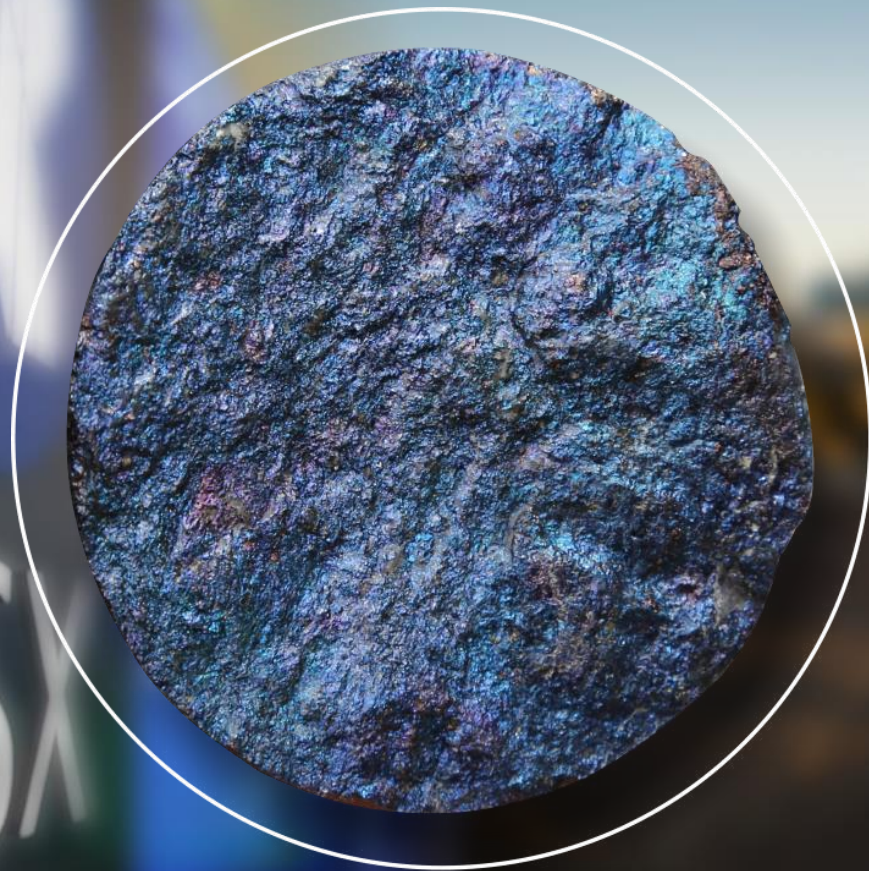




**SANDFIRE RESOURCES NL**

A QUALITY COPPER-GOLD COMPANY ASX Code- SFR



## Record year sets foundations for a new growth chapter

**Net debt-free**

**Building free cash-flow**

**Strong growth pipeline**

**Diggers & Dealers – 1 August 2016**

**Karl Simich, Managing Director and CEO**

SANDFIRE RESOURCES NL - A QUALITY COPPER-GOLD PRODUCER



## Forward-Looking Statements

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## Competent Person's Statement – Ore Reserves and Mine Plan

The information in this report that relates to Ore Reserves and Mine Plan 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 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 – Mineral Resources

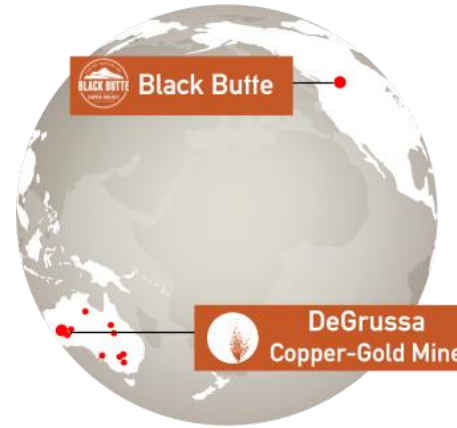
The information in this report that relates to Mineral Resources is based on information compiled by Mr. Ekow Taylor who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Taylor is a permanent employee of Sandfire Resources and has sufficient experience that is relevant to the style 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 – 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.

## 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.



- ▶ Consistent mid-tier mining performer
- ▶ High-grade, high quality portfolio in Australia and USA
- ▶ Consistent, low-cost production
- ▶ +270,000t of copper, 150,000oz of gold produced to date
- ▶ Over \$2 billion in revenues delivered to date
- ▶ Record copper production achieved in FY2016: above guidance
- ▶ Net cash positive after reducing debt to \$50M at 30 June 2016
- ▶ Growing free cash-flow as underground mine development tails off

## Market Capitalisation

**~\$950M** at \$6.00

ASX Stock  
Market Index

**S&P**  
200

Issued Capital

**157.3m**  
Shares

Dividends

**13c**  
Paid out FY15, 2c  
interim FY16

Cash and  
Deposits  
(Company)

**\$62m**  
30 June 2016

Debt

**\$50m**  
at 30 June 2016

Share Price

**\$6.00**  
July 2016

**Record year in FY2016 provides the foundations for a new growth chapter**



- ▶ Outstanding new high-grade Mineral Resource at Monty
- ▶ Monty Feasibility Study underway – proposed new satellite mine development
- ▶ Exceptional exploration upside in world-class VMS province
- ▶ Extensive East Coast base metal exploration initiative
- ▶ Strong balance sheet to fund organic growth
- ▶ Emerging international growth pipeline



Our vision is to be a significant mid-tier miner operating in the upper quartile of global performance benchmarks

# Strong Financial Performance, Disciplined Capital Management

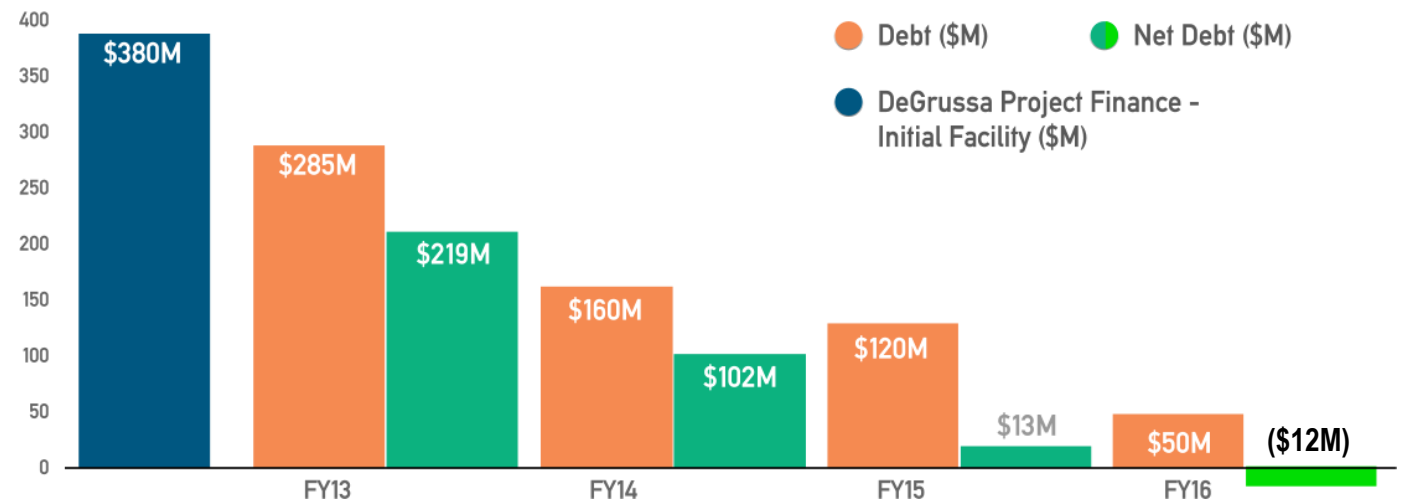


- ▶ Consistent financial performance
- ▶ Revenues to date of more than \$2 billion
- ▶ ~\$1 billion to date in operating cash flows
- ▶ Repaid \$330M or 87% of our original \$380M debt facility
- ▶ Net cash positive at 30 June 2016
- ▶ Nearly \$40M paid out in dividends to date
- ▶ Substantial ~\$30M p.a. exploration budget
- ▶ No equity raisings since 2010
- ▶ Strong capital management: issued capital has only increased by 5% from 149.4M shares in 2011 to 157.3M shares currently

FINANCIAL OVERVIEW:	FY 2013	FY 2014	FY 2015	1HFY2016
Revenue	\$507.3M	\$525.7M	\$548.6M	\$228.3M
Operating Cash-flow*	\$272.4M	\$249.5M	\$250.1M	\$66.2M
Net Profit After Tax	\$88.0M	\$78.2M	\$69.0M	\$15.7M
Earnings Per Share (basic)	57.48c	50.22c	44.18c	10.0c
Cash and Deposits	\$77M	\$58M	\$107M	\$51.2M
Debt	\$285M	\$160M	\$120M	\$75M
Dividends	N/A	10c (final, unfranked)	13c (10c franked)	2c (100% franked)

\*Prior to exploration expenditure

## RAPIDLY REDUCING DEBT:

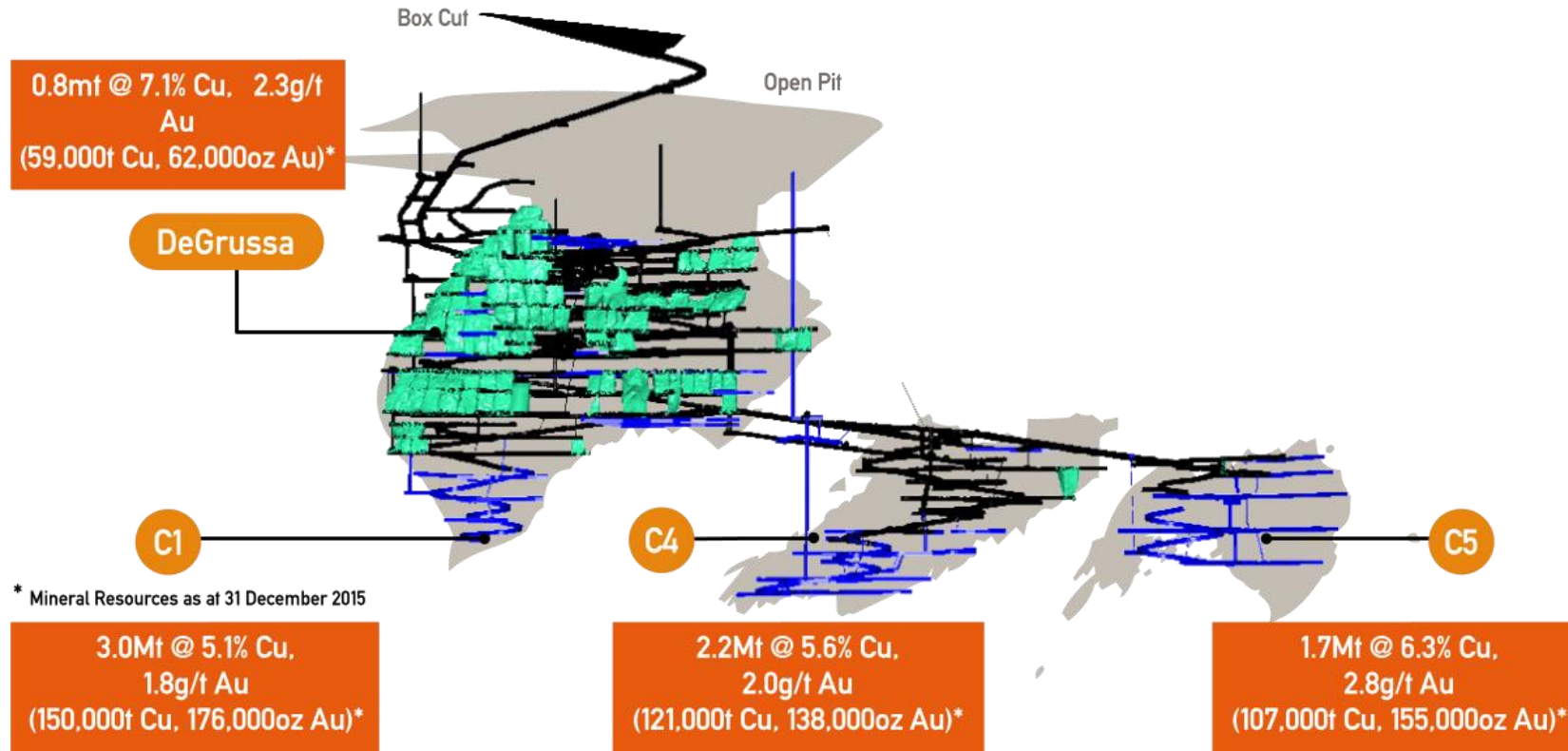


- ✓ **Four successive years of consistent, safe and profitable production**
- ✓ **Milling rates increased to 1.6Mtpa and recoveries targeted at ~92% (LOM)**
- ✓ **Underground development exceeded 37km with production now being sourced from all mineralised lenses**
- ✓ **Record full-year production for FY2016 of 68,202t Cu, 37,612oz Au, C1 US\$0.95/lb**
- ✓ **Strong, consistent outlook: FY2017 guidance 65-68,000t Cu, 35-40,000oz Au, C1 US\$0.95-1.05/lb**
- ✓ **Updated Mine Plan, Mineral Resource and Ore Reserve: cements mine life to FY2021 (excluding Monty)**



**Our cornerstone asset: a high-grade, high margin Australian copper-gold mine**

# Robust Underground Mine – All Lenses Now On Stream



- ▶ Mining rate set to continue at 1.6Mtpa
- ▶ First Conductor 5 stope mined in June 2016 Quarter
- ▶ Production now being sourced from all four lenses (DeGrussa, C1, C4, C5)
- ▶ Blending of mine ore feeds allows process optimisation
- ▶ 37km of mine development completed to date

DeGrussa Underground Mine	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Mine Plan	8.1	4.4	1.7	357,000	443,000
Ore Reserve	8.0	4.4	1.7	353,000	441,000
Mineral Resource	7.8	5.7	2.1	443,000	536,000

As at 31 December 2015. Includes underground stockpiles.  
Refer ASX Announcement "DeGrussa Mine Plan, Mineral Resource and Ore Reserve Update", 14 April 2016

# Mine Development Requirement Set To Fall Sharply

- ▶ Development of C4/C5 decline on schedule and progressing in good ground conditions – due for completion in August
- ▶ Underground pumping station, ventilation and other infrastructure being installed in C4 and C5 for LOM production
- ▶ Underground mine development now steadily reducing from base level in FY2016 of 7,300m (~\$66M\*):
  - 23% reduction to 5,600m in FY2017
  - 74% reduction to 1,900m in FY2018



High grade ore drive in the Conductor 5 deposit

\* Excludes operating development through paste-fill

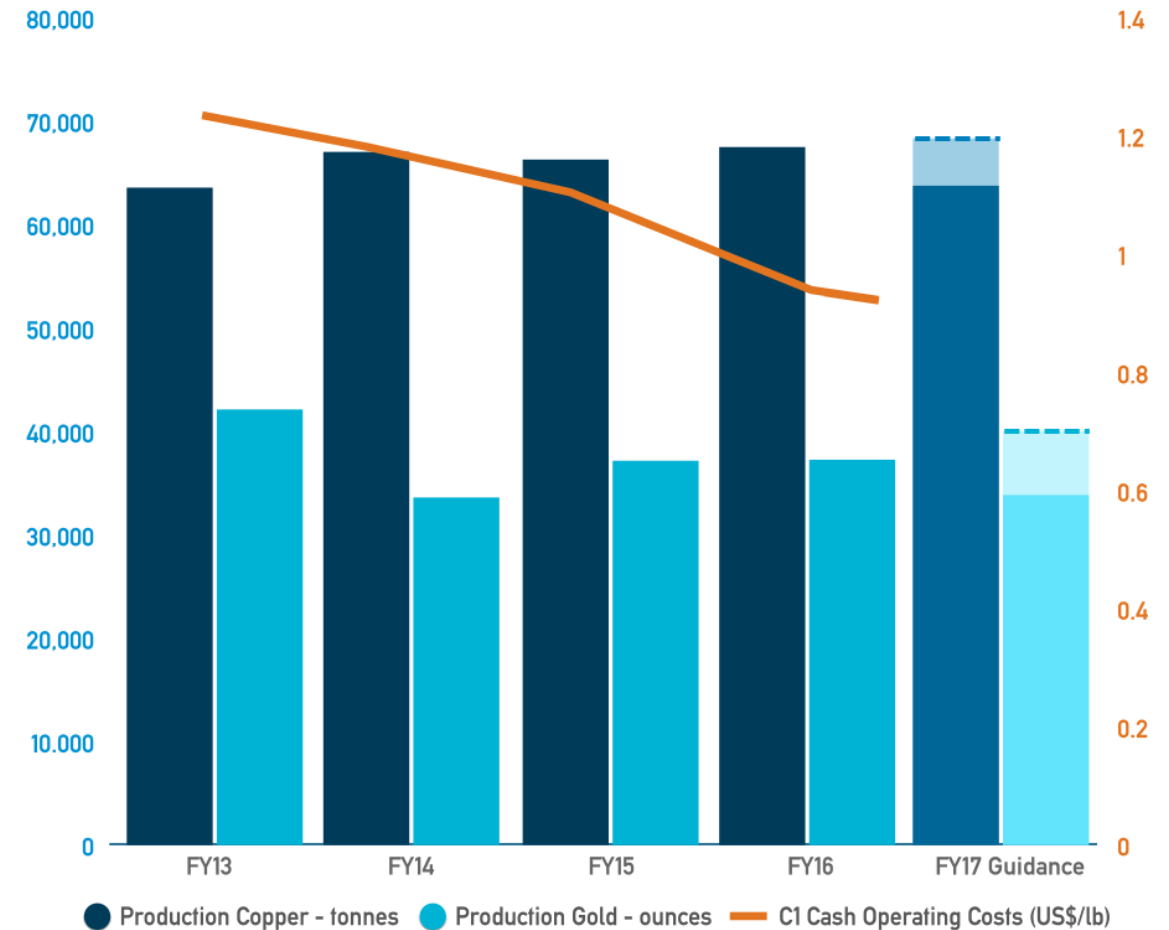


# Consistent Plant Production, Focus on Optimisation



- ▶ Milling rates to continue at 1.6Mtpa for FY2016 at planned 4.5% Cu
- ▶ LOM recoveries forecast at ~92% copper, ~45% gold

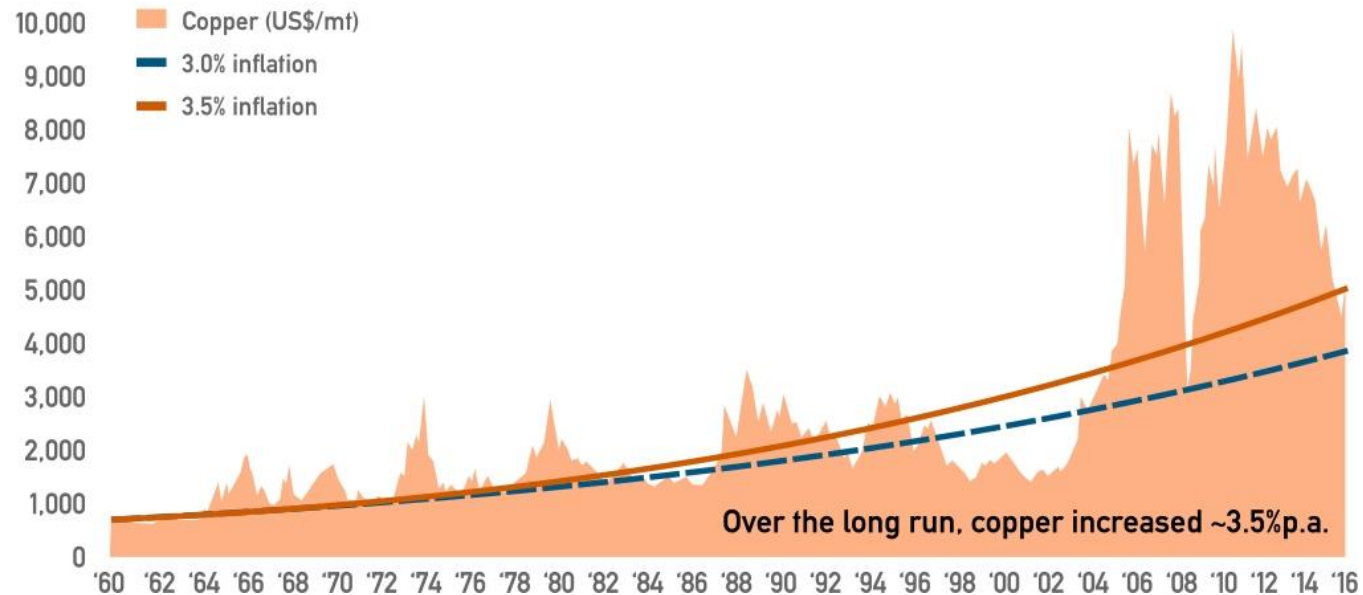
## C1 Cash Operating Costs:



**Strong, consistent production; C1 cash operating costs continuing to trend down**

# Copper Market – Supply & Demand Rebalancing

During GFC copper prices declined ~65% peak to trough



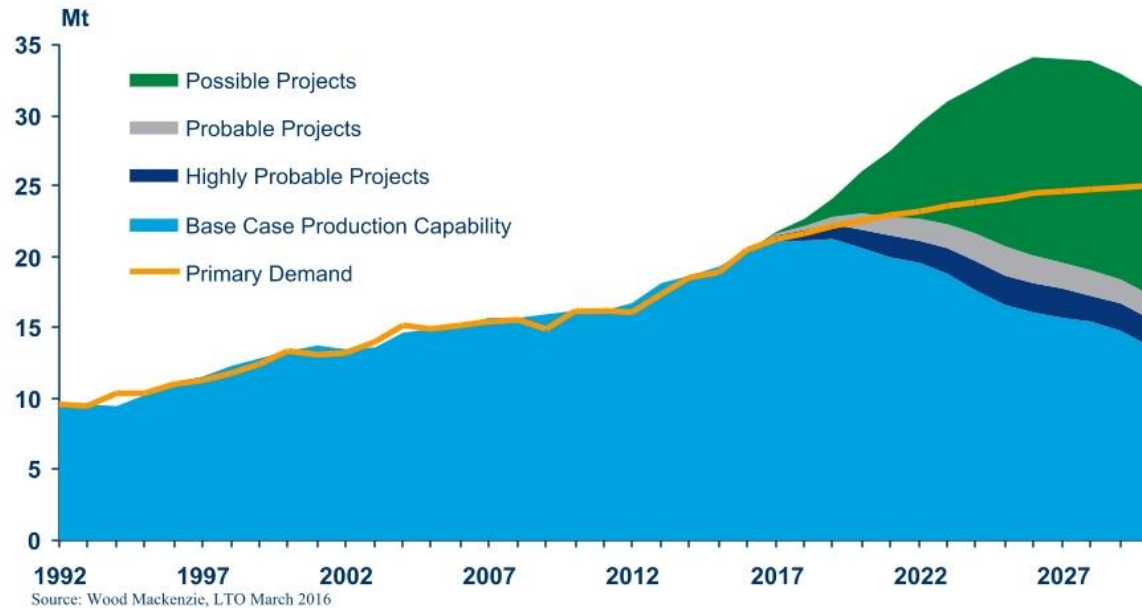
Source: Shaw & Partners, FactSet, World Bank

World Copper Demand and Supply (million tonnes)					Consensus Forecasts	
World	2011	2012	2013	2014	2015	2016
Supply	19.6	20.1	21.1	22.5	22.9	23.5
Demand	19.7	20.4	21.3	21.9	22.7	23.4
Balance	-0.1	-0.3	-0.3	0.6	0.2	0.1

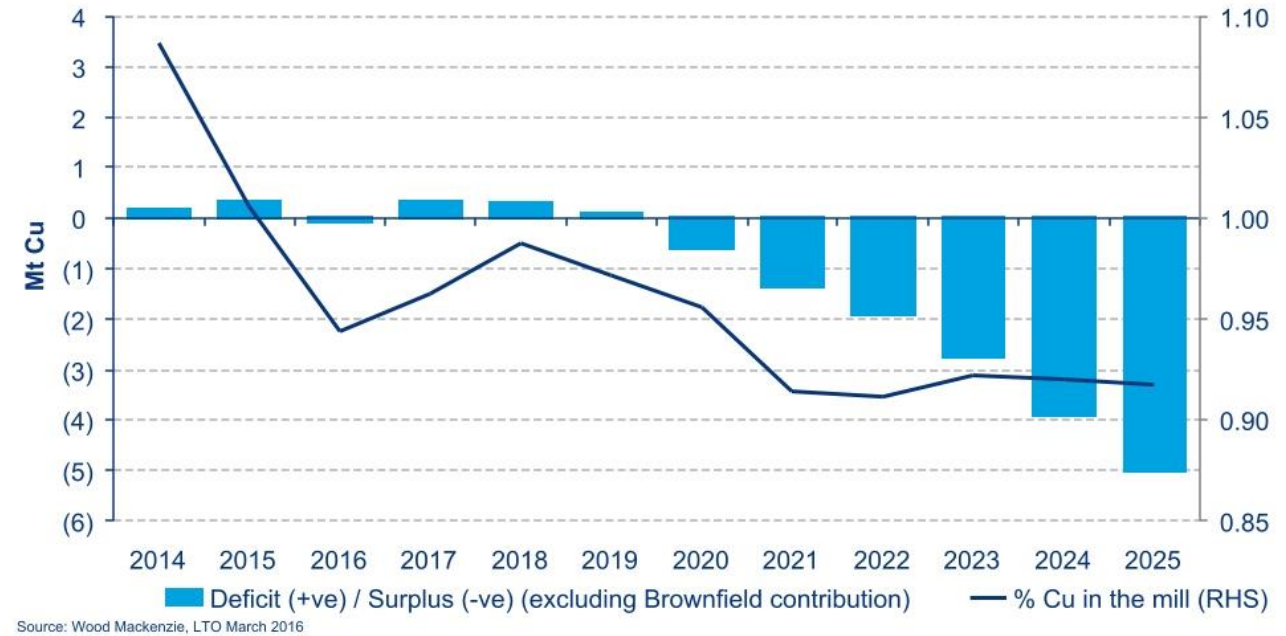
Source: Consensus Economics, Historical Estimates and Forecasts from Survey of December 2015

- ▶ ~50% reduction in copper prices since 2011 – similar in magnitude to GFC
- ▶ Global supply has exceeded demand in recent years
- ▶ As a result, capital spending by major producers has been slashed to \$41 billion from \$104 billion in 2013
- ▶ Major projects are facing delays, and the current slight oversupply could easily turn into a deficit – which could emerge as early as 2018, pushing prices back up
- ▶ Medium-to-long term incentive price for new copper projects to be developed is significantly higher than the spot price

## Future copper demand expected to remain strong

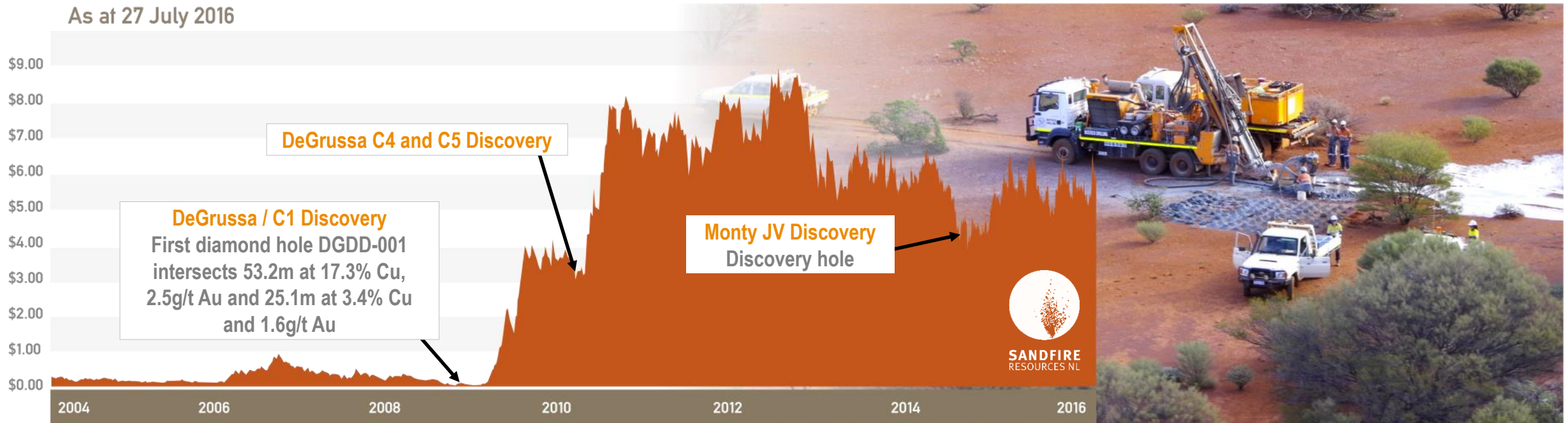


## Resource depletion, declining grade profiles, margin pressure = deficit...



- ▶ Medium to long-term demand outlook remains very strong, supported by burgeoning Asian Middle Class and supplementary demand profile supported by services consumption and “green energy storage” applications
- ▶ Long-term supply side remains challenged, with declining grades and margin pressures on major producers likely to result in a growing deficit over the next decade

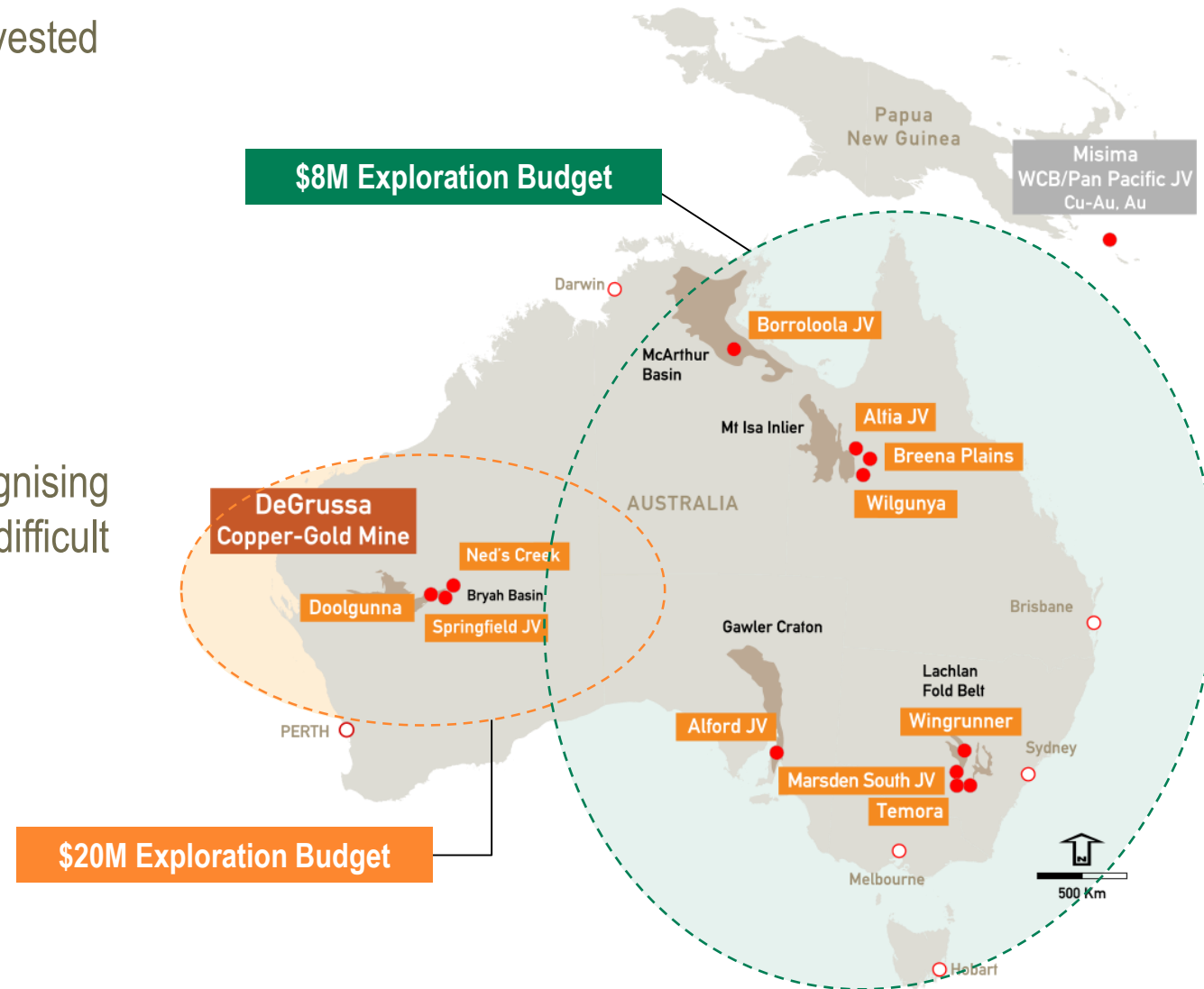
# An Outstanding Track Record of Growth through Exploration



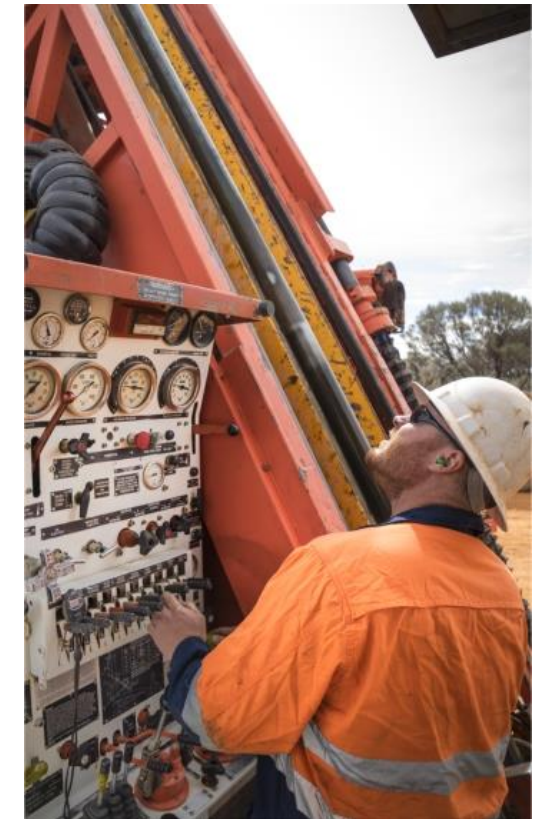
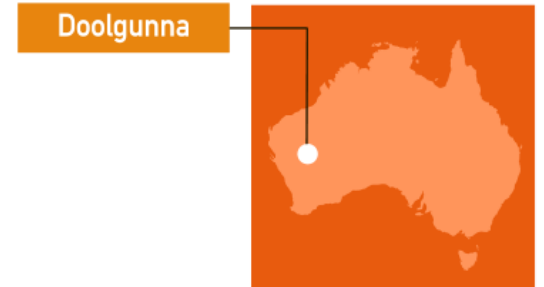
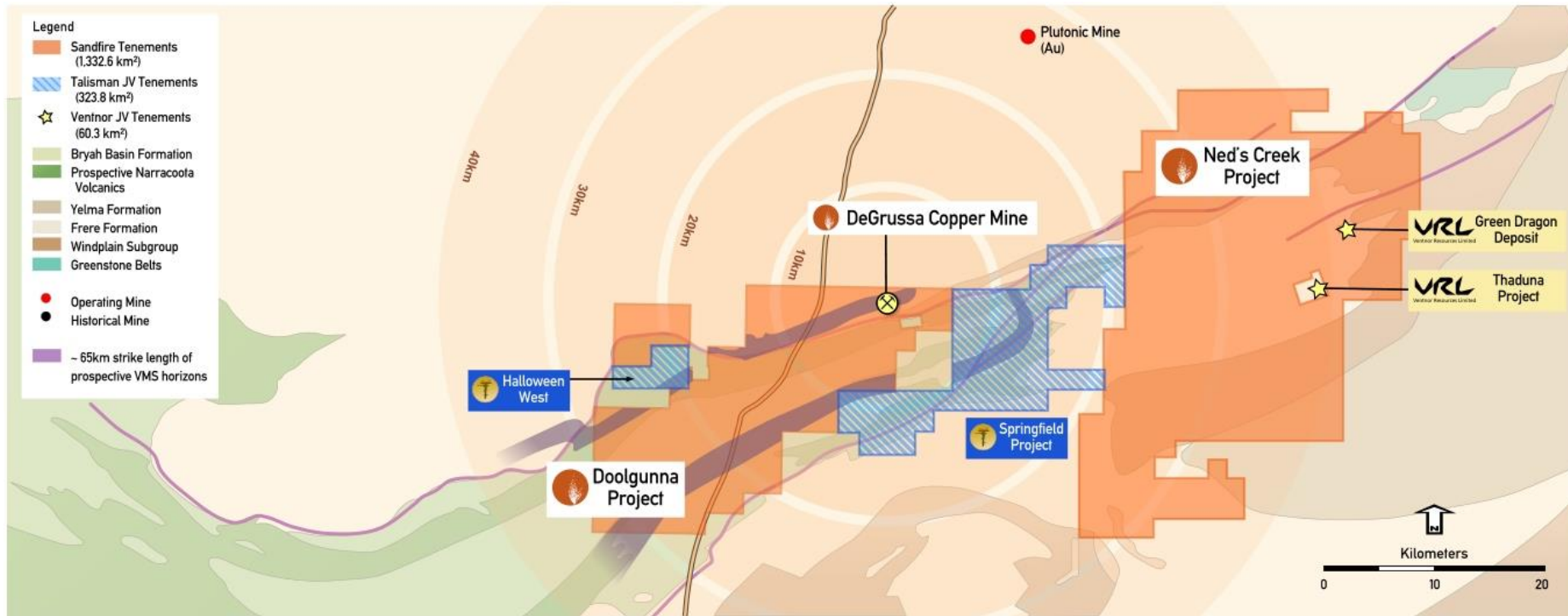
- ▶ DeGrussa discovery: drove Sandfire's share price from ~6c to ~\$8
- ▶ Underpinned creation of significant mid-tier copper producer
- ▶ New high-grade VMS discovery at Monty (Jun 15): price support amidst volatile and challenging market conditions
- ▶ Organically-driven growth strategy continues to deliver – where to next?

# Exploration – It's in our DNA

- ▶ Underpinned by strong ongoing cash-flows, Sandfire has invested up to \$30M a year in exploration for the past five years:
  - \$20M at DeGrussa-Doolgunna (WA) – FY2017
  - \$8M on our exploration initiative on Australia's Eastern Seaboard – FY2017
- ▶ Focusing on belts with the potential to deliver Tier-1 assets
- ▶ Considered, diligent and technically driven approach – recognising that deposits like DeGrussa and Monty are blind, deep and difficult to find – requiring a significant level of innovation and belief
- ▶ An accomplished geoscientific team:
  - Cutting-edge technologies
  - Innovative thinking and creative approach
  - Access to world-class consulting expertise



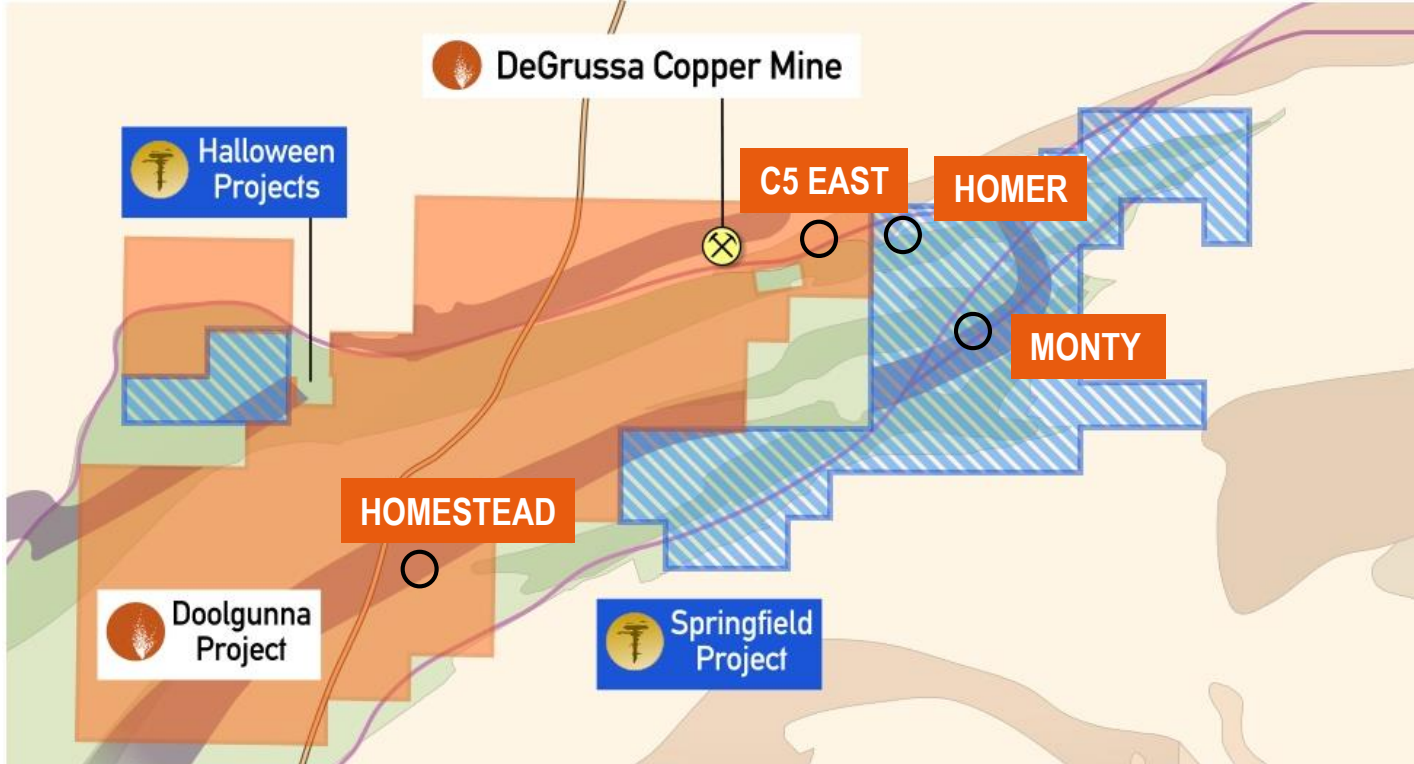
# Doolgunna – World-Class Exploration Upside



- ▶ Dominant 1,600km<sup>2</sup> ground position in WA's premier emerging copper belt
- ▶ Only operating processing facility in the District
- ▶ Outstanding potential: 65km strike length of prospective VMS horizons
- ▶ Significant new high-grade discovery within Springfield Project (Talisman Joint Venture) upgrades district-wide VMS potential – multiple emerging target areas

# Doolgunna – World-Class Exploration Upside

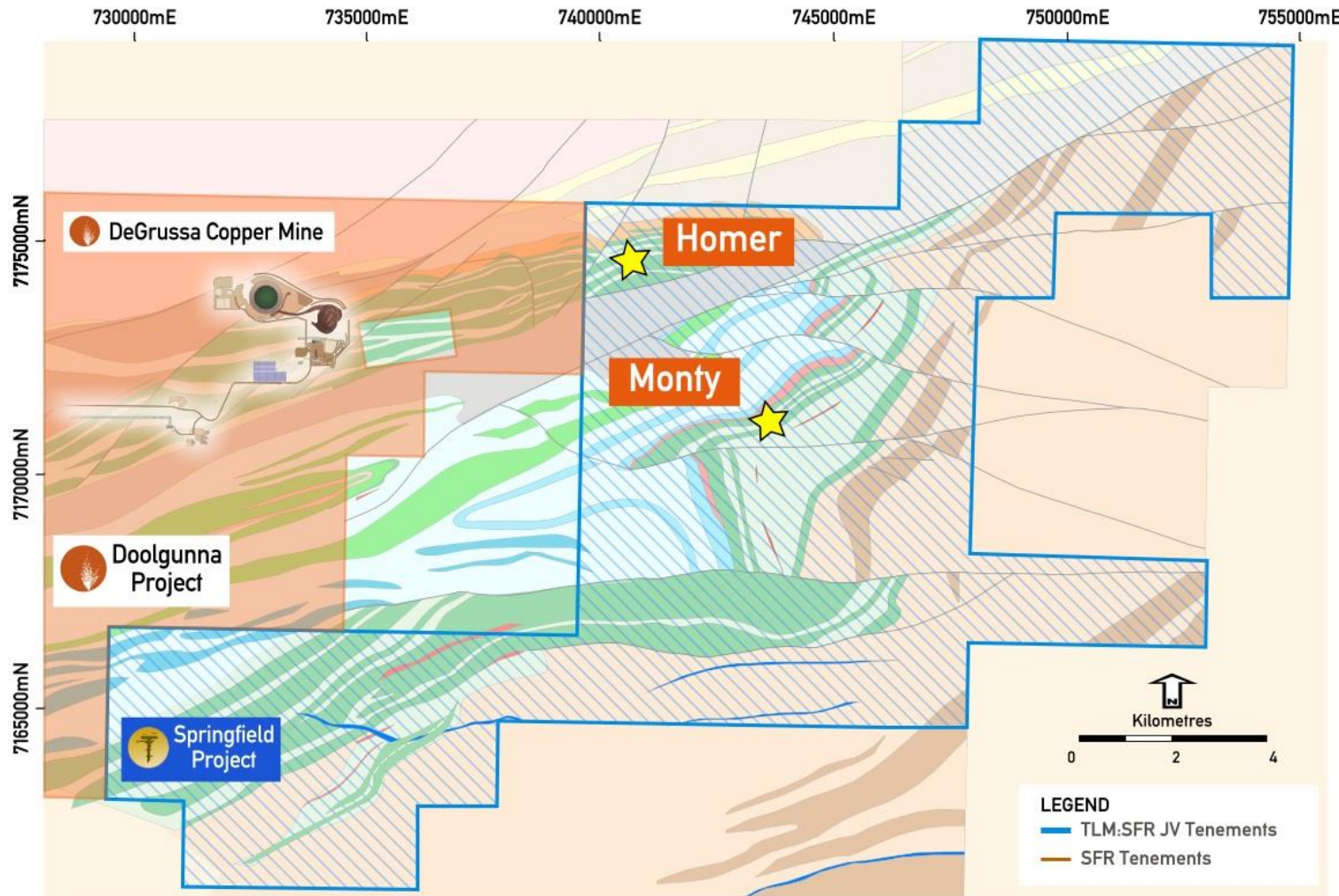
- ▶ Exploration advancing at multiple prospects within the Greater Doolgunna region



- ▶ Homestead Prospect ~12km south-west of DeGrussa (Sandfire 100%)
- ▶ Conductor 5 East mineralised trend (Sandfire 100%)
- ▶ Monty and Homer Corridors (Springfield Joint Venture)
- ▶ Southern Volcanics (Springfield Joint Venture)



# Springfield Project – Talisman Joint Venture



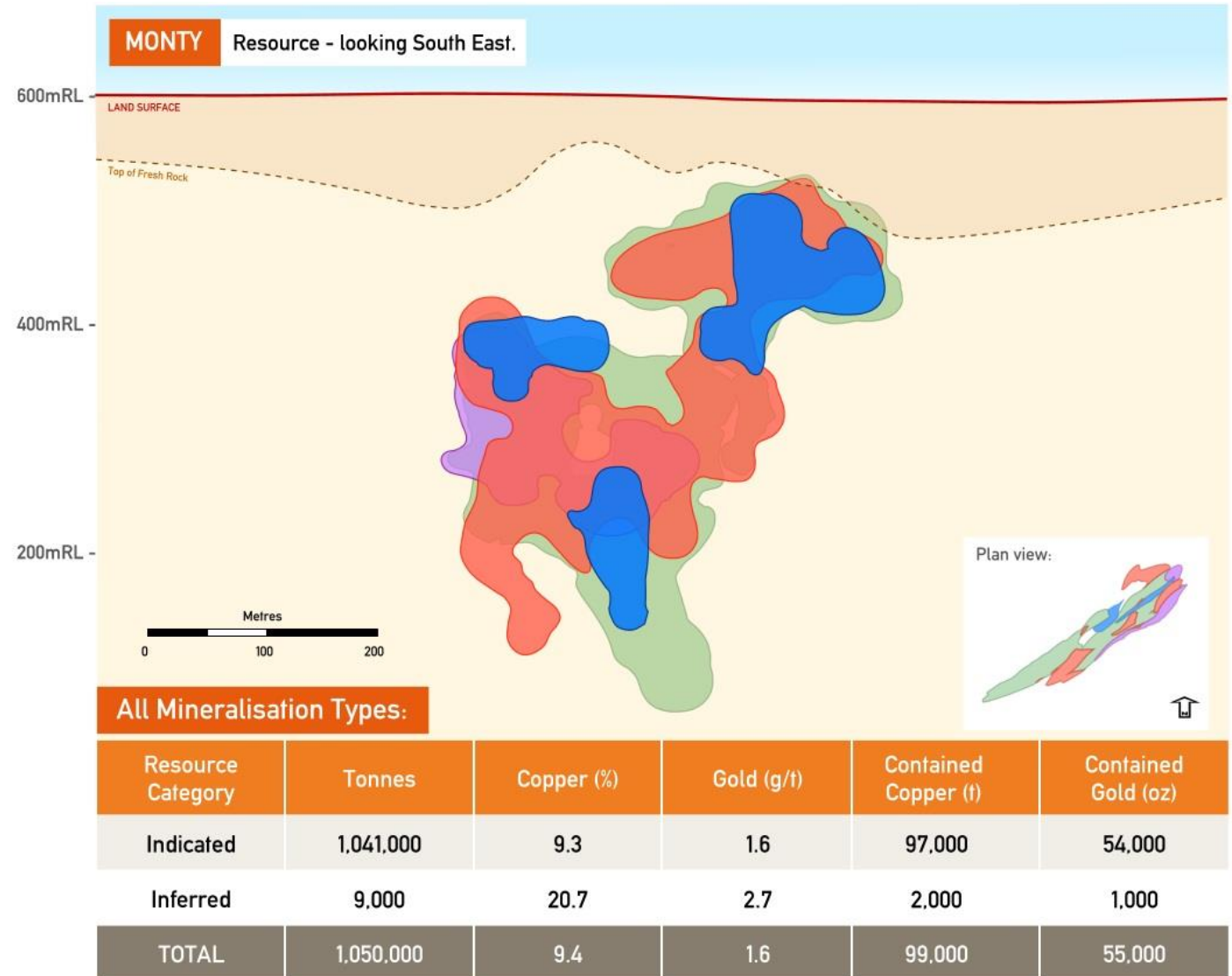
- ▶ 70% interest held in joint venture with Talisman Mining (ASX: TLM) – 30%
- ▶ Two key areas of exploration focus
- ▶ **Monty** – 10km east of DeGrussa
  - Significant new high-grade discovery – first discovery outside of DeGrussa
  - Opens up highly prospective +5km VMS horizon along strike – exploration continuing
  - Maiden high-grade resource completed in April 2016: 99,000t Cu, 55,000oz Au
  - Major aircore and RC drilling programs underway to test interpreted 5km long horizon
- ▶ **Homer** – 4km east of DeGrussa:
  - Package of sediments containing exhalative material
  - Analogous to host sequence seen at DeGrussa
  - Exploration programs continuing



# Monty – A Potential New High Grade Satellite Mine

## Resource

- ▶ Maiden JORC 2012 Indicated and Inferred Mineral Resource estimate – 1.05Mt at 9.4% Cu, 1.6g/t Au:
  - ▶ 99,000t of copper, 55,000oz gold
  - ▶ 99% Indicated category, available for conversion to Ore Reserves
- ▶ One of the highest grade VMS deposits discovered anywhere in the world in the past three decades
- ▶ Confirms the potential for the overall Doolgunna VMS field to host multiple centres of mineralisation



**Maiden Monty Mineral Resource**

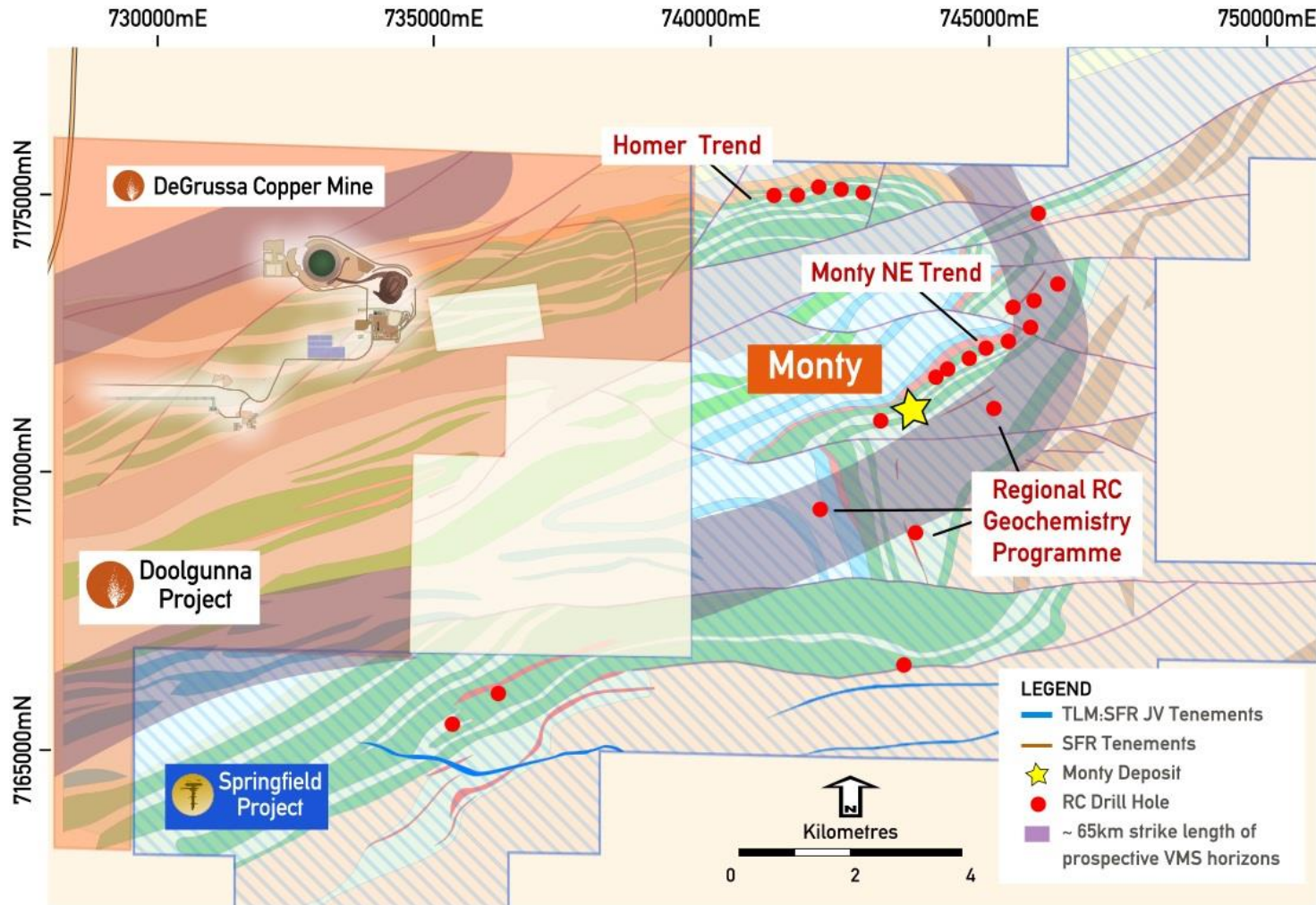
## Development

- ▶ 16.42km<sup>2</sup> Mining Lease Application lodged
- ▶ High-level studies completed
- ▶ Preferred box-cut location selected
- ▶ Feasibility Study underway with \$3.9M budget (100%) – expected completion Q1 CY2017:
  - ▶ Metallurgical testwork
  - ▶ Geotechnical and structural geology
  - ▶ Mine design engineering
  - ▶ Proposed haul road route
  - ▶ Infrastructure utilisation
- ▶ Lowermost massive sulphide lens contains localised, high grade bornite



# Springfield Joint Venture – Unlocking the Next Discovery Opportunity

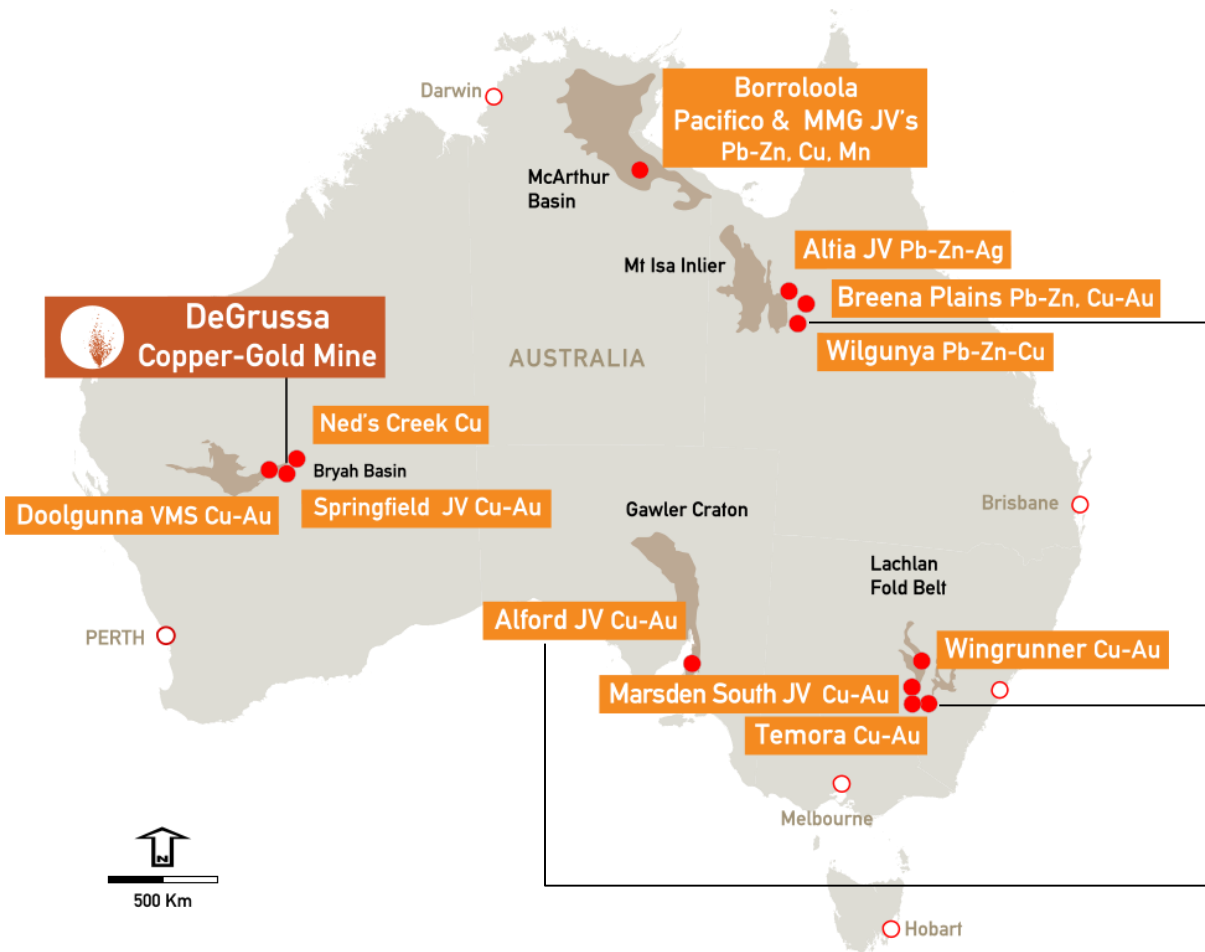
Exploration continuing as a priority along highly prospective 5km long Monty VMS corridor



- ▶ Systematic aircore drilling to accurately delineate the interpreted VMS horizon along strike from Monty
- ▶ RC drilling within the interpreted VMS horizon to inform the interpretation of the host stratigraphy
- ▶ Diamond drilling to test the areas down-dip and down-plunge of Monty
- ▶ DHEM surveys of all RC and diamond drill-holes
- ▶ Development of a structural geology model to provide additional context regarding the location and geological setting of Monty

# Australian Regional Exploration Projects

Targeting world-class discoveries in Australia's premier exploration provinces



## EXPLORATION:

### Queensland Base Metals

- ▶ 2,400km<sup>2</sup> in Mt Isa-Cloncurry province
- ▶ 100km strike length with outstanding potential for Broken Hill/Cannington-style and IOCG mineralisation
- ▶ Key targets include Breena Plains, Altia and Black Rock – exploration ongoing

## EXPLORATION:

### NSW Base Metals

- ▶ 2,100km<sup>2</sup> in Lachlan Fold Belt
- ▶ Outstanding potential for porphyry mineralisation
- ▶ Multiple targets at Wingrunner and Marsden South
- ▶ Initial round of drilling completed in 2015, follow-up being planned
- ▶ Portfolio recently expanded with Temora Project acquisition

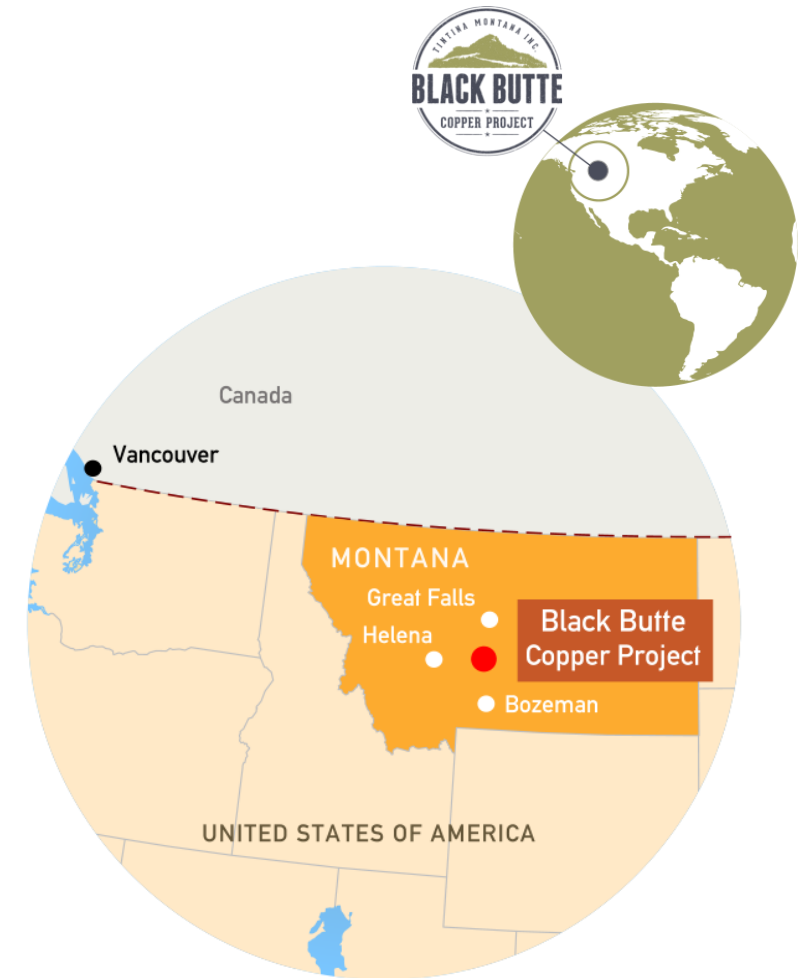
## EXPLORATION:

### South Australian IOCG Project

- ▶ 640km<sup>2</sup> in Gawler Craton
- ▶ Potential for IOCG copper-gold discoveries

# Investment in Tintina Resources / Black Butte Copper Project

- ▶ 57% stake in copper development company Tintina Resources (TSX-V: TAU)
- ▶ Developing the Black Butte Copper Project, central Montana, USA
- ▶ Advanced, high quality copper project in stable jurisdiction:
  - NI 43-101 Measured and Indicated Resources of 15.7Mt grading 3.4% Cu for 533,600t of contained copper
  - NI 43-101 Inferred Resources of 2.3Mt grading 2.8% Cu for 63,500t of contained copper
- ▶ One of the top-10 undeveloped copper projects worldwide by grade
- ▶ Outstanding near-mine and district-wide exploration potential
- ▶ Development studies underway
- ▶ Application for Mine Operating Permit (MOP) for Johnny Lee copper deposit lodged with Montana Department of Environmental Quality (DEQ)



# The DeGrussa Solar Power Project



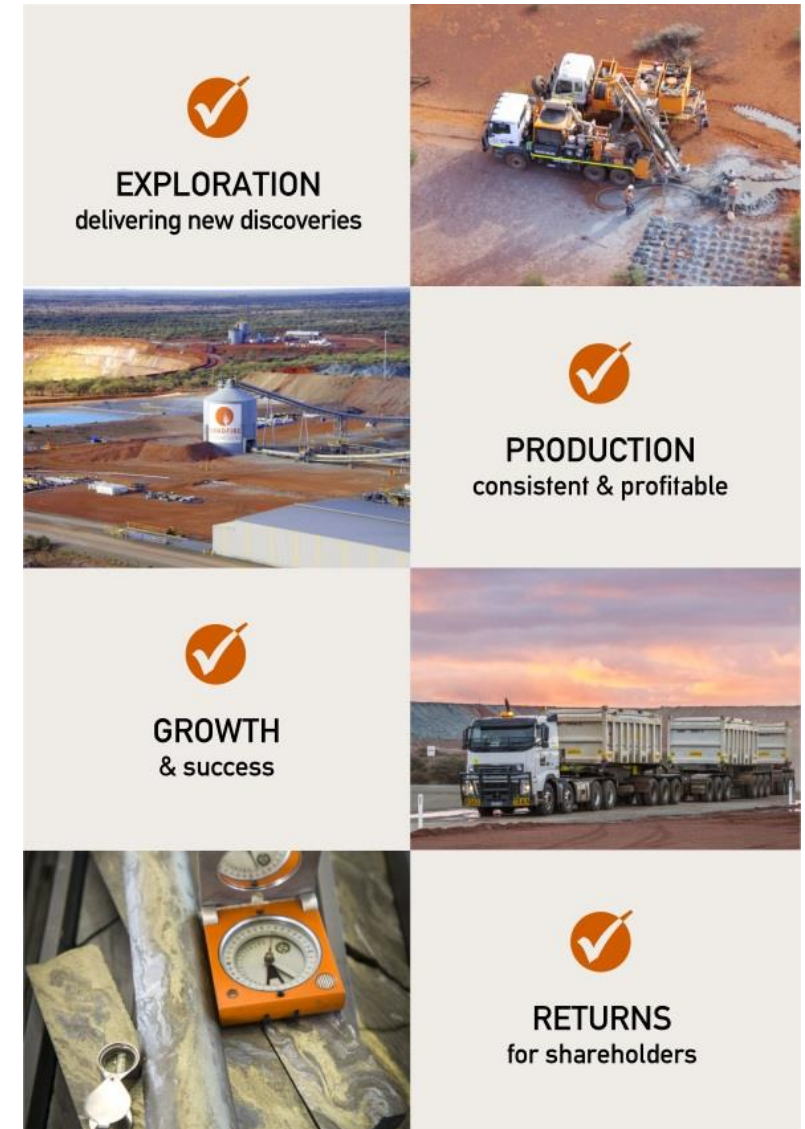
- ▶ Construction of 10.6MW solar power station at DeGrussa recently completed
- ▶ Fully integrated with existing 19MW diesel-fired power station
- ▶ \$40M project financed, developed and operated by international consortium
- ▶ Establishes DeGrussa as potential world-leading reference site for use of renewables
- ▶ One of the largest integrated off-grid solar power systems in the global mining industry
- ▶ Expected reduction in CO<sub>2</sub> emissions by 12,000 tonnes per year



# Summary – Positioned for Growth and Success

- ▶ **Consistent** low-cost production
- ▶ **Strong** balance sheet – net cash position
- ▶ **Growing** free cash-flows
- ▶ **Committed** to organic growth via exploration
- ▶ **Unlocking** the potential at Doolgunna
- ▶ **Developing** a growth pipeline for the future

**Sandfire is a high-margin, low-cost Australian copper-gold producer, ideally positioned for its next exciting chapter of growth.**





**SANDFIRE RESOURCES NL**

A QUALITY COPPER-GOLD COMPANY ASX Code- SFR



ASX



**VISIT US AT BOOTH #106**

**Net debt-free      Building free cash-flow      Strong growth pipeline**

**Diggers & Dealers – 1 August 2016 - Karl Simich, Managing Director and CEO**





# Mineral Resource, Ore Reserve and Mine Plan



Table 1 – December 2015 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	8.1	4.4	1.7	357,000	443,000
Ore Reserve	8.0	4.4	1.7	353,000	441,000
Mineral Resource	7.8	5.7	2.1	443,000	536,000

DeGrussa Underground Mine by Orebody	Tonnes (Mt)	Stockpiles (Mt)	DG (Mt)	C1 (Mt)	C4 (Mt)	C5 (Mt)
Mine Plan	8.1	0.1	0.9	3.1	2.2	1.8
Ore Reserve	8.0	0.1	0.9	3.0	2.2	1.8
Mineral Resource	7.8	0.1	0.9	3.0	2.1	1.7

Table 2 – December 2015 Mineral Resource

DeGrussa Mineral Resource	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Underground Mine	7.8	5.7	2.1	443,000	536,000
Stockpiles (Open Cut)	2.9	1.2	1.0	35,000	89,000
December 2015 – Total	10.7	4.5	1.8	478,000	625,000

Table 3 – December 2015 Ore Reserve

DeGrussa Mine Ore Reserve	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Underground Mine	8.0	4.4	1.7	353,000	441,000
Stockpiles (Open Cut)	2.8	1.2	1.0	35,000	84,000
December 2015 – Total	10.8	3.6	1.5	388,000	525,000

Refer ASX Announcement “DeGrussa Mine Plan, Mineral Resource and Ore Reserve Update”, 14 April 2016