



25 February 2021

ASX Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

Lodgement of Half Year Financial Report for the six months ended 31 December 2020 Investor Conference Call and Webcast Details

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

1. December 2020 Half Year Financial Report and Appendix 4D;
2. ASX release on the Company's results for the six months ended 31 December 2020;
3. December 2020 Half Year Financial Results Presentation; and
4. Appendix 3A.1 Notification of Dividend/Distribution.

In addition, a teleconference and live webcast on the Company's results for the six months ended 31 December 2020 will be held for the investment community at 10.00am (AWST) / 1.00pm (AEST) today.

The December 2020 Half Year Financial Report, accompanying announcements and slide presentation will be available via the ASX Company Announcements Platform (ASX Code: SFR) and Sandfire's website at www.sandfire.com.au.

A live webcast of the teleconference and synchronised slide presentation will also be available by [clicking here](#).

Yours sincerely

Matthew Fitzgerald
Chief Financial Officer
and Company Secretary

25 February 2021

Appendix 4D

Half-year ended 31 December 2020

Results for announcement to the market	\$'000	Up/Down	Movement
Revenue from ordinary activities	355,561	Up	14%
Profit from ordinary activities after tax attributable to members	60,785	Up	78%
Net profit for the period attributable to members	60,785	Up	78%

Dividend information	Amount per share	Franked amount per share
Interim dividend per share (cents per share)	8.0	8.0
Interim dividend dates		
Record date for determining entitlements to the interim dividend	3 March 2021	
Payment date for the interim dividend	17 March 2021	

Net tangible assets	2020	2019
Net tangible assets (NTA) per ordinary security	\$3.45	\$3.00

Refer to the Director's Report and the Half-Year Financial Report for additional disclosures relating to the Appendix 4D.

This information should be read in conjunction with Sandfire's auditor reviewed 31 December 2020 Half-Year Financial Report, which is enclosed. All comparisons reported are to the half-year ended 31 December 2019.

For further information contact:

Matthew Fitzgerald
CFO and Company Secretary

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Half-Year Financial Report

For the six months ended 31 December 2020

ASX Code: SFR

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CORPORATE INFORMATION

ABN 55 105 154 185

Directors

Derek La Ferla	<i>Independent Non-Executive Chairman</i>
Karl Simich	<i>Managing Director and Chief Executive Officer</i>
Paul Hallam	<i>Independent Non-Executive Director</i>
Roric Smith	<i>Independent Non-Executive Director</i>
Sally Langer	<i>Independent Non-Executive Director</i>
Jennifer Morris	<i>Independent Non-Executive Director</i>
John Richards	<i>Independent Non-Executive Director</i>

Company Secretary

Matthew Fitzgerald *Chief Financial Officer and Company Secretary*

Registered Office and Principal Place of Business

Level 2, 10 Kings Park Road
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

Automic Group Limited
Level 2, 267 St Georges Terrace
Perth WA 6000
Tel: 1300 288 664 (within Australia)
+61 2 9698 5414
Fax: +61 2 8583 3040
Email: hello@automicgroup.com.au

Auditors

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

Home Exchange

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

ASX Code

Sandfire Resources Limited shares are listed on the Australian Stock Exchange (ASX).
Ordinary fully paid shares: SFR

T3 Ore Reserve

The information in this report that relates to Open Pit Ore Reserves, is based on information compiled by Mr Jake Fitzsimons who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Fitzsimons is employed by Orelogy Consulting Pty Ltd 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 Fitzsimons consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

T3 and A4 Mineral Resource

The information in this report that relates to Mineral Resources is based on information compiled by Mr Callum Browne who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Browne is a permanent employee of Sandfire 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 Browne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration Results – Doolgunna

The information in this report that relates to Exploration Results at Doolgunna 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 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 Results – Tshukudu

The information in this report that relates to Exploration Results at the Tshukudu Exploration Project, is based on information compiled by Mr Julian Hanna who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hanna is a permanent employee of Sandfire 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 Hanna 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 continuing exploration programs aimed at reporting additional JORC compliant resources for the Company's Projects, 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 report contain or comprise certain forward-looking statements regarding Sandfire's Mineral Resources and Reserves, exploration and project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook.

Although Sandfire believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements and no assurance can be given that such expectations will prove to have been correct. There is continuing uncertainty as to the full impact of COVID-19 on Sandfire's business, the Australian economy, share markets and the economies in which Sandfire conducts business. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess the full impact of COVID-19 on Sandfire's business or the price of Sandfire securities.

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

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 these forward-looking statements 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 forward-looking statements 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.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of the consolidated entity (referred to as the Group) consisting of the parent entity, Sandfire Resources Limited (the Company or Sandfire), and the entities it controlled, for the six months ended 31 December 2020 and the independent auditor's review report thereon.

Directors

The Directors of the Company in office during the half-year and until the date of this report are set out below.

Name	Period of Directorship
Mr Derek La Ferla <i>Independent Non-Executive Chairman</i>	Appointed 17 May 2010
Mr Karl Simich <i>Managing Director & Chief Executive Officer</i>	Appointed Director 27 September 2007 Managing Director and Chief Executive Officer since 1 July 2009
Mr Paul Hallam <i>Independent Non-Executive Director</i>	Appointed 21 May 2013
Dr Roric Smith <i>Independent Non-Executive Director</i>	Appointed 31 December 2016
Ms Sally Langer <i>Independent Non-Executive Director</i>	Appointed 1 July 2020
Ms Jennifer Morris OAM <i>Independent Non-Executive Director</i>	Appointed 1 January 2021
Mr John Richards <i>Independent Non-Executive Director</i>	Appointed 1 January 2021
Mr Robert Scott <i>Independent Non-Executive Director</i>	Appointed 30 July 2010 Resigned 31 December 2020

Dividends

Subsequent to the end of the financial period, the Board of Directors have resolved to pay a fully franked dividend of 8 cents per share, to be paid on 17 March 2021. The record date for entitlement to this dividend is 3 March 2021. The financial impact of this dividend amounting to \$14,260,000 has not been recognised in the Financial Statements for the half-year ended 31 December 2020 and will be recognised in subsequent Financial Statements.

Details in relation to dividends announced or paid since 1 July 2020, other than as above, are set out below.

Record date	Date of payment	Period	Amount per share (cents)	Franked amount per share (cents)	Total dividends \$000
15 September 2020	29 September 2020	2020 FY Final	14	14	24,955

Principal Activities

The principal activities of the consolidated Group during the six months ended 31 December 2020 were:

- Production and sale of copper concentrate, containing gold and silver by-products from the Group's 100% owned DeGrussa Operations in Western Australia;
- Evaluation and early works of the T3 Copper-Silver Project in Botswana, and Sandfire Resources America Inc.'s high-grade Black Butte Copper Project in Montana, United States; and
- Exploration, evaluation and development of mineral tenements and projects in Australia and overseas, including investment in early stage mineral exploration companies.

Operational and financial review

COVID-19 BUSINESS RESPONSE

In response to COVID-19 the Group initiated and maintained strict hygiene protocols across our operations and workplaces to minimise the potential transmission of COVID-19 and to ensure the well-being of our people and contractors. While the global COVID-19 pandemic required the Group to adjust some of its usual operating procedures during the half-year, the direct impact to the DeGrussa Operations was limited enabling the Group to maintain a strong production performance.

SAFETY PERFORMANCE

The Total Recordable Injury Frequency Rate (TRIFR) for the Group as at 31 December 2020 was 3.1 compared with 5.8 in 2019. Safety system developments continue to focus on the prevention of incidents and principal hazard management, with programs to assist in managing and improving the safety culture and the management of risk for both employees and contractors.

Operational and financial review (continued)

REVIEW OF HALF YEAR RESULTS

- Net profit after tax of \$60.1 million;
- Profit before net finance income, income tax expense and depreciation and amortisation of \$192.1 million;
- Operating cash flow of \$137.8 million;
- Net assets of \$806.1 million, with cash of \$335.8 million as at 31 December 2020;
- Copper production of 35,790 contained tonnes and gold production of 21,343 contained ounces.

DEGRUSSA OPERATIONS, WESTERN AUSTRALIA

The DeGrussa Operations are located within the Group's Greater Doolgunna Project in Western Australia's Bryah Basin mineral province, approximately 900km north-east of Perth.

The Operations are located within an established mining district, approximately 150km north of the regional mining hub of Meekatharra, and includes both the DeGrussa and Monty Copper-Gold Mines.



Location of the DeGrussa Operations

Overview

A summary of copper and gold production and sales for the half-year is provided below:

HY 2021 Production Statistics		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined – DeGrussa	520,144	4.2	1.8	21,685	30,100
	Mined – Monty	202,468	6.4	1.6	12,870	10,312
Mined – Total		722,612	4.8	1.7	34,555	40,412
Milled		792,788	4.8	1.7	38,314	44,131
Production		152,148	23.5	4.4	35,790	21,343
Concentrate sales		137,324	23.5	4.4	32,252	20,350

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

Production was sourced from all lenses at DeGrussa and Monty with the mine remaining in balance between production and back-fill.

Mine production rates from DeGrussa were slightly lower than planned due to contractor equipment and manning constraints. Monty mine production rates continued to exceed forecast.

Processing

Mill throughput for the half-year was in-line with target and was supported by strong plant utilisation and recoveries throughout the period.

Sales & Marketing

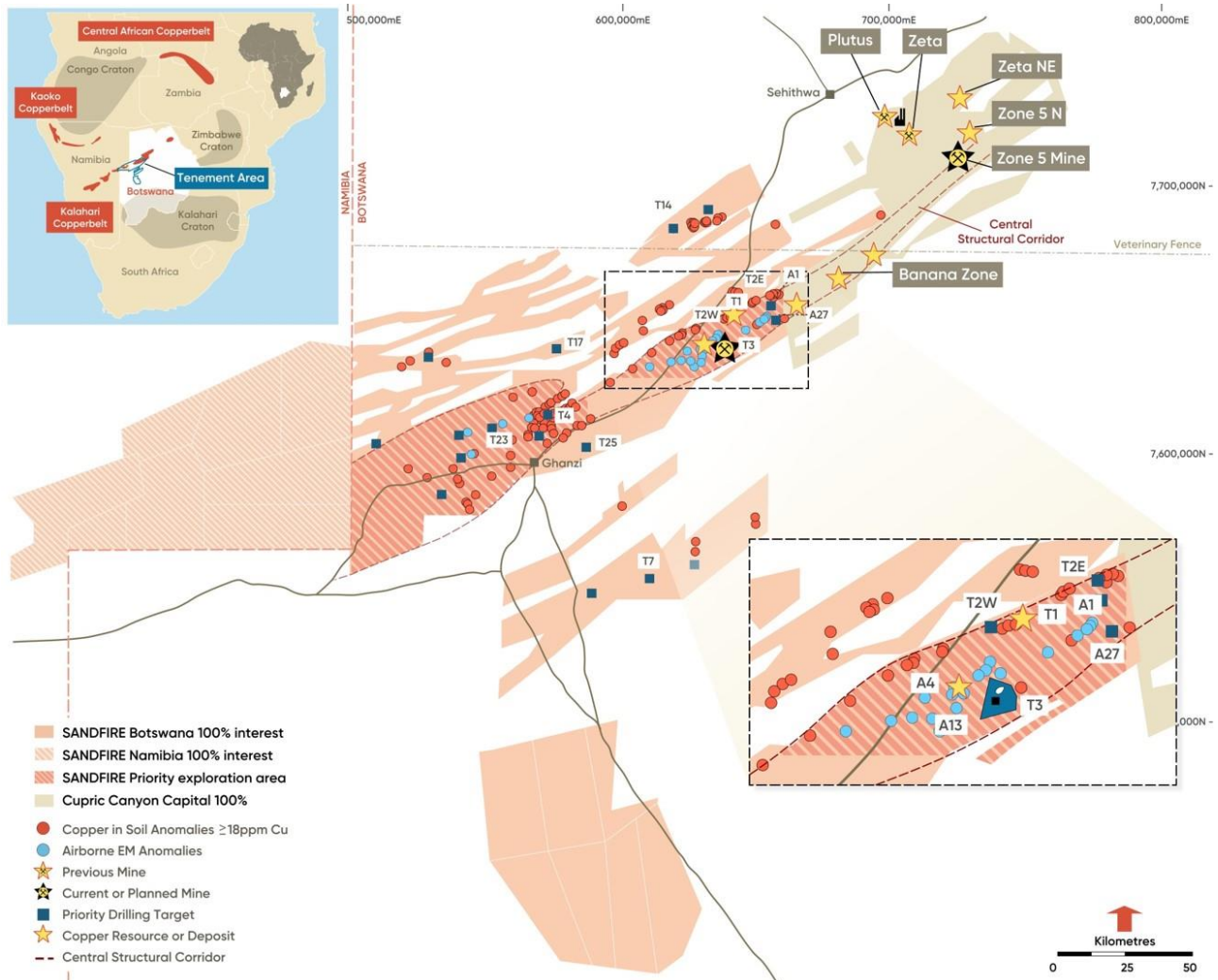
During the half-year ended 31 December 2020 a total of 137,324 dmt tonnes of concentrate was sold containing 32,252 tonnes of copper and 20,350 ounces of gold. 13 shipments were completed during the period from Port Hedland and Geraldton.

Operational and financial review (continued)

DEVELOPMENT PROJECTS

TSHUKUDU PROJECT, BOTSWANA

Sandfire completed the acquisition of 100% of MOD Resources Ltd (ASX/LSE: MOD) on 23 October 2019, providing the Company with a large land holding in the highly prospective Kalahari Copper Belt in Botswana, including the advanced T3 Copper-Silver Project.



Regional Location Plan of Sandfire's 26,650km² licence holdings in Botswana and Namibia showing the T3 Project, A4 Deposit, multiple exploration targets, the neighbouring Cupric Canyon licences and deposits (source: Cupric Canyon Capital's website www.khoemacau.com)

T3 Motheo Copper-Silver Project Feasibility Study Optimisation

During the period Sandfire completed the detailed optimisation studies relating to existing feasibility studies as well as a COVID-19 Impact Assessment for the Project. Following from this work Sandfire's Board approved the commercial development of the T3 Motheo Copper-Silver Project in December 2020, marking a key step in its international growth and diversification strategy. The Final Investment Decision (FID) is based on the positive results of a Definitive Feasibility Study (DFS) on an initial Base Case 3.2Mtpa processing capacity and open pit development of the T3 Deposit.

As announced on 1 December 2020 the DFS outlined a robust initial 12.5 year operation, underpinned by an updated Ore Reserve of 39.9Mt at 0.9% Cu and 12.2g/t Ag for 360,000t of contained copper and 15.6Moz of contained silver, producing on average ~30kt of contained copper and 1.2Moz of contained silver per annum over the first 10 years of operations, with relatively low capital intensity and robust operating margins.

Based on a forecast copper price of US\$3.16/lb (reflecting current long-term consensus pricing) the Base Case 3.2Mtpa project is forecast to generate US\$664 million (A\$948 million) in pre-tax free cash-flow and US\$987 million (A\$1,410 million) in EBITDA, at a forecast all-in sustaining cost of US\$1.76/lb over its first 10 years of operations.

The DFS announced included a capital expenditure estimate of US\$259 million (A\$371 million) including mining pre-strip, process plant construction, site infrastructure development, tailings storage, owner's costs and contingency.

Operational and financial review (continued)

Reflecting its confidence in the future long-term growth of the Project, Sandfire's Board has also approved an additional upfront investment of US\$20 million (A\$28 million) to be made as part of the 3.2Mtpa Base Case development. This will facilitate the installation of additional processing capacity and infrastructure (including larger front-end crushing capacity, additional flotation and thickening capacity and an expanded accommodation facility), providing a clear pathway to rapidly expand the processing facility to a planned 5.2Mtpa production rate for the Motheo Production Hub to accommodate other ore sources.

The immediate and most advanced expansion opportunity for the expanded 5.2Mtpa Motheo Production Hub is the A4 deposit, located 8km west from T3. During the half-year Sandfire announced a maiden JORC 2012 compliant Inferred Mineral Resource for A4 of 6.5Mt at 1.5% Cu for 100,000t of contained copper for this strategic deposit during the period with both in-fill and step-out drilling underway to upgrade the Inferred Mineral Resource to Indicated status and underpin the completion of Pre-Feasibility and Engineering Studies.

The 5.2Mtpa Expansion Case where it relates to A4 and other prospects, is based on preliminary Resource drilling, technical and economic assessments. Resource drilling and associated study work at A4 is currently insufficient to support estimation of Ore Reserves or to provide assurance of an economic Expansion Case for the Motheo Production Hub.

Project Permitting and next steps

The DFS will now be submitted to the Government of Botswana, with the Government as part of the Mining Licence approval process having a right to acquire up to a 15% fully contributing interest in the T3 Project. The Government of Botswana's ownership decision will then pave the way for a Mining Licence for the T3 Project to be granted. The grant of a Mining Licence represents the last major permitting milestone required for development of the T3 Project to commence.

Project Funding

The Company is well placed to fund the development of T3 from its cash holdings, and future cash-flow generation from its high-grade DeGrussa Operations in Western Australia. Given Sandfire's current strong financial position the FID is not subject to finalisation of project debt funding. However, with the finalisation of the DFS, Sandfire is progressing consideration of a project financing facility for approximately 50 per cent of the estimated development costs and working capital requirements (around US\$150 million (A\$214 million)), as part of its broader capital management strategy. The Company is well advanced in discussions for this project debt funding with a range of financing partners.

Further details in relation to the T3 Motheo Copper-Silver Project can be found on Company's website www.sandfire.com.au and in the Company's December 2020 Quarterly Report ASX announcement, dated 29 January 2021. Details on the Project DFS can be found on the Company's ASX Announcement dated 1 December 2020, titled "Sandfire Approves Development of New Long-life Copper Mine in Botswana".

Tshukudu Exploration

The Company holds a dominant landholding of approximately 26,650km² of highly prospective licences in the Kalahari Copper Belt of Botswana and Namibia. Sandfire's 100% owned licences represent a rare belt-scale exploration opportunity globally, comprising an extensive and strategic position extending more than 300km along the centre of a major emerging sediment-hosted copper belt.

During the half-year period Sandfire undertook an expanded exploration program in the Kalahari Copper Belt, including a significant A4 resource in-fill and extensional drilling program and a major regional Airborne Electromagnetic (AEM) survey covering approximately 13,450km². Sandfire's exploration approach for Tshukudu is targeted with a particular focus on the following areas:

- Targeting high-grade satellite discoveries within the T3 Expansion Project area with the potential to increase the scale of T3;
- Delineating additional Resources with the potential to extend mine life; and
- Targeting major new regional discoveries to unlock the copper belt's broader potential.

Further details of these projects and activities can be found on Company's website www.sandfire.com.au and in the Company's December 2020 Quarterly Report ASX announcement, dated 29 January 2021.

Operational and financial review (continued)

BLACK BUTTE COPPER PROJECT, USA (SANDFIRE: 87%)

Sandfire holds an 87% interest, via North American-listed company Sandfire Resources America Inc. (TSX-V: SFR), in the premier, high-grade Black Butte Copper Project, located in central Montana in the United States. This high-quality project, which is one of the world's highest-grade undeveloped copper projects, has completed the final stages of permitting.

Located on privately-owned ranch land close to existing road, grid power and rail infrastructure with the ability to access a residential workforce located nearby, the project is being developed as a wholly-underground mine with minimal surface footprint. The planned mine development will utilise best-practice technology and modern mining techniques to extract the high-grade copper mineralisation while minimising environmental impact, protecting all water resources and setting mining best-practice standards in addressing Montana's strict "non-degradation" water standards.

Feasibility Study and maiden Ore Reserve

During the half-year period, the Feasibility Study for the Black Butte Johnny Lee Copper Project in Montana, USA was completed by the Company's 87%-owned North American subsidiary, Sandfire Resources America Inc. (Sandfire America). The Feasibility Study outlines a maiden Ore Reserve for the cornerstone Johnny Lee Deposit which underpins an 8-year mine life at a mine production rate of 1.2Mtpa. Sandfire America has also completed an updated Mineral Resource for the nearby Lowry Deposit, located 3km south-east of the Johnny Lee Deposit.

Full details of the Feasibility Study, maiden Ore Reserve for the Johnny Lee Deposit and updated Mineral Resource for the Lowry Deposit are contained in Sandfire's ASX announcement, dated 28 October 2020, titled "USA and Botswana Development Projects Update".

For further details refer to the market releases of Sandfire Resources America Inc. available on the company's website www.sandfireamerica.com.

AUSTRALIAN EXPLORATION PROJECTS

Greater Doolgunna Project, Western Australia

The Greater Doolgunna Project, which includes 100% Sandfire tenure, Joint Venture and Farm in projects, covers an aggregate contiguous exploration area of 7,189km². This includes over 90km of strike extent in host VMS lithologies. Much of this stratigraphy is obscured beneath transported cover and requires systematic drilling to test the bedrock geochemistry and identify prospective areas.

Sandfire continues to progress a tightly focused, multi-disciplinary exploration campaign across the Greater Doolgunna Province to test for extensions to the known cluster of Volcanogenic Massive Sulphide (VMS) deposits at DeGrussa and Monty, and to unlock the broader potential of the Doolgunna region for additional VMS and structurally-hosted copper deposits. Key components of the Company's exploration activities during the period were:

- Diamond and Reverse Circulation (RC) drilling at the Doolgunna Project to underpin resource definition and Scoping Studies for the Old Highway Gold Project, RC drilling to undertake surface water and groundwater assessments and Aircore (AC) drilling to test for structural repeats of the Old Highway resource definition drill area.
- AC drilling at the Morck Well Project to delineate stratigraphy and provide high-quality litho-geochemical data across the Bitter Well, Frenchy's and Cuba prospect areas.
- AC drilling at the Cheroona Project to test the continuity of the Karalundi Formation stratigraphy in the south west of the basin.
- RC and AC drilling at the Springfield Project to test the host sediment package and anomalous VMS geochemistry identified from previous in-fill drilling and determine the potential for follow-up RC drilling.
- AC drilling at the Peak Hill Project to test prospective stratigraphy in the Bullgullan Bore prospect area and provide high-quality litho-geochemical data.
- Diamond drilling at the Enterprise Project to test geophysical targets at the Ruby Well Prospect and Vulcan West areas.
- Moving Loop Electromagnetic Geophysical surveying across the managed exploration tenure continued.

Eastern Australian Exploration

Sandfire has a number of exploration interests and joint ventures around Australia exploring for base and precious metals. The exploration programs are focused on prospective terranes with the potential for discovery of a significant new deposit that can be developed.

During the period the main activity focussed on exploration within the Temora Project and at the Endeavor joint venture in the Cobar district where diamond drilling was conducted to provide DHEM survey platforms targeting potential extensions to the Endeavor mine's mineralisation.

Further details of the Australian exploration projects can be found on Company's website www.sandfire.com.au and in the Company's December 2020 Quarterly Report ASX announcement, dated 29 January 2021.

Operational and financial review (continued)

CORPORATE

Divestment of Sams Creek Gold Project

As announced in October 2020 Sandfire has reached agreement to sell its interest in the Sams Creek Gold Project in New Zealand to Auris Minerals Ltd (ASX: AUR; Auris).

The Sams Creek Gold Project, held by the Company's wholly-owned subsidiary, Sams Creek Gold Ltd (SCGL), is located in the northwest of the South Island of New Zealand and comprises two exploration tenements, EP 40 338 (subject to joint venture with OceanaGold Corporation (20%) and SCGL (80%)) and EP 54 454 (SCGL 100%).

Sandfire inherited the Sams Creek Gold Project through its acquisition of MOD Resources Ltd in October 2019. The Sams Creek Gold Project is non-core for Sandfire in terms of scale and development as Sandfire focuses on development of its advanced base metal development projects in Botswana and in Montana, USA.

Under the terms of the binding term sheet, Auris will acquire 100% of Sandfire's wholly-owned subsidiary, SCGL. The estimated up to \$23.2 million transaction value and structure fits well with the Company's strategy, whereby Sandfire holds strategic shareholdings in companies that offer exposure to high-quality exploration and development assets around the world.

As at 31 December 2020 the transaction is still conditional on certain regulatory approvals and is expected to complete early in CY2021, therefore the full sale has not been recognised in the Financial Statements for the half-year ended 31 December 2020 and will be recognised in subsequent Financial Statements.

Upon signing the binding term sheet Sandfire received an upfront 32,150,000 options in Auris exercisable at \$0.08, with an expiry of 30 November 2020. The options were exercised during the half-year period for a total cost of \$2,572,000 and reflected within the financial statements for the half-year period.

Post completion of the transaction, it is anticipated Sandfire will hold a 19.9% shareholding in Auris, allowing it to retain leveraged exposure to the future upside arising from the exploration and potential development of the Sams Creek Gold Project and other assets.

Sandfire has an existing relationship with Auris through its Morck Well and Doolgunna Joint Venture exploration projects in the Bryah Basin of Western Australia, where it is managing exploration activities targeting new VMS discoveries in close proximity to the DeGrussa Operations.

Full details of the transaction are contained in Sandfire's ASX announcement titled "Divestment of Sams Creek Gold Project, NZ" released 1 October 2020.

Acquisition of 85% interest in Red Bore Project

Sandfire entered into agreements to acquire an 85% joint venture interest in the Red Bore Copper Project (ML52/597), located adjacent to the Groups DeGrussa Copper-Gold Mine in Western Australia. The Red Bore Project comprises a 2km² granted Mining Licence, ML52/597, located approximately 1km east of the DeGrussa Copper-Gold Mine.

Full details are included in the Company's ASX Announcement, dated 30 October 2020, titled "Acquisition of 85% Interest in Red Bore Project".

Farm-in Agreement over Endeavor Base Metal Mine

Sandfire entered into a Farm-in Agreement with CBH Resources Ltd (CBH) during the period giving it the right to earn up to a 100% interest in the Endeavor Base Metal Mine and surrounding exploration tenements, located near Cobar in NSW.

The Farm-in represents a complementary strategic addition to Sandfire's East Coast base metal exploration initiative, which already includes a large ground position in the Lachlan Fold Belt and Cobar Basin in NSW and an extensive portfolio in the Mt Isa region in Queensland.

Full details are included in the Company's ASX Announcement, dated 27 October 2020, titled "Sandfire Enters Farm-In Over Endeavor Base Metal Mine and Exploration Package – Cobar, NSW".

Sandfire Resources America Inc

In December 2020 Sandfire participated in the Sandfire America rights offering and fully exercised its rights to purchase the pro rata of common shares offered under the rights offer, as well as subscribing for shortfall shares. The additional shareholding, comprising a total of 188,609,139 shares at a price of C\$0.15 per share, increased the Groups equity interest in Sandfire America from 85% to 87%. Total consideration for the purchase amounted to C\$28,291,371 (A\$29,423,095).

Cash position

Group cash on hand as at 31 December 2020 totalled \$335.8 million.

Operational and financial review (continued)

Finance Facility

ANZ continues to hold security via a fixed and floating charge over the Company's assets. Aside from minor borrowings under a bonding facility there is no other debt drawn under financing facilities and no amounts available to be drawn.

Interim Dividend

Subsequent to the end of the financial period, the Board of Directors have resolved to pay a fully franked dividend of 8 cents per share, to be paid on 17 March 2021. The record date for entitlement to this dividend is 3 March 2021. The financial impact of this dividend amounting to \$14,260,000 has not been recognised in the Financial Statements for the half-year ended 31 December 2020 and will be recognised in subsequent Financial Statements.

Board Appointments

Sandfire appointed highly experienced mining and corporate governance executives Jennifer Morris OAM and John Richards as independent Non-Executive Directors, effective from 1 January 2021.

DIRECTORS' REPORT

Operational and financial review (continued)

Financial review

6 months ended 31 December 2020	DeGrussa Operations \$'000	Black Butte Project \$'000	Tshukudu Project \$'000	Exploration and Other \$'000	Group \$'000
Revenue	355,561	-	-	-	355,561
EBITDA [^]	238,012	(4,482)	(9,025)	(32,415)	192,090
Profit before net finance and income tax	154,702	(4,617)	(9,235)	(35,813)	105,037
Profit before income tax					92,688
Net profit for the half-year					60,078
Net profit attributable to the equity holders of the parent					60,785
Basic earnings per share					34.1 cents
Diluted earnings per share					33.9 cents

[^] EBITDA is a non IFRS measure. This measure is presented to enable a better understanding of the operations of the Group and is reconciled to statutory net profit in Note 4 of the financial statements.

The DeGrussa operations contributed profit before net finance and income tax of \$154.7 million (2019: \$91.4 million) from underground mining and concentrator operations.

Black Butte project represents the Group's 87% interest in Sandfire Resources America Inc. (TSX-V: SFR) which contributed a loss before net finance and income tax of \$4.6 million (2019: \$10.3 million) from evaluation work on the Black Butte Copper project in USA.

Tshukudu project represents the Group's activities within the Kalahari Copper Belt, which includes the T3 Copper-Silver project and several resource expansion prospects. Tshukudu contributed a loss before net finance and income tax of \$9.2 million to the Group for the period.

Exploration and other segment resulted in a loss before net finance and income tax of \$35.8 million (2019: loss of \$29.3 million).

Revenue

Revenue	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Value of metal payable sold [^]	340,283	329,683
Treatment and refining charges	(13,622)	(20,130)
Revenue from contracts with customers	326,661	309,553
Realised and unrealised QP price adjustment gain / (loss)	28,900	3,499
Total Revenue	355,561	313,052

[^] Value of metal payable sold is a non IFRS measure. This measure is presented to enable a better understanding of the operations of the Group and is reconciled to total statutory revenue above.

Revenue breakdown by commodity	31 Dec 2020 %	31 Dec 2019 %
Revenue from sales of copper	84.3%	85.9%
Revenue from sales of gold	14.2%	12.8%
Revenue from sales of silver	1.5%	1.3%
	100.0%	100.0%

A total of 13 shipments were completed from Port Hedland and Geraldton, Western Australia during the period.

A realised and unrealised price adjustment gain of \$28.9 million was recorded for the period as a result of a net gain in commodity prices during quotational sales periods (QP). As at 31 December 2020 sales for the period of \$137.5 million remain subject to QP adjustments.

From time to time the Group utilise derivatives 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. The arrangements are generally considered to be economic hedges, however are not designated into a hedging relationship for accounting purposes. There were no hedging activities undertaken during the period.

Operational and financial review (continued)**DeGrussa Operations costs**

DeGrussa Operations costs	31 Dec 2020 \$000	31 Dec 2019 \$000
Mine operations costs	69,115	70,353
Employee benefit expenses	16,234	14,502
Freight expenses	21,883	21,685
Changes in inventories of finished goods and work in progress	(7,445)	7,499
	99,787	114,039

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).

Exploration and evaluation

For the period ended 31 December 2020, the Group's Exploration and evaluation expenses across all segments was \$29.9 million (2019: \$27.4 million). In accordance with the Group's accounting policy, exploration and evaluation expenditure for areas of interest not yet considered to be commercially viable is expensed as incurred.

Exploration and evaluation expenditure comprises expenditure on the Group's projects, including:

- Near-mine and the Greater Doolgunna regional exploration, which include a number of joint venture earn-in arrangements;
- Exploration activities within the Kalahari Copper Belt, in Botswana and Namibia;
- Expenditure arising on the consolidation of the Group's controlled entities from the Group's investment in Sandfire Resources America Inc; and
- Other Australian and international exploration projects.

Depreciation and amortisation

	Carrying Value December 2020 \$000	Carrying Value June 2020 \$000	Depreciation and amortisation during the period \$000
Mine development	136,601	169,939	56,633
Plant and equipment, including assets under construction	100,351	105,345	22,752
Right of use assets – AASB 16 Leases	16,328	12,834	7,668
Total	253,280	288,118	87,053

Income tax expense

Income tax expense of \$32.6 million for the period consists of current and deferred tax expense and is based on the taxable income of the Group entities, adjusted for temporary differences between tax and accounting treatments. Cash tax payments during the period amounted to \$29.5 million.

Financial Position

Net assets of the Group have increased by \$55.8 million to \$806.1 million during the reporting period.

Cash balance

Group cash on hand has increased to \$335.8 million as at 31 December 2020 resulting from continued cash generation from the DeGrussa Operations.

Trade and other receivables

Trade and other receivables include remaining funds from the sale of concentrate subject to provisional pricing and quotational periods at the time of sale as well as GST receivables due to the Group.

Income tax receivable

Income tax receivable relates to current tax refunds due from taxation authorities from finalisation of prior year taxation filings.

DIRECTORS' REPORT

Operational and financial review (continued)

Financial investments

Financial investments represents the Group's investments in various early stage mining and exploration companies. The fair value of the investments as at 31 December 2020 was \$81.9 million.

Exploration and evaluation assets

Exploration and evaluation assets represents acquired exploration assets of the Group.

Property, plant and equipment, including mine properties

The carrying value of plant and equipment, including assets under construction, has decreased by \$34.8 million to \$253.3 million at the end of the period, including depreciation for the half-year of \$87.1 million.

Lease liabilities

Interest bearing liabilities relate to lease liabilities and the balances represents the present value of the lease obligations for the right to use assets. The total balance of lease liabilities as at 31 December 2020 was \$16.4 million.

Current and deferred tax liabilities

Estimated tax payable during the period is greater than the tax instalments paid resulting in the Group booking a current income tax payable of \$21.8 million at period end. In addition, the Group has booked a net deferred tax liability position of \$26.6 million at balance date, which predominantly relates to the differing tax depreciation and amortisation rates of mining assets and equipment compared to accounting rates.

Cash Flows

Operating activities

Net cash inflow from operating activities was \$137.8 million for the period. Net cash inflow from operating activities prior to payment to exploration and evaluation activities was \$172.1 million for the period.

Investing activities

Net cash outflow from investing activities was \$55.2 million for the period. This included payments for mine development of \$22.7 million and \$18.0 million for purchases of property plant and equipment largely in relation to the land acquisitions for the T3 Motheo project, and early works for both the T3 Motheo and Black Butte Projects.

Financing activities

Net cash outflow from financing activities of \$30.7 million for the period includes dividend payments of \$25.0 million.

Significant events after the balance date

Dividends

Subsequent to period end, the Directors of the Company announced an interim fully franked dividend of 8 cents per share. The total amount of the dividend of \$14,260,000 has not been provided for in the 31 December 2020 Financial Statements.

Rounding

The amounts contained in this financial report have been rounded to the nearest \$1,000 (unless rounding is applicable) where noted (\$000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

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, 24 February 2021



Building a better
working world

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 Limited

As lead auditor for the review of the half-year financial report of Sandfire Resources Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sandfire Resources Limited and the entities it controlled during the half year.

Ernst & Young

Ernst & Young

Philip Teale
Partner
24 February 2021

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Note	31 Dec 2020 \$000	31 Dec 2019 \$000
Revenue	5	355,561	313,052
Other gains / (losses)		(1,966)	(695)
Changes in inventories of finished goods and work in progress		7,445	(7,499)
Mine operations costs		(69,115)	(70,353)
Employee benefit expenses		(26,322)	(22,973)
Freight expenses		(21,883)	(21,685)
Royalties expense		(17,762)	(16,090)
Exploration and evaluation expenses		(29,941)	(27,356)
Depreciation and amortisation expenses		(87,053)	(92,608)
Administrative expenses		(3,927)	(3,811)
Profit before net finance income and income tax expense		105,037	49,982
Finance income		713	1,842
Finance expense	6	(13,062)	(1,768)
Net finance income		(12,349)	74
Profit before income tax expense		92,688	50,056
Income tax expense	7	(32,610)	(16,770)
Net profit for the period		60,078	33,286
Attributable to:			
Equity holders of the parent		60,785	34,214
Non-controlling interests		(707)	(928)
		60,078	33,286
Earnings per share (EPS):			
Basic EPS attributable to ordinary equity holders of the parent (cents)		34.1	20.6
Diluted EPS attributable to ordinary equity holders of the parent (cents)		33.9	20.6

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	31 Dec 2020 \$000	31 Dec 2019 \$000
Net profit for the financial period	60,078	33,286
Other comprehensive income		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations, net of tax	(5,387)	645
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of equity investments carried at fair value through other comprehensive income, net of tax	22,655	9,382
Other comprehensive income for the period, net of tax	17,268	10,027
Total comprehensive income for the period, net of tax	77,346	43,313
Attributable to:		
Equity holders of the parent	78,078	44,216
Non-controlling interests	(732)	(903)
	77,346	43,313

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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
ASSETS		
Cash and cash equivalents	335,786	291,142
Trade and other receivables	36,453	26,628
Inventories	62,730	53,695
Income tax receivable	23,775	16,347
Other current assets	3,503	5,314
Total current assets	462,247	393,126
Financial investments	81,858	42,014
Receivables	532	251
Exploration and evaluation assets	174,639	170,504
Property, plant and equipment	253,280	288,118
Total non-current assets	510,309	500,887
TOTAL ASSETS	972,556	894,013
LIABILITIES		
Trade and other payables	50,982	55,011
Lease liabilities	10,228	10,047
Income tax payable	21,817	-
Provisions	7,606	7,151
Total current liabilities	90,633	72,209
Trade and other payables	1,775	1,563
Lease liabilities	6,175	2,443
Provisions	41,355	39,447
Deferred tax liabilities	26,564	28,131
Total non-current liabilities	75,869	71,584
TOTAL LIABILITIES	166,502	143,793
NET ASSETS	806,054	750,220
EQUITY		
Issued capital	363,064	363,064
Reserves	8,024	(8,641)
Retained profits	430,426	394,596
Equity attributable to equity holders of the parent	801,514	749,019
Non-controlling interest	4,540	1,201
TOTAL EQUITY	806,054	750,220

The consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Note	Issued capital \$000	Foreign currency translation reserve \$000	Other reserves* \$000	Retained profits \$000	Total \$000	Non-controlling interests \$000	Total equity \$000
At 1 July 2020		363,064	(12,839)	4,198	394,596	749,019	1,201	750,220
Profit for the period		-	-	-	60,785	60,785	(707)	60,078
Other comprehensive income		-	(5,362)	22,655	-	17,293	(25)	17,268
Total comprehensive income for the period		-	(5,362)	22,655	60,785	78,078	(732)	77,346
Transactions with owners in their capacity as owners:								
Share based payments		-	-	1,673	-	1,673	-	1,673
Dividends	9	-	-	-	(24,955)	(24,955)	-	(24,955)
Equity and rights issue in controlled entity		-	-	(2,301)	-	(2,301)	4,071	1,770
At 31 December 2020		363,064	(18,201)	26,225	430,426	801,514	4,540	806,054

* Other reserves consist of share based payments reserve, fair value reserve and equity reserve.

	Note	Issued capital \$000	Foreign currency translation reserve \$000	Other reserves* \$000	Retained profits \$000	Total \$000	Non-controlling interests \$000	Total equity \$000
At 1 July 2019		242,535	587	244	357,928	601,294	2,883	604,177
Profit for the period		-	-	-	34,214	34,214	(928)	33,286
Other comprehensive income		-	620	9,382	-	10,002	25	10,027
Total comprehensive income for the period		-	620	9,382	34,214	44,216	(903)	43,313
Transactions with owners in their capacity as owners:								
Issue of shares, net of transaction costs and tax **		119,493	-	-	-	119,493	-	119,493
Issue of shares under employee LTIP		-	-	-	-	-	-	-
Share based payments		-	-	(5,695)	-	(5,695)	(21)	(5,716)
Dividends	9	-	-	-	(28,485)	(28,485)	-	(28,485)
Equity and rights issue in controlled entity		-	-	6,232	-	6,232	30	6,262
At 31 December 2019		362,028	1,207	10,163	363,657	737,055	1,989	739,044

* Other reserves consist of share-based payments reserve, fair value reserve and equity reserve.

** Issue of shares during the prior period relates to 18,440,174 shares issued as part of the Acquisition of MOD Resources Limited, as well as 30,000 shares that were issued as part of the Cashman Farm-In arrangement.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SIX MONTHS ENDED 31 DECEMBER 2020

	31 Dec 2020 \$000	31 Dec 2019 \$000
Cash flows from operating activities		
Cash receipts	348,857	309,630
Cash paid to suppliers and employees	(148,457)	(131,230)
Income tax paid	(29,499)	(40,018)
Payments for exploration and evaluation	(34,310)	(31,168)
Interest received	1,217	1,887
Net cash inflow from operating activities	137,808	109,101
Cash flows from investing activities		
Payments for exploration and evaluation assets	(7,767)	(1,370)
Payments for property, plant and equipment, including assets under construction	(18,007)	(6,083)
Proceeds from sale of property, plant and equipment	21	-
Payments for mine properties	(22,651)	(46,496)
Payments for investments	(12,089)	(23,055)
Proceeds from sale of investments	5,379	2,176
Net cash paid to acquire MOD Resources Limited	-	(44,603)
Refund of security deposits and bonds	(111)	(13)
Net cash outflow from investing activities	(55,225)	(119,444)
Cash flows from financing activities		
Net proceeds from rights issue in subsidiary	1,815	317
Repayment of lease obligations	(7,254)	(7,169)
Interest and other costs of finance paid	(274)	(54)
Cash dividend paid to equity holders	(24,955)	(28,485)
Net cash outflow from financing activities	(30,668)	(35,391)
Net increase (decrease) in cash and cash equivalents	51,915	(45,734)
Net foreign exchange differences	(7,271)	21
Cash and cash equivalents at the beginning of the period	291,142	247,449
Cash and cash equivalents at the end of the period	335,786	201,736

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

1 Corporate information

The interim condensed consolidated financial statements of Sandfire Resources Limited and its subsidiaries (collectively, the Group) for the six months ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 24 February 2021.

Sandfire Resources Limited 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 3.

2 Basis of preparation and changes to the Group's accounting policies

The interim consolidated financial statements for the six months ended 31 December 2020 are general purpose condensed financial statements prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001* 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.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2020 and considered together with any public announcements made by Sandfire Resources Limited during the half-year ended 31 December 2020. The annual report of the Group as at and for the year ended 30 June 2020 is available at www.sandfire.com.au.

The accounting policies adopted are consistent with those applied by the Group in the preparation of the annual consolidated financial statements for the year ended 30 June 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but these do not have a material impact on the interim condensed consolidated financial statements of the Group.

3 Information relating to subsidiaries

The interim consolidated financial statements of the Group include:

	Country of incorporation	% equity interest	
		31 Dec 2020	30 Jun 2020
Sandfire Resources America Inc. (i)	Canada	86.93	85.27
Sandfire BC Holdings (Australia) Pty Ltd	Australia	100.00	100.00
Sandfire BC Holdings Inc.	Canada	100.00	100.00
Sandfire (RMP) Pty Ltd	Australia	100.00	100.00
Sandfire (RMP) Inc.	U.S.A.	100.00	100.00
SFR Copper & Gold Peru S.A.	Peru	100.00	100.00
EMEA (BIH) Pty Ltd	Australia	100.00	100.00
Triassic Resources d.o.o.	Bosnia and Herzegovina	100.00	100.00
Sandfire Resources Botswana Pty Ltd	Australia	100.00	100.00
Metal Capital Limited	United Kingdom	100.00	100.00
Metal Capital Exploration Limited	United Kingdom	100.00	100.00
MOD Resources (Botswana) Pty Ltd	Australia	100.00	100.00
MOD Resources (NZ) Pty Ltd	Australia	100.00	100.00
Tshukudu Metals Botswana (Pty) Ltd	Botswana	100.00	100.00
Tshukudu Exploration (Pty) Ltd	Botswana	100.00	100.00
MOD Resources Botswana (Pty) Ltd	Botswana	100.00	100.00
Sams Creek Gold Ltd (ii)	New Zealand	100.00	100.00
Trans Kalahari Copper Namibia (Pty) Ltd	Namibia	100.00	100.00

- (i) Changes in ownership in Sandfire Resources America Inc. (SRA) during the period are due to participation in the SRA rights offering as well as the exercise of certain employee share-based awards within SRA.
- (ii) As announced in October 2020 Sandfire has reached agreement to sell Sams Creek Gold Ltd (SCGL) which holds the Group's interest in the Sams Creek Gold Project in New Zealand. As at 31 December 2020 the transaction is still conditional on certain regulatory approvals and is expected to complete early in CY2021, therefore the full sale has not been recognised in the Financial Statements for the half-year ended 31 December 2020 and will be recognised in subsequent Financial Statements. Full details of the transaction are contained in Sandfire's ASX announcement titled "Divestment of Sams Creek Gold Project, NZ" released 1 October 2020.

4 Segment information

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 (CODM) in deciding how to allocate resources and in assessing performance.

The operating segments reported including comparatives have been updated in the current financial year in accordance with current segment information provided to the CODM, being the executive management team and the Board of Directors.

Segment name	Description
DeGrussa Operations	This segment consists of both the DeGrussa and Monty Copper-Gold Mines located in the Bryah Basin mineral province of Western Australia. The mines generate revenue from the sale and shipment of copper-gold concentrate to customers.
Black Butte Project	This segment consists of the evaluation activities for the Black Butte copper project located in central Montana in the United States of America, held through the Group's 87% interest in Sandfire Resources America Inc. (TSX-V: SFR).
Tshukudu Project	This segment consists of the Group's exploration, evaluation and development activities in Botswana and Namibia within the Kalahari Copper Belt. This includes the advanced T3 Copper-Silver Project.
Exploration and Other	This segment includes the Group's exploration and evaluation activity including both regional and Doolgunna based exploration activities and the Group's corporate expenses that are unable to be directly attributed to an operating segment.

Segment information is evaluated by the executive management team and is prepared in conformity with the accounting policies adopted for preparing the financial statements of the Group.

Segment results

Income statement for the half-year ended 31 December 2020	DeGrussa Operations \$'000	Black Butte Project \$'000	Tshukudu Project \$'000	Exploration and Other \$'000	Group \$'000
Revenue	355,561	-	-	-	355,561
Other gains / (losses)	-	-	-	(1,966)	(1,966)
Changes in inventories	7,445	-	-	-	7,445
Mine operations costs	(69,115)	-	-	-	(69,115)
Employee benefit expenses	(16,234)	(247)	(1,024)	(8,817)	(26,322)
Freight expenses	(21,883)	-	-	-	(21,883)
Royalties expense	(17,762)	-	-	-	(17,762)
Exploration and evaluation expenses	-	(3,389)	(7,568)	(18,984)	(29,941)
Administrative expenses	-	(846)	(433)	(2,648)	(3,927)
EBITDA	238,012	(4,482)	(9,025)	(32,415)	192,090
Depreciation and amortisation expenses	(83,310)	(135)	(210)	(3,398)	(87,053)
Segment result (EBIT)	154,702	(4,617)	(9,235)	(35,813)	105,037
Finance income					713
Finance expense					(13,062)
Profit before income tax					92,688
Income tax expense					(32,610)
Net profit for the half-year					60,078

4 Segment information (continued)

Income statement for the half-year ended 31 December 2019	DeGrussa Operations \$'000	Black Butte Project \$'000	Tshukudu Project \$'000	Exploration and Other \$'000	Group \$'000
Revenue	313,052	-	-	-	313,052
Other gains / (losses)	(708)	-	-	13	(695)
Changes in inventories	(7,499)	-	-	-	(7,499)
Mine operations costs	(70,353)	-	-	-	(70,353)
Employee benefit expenses	(14,501)	(276)	(315)	(7,881)	(22,973)
Freight expenses	(21,685)	-	-	-	(21,685)
Royalties expense	(16,090)	-	-	-	(16,090)
Exploration and evaluation expenses	-	(8,956)	(1,131)	(17,269)	(27,356)
Administrative expenses	-	(976)	(380)	(2,455)	(3,811)
EBITDA	182,216	(10,208)	(1,826)	(27,592)	142,590
Depreciation and amortisation expenses	(90,798)	(117)	(15)	(1,678)	(92,608)
Segment result (EBIT)	91,418	(10,325)	(1,841)	(29,270)	49,982
Finance income					1,842
Finance expense					(1,768)
Profit before income tax					50,056
Income tax expense					(16,770)
Net profit for the half-year					33,286

Adjustments and eliminations

Net finance income, finance costs and taxes are not allocated to individual segments as they are managed on a Group basis.

5 Sales revenue

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue from contracts with customers		
Revenue from sale of concentrate	320,602	303,272
Revenue from shipping services	6,059	6,281
Total revenue from contracts with customers	326,661	309,553
Realised and unrealised fair value movements on receivables subject to QP adjustment	28,900	3,499
Total Revenue	355,561	313,052

6 Finance expenses

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Finance expenses		
Interest charges	2	92
Interest on lease liabilities	277	560
Net foreign exchange loss	12,526	753
Unwinding of discount on provisions	124	173
Facility fees and charges	133	190
Total finance expenses	13,062	1,768

7 Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The major components of income tax expense in the consolidated interim income statement are:

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Income taxes		
Current income tax expense	44,952	18,850
Deferred income tax expense related to origination and reversal of temporary differences	(11,973)	(756)
Over provision in prior periods	(369)	(1,324)
Income tax expense recognised in the income statement	32,610	16,770
Income tax expense (benefit) recognised in other comprehensive income	9,709	4,021
Total income tax expense recognised in the income statement and other comprehensive income	42,319	20,791

8 Financial assets and liabilities

During the period, the Group's principal financial liabilities comprised of trade and other payables and interest bearing liabilities. The Group's principal financial assets comprise of trade and other receivables, cash and short-term deposits that arise directly from its operations as well as equity investments.

The following table shows the fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value measurement hierarchy as at 31 December 2020.

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets					
Equity investments	(i)	80,394	-	1,464	81,858
Trade receivables	(ii)	-	25,235	-	25,235
		80,394	25,235	1,464	107,093

(i) Fair value is determined using the quoted market price at the balance sheet date. Equity investments includes the Group's holding in Adriatic Metals Plc.

(ii) Trade receivables relate to concentrate sale contracts that are subject to QP price adjustments where the final consideration to be received will be determined based on prevailing London Metals Exchange (LME) metal prices at the final settlement date. Sales that are still subject to price adjustments at balance date are fair valued by estimating the present value of the final settlement price using the LME forward metals prices at balance date. The fair value takes into account relevant other fair value considerations including credit risk.

The fair value of the financial instruments as at 30 June 2020 are summarised in the table below.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Equity investments	41,349	-	665	42,014
Trade receivables	-	22,424	-	22,424
	41,349	22,424	665	64,438

The carrying amount of all financial assets and all financial liabilities, recognised in the balance sheet at amortised cost approximates their fair value.

9 Dividends paid and proposed

	Note	31 Dec 2020 \$000	31 Dec 2019 \$000
Cash dividends on ordinary shares declared and paid:			
Final franked dividend for 2020: 5 cents per share (2019: 16 cents per share)		24,955	28,845
Proposed dividends on ordinary shares:			
First cash dividend for 2021: 8 cents per share (2020: 5 cents per share)	(i)	14,260	8,901
(i) Subsequent to 31 December 2020, the Board resolved to pay a fully franked dividend of 8 cents per share, to be paid on 17 March 2021. The record date for entitlement to this dividend is 3 March 2021. The expected financial impact of this dividend amounting to \$14,260,000 has not been recognised in the Financial Statements for the half-year ended 31 December 2020 and will be recognised in subsequent Financial Statements.			

10 Related Parties

There have been no significant changes in the nature of related parties or amounts during the period.

11 Capital Commitments

There have been no significant changes in capital commitments during the period.

12 Other Arrangements

Tshukudu - T3 Copper-Silver Project

As part of the Mining Licence approval process for the T3 Copper-Silver Project in Botswana the Government of Botswana has a right to acquire a minority interest of up to a 15% fully contributing interest in the T3 Project. The Government of Botswana's ownership decision will then pave the way for a Mining Licence for the T3 Project to be granted.

13 Significant events after the reporting date

Dividends

Subsequent to period end, the Directors of the Company announced an interim fully franked dividend of 8 cents per share. The total amount of the dividend \$14,260,000 has not been provided for in the 31 December 2020 Financial Statements.

DIRECTORS' DECLARATION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

In accordance with a resolution of the Directors of Sandfire Resources Limited, I state that:

1. In the opinion of the Directors:
 - (a) the financial statements and notes of Sandfire Resources Limited for the half-year ended 31 December 2020 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 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with AASB 134 (Interim Financial Reporting) and the *Corporations Regulations 2001*;
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; 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 the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations for the financial period ending 31 December 2020.

On behalf of the Board



Derek La Ferla

Non-Executive Chairman

West Perth, 24 February 2021



Karl Simich

Managing Director and Chief Executive Officer

Independent auditor's review report to the members of Sandfire Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Sandfire Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'Teale', is written over a horizontal line.

Philip Teale
Partner
Perth
24 February 2021