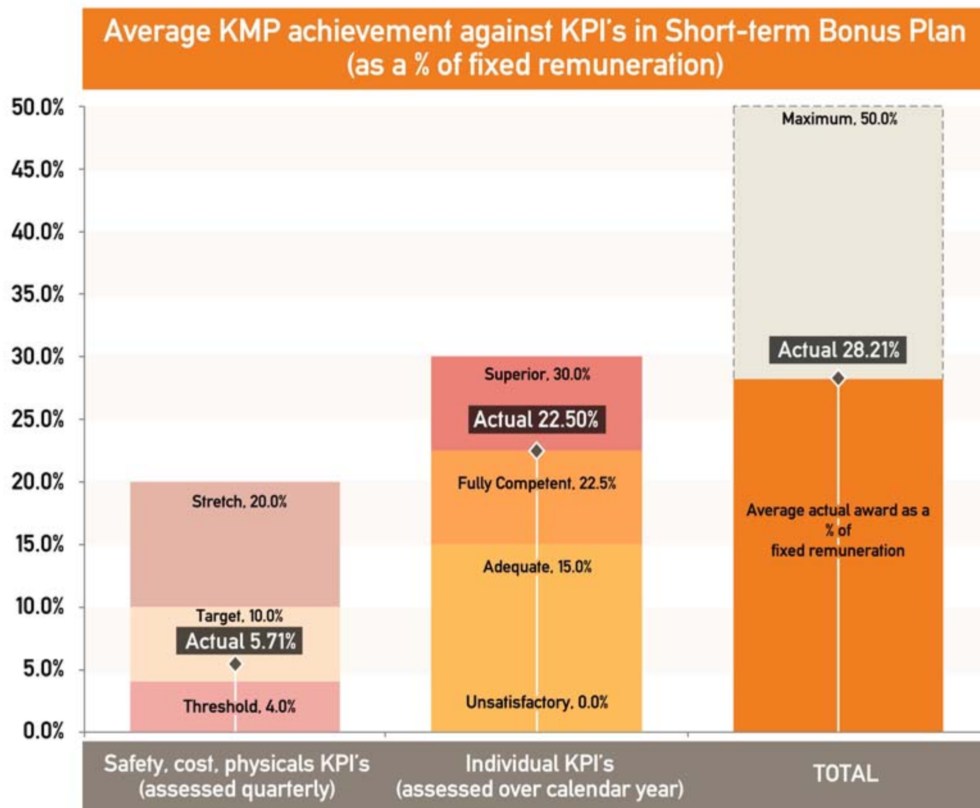
14 Remuneration report (audited) (continued)

14.3 Executive remuneration principles and framework (continued)

The Board, on the Remuneration and Nomination Committee's recommendation, has the right to withhold payments or suspend the plan at any time. The CEO has discretion to reduce awards in respect of the safety, production and cost KPIs to nil in the event of a serious incident or inadequate safety performance. The Remuneration and Nomination Committee has discretion to reduce awards in respect of the individual KPIs in the same circumstances.

Short-term Bonus Plan outcomes

The graph below illustrates the average achievement against the individual and company KPIs over the year. Achievement of 100% of the KPIs results in a Short-term Bonus Plan award of 50% of the executive's TFR.



For FY2016 the stretch target of the quarterly assessed component of the Short-term Bonus Plan (safety, production and cost KPIs) will be withdrawn for participants in the new LTIP. For executives, this reduces the maximum short-term incentive opportunity to 40% of TFR from the 50% applicable during FY15.

Based on performance against the pre-agreed individual and Company KPIs, the percentage of the available bonus that was paid in the financial year to the CEO and other executives was 56%. The percentage that was forfeited because the CEO and other executives did not meet the performance criteria was 44%.

14 Remuneration report (audited) (continued)

14.3 Executive remuneration principles and framework (continued)

Long-term Incentive Plan (LTIP)

The new Long-term Incentive Plan (LTIP) is used to motivate executives to achieve certain performance outcomes and ultimately to create value for shareholders. The plan replaces the Long-term Indexed Bonus Plan and the Long-Term Employee Incentive Option Plan.

<table>
<tr><td>What is the Long-term Incenitve Plan?</td><td>The LTIP is the equity component of the at-risk remuneration opportunity of senior executives and is linked to the Company's medium to long-term TSR performance.</td></tr>
<tr><td>Why does the Board consider this new LTIP appropriate?</td><td>Given that Sandfire is now in a mature business phase in respect to its mining production, it was determined that the existing incentive plans were no longer appropriate.

The Company believes that a LTIP can:
▪ Focus and motivate senior executives to achieve outcomes beyond the standard expected in the normal course of ongoing employment;
▪ Ensure that business decisions and strategic planning have regard to the Company's long term performance;
▪ Be consistent with contemporary remuneration governance guidelines;
▪ Be consistent and competitive with current practices of comparable companies; and
▪ Create an immediate ownership mindset among the executive participants, linking a substantial portion of the potential reward to Sandfire's ongoing share price and returns to shareholder.</td></tr>
<tr><td>What types of equity may be granted under this plan?</td><td>Awards are in the form of performance rights over ordinary shares in the Company for no consideration, or share options with an exercise price.</td></tr>
<tr><td>Was a grant made in 2015?</td><td>In April 2015, rights were granted to executives other than the Chief Executive Officer. Rights will be granted to the Chief Executive Officer, following shareholder approval at the Company's AGM in November 2015. The rights carry neither rights to dividends or voting rights.</td></tr>
<tr><td>What quantum of awards and allocation methodology is used?</td><td>The quantum of rights granted to an executive at the commencement of the plan and on each subsequent grant, is determined by the executives TFR; the applicable multiplier; and the face value of Sandfire shares, calculated as the 5 day volume weighted average price (VWAP).

The CEO's multiplier is 1.0 x TFR; the senior executives' multiplier is 0.6 x TFR.</td></tr>
<tr><td>What is the frequency of the awards?</td><td>The initial grant of rights was made at the commencement of the plan, April 2015, and subsequent awards will be made annually.</td></tr>
<tr><td>What are the performance and vesting conditions?</td><td>The performance conditions are: (a) the executive meeting the service condition; and (b) Sandfire meeting the LTI performance condition. The two conditions are referred to as the vesting conditions.

Service condition
The service condition is met if employment with Sandfire is continuous for the period commencing on or around the grant date until the end of the performance period (see LTI Performance condition below). Refer below for details if the executive leaves the Company prior to meeting the service condition.

Performance condition
The LTIP performance condition is the Company's TSR as measured against a comparator group. The Board considers that TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct benefit to shareholders. TSR reflects benefits received by shareholders through share price growth and dividend yield and is the most widely used long term incentive hurdle in Australia.

To ensure an objective assessment of the relative TSR comparison, the Company employs an independent consultant to calculate the TSR ranking.

The performance rights will only vest where the TSR performance of the Company relative to the selected comparator group measured over the performance period is at the 50th percentile or above.

<table><tr><th>TSR ranking versus comparator group</th><th>Percentage of rights that vest</th></tr><tr><td>Less than 51st percentile</td><td>Nil</td></tr><tr><td>51st percentile</td><td>50% of rights vest</td></tr><tr><td>Greater than 51st percentile but less than 75th percentile</td><td>Between 50% and 100% rights vest</td></tr><tr><td>Greater than 75th percentile</td><td>100% of rights vest</td></tr></table></td></tr>
</table>

14 Remuneration report (audited) (continued)

14.3 Executive remuneration principles and framework (continued)

What are the performance and vesting conditions? (continued)	Sandfire's TSR is to be measured over a three year performance period relative to a comparator group constituting companies in the ASX200 Resources Index (XJR:ASX) at the beginning of the performance period (commencing 1 July). Rights granted to participants are tested at the third anniversary of the grant (at the end of the 3 year performance period, commencing 1 July) and will vest subject to the relative TSR performance condition being met. The LTIP has an initial 2 year vesting period as a transitional arrangement for the rights granted in FY2015. For the FY2015 grant only, the LTI performance period will commence on 1 July 2015 and rights will be allocated as two equal tranches: • 50% of the rights will be performance tested against the relative TSR measure for the period 1 July 2015 to 30 June 2017; and • 50% of the rights will be performance tested against the relative TSR measure for the period 1 July 2015 to 30 June 2018.
Why were the performance conditions chosen?	The approach to linking individual executive performance (including mandatory service periods) and Company performance to the vesting of awards is standard market practice. The conditions are aimed at linking the retention and performance of the executives directly to rewards, but only where shareholder returns are realised.
What happens to performance rights granted under the plan when an executive ceases employment?	The treatment of LTI awards of executives, whose employment ceases prior to vesting, depends on the reason for cessation and is subject to Board discretion to determine otherwise. A pro-rata of the award, calculated in accordance with the proportion of the performance period worked may continue to be subject to performance conditions as set by the Board.
What happens in the event of a change in control?	In the event of a change in control, the Board will exercise its discretion, and determine the treatment of the unvested awards which may include a pro-rata vesting.

14.4 Company performance and remuneration

The link between executive remuneration and company performance is outlined in various parts of this report. This includes section 3 where the short term and long term performance measures are explained, including why the measures have been chosen and how they relate to the performance of the business. Sandfire aims to align executive remuneration to the strategic and business objectives of the Company and to the creation of shareholder wealth. The table below shows measures of the Company's financial performance over the last five years, including disclosure as required by the *Corporations Act 2001.*

Measure[A]	30 Jun 11	30 Jun 12	30 Jun 13	30 Jun 14	30 Jun 15
Net profit (loss) after income tax ($'000)	(27,051)	(23,883)	87,998	78,158	68,955
Cash and cash equivalents at year end ($'000)	74,041	100,389	77,070	57,590	107,154
Net cash inflow (outflow) from operating activities ($'000)	(44,794)	(36,325)	250,230	223,035	224,045
Basic earnings (loss) per share (cents)	(19.16)	(15.85)	57.48	50.22	44.18
ASX share price at the end of the year	$7.05	$7.16	$5.12	$6.22	$5.75
Dividend per share	-	-	-	10 cents	13 cents

A Refer to the Operating and Financial Review section in the Directors' Report for more detailed commentary on the Group's results, including underlying performance of the Company.

The 2015 executive remuneration outcomes are outlined further below, both in terms of "cash value of earnings realised" (below) and statutory remuneration disclosures (section 14.5).

14 Remuneration report (audited) (continued)

14.4 Company performance and remuneration (continued)

The table below provides a summary of how the Company's incentive plans are aligned to Company performance.

Remuneration component	Alignment to Company performance
Short-term Bonus Plan	The plan is aligned to Company performance because it includes safety, production and cost KPIs, which are all key performance drivers. The plan also includes individual KPIs within the executive's control that contribute to shareholder value creation.
Long-term Incentive Plan	The plan is aligned to Company performance and long-term interests of shareholders and the objectives of the Company's strategic plan. The plan creates an immediate ownership mindset among the executive participants, linking a substantial portion of the potential reward to Sandfire's ongoing share price and return to shareholder.

Cash value of earnings realised - outcome for FY15

The Productivity Commission, in its Report on Executive Remuneration in Australia, noted that the usefulness of remuneration reports to investors was diminished by complexity and omissions, and in particular recommended that the report should include reporting of pay 'actually realised' by the executives named in the report. The following table shows the cash value of earnings realised by the executives during FY15 and the Company believes that the additional information provided in the table below is useful to investors.

The cash value of earnings realised include cash salary and fees, superannuation and cash bonuses received in cash during the year and the intrinsic value of LTI vesting during the financial year.

This disclosure is in addition to and different from the disclosures required by the Corporations Act and Accounting Standards, particularly in relation to LTI. As a general principle, the Accounting Standards require a value to be placed on long-term incentives based on probabilistic calculations at the time of grant in the case of options and rights issued under the Long-term Incentive Plan (LTIP) and at each reporting date in the case of rights issued under the Long-term Indexed Bonus Plan, which are reflected in the remuneration report. The amount included as remuneration in the remuneration report is not related to or indicative of the benefit (if any) that individual KMP may in fact ultimately receive.

By contrast, the following table values the LTI, in the case of options, only if the options vest and are exercised resulting in the issue of shares to the executive or if the options are sold, and is calculated on the basis of the difference between the exercise price and the market price on the date of exercise or sale of the options. In the case of rights, a value is attributed only if the rights vest and shares are issued or cash is provided to the executive, on the basis of their value on the date of vesting.

The statutory remuneration table, which is prepared consistent with Australian Accounting Standards and the *Corporations Act 2001* (Cth), is outlined in section 14.5 of the Remuneration Report.

Executive	Fixed remuneration[A] ($)	Short-term Bonus Plan[B] ($)	Long-term Incentive[C] ($)	Total actual remuneration ($)
Karl Simich	1,100,000	310,255	198,000[D]	1,608,255
Matthew Fitzgerald	451,125	127,238	138,668[E]	717,031
Robert Klug	415,950	117,319	-	533,269
Michael Spreadborough	501,144	141,348	-	642,492

A Fixed remuneration includes base salary and superannuation. It reflects the total of "salary and fees" and "superannuation" in the statutory remuneration table.

B Short-term Bonus Plan represents the amount that the executives earned in the financial year based on achievement of KPIs in accordance with the Short-term Bonus Plan. It includes the entire bonus irrespective of whether it was delivered as cash or superannuation. The figures reflect the same figures that are disclosed in the statutory remuneration table under "cash bonus".

C No amounts were awarded as cash or issued as shares to executives under the Company's long-term incentive plans and differs from the amount disclosed in the statutory remuneration table.

D The value disclosed relates to the exercise of options previously granted as remuneration to ordinary shares. The options were granted to Mr Simich during the 2010 financial year.

E The value disclosed relates to the sale of options previously granted as remuneration. The options were granted to Mr Fitzgerald during the 2010 financial year.

14 Remuneration report (audited) (continued)

14.5 Statutory executive remuneration disclosures

Name	Financial year	Short-term benefits		Post employment	Share-based payments (SBP)		Total	Remuneration that is performance based
		Salary & fees	Cash bonus [A]	Super-annuation	Options	Long-term rights		
		$	$	$	$	$	$	%
Executive Directors								
Karl Simich[B]	**2015**	**1,100,000**	**310,255**	**-**	**-**	**[C](780,155)**	**630,100**	**N/A[D]**
	2014	1,050,000	380,150	-	-	688,958	2,119,108	17.94
Other Executives								
Matthew Fitzgerald	**2015**	**426,125**	**127,238**	**25,000**	**-**	**11,465**	**589,828**	**23.52**
	2014	425,505	166,348	23,303	247,028	-	862,184	19.29
Robert Klug	**2015**	**379,863**	**117,319**	**36,087**	**-**	**10,751**	**544,020**	**23.54**
	2014	373,418	151,459	34,541	247,028	-	806,446	18.78
Michael Spreadborough	**2015**	**471,144**	**141,348**	**30,000**	**-**	**12,737**	**655,229**	**23.52**
	2014	432,012	78,576	17,775	705,795	-	1,234,158	6.37
Total	**2015**	**2,377,132**	**696,160**	**91,087**	**-**	**(745,202)**	**2,419,177**	**N/A[D]**
	2014	2,280,935	776,533	75,619	1,199,851	688,958	5,021,896	15.46

A Amounts included in cash bonus represent the amount that were earned in the financial year based on achievement of KPIs in accordance with the Short-term Bonus Plan. It includes the entire bonus irrespective of whether it was delivered as cash or superannuation. No amounts vest in future financial years in respect of the Short-term Bonus Plan for the 2015 financial year.

B Mr Simich's salary is paid to Resource Development Company Pty Ltd.

C The credit of $780,155 relates to adjustments arising from Mr Simich's rights issued under the Long-term Indexed Bonus Plan and represents a reversal for previously recognised remuneration valued in accordance with AASB 2 (refer to note 25 of the financial report). Mr Simich received no cash value from this plan in FY2015. In accordance with the terms of the Long-term Incentive Plan (LTIP) and the 2015 grant of rights under the LTIP, Mr Simich will receive 251,684 rights on approval from shareholders at the Company's AGM in November 2015. The cost of these rights will be recognised over the period in which the service conditions are fulfilled. The estimated vesting expense for the current financial year is $46,596.

D Percentage not disclosed given the negative value in the long-term rights.

14 Remuneration report (audited) (continued)

14.5 Statutory executive remuneration disclosures (continued)

Relative proportions of fixed and variable remuneration for FY15

		Variable remuneration	
Executive	**Fixed remuneration**	**Short-term Performance Bonus**	**Long-term Performance Rights**
Karl Simich	78%	22%	N/A[A]
Matthew Fitzgerald	76%	22%	2%
Robert Klug	76%	22%	2%
Michael Spreadborough	76%	22%	2%

A Percentage not disclosed given the negative value in the long-term rights. Amounts disclosed represent Mr Simich's relative proportion of fixed and variable remuneration as a proportion of total "salary and fees" and "cash bonus" in the statutory remuneration table.

14.6 Executive Contracts

Remuneration arrangements for KMP are formalised in employment agreements or service contracts. The key terms of the executive's agreements / contracts are:

Name	Contract duration	Notice period from the Company (other than for serious misconduct)[A]	Notice period from the employee / contractor	Treatment of STI and LTI upon termination
Karl Simich	Rolling service contract	12 months	6 months	**Short-term Performance Bonus payments** may be paid on a pro-rata basis or may be forfeited at the discretion of the Company. **Rights (Long-term Indexed Bonus Plan)**: Where Mr Simich terminates his engagement with the Group prior to vesting of his awards, all outstanding rights will expire and cease to carry any rights or benefits. Where the Group initiates the termination for reasons other than serious misconduct, the rights will continue to vest for 180 days following the end of the required notice period, with the final vesting date to be the date on which the 180 day notice period expires. **Rights (Long-term Incentive Plan):** Subject to Board discretion. A pro-rata of the award, calculated in accordance with the proportion of the performance period worked may continue to be subject to performance conditions as set by the Board.
Matthew Fitzgerald	Ongoing	6 months	6 months	**Short-term Performance Bonus payments** may be paid on a pro-rata basis or may be forfeited at the discretion of the Company. **Options (Long-term Incentive Option Plan):** Where the Executive ceases to be an employee or contractor of the Group for any reason (including voluntary or involuntary resignation), the executive will be entitled to exercise the options granted as a result of the offer in accordance with the terms of the offer for a period up to 180 days after the ceasing date, after which the option holder's options will lapse immediately and all rights in respect of those options will thereupon be lost. **Rights (Long-term Incentive Plan)**: Subject to Board discretion. A pro-rata of the award, calculated in accordance with the proportion of the performance period worked may continue to be subject to performance conditions as set by the Board.
Robert Klug	Ongoing	6 months	3 months	
Michael Spreadborough	Ongoing	6 months	3 months	

A The Company may make payment in lieu of notice and must pay statutory entitlements (e.g. accrued annual leave) together with superannuation benefits. No notice period or payment in lieu of notice applies if termination was due to serious misconduct.

14 Remuneration report (audited) (continued)

14.7 Non-executive director (NED) fees

Policy

Aggregate NED fees are set at a level that provides the Company with the ability to attract and retain directors of the highest caliber, whilst incurring a cost that is acceptable to shareholders. The amount of aggregate fees sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies (typically S&P ASX 200 companies). The Board considers advice from external advisors when reviewing NED fees.

Structure

NED fees consist of director fees and committee fees. NEDs do not receive retirement or termination benefits and do not participate in any incentive plans. The aggregate amount of fees that may be paid to NEDs in any year is capped at a level approved by shareholders. The current maximum aggregate fee pool of $750,000 per annum was approved by shareholders at the 2013 annual general meeting.

The Board and committee fees over FY15 are set out below for all NEDs. These are inclusive of superannuation.

Board / Committee	Role	Annual fee
Board	Chairman[1]	$190,000
	Non-Executive Director	$95,000
Remuneration and Nomination Committee	Chair	$20,000
	Member	Nil
Audit and Risk Committee	Chair	$20,000
	Member	Nil

1 The Chairman is not entitled to any additional fees for service on board committees.

Statutory NED fee disclosures

NED fees for the year ended 30 June 2015 and 30 June 2014 are set out below.

		Short-term benefits		Post-employment	
Name	Year	Salary & fees $	Other $	Superannuation $	Total $
Derek La Ferla	**2015**	**164,818**	**-**	**25,182**	**190,000**
	2014	162,324	-	17,676	180,000
W John Evans	**2015**	**95,000**	**[A]85,000**	**-**	**180,000**
	2014	57,500	120,000	-	177,500
Paul Hallam	**2015**	**101,693**	**[B]55,465**	**13,307**	**170,465**
	2014	100,300	-	8,241	108,541
Robert Scott	**2015**	**110,011**	**-**	**4,989**	**115,000**
	2014	105,132	-	4,868	110,000
Soocheol Shin[C]	**2015**	**82,742**	**-**	**-**	**82,742**
	2014	90,000	-	-	90,000
Total remuneration	**2015**	**554,264**	**140,465**	**43,478**	**738,207**
	2014	515,256	120,000	30,785	666,041

A Other refers to fees paid under management contract for the additional time that Mr Evans spends on work related matters above and beyond what is normally required from a NED, specifically in relation to exploration and business development matters.

B Other refers to fees paid under management contract for the additional time that Mr Hallam spends on work related matters in relation to the Company's investment in Tintina Resources Inc.

C Mr Shin resigned as director on 14 May 2015.

14 Remuneration report (audited) (continued)

14.8 Share based payment disclosures

Option disclosures

Options vested, exercised and lapsed during the year [A]

Share options do not carry any voting or dividend rights, and can only be exercised when the vesting conditions have been met, until their expiry date. There were no alterations to the terms and conditions of options awarded as remuneration since their award date.

								Number of options		
	Financial year	Number of options granted	Grant date	Fair value per option at grant date [B]	Exercise price	Expiry date	Vesting date	vested during the year	exercised during the year	lapsed during the year
Non-executive directors										
W John Evans [C]	2010	110,000	27-Nov-2009	$0.81	$4.66	27–Nov-2014	27–Nov-2010	-	110,000	-
	2010	110,000	27-Nov-2009	$1.12	$5.44	27–Nov-2014	27–Nov-2011	-	-	110,000
	2010	110,000	27-Nov-2009	$1.36	$6.22	27–Nov-2014	27–Nov-2012	-	-	110,000
Executives										
Karl Simich [D]	2010	200,000	27-Nov-2009	$0.81	$4.66	27–Nov-2014	27–Nov-2010	-	200,000	-
	2010	200,000	27-Nov-2009	$1.12	$5.44	27–Nov-2014	27–Nov-2011	-	-	200,000
	2010	200,000	27-Nov-2009	$1.36	$6.22	27–Nov-2014	27–Nov-2012	-	-	200,000
Matthew Fitzgerald	2014	70,000	14-Oct-13	$1.08	$7.60	15-Jul-18	30-Sep-14	70,000	-	-
Robert Klug	2014	70,000	14-Oct-13	$1.08	$7.60	15-Jul-18	30-Sep-14	70,000	-	-
Michael Spreadborough	2014	200,000	14-Oct-13	$1.08	$7.60	15-Jul-18	30-Sep-14	200,000	-	-

A Each option carries the right to subscribe for one fully paid ordinary share in Sandfire Resources NL.

B The fair value of options is calculated at the date of grant using the Black-Scholes option pricing model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The fair value is not related to or indicative of the benefit (if any) that the individual KMP may in fact receive. For details on the valuation of the options, including models and assumptions used, refer to note 25 to the financial report.

C The issue of 2010 options to Mr Evans was for his previous role as executive technical director of the Company. Non-executive directors do not participate in long term incentive plans in accordance with the Company's remuneration structure.

D The issue of 2010 options to Mr Simich was prior to the Remuneration and Nomination Committee policy change whereby long-term incentive awards would only be granted to the executive directors under the Long-term Indexed Bonus Plan. This was prior to the new Long Term Performance Rights Plan being approved.

14 Remuneration report (audited) (continued)

14.8 Share based payment disclosures (continued)

Value of options exercised, lapsed and sold during the year

	Value of options exercised [A] $	Value of options sold [B] $
Non-executive directors		
W John Evans	66,000	-
Executives		
Karl Simich	198,000	-
Matthew Fitzgerald	-	138,668

A The value is calculated as the market price of the Company's shares, as at close of trading on the date the options were exercised, deducting the price paid to exercise the option.

B The value is calculated as the market price of the Company's shares, as at the close of trading on the date the options were disposed, deducting the price to exercise the option.

Option holdings of KMP

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is shown below:

	Balance at 1 Jul 14	Granted as remuneration	Options exercised	Options expired	Other changes [A]	Balance at 30 Jun 15	Vested and exercisable	Unvested
Non-executive directors								
W John Evans	330,000	-	(110,000)	(220,000)	-	-		
Executives								
Karl Simich	600,000	-	(333,334)	(400,000)	133,334	-		
Matthew Fitzgerald	1,143,334	-	-	-	(133,334)	1,010,000	870,000	140,000
Robert Klug	960,000	-	-	-	-	960,000	820,000	140,000
Michael Spreadborough	600,000	-	-	-	-	600,000	200,000	400,000

A Includes off market transfers and sales.

14 Remuneration report (audited) (continued)

14.8 Share based payment disclosures (continued)

Rights disclosures

Rights granted, modified and vested during the year - Long-term Incentive Plan (LTIP)

Executive	Financial year	Number	Grant Date	Fair value [A]	Performance period	Vesting Date [B]	Rights vested during the year		Maximum value of unvested rights [C]
							Number	%	
Mike Spreadborough	2015	34,399	20-Apr-2015	$2.70	1-Jul-2015 to 30-Jun-2017	1-Oct-2017	-	-	$92,877
	2015	34,399	20-Apr-2015	$2.77	1-Jul-2015 to 30-Jun-2018	1-Oct-2018	-	-	$95,285
Matthew Fitzgerald	2015	30,966	20-Apr-2015	$2.70	1-Jul-2015 to 30-Jun-2017	1-Oct-2017	-	-	$83,607
	2015	30,966	20-Apr-2015	$2.77	1-Jul-2015 to 30-Jun-2018	1-Oct-2018	-	-	$85,774
Robert Klug	2015	28,551	20-Apr-2015	$2.70	1-Jul-2015 to 30-Jun-2017	1-Oct-2017	-	-	$77,088
	2015	28,551	20-Apr-2015	$2.77	1-Jul-2015 to 30-Jun-2018	1-Oct-2018	-	-	$79,086
Total		**187,832**							**$513,717**

A The fair value of rights is calculated at the date of grant using the Monte Carlo Simulation model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The fair value is not related to or indicative of the benefit (if any) that the individual KMP may in fact receive. For details on the valuation of the rights, including models and assumptions used, refer to note 25 to the financial report.

B The vesting date is the date on which the Board determines the rights vest, based on the extent to which the performance conditions are satisfied. This is anticipated to occur following the FY2017 (for tranche 1) and FY2018 (for tranche 2) full year results announcement, expected to be around 1 October 2017 and 1 October 2018 respectively. Rights that do not vest will expire following the vesting date.

C This is based on the fair value of rights that have yet to vest.

No rights were forfeited during the year. Rights will be granted to the Chief Executive Officer, Mr Simich, following shareholder approval at the Company's AGM in November 2015.

14 Remuneration report (audited) (continued)

14.8 Share based payment disclosures (continued)

Rights granted, modified and vested during the year – Long-term Indexed Bonus Plan

	Terms and conditions for each grant						Rights vested during the year		Rights tested during the year [D]			Maximum value of unvested rights [E]
										15-Dec-14	15-Jun-15	
Executive	**Number**	**Grant / Modification Date**	**Fair value [B]**	**INV [C] / Test price**	**Expiry date**	**Initial vesting date**	**Number**	**%**	**Number**	**Test price**	**Test price**	
Karl Simich	200,000	14-Oct-2013	$0.16 - $1.07	$7.47	15-Dec-2018	15-Jun-2015	200,000	100	200,000	-	$5.17	$213,973
	200,000	14-Oct-2013	$0.20 - $0.84	$8.67	15-Dec-2018	15-Jun-2016	-	-	-	-	-	$168,829
	200,000	14-Oct-2013	$0.35 - $0.67	$9.87	15-Dec-2018	15-Jun-2017	-	-	-	-	-	$134,504
	266,666 [A]	8-Aug-2011	$0.11	$7.91	15-Dec-2015	15-Jun-2011			266,666	$4.27	$5.17	$28,315
	266,667 [A]	8-Aug-2011	$0.11	$7.91	15-Dec-2015	15-Jun-2012			266,667	$4.27	$5.17	$28,315
	266,667 [A]	8-Aug-2011	$0.48	$6.08	15-Dec-2015	15-Jun-2013			266,667	$4.27	$5.17	$128,677
	500,000	8-Aug-2011	$0.04 - $0.33	$8.87	15-Dec-2016	15-Jun-2013			500,000	$4.27	$5.17	$164,115
	500,000	8-Aug-2011	$0.01 - $0.20	$10.17	15-Dec-2016	15-Jun-2014			500,000	$4.27	$5.17	$101,459
	500,000	8-Aug-2011	$0.00 - $0.12	$11.57	15-Dec-2016	15-Jun-2015	500,000	100	500,000	-	$5.17	$61,071
Total	**2,900,000**											**$1,029,258**

A The terms and conditions of the rights, initially granted 2 July 2010, were modified 8 August 2011 to align with the terms of the second grant made on 8 August 2011.

B The fair value of the rights is calculated at the reporting date using the Black-Scholes option pricing model. In accordance with the terms and conditions of the Long-Term Indexed Bonus Plan, the ultimate value of the long-term rights will be calculated on the initial vesting date and subsequent testing dates. Vested rights are tested on 15 June and 15 December of each calendar year subsequent to the initial vesting date and up to expiry. The fair value of the rights at each of the test dates is the difference between the 5-day VWAP and the higher of the initial INV or the highest test price that occurred prior to that test date. For details on the valuation of the rights, including models and assumptions used, refer to note 25 to the financial report.

C Initial Indexed Notional Value.

D Rights tested relate to the same grant as that shown on the left hand side of the table. Nil values mean that the grant is not yet eligible for vesting.

E This is based on the fair value of rights that have yet to vest or test.

No rights were forfeited during the year.

14 Remuneration report (audited) (continued)

14.8 Share based payment disclosures (continued)

Rights holdings of KMP

The movement during the reporting period in the number of rights held, directly, indirectly or beneficially, by each KMP, including their related parties is shown below. It is the intention that these rights will be settled in cash, but they may also be settled in ordinary shares at the Company's discretion.

	Balance at 1 Jul 14	Granted as remuneration	Settled in cash or equity	Balance at 30 Jun 15
Executive				
Karl Simich[A]	2,900,000	-	-	2,900,000
Mike Spreadborough	-	68,798	-	69,798
Matthew Fitzgerald	-	61,932	-	61,932
Robert Klug	-	57,102	-	57,102

A The rights held by Mr Simich relate to rights granted under the existing Long-term Indexed Bonus Plan.

Share disclosures

Shareholdings of KMP

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is shown below:

Name	Balance at 1 Jul 14	Purchases	Exercise of options	Sales	Balance at 30 Jun 15
Non-executive director					
Derek La Ferla	21,668	-	-	-	21,668
W John Evans	1,315,215	-	110,000	(500,000)	925,215
Robert Scott	5,000	-	-	-	5,000
Executive					
Karl Simich	6,009,735	-	333,334	(333,334)	6,009,735
Robert Klug	2,000	-	-	-	2,000

14.9 Other transactions and balances with KMP and their related parties

Certain KMP, or their related parties, hold positions in other entities that result in them having control or significant influence of those entities and transacted with the Group during the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis. Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees received for any related party payables. It is the Company's policy to avoid related party transactions when possible. The Company's related party transactions with Resource Development Company Pty Ltd and Tongaat Pty Ltd have existed since the Sandfire Resources NL was a junior explorer.

Transactions during the 2015 financial year relating to KMP and their related entities over which they have control or significant influence are outlined below:

		Transactions value year ended 30 June		Balance outstanding as at 30 June	
KMP and their director related entity	Transaction	2015 $	2014 $	2015 $	2014 $
Karl Simich – Tongaat Pty Ltd	Lease of corporate office parking premises	12,350	12,600	-	-
Karl Simich – Resource Development Company Pty Ltd	Lease of corporate office parking premises	12,325	12,600	-	-
Karl Simich – Resource Development Company Pty Ltd	Corporate and financial services	608,065	622,630	39,644	40,012
Soocheol Shin – Posco Australia Pty Ltd (*resigned 14 May 15)*	Commercial agreement	2,114,619	5,383,683	1,368,357	1,442,804
		2,747,359	6,031,513	1,408,001	1,482,816

Signed in accordance with a resolution of the directors.

Derek La Ferla
Non-Executive Chairman

Karl Simich
Managing Director and Chief Executive Officer

West Perth, 19 August 2015

	Note	2015 $000	2014 $000
Sales revenue	6	548,610	525,713
Realised and unrealised price adjustment (loss) gain	6	(16,580)	3,917
Other income		4,311	-
Changes in inventories of finished goods and work in progress		(7,462)	(2,854)
Mine operations costs		(115,776)	(126,524)
Employee benefit expenses	7	(45,763)	(44,509)
Freight, treatment and refining expenses		(91,911)	(82,886)
Royalties expense		(24,782)	(25,031)
Exploration and evaluation expenses		(18,532)	(19,696)
Depreciation and amortisation expenses	7	(89,979)	(95,097)
Water ingress expenses		(8,081)	-
Share of net loss of equity accounted investments	16	(4,560)	-
Impairment expense	16	(4,943)	452
Administrative expenses		(4,894)	(6,377)
Profit before net finance expense and income tax expense		119,658	127,108
Finance income	8	1,581	2,267
Finance expense	8	(16,457)	(17,427)
Net finance expense		(14,876)	(15,160)
Profit before income tax expense		**104,782**	**111,948**
Income tax expense	9	(35,827)	(33,790)
Net profit for the year		**68,955**	**78,158**
Earnings per share (EPS):			
Basic EPS attributable to ordinary equity holders (cents)	10	44.18	50.22
Diluted EPS attributable to ordinary equity holders (cents)	10	44.18	50.15

The consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

	2015 $000	2014 $000
Net profit for the year	**68,955**	**78,158**
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Foreign currency translation differences – net of income taxes	1,779	-
Other comprehensive income for the year, net of tax	1,779	-
Total comprehensive income for the year, net of tax	**70,734**	**78,158**

The consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015 $000	2014 $000
ASSETS			
Cash and cash equivalents	11	107,154	57,590
Trade and other receivables	12	9,813	14,531
Inventories	13	30,951	36,501
Other current assets		1,931	2,005
Total current assets		149,849	110,627
Receivables	12	179	174
Inventories	13	11,698	11,698
Mine properties	14	202,588	194,894
Property, plant and equipment	15	216,293	227,022
Investments accounted for using the equity method	16	7,644	3,829
Other financial assets	17	1,254	2,310
Exploration and evaluation assets		5,233	3,148
Total non-current assets		444,889	443,075
TOTAL ASSETS		**594,738**	**553,702**
LIABILITIES			
Trade and other payables	18	39,115	45,359
Interest bearing liabilities	19	20,493	75,979
Income tax payable	9	13,128	-
Provisions	20	3,220	2,672
Total current liabilities		75,956	124,010
Trade and other payables	18	294	763
Interest bearing liabilities	19	99,536	84,616
Provisions	20	22,860	21,654
Deferred tax liabilities	9	48,314	30,851
Total non-current liabilities		171,004	137,884
TOTAL LIABILITIES		**246,960**	**261,894**
NET ASSETS		**347,778**	**291,808**
EQUITY			
Issued capital	21	225,520	219,391
Reserves	21	7,580	8,109
Retained profits		114,678	64,308
TOTAL EQUITY		**347,778**	**291,808**

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Note	Issued capital $000	Share based payments reserve $000	Foreign currency translation reserve $000	Retained profits $000	Total equity $000
As at 1 July 2014		**219,391**	**8,109**	**-**	**64,308**	**291,808**
Profit for the year		-	-	-	68,955	68,955
Other comprehensive income		-	-	1,779	-	1,779
Total comprehensive income for the year		-	-	1,779	68,955	70,734
Transactions with owners in their capacity as owners:						
Issue of shares	21	2,000	-	-	-	2,000
Exercise of options	21	3,458	-	-	-	3,458
Share issue costs net of income tax		(19)	-	-	-	(19)
Transfer from share-based payments reserve on exercise of options	25	690	(690)	-	-	-
Share based payments recognised	25		54	-	-	54
Expiry of options		-	(1,672)	-	1,672	-
Dividends	22	-	-	-	(20,257)	(20,257)
At 30 June 2015		**225,520**	**5,801**	**1,779**	**114,678**	**347,778**

	Note	Issued capital $000	Share based payments reserve $000	Foreign currency translation reserve $000	Retained profits $000	Total equity $000
As at 1 July 2013		**219,391**	**6,114**	**-**	**(13,850)**	**211,655**
Profit for the year		-	-	-	78,158	78,158
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	78,158	78,158
Transactions with owners in their capacity as owners:						
Share based payments recognised	25	-	1,995	-	-	1,995
At 30 June 2014		**219,391**	**8,109**	**-**	**64,308**	**291,808**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	2015 $000	2014 $000
Cash flows from operating activities			
Cash receipts		541,851	523,911
Cash paid to suppliers and employees		(288,065)	(276,718)
Income tax paid		(5,229)	-
Payments for exploration and evaluation		(26,093)	(26,425)
Interest received		1,581	2,267
Net cash inflow from operating activities	23	**224,045**	**223,035**
Cash flows from investing activities			
Payments for exploration and evaluation assets		(85)	(3,148)
Payments for property, plant and equipment		(24,524)	(16,681)
Payments for mine properties		(69,285)	(77,881)
Payments for investments	16	(15,931)	(5,891)
Payments for security deposits and bonds		(5)	(90)
Proceeds from sale of investments		-	452
Proceeds from sale of property, plant and equipment		37	-
Net cash outflow from investing activities		**(109,793)**	**(103,239)**
Cash flows from financing activities			
Proceeds from the conversion of options to shares		3,458	-
Share issue costs		(27)	-
Repayment of borrowings		(40,000)	(125,000)
Repayment of finance lease liabilities		(1,085)	(1,092)
Finance establishment costs		(375)	-
Interest and other costs of finance paid		(6,770)	(13,184)
Cash dividends paid to equity holders		(19,889)	-
Net cash outflow from financing activities		**(64,688)**	**(139,276)**
Net increase (decrease) in cash and cash equivalents		**49,564**	**(19,480)**
Cash and cash equivalents at the beginning of the period		57,590	77,070
Cash and cash equivalents at the end of the period	11, 23	**107,154**	**57,590**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Corporate Information

The consolidated financial statements of Sandfire Resources NL and its subsidiaries (the Group) for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 19 August 2015.

Sandfire Resources NL (the Company or the parent) is a for profit company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX). The nature of the operations and principal activities of the Company are described in the Directors' report. Information on the Group's structure is provided in note 4.

2 Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for trade receivables, derivative financial instruments and available-for-sale (AFS) investments which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

The consolidated financial statements provide comparative information in respect of the previous period and have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(a) Compliance with International Financial Reporting Standards (IFRS)

The financial report complies with IFRS as issued by the International Accounting Standards Board.

(b) Changes in accounting policy, disclosures, standards and interpretations

(i) New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period except for the adoption of the new standards and amendments which became mandatory for the first time this reporting period commencing 1 July 2014. The adoption of these standards and amendments did not result in a material adjustment to the amounts or disclosures in the current or prior year.

Certain comparative information has been reclassified to conform with the current year's presentation. The Group has reclassified $6,324,000 in realised metal adjustment losses to sales revenue for the comparative period ended 30 June 2014 to better reflect the nature of the expense. This has resulted in sales revenue reducing to $525,713,000 from $531,230,000 and resulted in a realised and unrealised price adjustment gain of $3,917,000 from a loss of $2,407,000.

(b) Changes in accounting policy, disclosures, standards and interpretations (continued)

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2015 are outlined in below:

Reference	Title	Summary	Application date and impact on the Group's financial report
AASB 9	*Financial Instruments*	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.	The Group has not assessed the impact of the amendments, which become mandatory for the Group's 30 June 2019 financial statements.

2 Summary of significant accounting policies (continued)

(b) Changes in accounting policy, disclosures, standards and interpretations (continued)

Reference	Title	Summary	Application date and impact on the Group's financial report
AASB 9 (continued)		AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (December 2009 and December 2010) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.	
AASB 2014-3	*Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]*	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11.	The amendments which become mandatory for the Group's 30 June 2017 financial statements are not expected to have any impact on the financial statements.
AASB 2014-4	*Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)*	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	The amendments which become mandatory for the Group's 30 June 2017 financial statements are not expected to have any impact on the financial statements.

2 Summary of significant accounting policies (continued)

(b) Changes in accounting policy, disclosures, standards and interpretations (continued)

Reference	Title	Summary	Application date and impact on the Group's financial report
AASB 2014-9	*Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*	AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.	The amendments which become mandatory for the Group's 30 June 2017 financial statements are not expected to have any impact on the financial statements.
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	The amendments which become mandatory for the Group's 30 June 2017 financial statements are not expected to have any impact on the financial statements.
AASB 2015-1	*Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*	The subjects of the principal amendments to the Standards are set out below: AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:* ▪ Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.	The amendments which become mandatory for the Group's 30 June 2017 financial statements are not expected to have any impact on the financial statements.
AASB 2015-1 (continued)		AASB 7 Financial Instruments: Disclosures: ▪ Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. ▪ Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 *Disclosure–Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 *Interim Financial Reporting* when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: ▪ Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: ▪ Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	

2 Summary of significant accounting policies (continued)

(b) Changes in accounting policy, disclosures, standards and interpretations (continued)

Reference	Title	Summary	Application date and impact on the Group's financial report
AASB 15	*Revenue from Contracts with Customers*	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC *13 Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer; (b) Step 2: Identify the performance obligations in the contract; (c) Step 3: Determine the transaction price; (d) Step 4: Allocate the transaction price to the performance obligations in the contract; and (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The International Accounting Standards Board (IASB) in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the International equivalent of AASB 15) from 1 January 2017 to 1 Janaury 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for the Group will move from 1 July 2017 to 1 July 2018.	The Group has not assessed the impact of the amendments, which become mandatory for the Group's 30 June 2018 financial statements are not expected to have any impact on the financial statements.
AASB 2015-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	The Group has not assessed the impact of the amendments, which become mandatory for the Group's 30 June 2017 financial statements.
AASB 2015-3	*Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	The Group has not assessed the impact of the amendments, which become mandatory for the Group's 30 June 2016 financial statements.

2 Summary of significant accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Sandfire Resources NL and its subsidiaries (as outlined in note 4). Interests in associates are equity accounted (see accounting policy note 2(e)). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(d) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 *Financial Instruments: Recognition and Measurement*, will be measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of AASB 139, it will be measured in accordance with the appropriate Australian Accounting Standard. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

2 Summary of significant accounting policies (continued)

(e) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associates are accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as an impairment expense in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(f) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2 Summary of significant accounting policies (continued)

(g) Operating segments

An operating segment is a component of the Group that engage in business activities from which it may earn revenue and incur expenditure and about which separate financial information is available that is evaluated regularly by the Group's chief operating decision makers in deciding how to allocate resources and in assessing performance.

Segment information that is evaluated by the chief operating decision makers is prepared in conformity with the accounting policies adopted for preparing the financial statements of the Group.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team and the Board of Directors.

(h) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, the 'functional currency'. The functional currency of Sandfire Resources NL is Australian dollars ($).

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation will be recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities around on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

(i) Sale of goods – copper concentrate

Revenue from the sale of goods is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of risks and rewards to the customer, no further processing is required by the Group, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. This is generally when title passes, which for the sale of concentrate represents the bill of lading date when the concentrate is delivered for shipment.

Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable. Royalties paid and payable are separately reported as expenses.

Contract terms for the Group's sales allow for a price adjustment based on a final assay of the goods by the customer to determine content. Recognition of the sales revenue for these commodities is based on the most recently determined estimate of product specifications with a subsequent adjustment made to revenue upon final determination.

The terms of concentrate sales contracts with third parties contain provisional pricing arrangements. The selling price for metal in concentrate is based on prevailing spot prices at the time of shipment to the customer and adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement.

2 Summary of significant accounting policies (continued)

(i) Revenue recognition (continued)

These provisionally priced sales contracts contain an embedded derivative. Accordingly, the Group has designated the receivable at fair value through profit and loss (see Note 2(q)). Subsequent changes in fair value of the receivable is recognised in the income statement in each period until final settlement. Changes in fair value over the Quotational Period (QP) and up until final settlement are estimated by reference to forward market prices. The QP often reflects the average time to elapse (generally 2 to 4 months) between the date of shipment and the date of processing by the smelter at final destination. This pricing methodology is normal for the industry.

For amounts at balance date still subject to price adjustments due to the quotational period remaining open, a final settlement price is estimated based on the closing forward LME (London Metals Exchange) copper price on the final day of the month. This revaluation is performed up until the final invoice is received. The actual settlement price may vary from this estimate.

(ii) Interest income

Income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Interest income is included in finance income in the income statement.

(j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Inventories

Stores and consumables, ore and concentrate are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and a proportion of variable and fixed overhead expenditure which is directly related to the production of inventories.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Cost includes direct material, mining, processing, labour, related transportation costs to the point of sale and other fixed and variable costs directly related to mining and processing activities.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stores and consumables, and ore inventories expected to be processed or sold within twelve months after the balance sheet date, are classified as current assets. All other inventories are classified as non-current assets.

(l) Exploration and evaluation

(i) Exploration and evaluation assets

Exploration and evaluation assets comprise acquired mineral rights including ore reserves and mineral resources and are recognised at cost. As the assets are not yet ready for use they are not depreciated. Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the assets are demonstrable, exploration and evaluation assets are first tested for impairment and then reclassified to mine properties as development assets.

(ii) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred on licenses where the technical feasibility and commercial viability of extracting mineral resources has not yet been established is expensed and recognised in the income statement as incurred. The directors of the Company generally consider a project to be economically viable on the satisfactory completion of a feasibility study and a JORC Ore Reserve estimate.

Exploration and evaluation expenditure includes pre-licence costs, costs associated with exploring, investigating, examining and evaluating an area of mineralisation, and assessing the technical feasibility and commercial viability of extracting the mineral resources from that area.

Once the technical feasibility and commercial viability of extracting mineral resources are demonstrable (at which point, the Company considers it probable that economic benefits will be realised), the Company capitalises any further evaluation costs incurred for the particular licence to mine properties.

2 Summary of significant accounting policies (continued)

(l) Exploration and evaluation (continued)

Cash flows arising from exploration and evaluation expenditure

Other than the acquisition of mineral rights, cash flows arising from exploration and evaluation expenditure are included in the statement of cash flows as an operating activity.

(m) Mine properties

Mine development

Mine property and development assets are stated at historical cost less accumulated amortisation and any impairment losses recognised. Mine property and development assets include costs incurred in accessing the ore body and costs to develop the mine to the production phase, once the technical feasibility and commercial viability of an ore body has been established. Any ongoing costs associated with mining which are considered to benefit mining operations in future periods are capitalised.

Amortisation

The Group amortises mine property and development assets from the commencement of commercial production. The Group amortises mine property and development assets on a units of ore extracted basis over the life of mine.

(n) Property, plant and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in the income statement as incurred.

The capitalised value of a finance lease is also included within property, plant and equipment.

Depreciation

The depreciation methods adopted by the Group are shown in table below:

Category	Depreciation method
Plant and equipment	Straight line over the life of the mine/asset (3 to 7 years)
Motor vehicles	Straight line over the life of the asset (3 to 5 years)
Leased equipment	Straight line over the life of the asset (3 to 5 years)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting period and adjusted prospectively, if appropriate.

(o) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the group is classified as a finance lease. An operating lease is a lease other than a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value off the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

2 Summary of significant accounting policies (continued)

(o) Leases (continued)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(q) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, trade and other receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss;
- Trade and other receivables;
- Held-to-maturity investments; or
- Available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit and loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Trade and other receivables

Trade receivables are carried at fair value. Provisional payments in relation to trade receivables are due for settlement within 30 days from the date of recognition, with any mark to market adjustment due for settlement usually from 60-120 days. Sales of copper concentrate are recognised in accordance with Note 2(i).

After initial measurement, other receivables are subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

(q) Financial instruments – initial recognition and subsequent measurement (continued)

Held-to-maturity investments

The Group did not have any held-to-maturity investments at reporting date.

Available-for-sale (AFS) financial assets

AFS financial assets include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial investment, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited in the AFS reserve until the investment is de-recognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the income statement.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate (EIR). Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the income statement.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Trade and other receivables

Collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment is recognised in the income statement.

2 Summary of significant accounting policies (continued)

(q) Financial instruments – initial recognition and subsequent measurement (continued)

Available for sale (AFS) financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. ”Significant” is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through the statement of profit or loss; increases in their fair value after impairment are recognised directly in OCI.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

The Group did not have any financial liabilities at fair value through profit or loss at reporting date.

Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are generally unsecured and are usually paid within 60 days of recognition.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information refer note 19.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement or profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2 Summary of significant accounting policies (continued)

(r) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

In order to reduce the exposure to fluctuations in copper price during the quotational period (QP), the Group may from time to time enter into derivative financial instruments in the form of QP hedging via copper swaps to either fix the price of sales at the time of shipment or to reduce the length of the QP. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges: when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges: when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The hedges entered into by the Group during the reporting period ended 30 June 2015 in the form of QP hedging via copper swaps were considered to be economic hedges, however were not designated into a hedging relationship for accounting purposes as the strict criteria for hedge accounting were not met.

(s) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period up to seven years form reporting date. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2 Summary of significant accounting policies (continued)

(t) Cash dividend to equity holders of the parent

The Company recognises a liability to pay cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

(u) Provisions

(i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(ii) Employee leave benefits (wages, salaries, annual leave and sick leave)

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(iii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iv) Rehabilitation, restoration and dismantling

The Group records the present value of estimated costs of legal and constructive obligations required to restore and rehabilitate operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related assets to the extent that it was incurred by the development/construction of the asset. The capitalised cost of this asset is depreciated over the useful life of the related asset. Rehabilitation and restoration obligations arising from the Group’s exploration activities are recognised immediately in the income statement in accordance with the Group’s accounting policy 2(l).

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the income statement as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

(v) Share-based payments

(i) Equity settled transactions

The Group provides benefits to its employees and contractors (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (see note 25). That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

2 Summary of significant accounting policies (continued)

(v) Share-based payments (continued)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(ii) Cash settled transactions

The Group has also provided benefits to executive directors in the form of cash-settled share-based payments, whereby executive directors render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Sandfire Resources NL.

The ultimate cost of these cash-settled transactions will be equal to the actual cash paid to the director, which will be the fair value at settlement date.

The cumulative cost recognised until settlement is a liability and the periodic determination of this liability is as follows:

- At each reporting date between grant and settlement, the fair value of the award is determined;
- During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the percentage of the vesting period completed;
- From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date; and
- All changes in the liability are recognised in employee benefits expense for the period.

The fair value of the liability is determined, initially and at each reporting date until it is settled, by applying the Black-Scholes option pricing model, taking into account the terms and conditions on which the award was granted, and the extent to which employees have rendered service to date (see note 25).

(w) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Taxes

(i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary difference associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2 Summary of significant accounting policies (continued)

(x) Taxes (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

(iii) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(y) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Group divided by the weighted average number of ordinary shares. Diluted earnings per share is calculated by adjusting the net profit attributable to members of the Group and the number of shares outstanding for the effects of all dilutive potential ordinary shares, which include share options.

2 Summary of significant accounting policies (continued)

(z) Fair value measurement

The Group measures financial instruments such as AFS financial assets at fair value at each reporting date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions notes 3, and 26;
- Quantitative disclosures of fair value measurement hierarchy note 27;
- Trade and other receivables note 27; and
- Other financial assets – AFS financial assets and unquoted equity securities note 17 and 27.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to or by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group’s exposure to risks and uncertainties include:

- Capital management - note 26;
- Financial risk management objectives and policies - note 26; and
- Sensitivity analysis disclosures - note 26.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions made in determining the carrying amounts of assets and liabilities. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

3 Significant accounting judgements, estimates and assumptions (continued)

Significant estimates and assumptions

Rehabilitation, restoration and dismantling provision

The Group assesses its rehabilitation, restoration and dismantling (rehabilitation) provision at each reporting date. Significant estimates and assumptions are made in determining the provision for rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognised as part of an asset measured in accordance with AASB 116 *Property, Plant and Equipment*. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with AASB 136. If the revised assets, net of rehabilitation provisions, exceed the recoverable amount, that portion of the increase is charged directly to the income statement.

Ore Reserve and Mineral Resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its Ore Reserves and Mineral Resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body and removal of waste material. Changes in these estimates may impact upon the carrying value of mine properties, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, inventory, and depreciation and amortisation charges.

Technical feasibility and commercial viability of extracting Mineral Resources

The Group assesses a project to be in a development stage when the project is assessed as being technically and commercially viable. The process for determining whether a project is technically and commercially viable involves a number of judgements and estimates, including forecasting metal prices, assessing resource grades and viable methods of extracting the mineral resource. The directors of the Company generally consider a project to be economically viable upon the satisfactory completion of a feasibility study and a JORC reserve estimate.

Impairment of non-financial assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model.

Taxes

Judgment is required in determining whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

3 Significant accounting judgements, estimates and assumptions (continued)

Share-based payment transactions

The Group measures the cost of equity-settled and cash-settled transactions with employees and contractors (including key management personnel) by reference to the fair value of the instruments. Estimating fair value for share based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the instrument, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 25.

Estimated useful lives of assets

The estimation of the useful lives of assets has been based on historical experience, lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 27 for details.

Judgements made in applying accounting policies

Investments accounted for using the equity method – Tintina Resources Inc (Tintina: TSX-V: TAU)

The Group accounts for its investment in Tintina as an equity accounted associate. The following factors have been assessed in determining that the Group has significant influence over Tintina:

- The Group's current shareholder voting rights;
- The Group's potential shareholder voting rights, in the form of warrants held as part of the investment;
- The representation that the Group has on the Tintina Board of Directors; and
- The voting rights of other shareholders.

4 Information relating to subsidiaries

The consolidated financial statements of the Group include:

Name	Note	Country of incorporation	% equity interest 2015	% equity interest 2014
Sandfire BC Holdings (Australia) Pty Ltd	(i)	Australia	100.00	-
Sandfire BC Holdings Inc	(ii)	Canada	100.00	-
SFR Copper & Gold Peru S.A.		Peru	100.00	100.00

(i) The wholly owned subsidiary was formed and incorporated by the Company on 21 August 2014.

(ii) The wholly owned subsidiary was formed and incorporated by the Company on 28 August 2014.

Associates

The Group has a 35.96% interest in Tintina Resources Inc (2014: Nil) and a 38.28% interest in WCB Resources Ltd (2014: 38.38%). For more details refer to note 16.

5 Segment information

The Group has two operating segments as follows:

- The DeGrussa Copper Mine, a copper-gold mine located in the Bryah Basin mineral province of Western Australia, approximately 900 kilometres north-east of Perth and 150 kilometres north of Meekatharra. The DeGrussa Copper Mine generates revenue from the sale of copper-gold products to customers in Asia; and
- Exploration and evaluation, which includes exploration and evaluation of the mineral tenements in Australia and overseas, including exploring for potential repeats of the DeGrussa Volcanogenic Massive Sulphide (VMS) mineralised system at the Doolgunna Project and the Group's investment in Tintina Resources Inc (Tintina) and WCB Resources Ltd (WCB).

Other activities include the Group's corporate office, which includes all corporate expenses that cannot be directly attributed to the operation of the Group's operating segments.

Segment information that is evaluated by key management personnel is prepared in conformity with the accounting policies adopted for preparing the financial statements of the Group.

5 Segment information (continued)

Segment results

in $000	DeGrussa Mine	Exploration & evaluation	Other activities	Group
Income statement for the year ended 30 June 2015				
Sales revenue	548,610	-	-	548,610
Realised and unrealised price adjustment loss	(16,580)	-	-	(16,580)
Other income	4,311	-	-	4,311
Changes in inventories of finished goods and work in progress	(7,462)	-	-	(7,462)
Mine operations costs	(115,776)	-	-	(115,776)
Employee benefit expenses	(33,510)	(7,561)	(4,692)	(45,763)
Freight, treatment and refining expenses	(91,911)	-	-	(91,911)
Royalties expense	(24,782)	-	-	(24,782)
Exploration and evaluation expenses	-	(18,532)	-	(18,532)
Depreciation and amortisation expenses	(89,562)	(189)	(228)	(89,979)
Share of net loss of equity accounted investments	-	(4,560)	-	(4,560)
Impairment expense	-	(4,943)	-	(4,943)
Water ingress expenses	(8,081)	-	-	(8,081)
Administrative expenses	-	-	(4,894)	(4,894)
Profit (loss) before net finance and income tax	**165,257**	**(35,785)**	**(9,814)**	**119,658**
Finance income				1,581
Finance expense				(16,457)
Profit before income tax				**104,782**
Income tax expense				(35,827)
Net profit for the year				**68,955**

in $000	DeGrussa Mine	Exploration & evaluation	Other activities	Group
Income statement for the year ended 30 June 2014				
Sales revenue	525,713	-	-	525,713
Realised and unrealised price adjustment gain	3,917	-	-	3,917
Changes in inventories of finished goods and work in progress	(2,854)	-	-	(2,854)
Mine operations costs	(126,589)	-	-	(126,524)
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 expense	-	-	517	452
Administrative expenses	-	-	(6,377)	(6,377)
Profit (loss) before net finance and income tax	**167,046**	**(27,298)**	**(12,640)**	**127,108**
Finance income				2,267
Finance expense				(17,427)
Profit before income tax				**111,948**
Income tax expense				(33,790)
Net profit for the year				**78,158**

5 Segment information (continued)

Adjustments and eliminations

Deferred taxes are not allocated to individual segments as they are managed on a Group basis.

Segment assets

The Group does not separately disclose assets for its operating segments, as a majority of Group assets are attributable to the DeGrussa Copper Mine segment and the Group does not consider assets attributable to the other operating segments to be material.

Information about geographical areas and products

The Group's sales revenue (see note 6 for details) arises from sales to customers in Asia. A majority of the product was sent to China for processing (86%), a portion was sent to Japan (8%), Philippines (4%) and Indonesia (2%). During 2014, a majority of the product was sent to China for processing (85%), a portion was sent to South Korea (11%) and India (4%). The revenue information is based on the location of the customer's operations.

Four customers individually accounted for more than ten percent of total revenue during the year. Sales revenue from these major customers ranged from 10% to 29% of total revenue, contributing approximately 71% of total revenue (2014: 83%).

As at 30 June 2015 and 2014, no material assets or liabilities were located outside Australia.

6 Sales revenue, realised and unrealised price adjustment (loss) gain

	2015 $000	2014 $000
Sales revenue		
Sales of copper in concentrate	492,065	479,945
Sales of gold in concentrate	50,506	41,904
Sales of silver in concentrate	6,039	3,863
	548,610	525,713
Realised and unrealised price adjustment (loss) gain		
Copper price adjustment	(17,410)	1,974
Gold price adjustment	(812)	838
Silver price adjustment	317	214
Copper and gold foreign exchange adjustment	1,325	891
	(16,580)	3,917

Sandfire delivers concentrate to customers on the industry standard basis using prevailing London Metal Exchange (LME) metal prices. For those sales based on prevailing LME metal prices, the customer makes a provisional payment to Sandfire against a provisional invoice for the contained copper and precious metal credits (for gold and silver) in the shipment. Final settlement of the payment is based on the average LME metal price over a subsequent pricing period as specified by the terms of the sales contract. The period commencing on the date of shipment to the end of the pricing period is known as the Quotational Period (QP). The QP historically reflects the average time to elapse (generally 2 to 4 months) between the date of shipment and the date of processing by the smelter at final destination. This pricing methodology is normal for the industry. This resulted in an unfavourable $16,580,000 (2014: favourable $3,917,000) mark-to-market adjustment to profit or loss for the year ended 30 June 2015, prior to a gain of $4,311,000 in relation to QP hedging (refer note 26) recognised and included as part of other income.

	Note	2015 $000	2014 $000
7 Expenses			
Profit before income tax includes the following expenses:			
Depreciation			
Plant and equipment		32,790	31,797
Motor vehicles		106	172
Leased equipment		883	900
Rehabilitation, restoration and dismantling		1,786	1,948
	15	35,565	34,817
Amortisation			
Mine development		53,815	59,626
Rehabilitation, restoration and dismantling		599	654
Total amortisation	14	54,414	60,280
Total depreciation and amortisation		89,979	95,097
Lease payments included in statement of comprehensive income			
Operating lease	28	1,247	861
Cost of goods sold		278,214	278,678
Net profit (loss) on sale of property, plant and equipment		19	(14)
Consultant share-based payments	25	-	176
Employee benefits expenses			
Wages and salaries		41,926	37,996
Defined contribution superannuation expense		3,790	3,353
Employee share-based payments	25	(726)	2,507
Other employee benefits expense		2,590	2,374
		47,580	46,230
Less employee benefits expenses capitalised to mine properties and property, plant and equipment		(1,817)	(1,721)
		45,763	44,509
8 Finance income and finance expense			
Finance income			
Interest on bank deposits		1,581	2,267
Finance expense			
Interest charges		(6,770)	(13,096)
Foreign exchange loss		(509)	(657)
Unwinding of discount on provisions		(693)	(746)
Finance establishment costs amortisation		(2,266)	(2,243)
Change in fair value of unquoted equity securities	17	(5,448)	-
Other		(771)	(685)
		(16,457)	(17,427)

	2015 $000	2014 $000
9 Income tax		
Components of income tax are:		
Current income tax		
Current year income tax expense	18,357	-
Deferred income tax		
Origination and reversal of temporary differences	17,740	34,263
Under (over) provision for prior year	(270)	(473)
Income tax expense in the consolidated statement of profit or loss	35,827	33,790
Amounts charged (credited) directly to equity		
Deferred income tax related to items charged (credited) directly to equity		
Share issue costs	(7)	-
Income tax expense (benefit) reported in equity	(7)	-
Reconciliation of tax expense recognised in the consolidated statement of profit or loss and tax expense calculated per the statutory income tax rate		
Profit before tax	104,786	111,948
Income tax expense using domestic corporate tax rate of 30% (2014: 30%)	31,436	33,584
Increase (decrease) in income tax due to:		
Non-deductible expenses	132	621
Capital losses not recognised	-	933
Movement in unrecognised temporary differences with respect to investments	4,529	(876)
Over provision for prior year	(270)	(472)
Income tax expense	35,827	33,790

Recognised deferred tax assets and liabilities

	2015		2014	
in $000	**Current tax payable**	**Deferred income tax**	**Current tax payable**	**Deferred income tax**
Opening balance	-	(30,851)	-	2,939
Charged to income	(18,357)	(17,470)	-	(33,790)
Charged to equity	-	7	-	-
Other payments	5,229	-	-	-
Closing balance	(13,128)	(48,314)	-	(30,851)
Tax expense in the consolidated statement of profit or loss		35,827		33,790
Amounts recognised in the statement of financial position:				
Current tax liability		(13,128)		-
Deferred tax liability		(48,314)		(30,851)
		(61,442)		(30,851)

9 Income tax (continued)

	2015 $000	2014 $000
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities		
Mine properties	27,802	23,436
Property, plant & equipment	30,748	32,783
Other	85	96
Gross deferred tax liabilities	58,635	56,315
Set-off of deferred tax assets	(10,321)	(25,464)
Net deferred tax liability	48,314	30,851
Deferred tax assets		
Employee benefits provision	948	802
Inventories	2,178	1,256
Other payables and accruals	403	714
Rehabilitation, restoration and dismantling provision	6,748	6,496
Share issue costs reflected in equity	22	305
Revenue losses available for offset against future taxable income	-	14,825
Unused tax credits	-	1,010
Other	21	56
Gross deferred tax assets	10,320	25,464
Set-off of deferred tax assets	(10,320)	(25,464)
Net deferred tax assets	-	-

Unrecognised temporary differences and capital losses

The Company has temporary differences and capital losses for which no deferred tax asset is recognised in the statement of financial position of $5,185,000 (2014: $1,181,000) that have not been recognised as the statutory requirements for recognising those deferred tax assets have not been met. The carry forward capital losses and temporary differences are in relation to the Group's equity accounted investments.

10 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2015 $000	2014 $000
Net profit attributable to ordinary equity holders	68,955	78,158

	2015 Number	2014 Number
Weighted average number of ordinary shares for basic EPS	156,070,193	155,640,968
Effect of dilution:		
Share options	-	201,875
Weighted average ordinary shares adjusted for the effect of dilution	156,070,193	155,842,843

There are 5,845,000 share options (refer to note 21) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

11 Cash and cash equivalents

	Note	2015 $000	2014 $000
Cash at bank and on hand		100,154	46,190
Debt service reserve account	(i)	7,000	11,400
		107,154	57,590

(i) Under the terms and conditions of the Group's DeGrussa Project Loan Facility (see note 19), the Group must maintain a cash debt service reserve amount equal to or greater than the next quarter's scheduled amortisation payment and projected interest payment and as such this cash has been restricted.

12 Trade and other receivables

	2015 $000	2014 $000
Current		
Trade receivables	6,423	11,870
Other receivables	3,390	2,661
	9,813	14,531
Non-current		
Security and environmental bonds	179	174

All amounts are not considered past due or impaired. It is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

See note 26 on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

13 Inventories

	2015 $000	2014 $000
Current		
Concentrate – at cost	10,415	18,067
Ore stockpiles – at cost	12,858	12,575
Stores and consumables – at cost	8,486	6,545
	31,759	37,187
Allowance for obsolete stock – stores and consumables	(808)	(686)
	30,951	36,501
Non-current		
Oxide copper ore stockpiles – at cost	11,698	11,698

14 Mine properties

Mine property and development assets include costs incurred in accessing the ore body and costs to develop the mine to the production phase, once the technical feasibility and commercial viability of a mining operation has been established.

Reconciliation of the carrying amounts for each class of mine properties is set out below:

2015	**Mine development $000**	**Development phase stripping $000**	**Production Stripping $000**	**Rehabilitation, restoration and dismantling $000**	**Total $000**
Opening carrying amount	190,964	-	-	3,930	194,894
Additions	62,069	-	-	-	62,069
Disposals	-	-	-	-	-
Amortisation	(53,815)	-	-	(599)	(54,414)
Inflation and discount rate adjustments	-	-	-	39	39
Closing carrying amount	199,218	-	-	3,370	202,588
At 30 June 2015					
Cost	344,469	60,438	12,375	5,355	422,637
Accumulated amortisation	(145,251)	(60,438)	(12,375)	(1,985)	(220,049)
Net carrying amount	199,218	-	-	3,370	202,588

2014	**Mine development $000**	**Development phase stripping $000**	**Production Stripping $000**	**Rehabilitation, restoration and dismantling $000**	**Total $000**
Opening carrying amount	172,710	-	-	5,042	177,752
Additions	77,880	-	-	-	77,880
Disposals	-	-	-	-	-
Amortisation	(59,626)	-	-	(654)	(60,280)
Inflation and discount rate adjustments	-	-	-	(458)	(458)
Closing carrying amount	190,964	-	-	3,930	194,894
At 30 June 2014					
Cost	282,400	60,438	12,375	5,315	360,528
Accumulated amortisation	(91,436)	(60,438)	(12,375)	(1,385)	(165,634)
Net carrying amount	190,964	-	-	3,930	194,894

15 Property, plant and equipment

Reconciliation of the carrying amounts for each class of property, plant and equipment is set out below:

2015	Plant and equipment $000	Motor vehicles $000	Leased equipment $000	Assets under construction $000	Rehabilitation, restoration and dismantling $000	Total $000
Opening carrying amount	203,280	258	1,983	9,763	11,738	227,022
Additions	73	85	-	24,587	-	24,745
Disposals	(18)	-	-	-	-	(18)
Transfers	31,521	36	535	(32,092)	-	-
Depreciation	(32,790)	(106)	(883)	-	(1,786)	(35,565)
Inflation and discount rate adjustments	-	-	-	-	109	109
Closing carrying amount	202,066	273	1,635	2,258	10,061	216,293
At 30 June 2015						
Cost	292,502	1,223	4,733	2,258	15,201	315,917
Accumulated depreciation	(90,436)	(950)	(3,098)	-	(5,140)	(99,624)
Net carrying amount	202,066	273	1,635	2,258	10,061	216,293

2014	Plant and equipment $000	Motor vehicles $000	Leased equipment $000	Assets under construction $000	Rehabilitation, restoration and dismantling $000	Total $000
Opening carrying amount	223,353	42	2,878	4,678	14,973	245,924
Additions	1,440	-	-	15,776	-	17,216
Disposals	(14)	-	-	-	-	(14)
Transfers	10,298	388	5	(10,691)	-	-
Depreciation	(31,797)	(172)	(900)	-	(1,948)	(34,817)
Inflation and discount rate adjustments	-	-	-	-	(1,287)	(1,287)
Closing carrying amount	203,280	258	1,983	9,763	11,738	227,022
At 30 June 2014						
Cost	261,291	1,250	4,198	9,763	15,092	291,594
Accumulated depreciation	(58,011)	(992)	(2,215)	-	(3,354)	(64,572)
Net carrying amount	203,280	258	1,983	9,763	11,738	227,022

	Note	2015 $000	2014 $000
16 Investments accounted for using the equity method			
Group's carrying investment value - Tintina Resources Inc	(i)	5,100	-
Group's carrying investment value - WCB Resources Ltd	(ii)	2,544	3,829
		7,644	**3,829**

(i) Tintina Resources Inc

The Group acquired a 35.96% interest in Tintina Resources Inc (Tintina: TSX-V: TAU), a Toronto listed copper-gold exploration company on 15 September 2014. Tintina's key asset is the 100% owned Black Butte Copper Project, located near Helena in the State of Montana in the United States. The Group was issued 80,000,000 shares at CA$0.20 per share, for a total cost AU$15,764,000 prior to acquisition costs, as part of a private share placement.

The Group accounts for the investment in Tintina using the equity method of accounting. Sandfire's investment in Tintina reflects the Group's share of the fair value of Tintina's identifiable assets and liabilities at acquisition date, adjusted for Sandfire's share of Tintina's profit and loss and other comprehensive income and impairment loss.

The following table illustrates the summarised information of the Group's investment in Tintina.

	2015	2014
Current assets	13,128	-
Non-current assets	15,660	-
Current liabilities	(1,066)	-
Equity	**27,722**	**-**
Group's carrying amount of the investment pre impairment	9,969	
Impairment loss	(4,869)	
Group's carrying amount of the investment	**5,100**	**-**
Loss for the period (continuing operations)	**8,062**	**-**
Other comprehensive income - currency translation differences	(1,532)	-
Total comprehensive loss for the period (continuing operations)	**6,530**	-
Group's share recognised as:		
Group's share of loss for the period	2,899	-
Group's share of other comprehensive income – currency translation differences	(551)	-

The share of total comprehensive loss after income tax of $2,899,000 recognised during the year represents the Group's share of total comprehensive loss after tax of Tintina for the 9 month period ended 30 June 2015. Tintina has an annual 12 month reporting period ending 30 September of each year.

The Group performed its impairment test as at 30 June 2015 to determine whether there is objective evidence that the investment in Tintina is impaired. The Group considers the relationship between the investment's market capitalisation and its carrying amount, among other factors, when reviewing for indicators of impairment. As at 30 June 2015, the market capitalisation of Tintina was below the Group's carrying amount of the investment, indicating a potential impairment. As a result, the Group has recognised an impairment loss of $4,869,000 with respect to its investment in Tintina, representing the difference between the Group's carrying amount of the investment and the recoverable amount, calculated as the fair value less costs of disposal. The fair value of Tintina has been categorised to level 2 of the Group's fair value hierarchy, as detailed in note 2(z), and has been estimated using the closing share price of Tintina at 30 June 2015 adjusting for a control premium. The share price of Tintina as at 30 June 2015 was CA$0.055 per share.

In addition, the Group was issued 20,000,000 two-year Class A warrants exercisable at CA$0.28 per share; 20,000,000 three-year Class B warrants exercisable at CA$0.32 per share; and 40,000,000 five-year Class C warrants exercisable at CA$0.40 per share. The fair value of the Tintina warrants held by the Group is measured at each balance date using the Black-Scholes option pricing model and is included as part of other financial assets within the Group's balance sheet. The periodic movement in the fair value of the warrants is included as part of finance expense in the Group's income statement. Refer to note 17 and note 27 for details.

(ii) WCB Resources Limited

The Group accounts for its investment in WCB Resources Ltd (WCB: TSX-V: WCB) using the equity method. WCB is a Toronto listed copper-gold explorer. The Group holds 22,222,222 shares in WCB (30 June 2014: 22,222,222 shares), which equates to an interest of 38.28% at 30 June 2015 (30 June 2014: 38.38%). The share price of WCB as at 30 June 2015 was CA$0.15 per share (30 June 2014: CA$0.28).

16 Investments accounted for using the equity method (continued)

The Group's share of losses after income tax of $1,661,000 recognised during the year represents the Group's share of the net loss after tax of WCB after adjustments for capitalised exploration expenditure recognised by WCB.

Summarised financial information of WCB

The following information is based on the WCB's interim condensed consolidated financial statements for the nine months ended 31 March 2015, which represents WCB's latest publicly released financial statements:

in CAD$000	**Assets**	**Liabilities**	**Revenue**	**Net loss after tax**
WCB Resources Ltd	8,166	145	66	960

In addition the Group also holds 11,111,111 warrants with an exercise price of CA$0.40 per share expiring 7 October 2015 and 11,111,111 warrants with an exercise price of CA$0.60 per share expiring 7 April 2017. The fair value of the WCB warrants held by the Group is measured at each balance date using the Black-Scholes option pricing model and is included as part of other financial assets within the Group's balance sheet. The periodic movement in the fair value of the warrants is included as part of finance expense in the Group's income statement. Refer to note 17 and note 27 for details.

	Note	**2015 $000**	**2014 $000**
17 Other financial assets			
Financial instruments at fair value through profit or loss			
Unquoted equity securities	(i)	1,079	2,062
AFS financial assets at fair value through OCI			
Quoted equity shares		175	248
Total other financial assets		**1,254**	**2,310**

(i) Unquoted equity securities relate to the fair value of the Group's warrants held as part of the investment in Tintina Resources Inc and WCB Resources Ltd. Refer to note 16 and note 27 to the financial statements for more details. The periodic movement in the fair value of the warrants is included as part of finance expense in the Group's income statement.

18 Trade and other payables

	Note	2015 $000	2014 $000
Current			
Trade payables and accruals		36,869	43,119
Other payables		463	71
Related party payables – cash-settled share-based payments	25	375	686
Related party payables – KMP related entities	24	1,408	1,483
		39,115	45,359
Non-current			
Related party payables – cash-settled share-based payments	25	294	763

Terms and conditions of the above financial liabilities:

- Trade and other payables and accruals are non-interest bearing and are normally settled on 60-day terms.
- For terms and conditions relating to cash-settled share-based payments, refer to note 25.
- For terms and conditions relating KMP related entities, refer to note 24.
- For explanations on the Group's liquidity risk management processes, refer to note 26.

19 Interest bearing liabilities

	2015 $000	2014 $000
Current interest bearing loans and borrowings		
Obligations under finance leases and hire purchase contracts	740	966
Insurance premium funding	-	1,594
Secured bank loan		
DeGrussa Project Loan Facility	20,000	75,000
Capitalised finance establishment costs (net of amortisation) offset against Project Loan Facility	(247)	(1,581)
Total current interest bearing loans and borrowings	20,493	75,979

19 Interest bearing liabilities (continued)

	2015 $000	2014 $000
Non-current interest bearing loans and borrowings		
Obligations under finance leases and hire purchase contracts	771	1,407
Secured bank loan		
DeGrussa Project Loan Facility	100,000	85,000
Capitalised finance establishment costs (net of amortisation) offset against Project Loan Facility	(1,235)	(1,791)
Total non-current interest bearing loans and borrowings	99,536	84,616
The Group has access to the following facilities:		
DeGrussa Project Loan Facility	120,000	160,000
Working Capital Facility	25,000	50,000
Bond Facility	100	10,000
	145,100	220,000
Facilities utilised at reporting date:		
DeGrussa Project Loan Facility	120,000	160,000
Working Capital Facility	-	-
Bond Facility	28	4,035
	120,028	164,035
Facilities not utilised at reporting date:		
DeGrussa Project Loan Facility	-	-
Working Capital Facility	25,000	50,000
Bond Facility	72	5,965
	25,072	55,965

Finance facilities

The Group's financing arrangements are provided under a secured loan facility with ANZ and are secured by a fixed and floating charge over the Group's assets, including the DeGrussa Project and the broader Doolgunna Project, and a mining mortgage over the Project tenements.

DeGrussa Project Loan Facility

The facility, which was designed to underpin the Group's construction and development of its DeGrussa Copper Mine in Western Australia, was restructured during the current financial year. The restructured facility includes two facilities: an $85 million Revolver Facility, initially fully-drawn, which can be paid or redrawn as required and which must be fully repaid by 31 December 2017; and a $40 million Amortising Facility with fixed repayments of $5 million per quarter for six quarters (commenced on 30 June 2015), followed by $2 million per quarter for five quarters (ending 31 December 2017).

The previous repayment schedule required full repayment of the facility by 31 December 2015.

Working Capital Facility

As part of the restructure to the DeGrussa Project Loan Facility, the Company also reduced its existing working capital facility with ANZ from $50 million to $25 million. The facility, which can be drawn down up to the value of saleable copper concentrate inventories held by the Company at the mine and ports, is designed to reduce the potential cash flow impact of timing of concentrate shipments and cash receipts. The facility was undrawn at 30 June 2015 and at the date of this report.

Bond Facility

The bond facility is drawn in the form of bank guarantees to the relevant State Government Department for environmental restoration and property managers for security deposits and does not involve the provision of funds.

Interest rate and liquidity risk

Information regarding interest rate and liquidity risk exposure is set out in note 26.

	2015 $000	2014 $000
20 Provisions		
Current		
Employee benefits	3,220	2,672
Non-current		
Employee benefits	365	-
Rehabilitation, restoration and dismantling	22,495	21,654
	22,860	21,654

Movement in provisions

Movements in each class of provision during the financial year are set out below:

	Employee benefits $000	Rehabilitation, restoration and dismantling $000	Total $000
At 1 July 2014	2,672	21,654	24,326
Arising during the year	4,006	-	17,134
Utilised	(3,093)	-	(3,093)
Unwinding of discount	-	693	693
Inflation and discount rate adjustments	-	148	148
At 30 June 2015	3,585	22,495	39,208

	2015 $000	2014 $000
21 Issued capital and reserves		
Ordinary and paid up capital	225,520	219,391

Issued ordinary shares

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Group's residual assets. Ordinary shares have no par value.

		2015 Number	2014 Number
Movement in ordinary shares on issue			
On issue at 1 July		155,640,968	155,640,968
Issue of shares	(i)	477,043	-
Conversion of options to shares		736,667	-
On issue at 30 June		156,854,678	155,640,968

(i) The Company executed an agreement with Sipa Resources Ltd (Sipa) on 24 December 2014 to acquire Sipa's Thaduna Project. Under the terms of the Agreement, which settled on 2 February 2015, Sandfire issued Sipa 477,043 ordinary fully paid shares as partial consideration for the acquisition of the exploration tenements.

21 Issued capital and reserves (continued)

Movement in shares under option

Options expiring on or before	Note	Exercise Price	On issue 30 Jun 14	Issued	Exercised	Expired	On issue 30 Jun 15
27 November 2014		$4.66	310,000	-	310,000	-	-
27 November 2014		$5.44	310,000	-	-	310,000	-
27 November 2014		$6.22	310,000	-	-	310,000	-
15 June 2015		$3.80	33,333	-	33,333	-	-
15 June 2015		$4.40	133,333	-	133,333	-	-
15 June 2015		$5.00	333,335	-	260,001	73,334	-
28 February 2016		$9.00	1,749,995	-	-	283,332	1,466,663
28 February 2016		$10.30	1,666,665	-	-	283,333	1,383,332
28 February 2016		$11.70	1,583,340	-	-	283,335	1,300,005
15 July 2018		$7.60	565,000	-	-	-	565,000
15 July 2018		$8.80	565,000	-	-	-	565,000
15 July 2018		$10.00	565,000	-	-	-	565,000
			8,125,001	-	736,667	1,543,334	5,845,000

Capital management

The primary objective of the Group's capital management is to maximise shareholder value. In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the Company's interest bearing liabilities (see note 19) and maintain a strong liquidity position in order to support its business. There have been no breaches in the financial covenants of any interest bearing liabilities during the current financial year or prior financial years.

The Group is not subject to externally imposed capital requirements other than restrictions relating to the Group's cash debt service reserve account as part of the Group's Project Loan Facility. See note 11 and 19 for more details.

The Group manages and makes adjustments to its capital structure in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may for example return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies and processes for managing capital, during the years 30 June 2015 and 2014.

Nature and purpose of reserves

Share-based payments reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer note 25 for details.

Foreign currency translation reserve

Exchange differences arising on the translation of entities with a functional currency differing from the Group's presentation currency, are taken to the foreign currency translation reserve (FCTR) as described in accounting policy note 2(h). For the Group, this relates to its investment in Tintina Resources Inc and WCB Resources Ltd, see note 16.

	Note	2015 $000	2014 $000
22 Dividends paid and proposed			
Cash dividends on ordinary shares declared and paid:			
Final unfranked dividend for 2014: 10 cents per share (2013: Nil)		15,564	-
Interim unfranked dividend for 2015: 3 cents per share (2014: Nil)		4,693	-
		20,257	-
Proposed dividends on ordinary shares:			
Final cash dividend for 2015: 10 cents per share (2014: 10 cents per share)	(i)	15,685	15,564

(i) Since the end of the financial year, the Board of Directors has resolved to pay franked dividend of 10 cents per share, to be paid on 24 September 2015. The record date for entitlement to this dividend is 10 September 2015. The financial impact of this dividend amounting to $15,685,000 has not been recognised in the consolidated financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial statements.

22 Dividends paid and proposed (continued)

	Note	2015 $000	2014 $000
Franking credit balance			
The amount of franking credits available for the subsequent financial year are:			
Franking account balance as at the end of the financial year at 30% (2014: 30%)		5,018	-
Franking credits that will arise from the payment of income tax payable as at the end of the financial year		13,128	-
Franking debits that will arise from the payment of dividends as at the end of the financial year		(6,722)	-
		11,424	-

23 Statement of cash flows reconciliation

	Note	2015 $000	2014 $000
Cash and cash equivalents in the statement of cash flows	11	107,154	57,590
Reconciliation of net profit after tax to net cash flows from operations:			
Profit for the period		68,955	78,158
Adjustments for:			
(Gain) loss on sale of assets		(19)	14
Depreciation and amortisation included in statement of comprehensive income		92,245	97,340
Interest and other costs of finance paid		6,770	13,096
Share based payments (credit) expense		(726)	2,683
Unrealised price adjustments and foreign currency adjustments		6,736	(13,208)
Impairment expense		4,943	-
Income tax expense		30,598	33,790
Loss of equity accounted investments		4,560	-
Loss in fair value of unquoted equity securities		5,448	-
Other non-cash items		834	230
Change in assets and liabilities:			
(Increase) decrease in trade and other receivables		(1,945)	7,117
Decrease in inventories		5,412	1,797
Increase in trade and other payables		917	1,035
(Decrease) increase in interest bearing liabilities		(1,595)	462
Increase in provisions		912	521
Net cash inflow from operating activities		**224,045**	**223,035**

24 Related party disclosures

The ultimate parent entity within the Group is Sandfire Resources NL.

Subsidiaries

The parent entity's interest in subsidiaries is set out in note 4 to the consolidated financial statements.

Associates

Information in relation to investments in associates is set out in note 16 of the consolidated financial statements.

Joint Arrangements

As at 30 June 2015, the Group did not have an interest in a joint venture or joint operation that met the definition of a joint arrangement under AASB 11.

Transactions with related parties other than KMP

There were no transactions with related parties other than KMP during the current or previous financial year.

24 Related party disclosures (continued)

Compensation of key management personnel of the Group

	2015 $	2014 $
Short-term employee benefits	3,768,021	3,679,880
Post-employment benefits	134,565	119,249
Share-based payments	(745,202)	1,888,809
Total compensation	3,157,384	5,687,938

The amounts disclosed in the table represent the amount expensed during the reporting period related to KMP.

Transactions with KMP

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence of those entities and transacted with the Group during the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees received for any related party payables. It is the Company's policy to avoid related party transactions when possible. The Company's related party transactions with Resource Development Company Pty Ltd and Tongaat Pty Ltd have existed since the Sandfire Resources NL was a junior explorer.

The aggregate value of transactions and outstanding balances relating to key management personnel and their related entities over which they have control or significant influence were as follows:

		Transactions value year ended 30 June		Balance outstanding as at 30 June	
KMP and their director related entity	**Transaction**	**2015 $**	**2014 $**	**2015 $**	**2014 $**
Karl Simich – Tongaat Pty Ltd	Lease of corporate office parking premises	12,350	12,600	-	-
Karl Simich – Resource Development Company Pty Ltd	Lease of corporate office parking premises	12,325	12,600	-	-
Karl Simich – Resource Development Company Pty Ltd	Corporate and financial services	608,065	622,630	39,644	40,012
Soocheol Shin – Posco Australia Pty Ltd (POSA)	Commercial agreement	2,114,619	5,383,683	1,368,357	1,442,804
		2,747,359	6,031,513	1,408,001	1,482,816

Interests held by Key Management Personnel under the Long-term Incentive Option Plan (IOP)

Options held by KMP under the IOP to purchase ordinary shares have the following expiry dates and exercise prices:

Issued date	Expiry date	Exercise price	2015	2014
FY ended 30 June			**Number**	**Number**
2009	27 November 2014	$4.66	-	310,000
2009	27 November 2014	$5.44	-	310,000
2009	27 November 2014	$6.22	-	310,000
2010	15 June 2015	$5.00	-	133,334
2011, 2013	28 February 2016	$9.00	599,999	599,999
2011, 2013	28 February 2016	$10.30	516,667	516,667
2011, 2013	28 February 2016	$11.70	433,334	433,334
2014	15 July 2018	$7.60	340,000	340,000
2014	15 July 2018	$8.80	340,000	340,000
2014	15 July 2018	$10.00	340,000	340,000
Total			**2,570,000**	**3,633,334**

25 Share-based payments

The expense recognised during the current and previous financial year relating to share based payments are:

	Note	2015 $000	2014 $000
Equity-settled employee share-based payments	25(a)	54	1,819
Equity-settled consultant share-based payments		-	176
Cash-settled employee share-based payments	25(b)	(780)	688
Total arising from share-based payments		(726)	2,683

(a) Equity-settled share-based payments

(i) Long-term Incentive Plan

Following extensive market research and reports on Sandfire's long term incentive plans by the Company's external independent remuneration advisors, the Board, on recommendation from the Remuneration and Nomination Committee, has approved a new Long-term Incentive Plan (LTIP) in 2015, which will be transitioned over a 3 year period.

The objective of the new LTIP is to align performance of the senior executive group with the long-term interests of shareholders and the objectives of the Company's strategic plan. Under the LTIP each executive is granted performance rights over ordinary shares in the Company for no consideration (or share options with an exercise price), which vest after 3 years, subject to the relative Total Shareholder Return (TSR) performance condition being met. Refer to section 14.3 of the Remuneration Report for further details on the plan.

Listed below are the terms and conditions of issues made by the Group during the current financial year.

Grant date	Number	WAV [A]	Vesting date	Performance period commencing 1 July 2015
Rights grant on 20 Apr 2015: Tranche 1	147,229	$2.70	1 Oct 2017	2.25 years
Rights grant on 20 Apr 2015: Tranche 2	147,229	$2.77	1 Oct 2018	3.25 years

A Represents the weighted average fair value per right, valued in accordance with AASB 2 and detailed below.

The rights carry neither right to dividends or voting rights. It is the Company's intention that vested rights will be settled in equity.

The issue of rights resulted in $54,000 being recognised as share-based payments during the current financial year. 294,458 rights remained outstanding as at 30 June 2015, with a weighted average fair value of $2.74.

With the introduction of the Long-term Incentive Plan, no further awards will be made under the Long-term Incentive Option Plan and the Long-term Indexed Bonus Plan, detailed below.

Pricing model

The fair value of the performance rights granted are estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the rights were granted. The model simulates the TSR and compares it against the comparator group constituting companies in the S&P/ASX200 Resources Index (XJR:ASX). It takes into account historical and expected dividends, and the share price fluctuation covariance of the Company and the comparator group to predict the distribution of relative share performance.

The following table lists the assumptions used in determining the fair value of rights granted during the current financial year.

	Grant 20 April 2015	
	Tranche 1	Tranche 2
Fair value at grant date	$2.57 - $2.62	$2.63 - $2.67
Underlying share price	$4.30 - $4.64	$4.30 - $4.64
Dividend yield	2.5%	2.5%
Expected volatility	40.00%	40.00%
Risk-free rate	2.95%	3.17%
Expected life (years)	2.5	3.5

25 Share based payments (continued)

(a) Equity-settled share-based payments (continued)

(ii) Long-term Incentive Option Plan

The long-term Incentive Option Plan (IOP) provided the opportunity for selected employees, contractors and consultants, including KMP, to be offered the opportunity to subscribe for options over ordinary fully paid shares for no consideration. Each option carries the right to subscribe for one fully paid ordinary share in Sandfire Resources NL. The options issued under the plan are premium-priced, providing a strong incentive for employees and other key talent to increase shareholder wealth, and have Board imposed service based vesting conditions, encouraging service retention. There are no voting or dividend rights attached to the options. Voting rights will be attached to the ordinary issued shares when the options have been exercised.

Options issued under the plan

With the introduction of the Long Term Performance Rights Plan, no further awards will be made under the Long-term Incentive Option Plan. The options previously issued to employees expire between 28 February 2016 and 15 July 2018 and the exercise price ranges from $7.60 to $11.70. No options were granted during the current financial year.

Option pricing model

The fair value of options issued is estimated at the date of grant using the Black-Scholes option pricing model and have been recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The following table lists the assumptions used in determining the fair value of options granted during the previous financial year.

30 June 2014	14 October 2013 Employee and consultant grant		
Fair value at grant date	$1.08	$1.17	$1.28
Option exercise price	$7.60	$8.80	$10.00
Grant date	14 Oct 13	14 Oct 13	14 Oct 13
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	40.00%	40.00%	40.00%
Risk-free interest rate	2.76%	3.00%	3.20%
Expected life	2 years	3 years	4 years
Share price on date of grant	$6.30	$6.30	$6.30

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2015 Number	2015 WAEP	2014 Number	2014 WAEP
Outstanding at 1 July	8,125,001	$9.08	6,430,001	$9.16
Granted during the year	-	-	1,695,000	$8.80
Exercised during the year [A]	(736,667)	$4.69	-	-
Expired during the year	(1,543,334)	$8.27	-	-
Outstanding at 30 June [B]	5,845,000	$9.85	8,125,001	$9.08
Exercisable at 30 June	4,715,000	$9.85	6,180,001	$9.05

A The weighted average share price at the date of exercise is $5.13 (2014: not applicable).

25 Share-based payments (continued)

(a) Equity-settled share-based payments (continued)

B The outstanding balance at 30 June 2015 is represented by:

Options expiring on or before	Exercise Price	On issue 30 Jun 15
28 February 2016	$9.00	1,466,663
28 February 2016	$10.30	1,383,332
28 February 2016	$11.70	1,300,005
15 July 2018	$7.60	565,000
15 July 2018	$8.80	565,000
15 July 2018	$10.00	565,000
		5,845,000

The weighted average remaining contractual life for share options outstanding as at 30 June 2015 is 1.00 years (2014: 1.97 years).

The weighted average fair value of options granted during the year was $Nil (2014: $1.18).

The range of exercise prices for options outstanding at the end of the year was $7.60 - $11.70 (2014: $3.80 - $11.70). As the range of exercise prices is wide, refer to the above table for further information in assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

(b) Cash-settled share-based payments

Long-term Indexed Bonus Plan

For executive directors, long-term incentives in the form of rights were provided through the Long-term Indexed Bonus Plan (LT plan). Rights issued under the LT plan are long term in nature, granted in three equal tranches, are premium-priced providing a strong incentive for participants to increase shareholder wealth, and have Board imposed service based vesting conditions to encourage retention.

The Company sets an initial indexed notional value (INV) for rights issued under the LT plan. On the first vesting date, the holder of the awards receives, at the Company's sole discretion, either cash, or subject to any shareholder approval required under the *Corporations Act 2001* and the ASX Listing Rules, ordinary shares in the Company for the difference between the 5-day volume weighted average ASX price of underlying Company shares prior to the vesting date (test price), and the INV set when the rights were initially granted. At each subsequent test date, the award is retested, whereby the holder receives the difference between the 5-day volume weighted average ASX price of underlying Company shares prior to the test date and the higher of the initial INV or the highest test price that occurred prior to that date.

It is the current intention of the Board that awards issued under the LT plan will be settled in cash where the participant realises value from the rights and historically, grants that have realised value have been cash-settled.

With the introduction of the Long Term Incentive Plan, no further awards will be made under the Long-term Indexed Bonus Plan. The rights previously issued to the Chief Executive Officer expire between 15 December 2015 and 15 December 2018 and the test price ranges from $6.08 to $11.57. No rights were granted and no payments were made under the Long-term Indexed Bonus Plan during the current financial year.

Pricing model

The ultimate cost of the rights, representing the fair value at settlement date, will be equal to the cash paid to the participants or, subject to any shareholder approval required under the *Corporations Act 2011* and the ASX Listing Rules, the value of ordinary Company shares issued. The cumulative cost recognised until settlement is recognised as a liability and the periodic determination of this liability is as follows:

- At each reporting date between grant and settlement, the fair value of the award is determined;
- During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the percentage of the vesting period completed;
- From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date; and
- All changes in the liability are recognised in employee benefits expense for the period.

25 Share-based payments (continued)

(b) Cash-settled share-based payments

The fair value of the liability is determined, initially and at each reporting date until it is settled, by applying the Black-Scholes option pricing model, taking into account the terms and conditions on which the award was granted. The following tables list the assumptions used in determining the fair value of the rights outstanding as at 30 June 2015.

	Grant 14 Oct 2013		
	Tranche 1	Tranche 2	Tranche 3
Fair value at reporting date	$0.15 - $1.07	$0.20 - $0.84	$0.35 - $0.67
Notional value	$7.47	$8.67	$9.87
Dividend yield	2.26%	2.26%	2.26%
Expected volatility	40.00%	40.00%	40.00%
Risk-free interest rate	2.01 – 2.25%	2.01 – 2.05%	2.01 – 2.05%
Expected life (years)	0.5 – 3.5	1.0 – 3.5	2.0 – 3.5
Share price at reporting date	$5.75	$5.75	$5.75

	Grant 8 Aug 2011			Grant 2 Jul 2010 (modified 8 Aug 2011)		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Fair value at reporting date	$0.04 - $0.33	$0.01 - $0.20	$0.00 - $0.12	$0.11	$0.11	$0.48
Notional value or test price	$8.87	$10.17	$11.57	$7.91	$7.91	$6.08
Dividend yield	2.26%	2.26%	2.26%	2.26%	2.26%	2.26%
Expected volatility	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Risk-free interest rate	2.01 - 2.25%	2.01 - 2.25%	2.01 - 2.25%	2.25%	2.25%	2.25%
Expected life (years)	0.5 – 1.5	0.5 – 1.5	0.5 – 1.5	0.5	0.5	0.5
Share price at reporting date	$5.75	$5.75	$5.75	$5.75	$5.75	$5.75

Movements during the year

The following table illustrates the number and weighted average prices (WAP) of, and movements in, rights during the year:

	2015 Number	2015 WAP[A]	2014 Number	2014 WAP[A]
Outstanding at 1 July	2,900,000	$9.21	2,300,000	$9.32
Granted during the year	-	-	600,000	$8.80
Outstanding at 30 June [B]	2,900,000	$9.08	2,900,000	$9.21

A The weighted average price of rights represents the INV or test price as relevant.

B The outstanding balance at 30 June 2015 is represented by:

Rights expiring on	INV/Test Price	On issue Number	Carrying value $'000
15 December 2015	$7.91	266,667	25
15 December 2015	$7.91	266,667	25
15 December 2015	$6.08	266,666	115
15 December 2016	$8.87	500,000	128
15 December 2016	$10.17	500,000	78
15 December 2016	$11.57	500,000	46
15 December 2018	$7.47	200,000	113
15 December 2018	$8.67	200,000	82
15 December 2018	$9.87	200,000	57
		2,900,000	669

The Company recognised a credit of $780,000 (2014: expense $688,000) during the current financial year relating to the valuation of the long term rights in accordance with AASB 2. No cash payments were made to executive directors under the plan during the current or previous financial year.

26 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets comprise trade and other receivables, and cash and short-term deposits that arise directly from its operations. The group also holds unquoted equity securities in the form of warrants and available-for-sale investments.

The Group's activities expose it to a variety of financial risks such as:

- Market risk consisting of interest rate risk, foreign currency exchange risk, commodity price risk and equity price risk;
- Credit risk; and
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks and the objectives, policies and processes the Group uses to measure and manage these risks.

Primary responsibility for the identification and control of these financial risks rests with the Group's senior management. The Group's senior management is supported by the Audit and Risk Committee under the authority of the Board. The Audit and Risk Committee provides assurance to the Board that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates via assessments of market forecasts for interest rates and monitoring liquidity risk through the development of future rolling cash flow forecasts.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, trade receivables, cash and short-term deposits, unquoted equity securities and available-for-sale investments.

The sensitivity analysis in the following sections relate to the position as at 30 June 2015 and 2014.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's current and non-current debt obligations with floating interest rates. The Group is also exposed to interest rate risk on its cash and short-term deposits.

At 30 June 2015 the interest rate profile of the Group's interest-bearing financial instruments was:

			Fixed interest rate maturity			
	Average interest rate %	Variable interest rate $000	Less than 1 year $000	1 to 5 years $000	More than 5 years $000	Total $000
Financial assets						
Cash and cash equivalents	2.02	107,154	-	-	-	107,154
Financial liabilities						
Interest bearing liabilities	4.05	120,000	740	771	-	121,511

At 30 June 2014 the interest rate profile of the Group's interest-bearing financial instruments was:

			Fixed interest rate maturity			
	Average interest rate %	Variable interest rate $000	Less than 1 year $000	1 to 5 years $000	More than 5 years $000	Total $000
Financial assets						
Cash and cash equivalents	2.85	57,590	-	-	-	57,590
Financial liabilities						
Interest bearing liabilities	4.77	160,000	2,560	1,407	-	163,967

26 Financial risk management objectives and policies (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings and cash and short-term deposits, as follows:

	Effect on profit before tax	
	2015 $000	2014 $000
0.25% increase (2014: 0.25% increase)	(32)	(256)
0.25% decrease (2014: 0.25% decrease)	32	251

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency exchange risk that arises from the sale of metal concentrate products denominated in US dollars and any assets or liabilities that are held in currencies other than the Australian dollar.

As at 30 June 2015, the Group did not use any form of derivatives to hedge its exposure to foreign currency risk.

The carrying amount of the Group's financial assets by its currency risk exposure at the reporting date is disclosed below. The foreign currency exchange risk exposure at balance date mainly arises from US dollar and Canadian dollar denominated balances.

	Denominated in US$ presented in AU$000	Denominated in CA$ presented in AU$000	Total AU$000
Trade and other receivables	6,359	-	6,359
Other financial assets – unquoted equity securities	-	241	241
Total	6,359	241	6,600
Trade and other payables	1,861	-	1,861

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant.

	Effect on profit before tax	
	2015 $000	2014 $000
5% increase (2014: 10% increase)	(213)	(1,086)
5% decrease (2014: 10% decrease)	235	1,195

The impact on the Group's profit before tax is due to changes in the fair value of trade receivables and trade creditors designated in US dollars. The Group's exposure to changes in the fair value of warrants designated in Canadian dollars held as part of the investment in and WCB Resources Ltd is not considered material.

Commodity price risk

The Group is exposed to commodity price volatility on concentrate sales made by its DeGrussa Copper Mine that arises from sale of metal in concentrate products such as copper and gold, which are priced on, or benchmarked to, open market exchanges, specifically the London Metal Exchange (LME).

For sales based on prevailing LME metal prices, the customer makes a provisional payment to Sandfire against a provisional invoice for the contained copper and precious metal credits (for gold and silver) in the shipment. Final settlement of the payment is based on the average LME metal price over a subsequent pricing period as specified by the terms of the sales contract. The period commencing on the date of shipment to the end of the pricing period is known as the Quotational Period (QP). The QP historically reflects the average time to elapse (generally 2 to 4 months) between the date of shipment and the date of processing by the smelter at final destination. This pricing methodology is normal for the industry.

26 Financial risk management objectives and policies (continued)

In order to reduce the exposure to fluctuations in copper price during the QP period, the Group may from time to time enter into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings, in the form of QP hedging via copper swaps to either fix the price of sales at the time of shipment or to reduce the length of the QP, therefore reducing the short and medium term exposure to the market price of metal for completed or imminent shipments.

For the year ended 30 June 2015, the Group utilised copper swaps to hedge its exposure to QP price risk for a portion of the Group's total copper sales, which resulted in a gain of $4,311,000 recognised and included as part of other income in the Group's consolidated interim income statement. These hedges were considered to be economic hedges, however were not designated into a hedging relationship for accounting purposes.

All derivative contracts entered into by the Group were closed as at 30 June 2015.

The Group did not use any form of derivatives to hedge its exposure to commodity price risk during the previous financial year ended 30 June 2014.

The following table demonstrates the sensitivity to a reasonably possible change in commodity prices from the 30 June 2015 LME forward curve, with all other variables held constant.

	Effect on profit before tax	
	2015 $000	**2014 $000**
10% increase (2014: 10% increase)	12,678	8,720
10% decrease (2014: 10% decrease)	(12,678)	(8,714)

The impact on the Group's profit before tax is due to changes in fair value of provisionally priced sales contracts outstanding at year end totaling $119,356,000 (2014: $82,007,000). The sensitivity analysis does not include the impact of the movement in commodity prices on the total sales for the year.

Equity price risk

The Group's investment in quoted and unquoted equity securities are exposed to equity price risk, which arises from uncertainties about future values of the investment securities. At reporting date, the Group's exposure to equity price risk arises from the following investments.

	Note	**2015 $000**	**2014 $000**
Unquoted equity securities at fair value through profit or loss	17	1,079	2,062
AFS financial assets at fair value through OCI	17	175	248

The Group's investments in equity securities relate to investments in publicly traded entities. The Group does not actively trade these investments.

The following table demonstrates the sensitivity to a reasonably possible change in the share prices of the entities in which the Group has unquoted equity securities, with all other variables held constant. The Group's exposure to equity price risk on its AFS investments is not considered material.

	Effect on profit before tax	
	2015 $000	**2014 $000**
5% increase (2014: 5% increase)	376	12
5% decrease (2014: 5% decrease)	(372)	(12)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (trade receivables) and from its financing activities, including deposits with banks and financial institutions. At the reporting date, the carrying amount of the Group's financial assets represents the maximum credit exposure.

The credit risk on cash and cash equivalents is managed by restricting dealing to banks which are assigned high credit ratings by international credit rating agencies. The Group's cash and cash equivalents as at 30 June 2015 is maintained by one financial institution.

26 Financial risk management objectives and policies (continued)

Credit risk in trade receivables is managed by the Group by undertaking a regular risk assessment process including assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. As there are a relatively small number of transactions, they are closely monitored to ensure payments are made on time. Credit risk arising from sales to customers is managed by contracts that stipulate a provisional payment of at least 90 per cent of the estimated value of each sale. This is payable promptly after vessel loading. The balance outstanding is received within 60-120 days of the vessel arriving at the port of discharge. Additionally, several sales are covered by letter of credit arrangements with approved financial institutions.

The Group does not have any significant receivables which are past due at the reporting date.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by conducting regular reviews of the timing of cash flows in order to ensure sufficient funds are available to meet these obligations.

The following table lists the contractual maturities of the Group's financial liabilities as at 30 June 2015. The contractual cash flows reflect the undiscounted amounts and include both interest and principal cash flows.

	Note	Within 6 months $000	6 to 12 months $000	1 to 5 years $000	Total $000
Year ended 30 June 2015					
Trade and other payables	18	38,740	-	-	38,740
DeGrussa Project Loan Facility	19	10,154	10,359	109,555	130,068
Other interest bearing liabilities	19	445	368	821	1,634
		49,339	10,727	110,376	170,442
Year ended 30 June 2014					
Trade and other payables	18	44,673	-	-	44,673
DeGrussa Project Loan Facility	19	30,595	46,963	90,772	168,330
Other interest bearing liabilities	19	1,893	754	1,534	4,181
		77,161	47,717	92,306	217,184

The Group also has access to a number of finance facilities as detailed in note 19.

27 Fair value measurement

The carrying amount of all financial assets and all financial liabilities, except for the Group's secured bank loan, recognised in the balance sheet approximates their fair value. The fair value of the Group's secured bank loan is represented by the face value of the liability, prior to capitalised finance establishment costs (see note 19 for details).

The following table shows the fair values of financial assets and financial liabilities, other than cash and cash equivalents, including their levels in the fair value measurement hierarchy as at 30 June 2015:

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value					
AFS quoted equity shares		175	-	-	175
Trade receivables	(i)	-	6,359	-	6,359
Unquoted equity securities	(ii)	-	-	1,079	1,079
		175	6,359	1,079	7,613
Financial liabilities measured at fair value					
Trade payables	(i)	-	1,861	-	1,861

(i) Trade receivables/payables includes the embedded derivative for concentrate sale contracts that are still subject to price adjustments where the final consideration to be received/paid will be determined based on prevailing London Metals Exchange (LME) metal prices at the final settlement date. The embedded derivative for sales that are still subject to price adjustments at balance date is fair valued by estimating the final settlement price using the LME forward metals prices at balance date. The receivable/payable represents the expected proceeds to be received/expected funds to be paid, determined using the prevailing forward metal prices at reporting date.

(ii) Unquoted equity securities relate to the fair value of the Group's warrants held as part of the investment in Tintina Resources Inc and WCB Resources Ltd. Refer notes 16 and 17 to the financial statements for details.

27 Fair value measurement (continued)

Fair value measurement hierarchy for financial assets and financial liabilities as at 30 June 2014:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value				
Available-for-sale investments – listed equity securities	248	-	-	248
Trade receivables	-	11,870	-	11,870
Unquoted equity securities	-	-	2,062	2,062
	248	11,870	2,062	14,180

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements, during the year ended 30 June 2015 or the comparative period ended 30 June 2014.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuation techniques of unquoted equity securities

The fair value of the Group's unquoted equity securities, represented by the warrants held by the Group as part of the investment in Tintina Resources Inc and WCB Resources Inc, are valued at each reporting date using the Black-Scholes option valuation methodology. The Black-Scholes option valuation methodology requires management to make certain assumptions about the model inputs, including risk-free rate; expected volatility; expected life; and dividend yield.

The following table describes the significant unobservable inputs to the valuation and the impact a change in the share price volatility has on the fair value of the warrants.

As at 30 June 2015:

	Valuation technique	Significant unobservable	Percentage applied	Sensitivity of the input to fair value
Other financial assets – unquoted equity securities	Black-Scholes Option Pricing Model	Volatility	90%	10% increase (decrease) in the volatility would result in increase (decrease) in fair value by $357,000

As at 30 June 2014:

	Valuation technique	Significant unobservable	Percentage applied	Sensitivity of the input to fair value
Other financial assets – unquoted equity securities	Black-Scholes Option Pricing Model	Volatility	90%	10% increase (decrease) in the volatility would result in increase (decrease) in fair value by $302,000

Reconciliation of recurring fair value measurements within Level 3 of the fair value hierarchy

	Note	$'000
As at 1 July 2014		**2,062**
Additions		4,465
Unrealised loss recognised in profit or loss during the year	(i)	(5,448)
As at 30 June 2015		**1,079**

(i) The unrealised loss recognised during the period was disclosed and included as part of finance expenses.

28 Commitments

Operating lease commitments – Group as lessee

The Group leases corporate office, administrative and storage facilities throughout Australia. The leases have varying terms, with options to renew the lease on respective expiry dates. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2015 $000	2014 $000
Within one year	989	735
After one year but not more than five years	1,704	1,991
Total minimum lease payments	2,693	2,726

Finance leases and hire purchase commitments – Group as lessee

The Group has finance leases and hire purchase contracts for various items of mobile plant and motor vehicles. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	Note	2015 $000	2014 $000
Within one year		813	1,052
After one year but not more than five years		821	1,534
Total minimum lease payments		1,634	2,586
Less amounts representing finance charges		(123)	(213)
Present value of minimum lease payments		1,511	2,373
Included in the financial statements as:			
Current interest bearing liabilities	19	740	966
Non-current interest bearing liabilities	19	771	1,407
Total included in interest-bearing liabilities		1,511	2,373

Contractual commitments

The Group has entered into a number of key contracts as part of its operation of the DeGrussa Copper Mine located in Western Australia. The minimum expected payments in relation to these contracts which were not required to be recognised as liabilities at 30 June 2015 amount to approximately $23,293,000 (undiscounted).

29 Significant events after the reporting date

Dividends

On 19 August 2015, the directors of the Company resolved to pay a final dividend on ordinary shares in respect of the 2015 financial year. The total amount of the dividend is $15,685,000, which represents a fully franked dividend of 10 cents per share. The dividend has not been provided for in the 30 June 2015 financial statements.

30 Auditor's remuneration

The auditor of Sandfire Resources NL is Ernst & Young Australia.

	2015 $	2014 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit and review of the financial report of the entity and any other entity in the consolidated group	268,241	277,851
Other services in relation to the entity and any other entity in the consolidated group:		
Taxation services (R&D)	55,638	29,446
Other advisory services	59,946	38,110
	383,825	345,407

In accordance with a resolution of the directors of Sandfire Resources NL, I state that:

1. In the opinion of the directors:

   a) the financial statements and notes of Sandfire Resources NL for the financial year ended 30 June 2015 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

      (ii) complying with Accounting Standards and the *Corporations Regulations 2001*;

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and

   c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2015.

On behalf of the Board

Derek La Ferla
Non-Executive Chairman

Karl Simich
Managing Director and Chief Executive Officer

West Perth, 19 August 2015

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of Sandfire Resources NL

Report on the financial report

We have audited the accompanying financial report of Sandfire Resources NL, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Opinion

In our opinion:

a. the financial report of Sandfire Resources NL is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Sandfire Resources NL for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Fiona Drummond
Partner
Perth
19 August 2015

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