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2020

Annual and
Sustainability
Report

About this Report

This Annual and Sustainability Report, approved for release by Sandfire's Board of Directors, covers the period from 1 July 2019 to 30 June 2020 (FY2020), unless otherwise stated. The report has been prepared in line with Sandfire's statutory and regulatory obligations and provides a summary of Sandfire's operating results and financial position as well as providing an overview of Sandfire's long-term and ongoing commitment to sustainable development.

The information, opinions or conclusions expressed in the course of this report should be read in conjunction with Sandfire's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available on the Sandfire website.

In this report, the terms 'Sandfire', the 'Company', the 'Group', 'our business', 'organisation', 'we', 'us', 'our' and 'ourselves' refer to Sandfire Resources Limited (ABN 55 105 154 185) and, except where the context otherwise requires, its respective subsidiaries.

All references to a year are the financial year ended 30 June 2020 unless otherwise stated. The currency used throughout this report is Australian Dollars, unless otherwise stated.

Our reporting approach

We pride ourselves on voluntary and transparent disclosure and have combined our Annual and Sustainability Reports for the 2020 year. This approach to reporting aligns with how we have integrated sustainability in our operations and provides a transparent account of our approach to creating value in a financially, environmentally and socially responsible manner for our stakeholders.

The Annual and Sustainability Report includes the Financial Report and Directors' Report approved by the Board of Directors, released on ASX on 27 August 2020. The remainder of the Annual and Sustainability Report may include information that was available up until the release date (2 October 2020) of this report, which includes events that have occurred subsequent to the release of the Financial Report.

Feedback

We welcome your feedback on our report or any other aspect of our business. Please visit the [Contact Us](#) page of our website to provide your feedback.

Forward looking statements

Certain statements made within this report contain or comprise forward-looking statements regarding Sandfire's Mineral Resources and Ore 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. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or to be achieved and any other similar expressions. In providing the forward-looking information in this report, Sandfire has made numerous assumptions which management believes are reasonable as at the date they are made. Although Sandfire believes that the expectations reflected in such forward-looking statements are also 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, business and operational risk management and climate change risk, as detailed further in the Directors' Report under 'Business risks and management' and Sandfire's Sustainability Report. 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 report 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.

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.

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Contents

About Sandfire	2
Our Strategy	4
About Copper	6
2020 Year in Review	8
Chairman's Review	10
Chief Executive Officer's Report	12
Operations Review	14
Governance	24
Board of Directors	26
Senior Management	28
Sustainability Report	31
Mineral Resources and Ore Reserves	60
Financial Report	65
Shareholder and Investor Information	158
GRI Content Index	160
Glossary of Terms	164
Corporate Information	Back Cover

The 2020 Sandfire Resources Annual and Sustainability Report is available online at www.sandfire.com.au

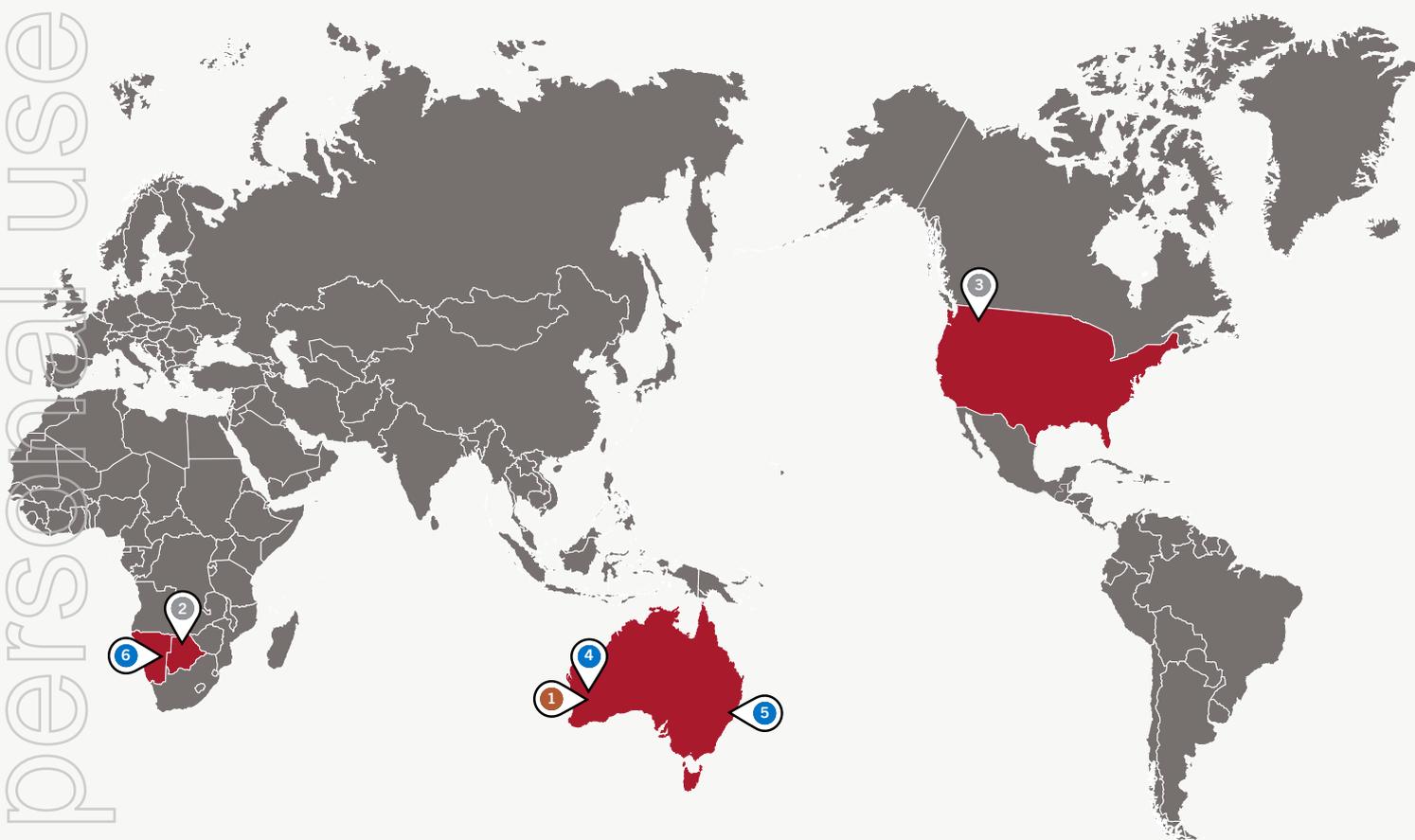
About Sandfire

Our Business

Sandfire is an Australian mining and exploration company listed on the Australian Securities Exchange (ASX: SFR).

With a strong operational base and a clear strategy to grow into an international diversified and sustainable mining company, Sandfire's business is underpinned by a demonstrated commitment to the highest standards of safety, responsibility and sustainability.

Where we operate



Operating Mines

1. DeGrussa, Western Australia
DeGrussa Operations (DeGrussa and Monty Copper-Gold Mines)

Study phase

2. Tshukudu, Botswana
T3 Copper-Silver Project
A4 Dome Project
3. Black Butte, Montana, USA
Black Butte Copper Project

Exploration

4. Doolgunna, Western Australia
Doolgunna Province Exploration
(7,137km² land holding)
5. Eastern Australia
New South Wales Exploration
Projects
6. Tshukudu Exploration,
Botswana and Namibia
Kalahari Copper Belt Exploration
(11,700km² land holding in
Botswana^A and 6,700km² land
holding in Namibia)

A - Botswana land holding excludes precious stones licenses.

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Our Achievements

Cumulative Production of

544,000

tonnes of Contained Copper and

319,000

ounces of Contained Gold
to the end of FY2020

\$4.2 billion

in cumulative Sales Revenue

\$2.1 billion

in cumulative Operating Cash-Flow
(prior to exploration and evaluation expenditure)

\$198 million

(\$1.21 per share)
in cumulative Dividends to Shareholders

\$640 million

in cumulative Net Profit After Tax
(attributable to members)

Western Australia Department of Mines & Petroleum

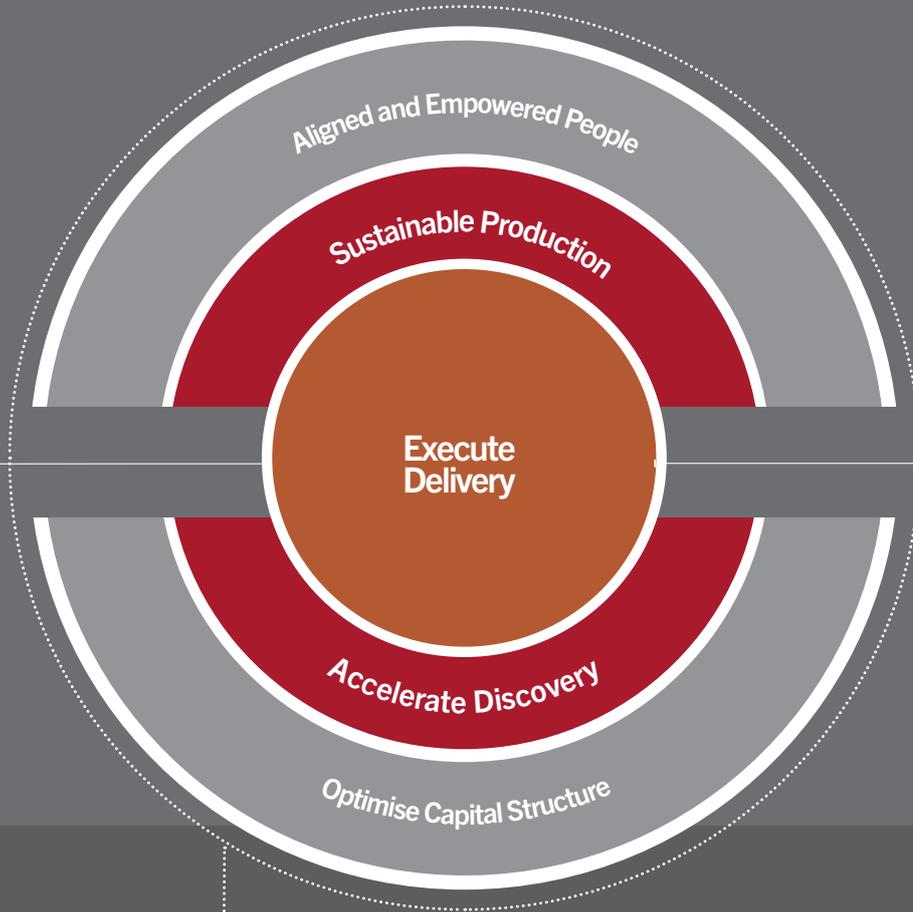
Golden Gecko Award

for Environmental Excellence 2019



Our Strategy

Supported by a detailed strategic and structural review during FY2020, the Company confirmed its key growth objective to transition from a single-mine company into an international, multi-asset base and precious metals producer. In pursuit of this objective, Sandfire is focused on the following five key elements of its strategic plan.



Our Purpose Creating Opportunity

Creating Opportunity captures the essence of Sandfire's journey to date as well as our aspiration into the future.

We will continue to create opportunity for:

- our employees
- the communities in which we operate
- our customers
- our shareholders
- our suppliers and partners
- innovation across industry

Our Sustainability Strategy

Thriving Communities

Collaborate with our stakeholders to generate enduring socio-economic development where we are present

Promote workforce well-being

Our people live in communities and they have a right to go home safe, healthy and with a sense of fulfillment

Water stewardship

Manage water as a precious shared resource taking a water catchment based approach

Embracing a low emission future

Embrace opportunity across Sandfire's entire value chain in the transition to a low emission economy

Responsible business practices

Champion responsible business practices where we do business

Strong systems

Standardise Sandfire's management of ESG across all operations

Our Values

Improvement

Continuous improvement, technical excellence and innovation

Profitability

Optimise profitability through effective operating practices and cost consciousness

Teamwork

Encourage teamwork, respect and integrity

Communities

Work with communities for mutual benefit

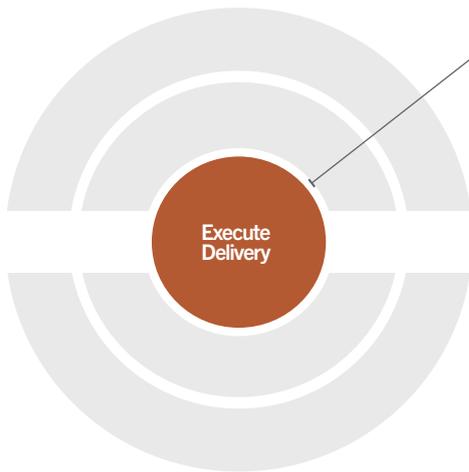
Safety

Act safely and with care for the environment

People

Attract the best people and reward performance

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Strategic Element

Optimise the value of DeGrussa and proceed to production in Botswana & USA.

Objectives

- Safely deliver consistent, low cost production at DeGrussa for the remaining life of mine.
- Harness technology, better work practices and drive continuous improvement.
- Leverage our successful track record of development to deliver the Black Butte Copper Project and T3 Copper-Silver Project and transition into production.



Strategic Element

Develop a sustainable production profile through targeted strategic investments.

Objectives

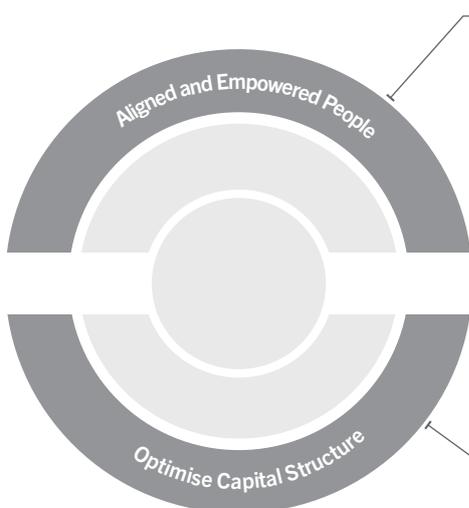
- Bolster our production pipeline through targeted acquisition of development assets.
- Strengthen our systems to enable consistent evaluation and prioritisation of opportunities.

Strategic Element

Continue to build and leverage our significant exploration capability to maximise chances of further success.

Objectives

- Leverage our deep capability and track record of success to deliver a strong development pipeline through targeted exploration.
- Secure strategic land holdings.
- Build on early exploration success in Botswana.



Strategic Element

Develop strategic capabilities and ensure our people are aligned with long-term strategic outcomes.

Objectives

- Establish a Global Operating Model to support our transition from a single mine to global multi-mine operator.
- Embed the key capabilities we need to drive the business forward.
- Cascade and communicate our strategy and priorities to drive alignment at all levels.
- Build and develop on the Sandfire culture.

Strategic Element

Optimise our capital structure and ensure project funding is aligned to risk profiles.

Objectives

- Optimise Sandfire's capital structure to fund our global development plan.
- Maintain the strength of the Company's balance sheet.
- Maximise long-term value and returns to shareholders.

About Copper

Copper goes into products that we use everyday



Electrical and Electronic

Wind Turbines, Air Conditioning and Heating, Smartphones



Consumer and General Products

Coins, Jewellery, Fungicides



Building & Construction

Wiring, Piping and Plumbing & Earthing Systems



Transportation Equipment

Car Wiring (particularly in electric vehicles), Motors, Plane, Train, Ship electronics and wiring



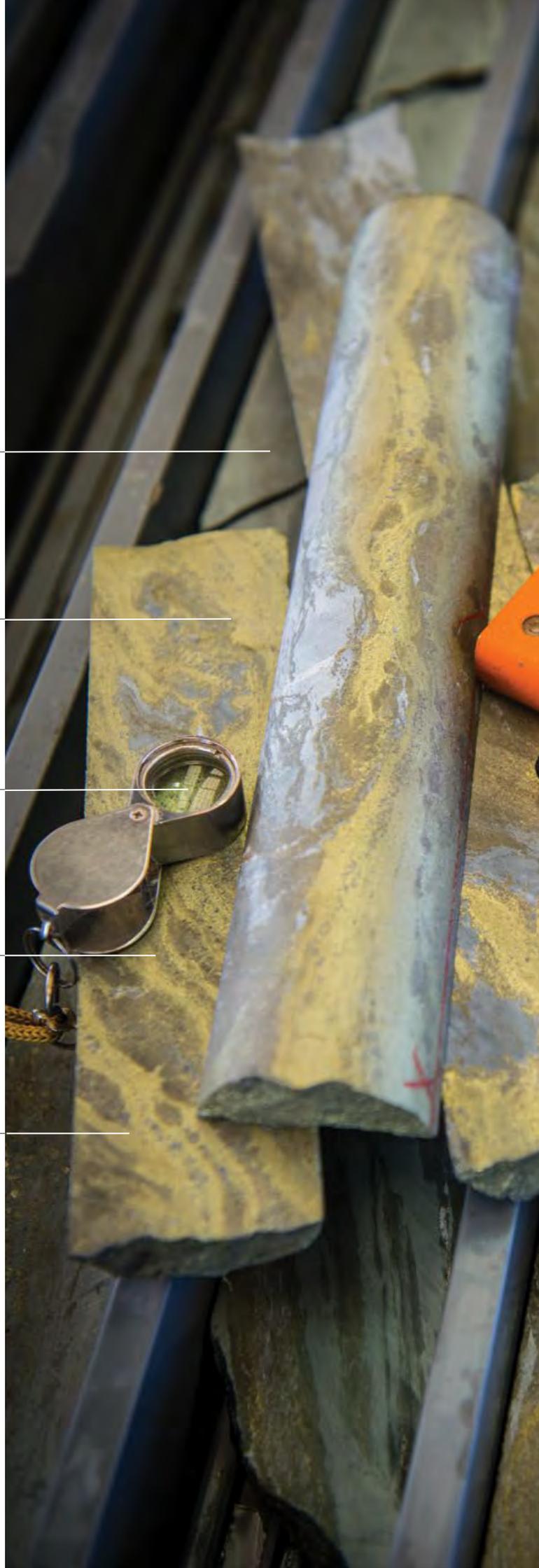
Machinery and Metallurgy

Transformers, Generators, Power Stations

29

Copper **Cu**

Copper is a chemical element with the symbol Cu (from Latin: cuprum) and atomic number 29. It is a soft, malleable, and ductile metal with very high thermal and electrical conductivity.



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Copper is an essential metal in modern day technology as we transition to increased use of renewable energy.



Renewable Energy

Renewable energy systems use up to 12 times more copper than conventional power systems¹.



Solar Power

Copper's combination of high heat conductivity, resistance to atmospheric and aqueous corrosion, ease of fabrication, sealability (joining by soldering), mechanical strength and longevity offer strong advantages over any other material in solar power heating applications.



Green Technologies

Given expected increase in green technologies - including electric cars - copper consumption is predicted to rise by more than 40% by 2035¹.



Recycling

Unlike many other resources and metals, copper boasts the ability to be recycled and reused.



Superior Conductivity

Copper has a superior electrical and thermal conductivity, is highly durable and can be 100% recyclable, without any loss in performance.

Copper will play an important role in sustainable development

¹ copperalliance.eu

2020 Year in Review

We achieved strong financial and operating results



\$74.1M

Net Profit After Tax
(attributable to members)

72,238t
Record production
of contained copper

42,263oz
Contained Gold Production

\$656.8M

Sales Revenue

\$414.4M

Degrussa Operations EBITDA

US\$0.72/lb

Record C1 Cash Operating Costs

\$291M
Cash and Deposits

\$273.6m
Cash-flow from Operating Activities

The safety of our people is our top priority



5.8 TRIFR

decreased from 6.2 in FY2019

We continue to operate responsibly

0
the number of material adverse environmental and community incidents

saved 12,908t of CO₂
through solar use compared to diesels

We create value for our shareholders



42.88c

EPS per share



19c

Total Dividends per share

We created value for the community



\$47.4M

spent on Employees Wages



\$93.7M

paid in Taxes and Royalties

83%
of community spend was on long term partnerships

\$598K
Invested in community projects

76%

procurement spend in Australia

70%

within Western Australia

8%

within regional towns

Australia

Employees

269

Contractors

353

Botswana

Employees

52

Contractors

74

Montana, USA

Employees

20



“I am extremely proud of the consistency of Sandfire’s operational and financial performance.”

Karl Simich
Managing Director and CEO

COVID-19 Response

- We implemented, and will continue to proactively implement, protocols and systems to safeguard our people, manage risk and overcome any impacts, allowing the DeGrussa Operations to continue at full capacity.
- Key measures implemented by the Company across all business units during the year include:
 - Maintaining health and safety systems in line with formal guidance of State health authorities;
 - Boosting workforce social distancing measures across aviation, transit and workplaces;
 - Health screening introduced at airport for personnel travelling to site;
 - Modified flight schedules and reduced number of personnel on each flight;
 - Enhanced workforce communication and promotion of Sandfire’s health and wellbeing programs, including mental health;
 - Extended sick and compassionate leave assistance to employees;
 - Consulting with and assisting our communities;
 - Maintaining critical payments and working with our contractors to provide assistance; and
 - Securing additional supplies of consumables and critical spares.
- The development timelines for the Group’s projects in Botswana and Montana, USA, have been delayed due to the impact of COVID-19 on global supply chains, tendering and construction activities, however we remain focused and the progression of these projects continues.
- Exploration activities in Botswana were suspended for the period from late March in line with the lockdown imposed by the Botswana Government and medical authorities. Drilling activities resumed at the emerging A4 Dome discovery in early June with the phased easing of restrictions.
- Exploration programs throughout Australia continued with minimal interruption.

Tshukudu (Botswana)

- We progressed the optimisation of the Feasibility Study for the T3 Copper-Silver Project, with the focus on engineering and mine design, plant scale, operating costs and site infrastructure.
- The Updated Feasibility Study and Ore Reserve for the T3 Project is scheduled for completion by the end of the 2020 calendar year.
- Approval was received for the Environmental and Social Impact Assessment for T3, and the Company is progressing towards a Mining Licence Application.
- An expanded exploration program at the Tshukudu Exploration Project in Botswana achieved early success, with the discovery of a significant new zone of copper mineralisation at the A4 Dome, 8km west of T3.
- A maiden JORC Mineral Resource for A4 is scheduled for completion by the end of the 2020 calendar year.
- We expanded our land holding in the Kalahari Copper Belt to 18,200km².

Black Butte (Montana, USA)

- A positive Record of Decision to grant a Mine Operating Permit was issued by the Montana Department of Environmental Quality for the Black Butte Copper Project, marking the completion of a four-and-a-half year technical assessment and permitting process.
- The Black Butte Feasibility Study and maiden Ore Reserve is scheduled for completion by the end of the 2020 calendar year.

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Our refined purpose of “creating opportunity” captures the essence of Sandfire’s journey to date as well as our aspirations into the future.

Chairman’s Review

Dear Shareholder,

It is my pleasure to provide Sandfire’s Annual and Sustainability Report for 2020.

This year we have combined our Annual and Sustainability Reports - an approach that demonstrates the importance of sustainability to our success and aligns with how we have integrated environmental, social and governance practices in our business. I trust you will find the new format informative and valuable.

The decision to change our reporting approach coincides with what has been a year of significant change, renewal and new horizons for Sandfire – but also one of considerable challenge. The onset of the COVID-19 pandemic, an unprecedented global health crisis which has created significant difficulties for economies and countries around the world, has been the dominant theme for the second half of 2020.

For us, the associated challenges have tested our business, our people and our culture and I am pleased to say that we have successfully overcome these challenges. Our people have dealt with a myriad of issues calmly and professionally and we rapidly implemented a range of measures to safeguard the health and well-being of our people. We proactively identified and managed risks to ensure the stability and continuity of our business at all times. As the global COVID-19 pandemic continues to evolve we will remain vigilant in our approach and practices in relation to the health and safety of our people, customers and the communities in which we operate.

While a significant proportion of our management focus during the latter part of the year has been on dealing with COVID-19, we were able to deliver record production and cost performance from our DeGrussa Operations. The strong operating performance led to an excellent financial result and enabled us to announce dividends for the year of 19 cents per share. We have also seen the successful acquisition and integration of MOD Resources, its Tshukudu assets and its people and receipt of a final Record of Decision on permitting our Black Butte Copper Project in Montana, USA.

Change and renewal has been a consistent theme as we transition from a single-mine company into an international, multi-asset base and precious metals producer. We completed a wide-ranging strategic review during the year to ensure that our expanded business has the right structures, resources and people in place to deliver on this growth vision, resulting in a number of important corporate and strategic organisational changes. The revised strategy outlined in this report and our refined purpose of “creating opportunity”, captures the essence of Sandfire’s journey to date as well as our aspirations into the future.



Sustainability

Our contribution to sustainable development is fundamental in achieving our purpose to create opportunity. To complement the revised strategy and business structure, we present our new sustainability strategy which aligns with the outcomes and goals of our strategic review. The strategy is imbedded in our belief that sustainability is an inextricable part of the way we do business. It builds on our achievements to date, reflects our growth vision and considers the changing societal and investment landscape and future global trends. We have articulated six key priorities which ensure we are well placed to continue to build strong, lasting relationships with stakeholders, deliver on our commitments, develop resources responsibly, and drive innovation in our industry — all key for creating long-term growth and value.

Board Succession

We commenced a structured and orderly Board succession process to ensure that we have the right balance of attributes, skills, experience and diversity necessary for the Board to effectively govern Sandfire's next growth phase. As part of this process, we welcomed experienced human resources and accounting executive Sally Langer to the Board. Sally brings a wealth of expertise in the professional services industry, including in the areas of culture, people and performance.

We also farewelled Maree Arnason who retired from our Board at the end of June. During her tenure of almost five years, Maree made substantial contributions to Sandfire's growth and success through her oversight of sustainability and risk-related matters, including as Chair of the Sustainability Committee.

Robert Scott will be retiring from the Board at this year's Annual General Meeting. Rob has served on the Board for ten years and during that time fulfilled the role of Chair of the Audit and Risk Committee through the highly successful development, financing and operation of the DeGrussa Copper-Gold Mine.

On behalf of the Board, and the many employees Maree and Rob have closely interacted with over their terms, I thank them for their contribution and counsel.

The process of Board renewal will continue over the next year with a formal recruitment process to further build the strength and capability of the Board with a focus on recruiting directors with international business and strategic mining experience and financial acumen.

Diversity of knowledge, experience and gender is highly desired across Sandfire and female representation at director level remains a key focus. The Board has reaffirmed its intention to consider, and ultimately meet, the Group's gender diversity objectives during the Board renewal process.

Board Committee Structure

In line with the strategic review, our Board Committee structure was also revised to more closely align the functions and objectives of these committees with the Company's broader strategic imperatives. The functions of the Audit Committee, Risk Committee and People and Performance Committee and related charters are available on our website.

Our people and Remuneration Framework

We also announced a number of updates in relation to our Remuneration and Incentives Framework. The enhanced framework, effective for the 2021 financial year, is aligned with the outcomes of the strategic review and has been designed to drive and reward short and medium-term performance as well as facilitate long-term value creation for our shareholders. The changes are detailed in the body of this report.

I would like to extend my appreciation to all of the hard-working people across the expanded Sandfire Group. It is because of their dedication and commitment — particularly during this time of increased volatility and uncertainty — that the Company is now poised to take its next important growth step and realise its ambition of becoming a diversified and sustainable international mining house.

I also thank our senior management team, led by our Managing Director and CEO Karl Simich, for their tenacious approach, relentless hard work and clear vision during the year, and to our valued shareholders for your ongoing support.

The progress that we have made around our five strategic imperatives sees us well positioned for the future. I am confident that the leadership group has the capability, appropriate structure, teams and capital backing to deliver further shareholder value as we enter this next growth phase. We are well positioned with substantial cash backing and access to capital to build on our success to create further opportunity and ultimately generate shareholder value.

Derek La Ferla
Non-executive Chairman

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Reflecting our commitment to sustainability, it was pleasing that Sandfire won the coveted Golden Gecko Award for environmental excellence.

Chief Executive Officer's Report

Dear Shareholder,

Few world events have been as dramatic or far-reaching as the COVID-19 global pandemic. The disruption to economies, markets, business cycles and the strategic decision-making process at all levels of business and society has been, quite simply, without precedent.

For Sandfire, the onset of the pandemic forced a number of changes and adjustments to our usual operating procedures – overseen by a COVID-19 Working Group, which was set up as the pandemic was escalating and continues to maintain oversight of all aspects of what is now a global business at Sandfire.

I am pleased to say that the professional response of this group and their ability to adapt to the new environment and foresee and deal with impacts, challenges and risks, has been second to none. As a result, Sandfire has been able to maintain employment, business and operational continuity, critical consumables and spares and preserve supply chains, sales routes and customer contracts throughout the crisis.

The DeGrussa Operations, assisted by their natural isolation in Western Australia, delivered another standout performance for the year with record annual production of 72,238 tonnes of contained copper and 42,263 ounces of contained gold at an outstanding record C1 unit cost of US\$0.72/lb.

This in turn enabled us to post an exceptional financial performance, highlighted by an EBITDA of \$414.4 million from our DeGrussa Operations and net annual profit after tax of \$72.3 million on sales revenue of \$656.8 million. Our final dividend of 14 cents per share, lifted the total payout to shareholders to 19 cents for the year. I am extremely proud of the consistency of Sandfire's operational and financial performance.

Production guidance for the 2021 financial year is 67-70,000 tonnes of contained copper and 36-40,000 ounces of contained gold at a C1 unit of US\$0.90-0.95/lb.

Most importantly, these standout results were achieved with another year of solid safety performance. Our commitment to the safety and wellbeing of our people and our 'Don't Walk Past' philosophy has driven a reduction of our TRIFR to 5.8 at year end. Safety remains a core value and strategic priority and our most important measure of success is that every person who works with us, goes home safe and healthy at the end of each and every day.



The Company has maintained its focus on ESG performance during the year. A key achievement was refining our sustainability strategy, a move that will further ensure ESG is embedded across all facets of the organisation. Our new sustainability strategy, based on the business plan, incorporates the collective input from our senior leaders and our external stakeholders. It reflects a comprehensive, long-term plan that will facilitate our move to an international, multi-asset base and precious metals producer.

Our sustainability targets have been publically reported since 2016. This demonstrates our commitment to transparency, improves our ability to manage risk, and ensures we continue to improve our ESG performance. In 2019, we performed well against our targets to invest in long-term community partnerships, improve female representation and facilitate regional economic development. We will continue to strive in our endeavours to achieve our goals.

Reflecting our commitment to sustainability, it was pleasing that Sandfire won the coveted Golden Gecko Award for environmental excellence and leadership from the Department of Mines, Industry, Regulation and Safety in August 2019.

The Golden Gecko was awarded in recognition of the DeGrussa Solar Power Farm, which has significantly reduced carbon emissions and diesel use on site, and demonstrated the viability of solar power integration to the mining industry. Since coming online in 2016, the solar farm's 34,080 solar photo-voltaic panels have reduced Sandfire's carbon emissions by 45,519 tonnes and offset 16 million litres of diesel. The facility accounts for 15-20% of the site's power requirements and represents a significant environmental saving.

While the onset of the COVID-19 pandemic impacted certain aspects of our global development and exploration pipeline, we completed the integration of the MOD Resources Ltd team and assets during the year and made substantial progress with the completion of permitting of the Black Butte Copper Project in Montana, USA.

The exciting A4 Dome discovery in Botswana, located just 8km from our T3 Copper-Silver development project, has been a key highlight of the year. With a resource drill-out well advanced and a maiden resource due by the end of the 2020 calendar year, the deposit is looking like an almost certain inclusion in the optimised Feasibility Study for the T3 Project. Detailed information on key developments at all of our projects is provided in the body of this report.

There has been significant change within the Company over the past 18 months and, with the continued maturing of Sandfire as a mining business, we completed a substantial reset of our strategic plan and organisational structure during the year, driven by a whole-of-business review that has provided us with additional focus and clarity around our growth strategy.

The key elements of the revised strategic plan - executing delivery of our existing operating assets, building a sustainable production profile, accelerating discovery, aligning and empowering our people and optimising our capital structure - recognise Sandfire's international growth plans, current operating and market conditions, while also renewing its efforts to deliver both organic and inorganic growth opportunities.

We implemented a refined senior executive management structure with the establishment of a streamlined Executive Committee consisting of the Chief Operating Officer, Jason Grace, the Chief Financial Officer, Matthew Fitzgerald and myself. As part of this reset, all senior managers now report directly to either Mr Grace or Mr Fitzgerald, who have overall oversight of their respective divisions.

At a subsidiary and asset level, we have enhanced and strengthened our team with new people and new skills, both through recruitment and internal promotion which has included promotion of some of our highest performing female managers.

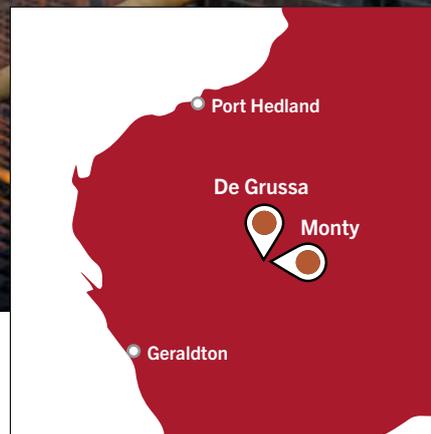
The structural and personnel changes have brought new energy and excitement across the Sandfire Group as we embrace the challenges and opportunities involved in building an international growth pipeline that extends into Africa and North America.

I am personally very excited and energised about the opportunities for our shareholders, suppliers, customers and the communities in which we operate and I am looking forward to seeing how our business evolves in the years ahead. I believe we are well positioned for future success.

Thank you for your continued support.

Karl Simich
Managing Director and CEO

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Operations Review

DeGrussa Operations

Western Australia

The DeGrussa Operations are located 900km north-east of Perth in Western Australia and include the high-grade DeGrussa and Monty Copper-Gold Mines. Commencing with an initial 2-year open pit mining operation, which was completed in April 2013, the DeGrussa Operations are based on underground mining delivering sulphide ore to an on-site 1.6Mtpa Concentrator producing copper concentrate (containing gold and silver).

Production and operations

The Company achieved record production for FY2020 of 72,238 tonnes of contained copper and 42,263 ounces of contained gold. Driven by increased production during the year, higher by-product credits from gold production and an increased gold price, the C1 cash operating costs for FY2020 reduced to US\$0.72 per pound of payable copper.

FY2020 Production Statistics		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined – DeGrussa	1,297,770	4.3	1.9	50,069	77,956
	Mined – Monty	371,763	6.2	1.4	23,153	16,124
	Mined – Total	1,669,533	4.8	1.8	79,222	94,080
	Milled	1,600,122	4.9	1.8	77,721	92,065
	Production	303,607	23.8	4.3	72,238	42,263
	Sales	305,887	23.8	4.4	72,734	43,149

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.

Production was sourced from the DeGrussa and Monty Mines with the mines remaining in balance between production and back-fill. Mine production rates from DeGrussa continued to meet expectations and with the ramp up of the Monty Mine completed, a total of 1.67mt were mined for the year.

The DeGrussa Concentrator continued to perform well, with a total of 1.60mt milled for the year at an average head feed grade of 4.9% Cu and with overall recoveries of 92.9% for copper and 45.9% for gold.

Mill throughput rates and recoveries were impacted slightly during the reporting period by the introduction of transitional ore from the DeGrussa crown pillar, which was successfully addressed by ongoing close management of blending strategies.

Underground mining was temporarily suspended in mid-February when rainwater within the open pit of the DeGrussa Mine, associated with Tropical Cyclone Damien, overtopped a section of a containment bund above the crown pillar stope and entered the Evans Decline. Appropriate measures were activated in line with standard underground mining safety protocols and, following assessment and subsequent clearance, all personnel were safely moved to the surface via light vehicles. Our employees and contractors responded professionally, with the safety of our people paramount at all times.

The immediately impacted area was isolated and damage was limited to erosion of a section of the decline road surface, a light vehicle and one piece of underground mining equipment. Minor water remaining at the base of the decline was pumped out using ancillary pumps and the normal underground mining schedule resumed with minimal impact on production.

Non cash impairment

The Company continued to study and assess viable processing options for its oxide copper stockpiles and regional exploration resources near the DeGrussa Operations. Based on the outcome of the assessments, it was concluded that the Group would recognise a non-cash impairment charge of \$23.6 million at year end. Further details of the impairment charge and its impact on the financial results are disclosed in the Financial Report.

Sandfire achieved record production for FY2020 of 72,238 tonnes of contained copper and 42,263 ounces of contained gold.

Looking Ahead

DeGrussa Gold Project

The DeGrussa Gold Project includes the DeGrussa Tailings Re-treatment project and the Old Highway gold deposit.

Studies have been undertaken to assess the potential for re-treatment of DeGrussa tailings to economically recover remnant gold. This work has progressed to a stage where it is now focussed on the use of conventional carbon in leach processing methods.

The Old Highway gold deposit, located approximately 20km south-west of the DeGrussa Operation is a known area of oxide gold mineralisation. A dedicated resource definition drilling program was commenced in May 2020 on Old Highway to assess the extent of near surface gold mineralisation and support studies to evaluate Old Highway as a potential feed source to blend with DeGrussa tailings.

Pending a positive initial study outcome on Old Highway, the focus of the DeGrussa Gold Project will be to combine the Tailings Re-treatment and Old Highway projects to undertake a formal economic assessment of possible gold production at DeGrussa. To achieve this, a significant program of additional reverse circulation (RC) and deep-hole diamond drilling (DDH) will be required at Old Highway.

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Exploration

Exploration remains at the heart of Sandfire's long-term growth strategy, with the Company maintaining a systematic, multi-pronged exploration program across its large landholding in the Doolgunna-Bryah Basin region, which now stands at 7,137km².

Our exploration strategy for the Doolgunna-Bryah Basin region has been developed and enhanced over a number of years as we progressively refine our understanding of the intricacies of exploration in the district.

The strategy comprises two main components: Volcanogenic Massive Sulphide (or VMS) exploration, targeting DeGrussa and Monty-style mineralisation and identifying structurally-hosted copper exploration.

VMS exploration is our primary target, given that our dominant tenement holding includes a 90km strike extent of host VMS lithologies which represents an unparalleled opportunity for VMS exploration in global terms, particularly because of its proximity to our existing processing infrastructure.

DeGrussa near mine exploration

Exploration continued during the year around the DeGrussa and Monty Mines from dedicated drill platforms located on the peripheries of the mines. Key outcomes were the improvement in orebody and structural understanding that resulted in the addition of incremental ore into the mines' Mineral Resources. This work has also contributed to the development of conceptual targets to be tested in the coming year at DeGrussa. We continue to use the best available technology and combined with our people's talent, we will work to identify targets both laterally and below the existing mines.

Exploration remains at the heart of Sandfire's long-term growth strategy.

Doolgunna Province exploration

Exploration programs across the Doolgunna Province tenements continued during FY2020 across both 100% Sandfire owned ground and Joint Venture ground.

Enterprise Metals Ltd Joint Venture

Work continued on the Enterprise Metals Ltd (ASX:ENT) joint venture with numerous geochemical and geophysical targets in the Homestead tested through the year. In the coming year the focus will be on testing the prospective sequence at depth on the Ruby Well prospect and the adjacent trend.

Auris Minerals Ltd Joint Venture

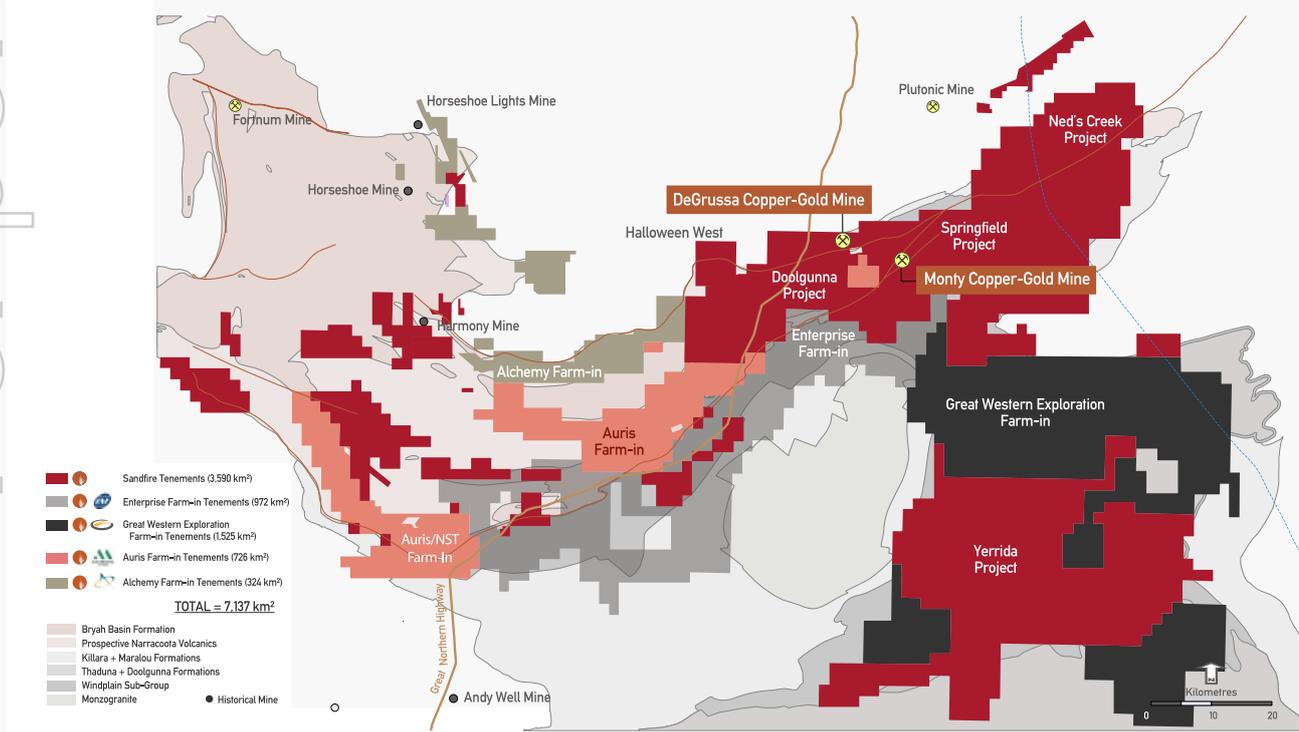
Sandfire continued to explore for VMS deposits in the Auris Minerals Ltd (ASX:AUR) joint venture tenure. A program of first pass exploration was successful at generating numerous geochemical anomalies that were followed up on the Morck Well prospect. Further work exploring for VMS deposits in the area is planned, including follow up of numerous gold anomalies identified during the year.

Auris Minerals Ltd and Northern Star Resources Ltd Cheroona Joint Venture

Exploration commenced on the Cheroona joint venture project with Auris Minerals Ltd and Northern Star Resources Ltd (ASX:NST) with gravity surveys, moving loop electromagnetic (MLEM) surveys and initial air-core (AC) drilling being completed. The same stratigraphic formations observed in areas hosting mineralisation were seen with some structural complexity. Additional planned interpretation of the current results will define the exploration programme for the project.

Alchemy Resources Ltd Joint Venture

Significant geophysical datasets have been accumulated over the Alchemy Resources Ltd (ASX:ALY) joint venture tenure that have been complemented by detailed initial AC drilling. The focus of future work will be to commence VMS exploration on the Fiddel, Bullgullan and Reefer prospects, and follow up anomalous gold results returned in work to date.



Sandfire's tenement holding in the Doolgunna-Bryah Basin region.



Eastern Australia Exploration

Sandfire is continuing to progress its Australian east coast exploration initiative, targeting world-class discoveries in some of Australia's premier exploration provinces.

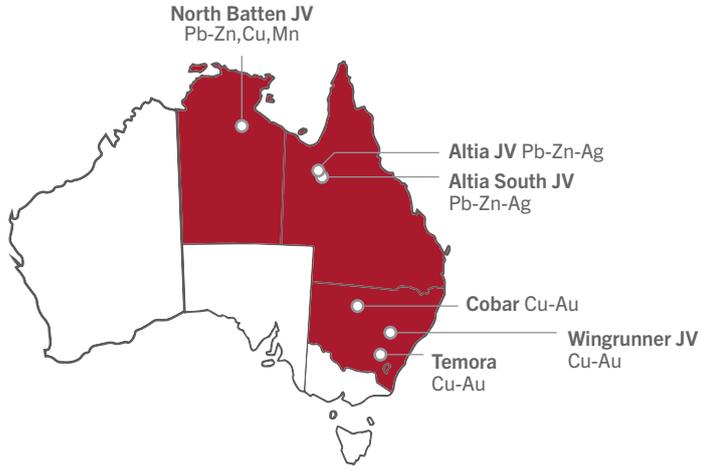
Exploration activities during FY2020 primarily focused on the Temora Project in New South Wales, where drilling programs tested a number of porphyry copper-gold prospects, delivering very positive early results at the Fields and Monza targets. A major follow-up exploration program is planned at Temora in FY2021 to further test these targets, as well as focusing on further porphyry style mineralisation in the Temora region.

We also continue to expand our pipeline of high priority targets in the Cobar district of New South Wales, with recent acquisitions bringing our granted and applied for tenure to approximately 4,400km². Our work continues to ensure that we have the best possible holdings in this very prospective multi commodity district, which has seen multiple discoveries and significant expansions to existing resources in recent years. On ground reconnaissance work has commenced and planning for drilling is well advanced.

In line with our commitment to funding the best targets, we have entered into farm-out joint ventures in Queensland, the Northern Territory and New South Wales with significant companies to enable us to focus on our core areas whilst ensuring that we retain the potential to benefit from success in those areas.

Farm-out agreements include:

- **North Batten Joint Venture, Northern Territory** – Teck Australia Pty Ltd (Teck) earning up to 75% interest for \$8M exploration spend over 5 years. Work has commenced over the North Batten area, with preliminary reviews underway by Teck targeting lead and zinc.
- **Altia South Joint Venture, Queensland** – Minotaur Exploration Ltd (ASX: MEP) and OZ Minerals Ltd (ASX: OZL) (the Cloncurry Alliance) earning up to 75% interest for \$27M exploration spend over 10 years. Ground exploration work commenced subsequent to year-end.
- **Wingrunner Joint Venture, New South Wales** – Fortescue Metals Group (ASX: FMG) earning up to 80% interest for \$7M exploration spend over 8 years. FMG have commenced a review prior to further exploration work.





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Tshukudu

Botswana



Sandfire's operations in Tshukudu include the T3 Copper-Silver Project and the A4 Dome exploration program, forming part of an emerging Motheo Production Hub.

Overview

The T3 Project is a significant sediment-hosted copper and silver deposit, located in the underexplored Kalahari Copper Belt in Botswana. The project, held through in-country subsidiary, Tshukudu Metals, was acquired through Sandfire's acquisition of MOD Resources Ltd in October 2019. Our local office is located in the nearby town of Ghanzi, which is the focal point for managing human resources and community relations in the Ghanzi District.

T3 Copper-Silver Project Feasibility Study

The T3 Project is the first of what is anticipated to be an extensive pipeline of resource development projects in Botswana.

The T3 Project hosts a current Mineral Resource estimate of 60.2 million tonnes grading 1.0% copper and 14.0g/t silver for 590,400 tonnes of contained copper and 26.9 million ounces of contained silver, including an Ore Reserve of 34.4 million tonnes grading 1.0% copper and 13.2g/t silver for 342,700 tonnes of contained copper and 14.6Moz of contained silver. Refer to page 60 for further details of Sandfire's Ore Reserves and Mineral Resources.

Sandfire commenced a detailed review and optimisation of the Feasibility Study for the T3 Project completed by MOD Resources Ltd in March 2019. Key areas of the Feasibility Study that progressed during the year are detailed below.

- The process plant design was revised and updated to enable rapid future expansion of the processing rate.
- Completion of plant and infrastructure site layout designs.
- Completion of pit stage designs and a life-of-mine mining production schedule.
- Commencement of the tender process for the open pit mining contract.
- High Voltage systems studies were completed and a formal review of the high voltage preliminary design was undertaken by the Botswana Power Corporation. Only minor modifications are required.
- Updating of groundwater models to incorporate the results of long duration groundwater draw-down tests.
- Estimation of detailed capital and operating costs is ongoing and are well advanced.
- Negotiations for the purchase of land for access roads, accommodation village and the high voltage sub-station.

The Environmental and Social Impact Assessment (ESIA) for the T3 Project was approved by the Botswana Department of Environmental Affairs during the year and the Company is progressing its Mining Licence Application.

The updated Feasibility Study and Ore Reserve is expected to be released by the end of 2020 calendar year, followed by decision to mine and any subsequent commencement of development activities.

A4 Dome exploration program

After successfully integrating MOD's assets and key team members, Sandfire embarked on a substantial exploration program with numerous targets within a 25km radius of the planned T3 open pit mine and processing plant.

An exploration budget was established for the period to 30 June 2020 with the initial phase of drilling planned to test three high-priority targets identified from airborne EM and previous widely spaced drilling by MOD.

The Company enjoyed early success at the A4 Dome, located 8km west of the T3 Project, where it announced significant wide intercepts of shallow, high-grade vein-hosted copper-silver mineralisation.

Exploration results were reported for the A4 area on 24 January, 17 April and 25 May 2020, with many holes delivering significant high-grade intersections of copper-silver mineralisation. Hole MO-A4-035D delivered the best intersection reported from the project to date, returning 18m at 5.2% Cu and 124g/t Ag from 77m down-hole (uncut), or 18m at 3.9% Cu and 124g/t Ag from 77m down-hole (top-cut to 15% Cu).

Other highlights include:

- 20.5m @ 3.6% Cu and 88g/t Ag from 78.5m down-hole in MO-A4-045D;
- 21.8m @ 2.5% Cu and 57g/t Ag from 74.2m down-hole in MO-A4-047D; and
- 32.8m @ 1.8% Cu and 32g/t Ag from 94.9m down-hole in MO-A4-049D.

The results demonstrate the continuity of high-grade vein-hosted mineralisation along strike within the A4 resource area and have increased the known strike length of the mineralisation to over 700m with the deposit remaining open both to the north-east and south-west.

As a result, A4 has progressed rapidly to a resource drill-out and the Company is moving towards completing a maiden resource estimate by the end of December 2020.

The T3 Project is the first of what is anticipated to be an extensive pipeline of resource development projects in Botswana.

Tshukudu Exploration

While A4 remains the highest priority given its near surface high-grade mineralisation and proximity to the T3 Project, drill-testing of other regional targets in the Kalahari Copper Belt also commenced in June.

During the reporting period, Sandfire significantly expanded its exploration tenure in the Kalahari Copper Belt with the acquisition of 100% of Trans Kalahari Copper Namibia (Pty) Ltd, which holds a block of nine licences in Namibia covering a total area of approximately 6,700km².

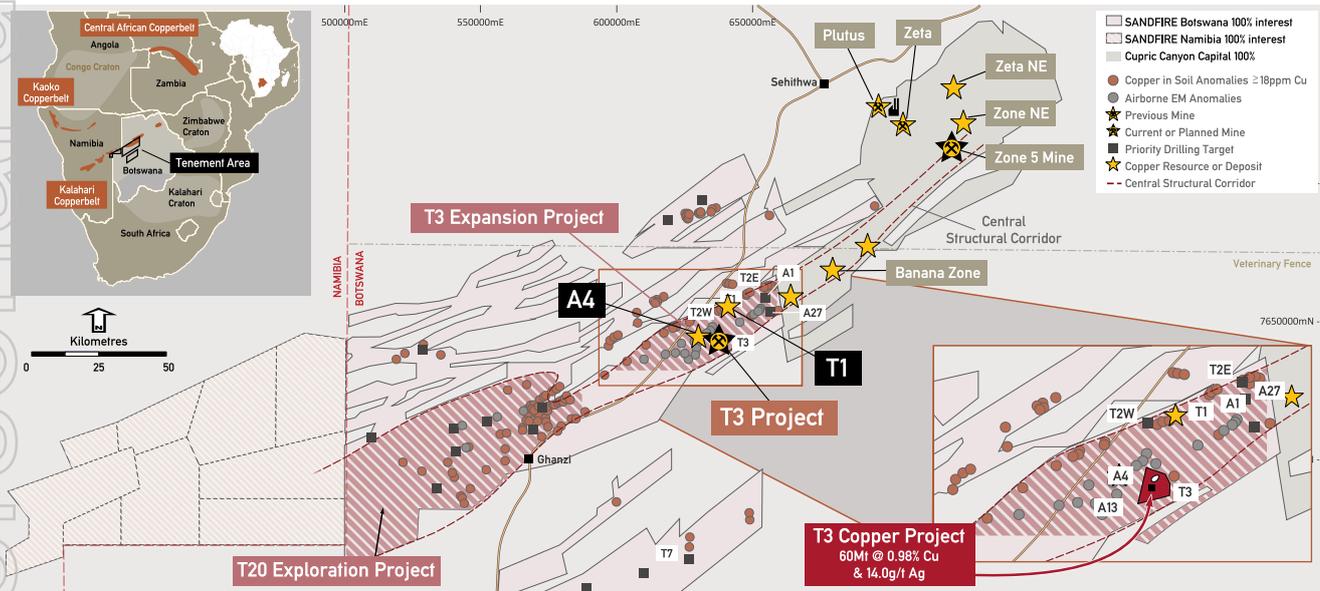
The Namibian licences extend Sandfire's holdings along the highly prospective central structural corridor of the Kalahari Copper Belt to over 300km and increase the total area of granted licences to approximately 18,200km².

The Namibian licences continue directly along strike from Sandfire's Tshukudu licences in Botswana and cover a large, under-explored area within the western part of the Kalahari Copper Belt. Interpretation of airborne magnetic data suggests the favourable geological structures being explored in Botswana continue for approximately 100km into Namibia. Previous, very widely-spaced drilling has intersected copper-silver mineralisation on the same contact which hosts the majority of known copper resources in Botswana.

A Namibian-based exploration manager has been appointed and evaluation of existing data is in progress.

Planning is also advancing for a belt scale AEM survey covering approximately 7,750km² of the Company's Tshukudu Project regional licences in areas not covered by existing AEM data.

Whilst timing of this survey is dependent on lifting of COVID-19 restrictions and permits being issued, Sandfire is targeting a possible commencement date for the survey in the December 2020 Quarter.



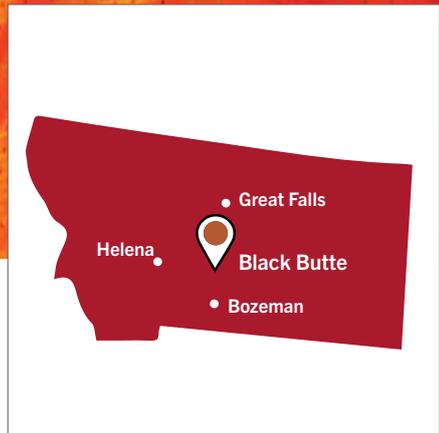
Regional Location Plan with Tshukudu licence holdings showing the T3 Project, A4 Dome, multiple exploration targets and the 6,700km² ground position acquired in Namibia.



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The Namibian licences extend Sandfire's holdings along the highly prospective central structural corridor of the Kalahari Copper Belt.





Black Butte

Montana, USA

Sandfire holds an 85 per cent interest in TSX Venture Exchange-listed company Sandfire Resources America Inc. (TSX-V: SFR), which wholly owns the premier, high-grade Black Butte Copper Project, located in central Montana in the United States.

Overview

Black Butte is one of the world's highest-grade undeveloped copper projects. The planned mine development will utilise best-practice technology and modern mining techniques to develop a wholly-underground mine with minimal surface footprint and environmental impact.

Project Permitting

Project permitting for Black Butte was completed during the year, with the Montana Department of Environmental Quality (MT DEQ) releasing the Final Environmental Impact Statement (EIS) on 13 March 2020 and issuing a positive Record of Decision (ROD) to grant a Mine Operating Permit (MOP) on 9 April 2020.

The Department of Natural Resources & Conservation (MT DNRC) also issued a Preliminary Determination (PD) in response to the water right owners' application to modify their irrigation water rights to include leasing water for mitigation for the Black Butte Copper Project. The proposed water right modification maintains water balance in the Sheep Creek drainage area.

The PD also supports Sandfire America's request for a groundwater permit and a high flow water right to capture spring run-off and store in a reservoir, which will provide water to replenish stream flows year-round. The issuance of the PD triggers an objection period for other water rights holders prior to a Final Determination.

Subsequent to year end and with the Phase I Bond requirement met, a Final MOP was issued to the Group's subsidiary Tintina Montana Inc. by the MT DEQ allowing the commencement of Phase I development surface earthworks. The Company's subsidiary has signed a construction contract for the commencement of surface earthworks with MK Weeden, a Lewistown, Montana company. In addition, it has signed a fencing contract with a local Meagher County business, Menard Construction Inc. These two contractors will employ up to 30 Montanans on the early earthworks project during FY2021.

Feasibility Study

Work on the Black Butte Copper Project's feasibility study commenced in October 2018, and progressed well during the year with the completion of all technical studies. Completion of the feasibility study and release of an updated Ore Reserve is scheduled for completion by the end of the 2020 calendar year.

Legal Challenge

Sandfire notes that a legal challenge to the MT DEQ's Record of Decision was lodged on 4 June 2020 in the 14th Judicial Court in Meagher County, Montana against the MT DEQ and Tintina Montana Inc., by a number of groups who oppose resource development in Montana. Sandfire Resources America Inc. will review the challenge and will seek to work with the MT DEQ to defend this litigation vigorously. Subsequent to year end, the same groups lodged objections to the PD on the water right modifications, which will be reviewed by the MT DNRC prior to issuing their Final Determination.

Sandfire is committed to advancing the Black Butte Copper Project through to feasibility study, to be followed by a decision to mine and financing considerations. This work will be progressed in parallel with the preliminary earthworks and bonding activities outlined above.

Exploration

Baseline soil surveys have been completed over key areas of the exploration tenure during FY2020. The data and updated geological interpretations will underpin a strategic review of exploration for Black Butte. Significant exploration potential remains in the exploration landholding with all recent work focussing on the Johnny Lee deposit.

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Governance

The Board and all levels of management are fully committed to maintaining and enhancing corporate governance so that it continues to contribute to Sandfire's key growth objective to transition from a single-mine company into an international, multi-asset base and precious metals producer.

The Board of Directors guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable. In performing its responsibilities, the Board acts in the best interests of the Company, honestly, fairly and diligently and in accordance with the duties and obligations imposed upon it by Sandfire's Constitution and the law.

Whilst the Board of Directors is responsible for establishing the corporate governance framework of Sandfire, we believe good governance is the collective responsibility of all our management and staff. We believe that excellence in governance is intrinsic to our social license to operate, essential for the long-term sustainability of our business and is one of our key measures of success.

Sandfire's governance framework supports our people to deliver our strategy and provides an integral role in effective and responsible decision making and business conduct. The Code of Conduct and Sandfire's governance policies reinforce the importance of our values in carrying out our responsibilities to shareholders, employees, business partners, government, regulators and the broader community.

Further information about governance at Sandfire, as well as copies of our Board and Committee Charters; Code of Conduct and various governance policies can be found in the Governance section of our website at www.sandfire.com.au.

2020 Corporate Governance Statement

Sandfire's Corporate Governance Statement outlines the key features of Sandfire's governance framework and discloses the extent Sandfire has followed the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations).

Sandfire's Corporate Governance Statement is accurate and current as at 30 September 2020 and has been approved by the Board of Directors. During the FY2020 reporting period, the Company's corporate governance practices have complied with all relevant ASX Recommendations.

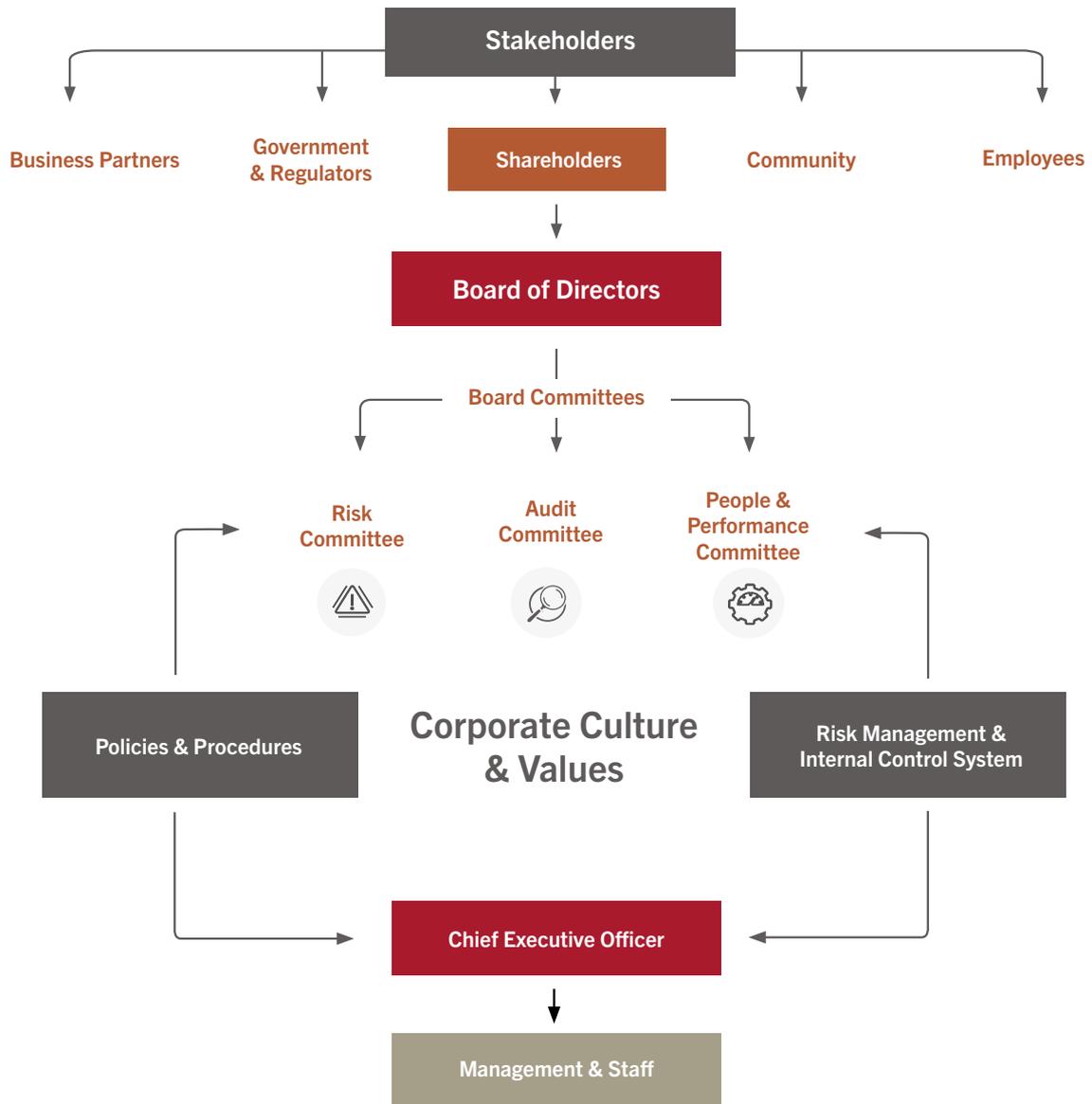
The Company regularly reviews its governance practices and corporate governance policies to reflect the growth and strategy of the Company, current legislation and best practice and have completed a review following the release of the 4th edition of the ASX Recommendations. We are pleased to report that a majority of our current practices are compliant with the new recommendations and we will report against the 4th edition of the ASX Recommendations in our FY2021 Corporate Governance Statement.

The Corporate Governance Statement can be found in the Governance section of Sandfire's website at [Corporate Governance](#), along with the ASX Appendix 4G - a checklist cross-referencing the ASX Recommendations to disclosures in the Corporate Governance Statement - the 2020 Annual Report and the Company website.

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Our Governance Framework



Supporting Documents

- Company Constitution
- Code of Conduct
- Board and Committee Charters
- Policies and procedures
- Corporate Governance Statement

Available on our website

www.sandfire.com.au/site/About/corporate-governance



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Board of Directors

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Derek La Ferla

Independent
Non-Executive Chairman

Appointed 17 May 2010

Qualifications

B.Arts, B.Juris, B.Law, Fellow of AICD

Experience

Mr La Ferla is a corporate lawyer and company director with more than 30 years' experience. He has held senior leadership positions with some of Australia's leading law firms and a variety of board positions with listed public companies and not for profit organisations. Mr La Ferla was formerly the national leader of the corporate advisory and infrastructure, mining and commodities industry group at Norton Rose Fulbright.

Derek has worked on some of Western Australia's more notable capital market and private equity transactions including the Initial Public Offering (IPO) and ASX listing of Automotive Holdings Group, Navitas Ltd and Southern Cross Electrical Ltd among others. He brings a strong corporate governance perspective, balancing commercial and legal risk management needs. Mr La Ferla is a fellow of the Australian Institute of Company Directors and a member of the AICD National Board and the WA Council Division.

Karl M Simich

Managing Director
and Chief Executive Officer

Appointed 1 July 2009

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 various 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.

Robert Scott

Independent
Non-Executive Director

Appointed 30 July 2010

Qualifications

FCA

Experience

Mr Scott is a Chartered Accountant and former international partner with major global accounting firms with over 35 years' experience. He was a former senior partner of KPMG and Arthur Anderson focusing on corporate structuring and taxation planning. He has served as a Chairman and as Non-Executive Director with various publicly listed resource companies with operational experience in Australia, USA and Asia and has a strong focus on project governance, audit and risk management. Mr Scott holds a Fellowship of the Australian Institute of Chartered Accountants and the Taxation Institute of Australia and is a member of the Australian Institute of Company Directors.

Diversity of knowledge, experience and gender is highly desired across Sandfire and female representation at director level remains a key focus.

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Paul Hallam

Independent
Non-Executive Director

Appointed 21 May 2013

Qualifications

BE (Hons) Mining, FAICD, FAusIMM

Experience

Mr Hallam has more than 40 years Australian and international resource industry experience. His operating and corporate experience is across a range of commodities (iron ore, bauxite, alumina, aluminium, gold, silver, copper, zinc and lead) and includes both surface and underground mining. He has global experience stemming from his executive roles across multiple cultural, regulatory and business environments. His former executive roles include Director – Operations with Fortescue Metals Group, Executive General Manager – Development & Projects with Newcrest Mining Ltd, Director – Victorian Operations with Alcoa and Executive General Manager - Base and Precious Metals with North Ltd; and also, mine management/development roles for Battle Mountain Gold Company in Chile, Bolivia and Australia. In these and previous roles Mr Hallam has held site and corporate accountability for all site functions plus sales and marketing, stakeholder management, capital projects and regulatory oversight and management for multiple mining operations. Mr Hallam retired in 2011 to pursue a career as a professional Non-Executive Director. He has held Australian and international Non-Executive Director roles since 1997. 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.

Sally Langer

Independent
Non-Executive Director

Appointed 1 July 2020

Qualifications

B.Com, CA, AICD

Experience

Ms Langer has 25 years' experience in Professional Services including as founder and Managing Partner of the management consulting and executive recruitment firm Derwent Executive, where she set up and led the growth of the Perth office servicing a wide range of clients both local and national and led the Mining and Industrial Practice. Prior to that, she was a Director at international recruitment firm Michael Page and a Chartered Accountant at accounting and consulting firm Arthur Andersen. During her career, Ms Langer has been responsible for strategy development and execution with a strong focus on profitable business growth, supervising and coordinating large teams and other management functions including strategy, business development, budgeting and human resources. She has been a trusted advisor to numerous Boards on recruitment, talent management, culture and organisational structure. Ms Langer is also Non-Executive Director of Saracen Mineral Holdings Ltd. She holds a Bachelor of Commerce from UWA.

Roric Smith

Independent
Non-Executive Director

Appointed 31 December 2016

Qualifications

B.Sc, B.Sc (Hons) Geology, Ph.D Geology, MAICD

Experience

Dr Smith is a highly experienced geologist with extensive Australian and international experience. Dr Smith was previously Vice President, Discovery and Chief Geologist for Evolution, where he played a key role in leading that company's exploration efforts. Prior to joining Evolution, Dr Smith held senior executive positions with the gold producer AngloGold Ashanti, including as Senior Vice President, Global Greenfield Exploration; Country Manager and Chief Representative China; Exploration Manager – North Asia Region; and Chief Geologist Australia. Dr Smith holds a B.Sc, B.Sc (Hons) Geology and Ph.D from the University of Natal in South Africa. Mr Smith is also Non-Executive Director of Saracen Mineral Holdings Ltd.

Management Team



Jason Grace

Chief Operating Officer

Qualifications

B.AppSc (Geo), B.Sc (Hons), M.MinEng, M.Ent (Exec)

Experience

Mr Grace is an experienced mining professional with industry experience spanning Australia and the Asia Pacific region and ranging across multiple disciplines including general and operational management, technical leadership, business improvement, mineral resource evaluation, mine planning and mine geology. He was most recently Executive General Manager – Iron Ore for diversified mining services group Mineral Resources Ltd, where he managed the group's Australian iron ore business. Prior to that, he was Senior Director, Asia Pacific Iron Ore and Senior Director, Technical Services for Cliffs Asia Pacific Iron Ore, where he led and managed all elements of the Asia Pacific Iron ore business segment for USA-based Cleveland Cliffs Inc. Before joining Cleveland Cliffs, Mr Grace enjoyed a 13-year career with Newcrest Mining Ltd holding a range of senior managerial and operational positions.

Matthew Fitzgerald

Chief Financial Officer and Company Secretary

Qualifications

B.Com, CA

Experience

Mr Fitzgerald is a Chartered Accountant with extensive experience in the resources industry. He began his career in the Assurance & 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. Mr Fitzgerald is also the Chairman of the Company's 85% owned TSX Venture Exchange listed subsidiary, Sandfire Resources America Inc. (TSX-V: SFR). Sandfire Resources America Inc. is permitting the 100% owned and leased Black Butte Copper Project in Montana, USA.

Victoria Twiss

Head of Legal and Procurement and General Counsel

Qualifications

LLB, B.Com, MBA, Grad Dip (Corporate Resources and Administration)

Experience

Ms Twiss is a practising lawyer with over 16 years' experience in the resource sector with a focus on the development and operation of mining and infrastructure projects. Ms Twiss joined Sandfire in 2011 during the construction of the DeGrussa Copper-Gold Mine and was recently promoted to Head of Legal and Procurement and General Counsel. Prior to joining Sandfire, Ms Twiss worked in corporate services and commercial roles for other resource companies, as well as spending a number of years working in the UK.

We have enhanced and strengthened our team with new people and new skills, both through recruitment and internal promotion.

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Shannan Bamforth

Head of Exploration – APAC and AMER

Qualifications

B.Sc (Geology)

Experience

Mr Bamforth is a geologist with over 20 years' experience in the resources industry with a focus on base metals, gold and coal. He has worked in exploration and operational roles in Australia, Africa, China and Indonesia. Prior to joining Sandfire in 2010, Mr Bamforth held various senior positions with a variety of companies including Regent Pacific Group, St Barbara Mines, AngloGold Ashanti, and Acacia Resources. He is a member of The Australian Institute of Mining and Metallurgy.

Samantha Masters

Head of Health, Safety, Environment & Communities (HSEC)

Qualifications

Post Grad OHS

Experience

Ms Masters has over 18 years' experience in the mining industry, commencing her career as an underground operator and then completing tertiary qualifications in Occupational Health and Safety. Ms Masters has developed and been recognised for her ability to navigate unknown business environments and ensure adherence to health and safety requirements. She has held several senior management roles in mining companies in a health and safety capacity. She first joined Sandfire in 2014, and after a brief period working elsewhere, re-joined Sandfire in 2017.

Julian Hanna

Director of Growth and External Affairs – EMEA

Qualifications

B.Sc (Geology)

Experience

Mr Hanna is a geologist with over 35 years' experience in exploration, project development, mining, corporate activities and project funding with a number of Australian gold, nickel and copper mining companies. From 2000, Mr Hanna was co-founder and Managing Director of Western Areas Ltd for 12 years during the period it grew from a junior explorer to become a >\$1B underground nickel mining company. Mr Hanna then joined MOD Resources Ltd as Managing Director to oversee the acquisition and early exploration success along the highly prospective Kalahari Copper Project in Botswana. He joined Sandfire following its acquisition of MOD Resources Ltd in October 2019.

Our revised structure is also supported by key management positions at a subsidiary and asset level.

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Our ultimate goal is for sustainability to be part of every decision we make.



Our reporting approach

The Sustainability Report outlined on pages 31 to 57 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option, including the Mining and Minerals Sector Supplement. The GRI Standards are a comprehensive set of guidelines that cover all dimensions of sustainability. For more information about the GRI Standards, please see www.globalreporting.org.

Reporting boundary and scope

The Sustainability Report is Sandfire's annual disclosure of its sustainability performance.

The report covers the sustainability performance of our wholly owned and operated DeGrussa Operations in Western Australia and exploration activities in Australia.

The report also provides limited disclosure on exploration activities and projects in development, including the Group's Black Butte Copper Project located in Montana, USA, held via an 85 per cent interest in TSX Venture Exchange-listed company, Sandfire Resources America Inc. (Sandfire America), and the Group's Ishukudu projects in Botswana.

Assurance

We engaged Bureau Veritas to undertake independent, external limited assurance on selected information and disclosures in this year's Sustainability Report. Refer to Bureau Veritas' report on page 58 for the full assurance statement.

Restatements

Continuing improvements to our data collection systems can result in restatements of previously reported data. Sandfire makes the following restatement:

- Sandfire reported we disturbed 522ha of land in FY2019. Through revision of our Geographic Information System (GIS) data we found that total land disturbed in FY2019 was 497ha.

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Sustainability Report

Contents

Approach to Sustainability	32
Strategy	33
Reporting	36
Our People	37
Our Communities	38
Supply Chain	39
Operating Responsibly throughout the Mining Life-Cycle	40
Responsible Business Practices	41
Safety	44
Thriving Communities	47
Cultural Heritage	50
Water	52
Climate Change	54

Feedback

We welcome your feedback on our report or any other aspect of our sustainability performance. Please visit [Contact Us](#) on our website to provide your feedback.



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Overview

Approach to sustainability

Sandfire recognises that we have a role to play in contributing to global sustainable development. Our [Sustainability Policy](#) outlines our commitment to conducting our business responsibly, from exploration through to mine closure, so that our people are safe and well supported, local communities benefit from our presence and we demonstrate strong environmental stewardship.

Strategy

Our ultimate goal is for sustainability to be part of every decision we make. We believe that non-financial performance is connected to long term value creation and that this is best effected when sustainability is embedded throughout our business.

Sandfire's revised sustainability strategy supports the Company's purpose of 'Creating Opportunity' and helps to facilitate the achievement of its strategic growth plan.

We have articulated six long-term strategic priorities in how we operate. These ensure that we are well placed to continue to build strong, lasting relationships with stakeholders, deliver on our commitments, develop resources responsibly and drive innovation in our people and industry — all key for creating long-term growth and value.

Targets

Sandfire has provided public reporting on sustainability targets since 2016. Targets demonstrate our commitment to transparency, improve our ability to manage risk, and provide insight into key areas of environmental, social and governance (ESG) performance.

Sandfire has identified new targets which align with the revised strategy and facilitate our global expansion. Our strategy and targets have been developed with input from the business and take into account our previous performance.

Performance against our FY2019 targets is provided on page 34.

Sustainability Strategy

Sandfire's business elements are carried out with respect for our variety of stakeholders and recognising their diverse interests and needs. The safety of our people, care for the environment, our place in our communities and our ethical business dealings underpin our ability to execute our strategic plan and deliver value to our stakeholders. Six key priorities have been identified for the Sandfire Sustainability Strategy:



Sandfire's revised sustainability strategy supports the Company's purpose of 'Creating Opportunity' and helps to facilitate the achievement of its strategic growth plan.

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Sustainability Strategy Objectives and Targets

01

Thriving Communities



Collaborate with our stakeholders to generate enduring socio-economic development where we are present

As we move into new jurisdictions, our focus is on understanding the goals and priorities of our host communities to ensure our contribution to socio-economic development aligns with their needs. Sandfire will define local in each jurisdiction with the input of stakeholders.

- Champion local participation in our workforce.
- Prioritise spending local.
- Invest to build local ownership, capacity and job creation.
- Align strategic issues of the business with the development priorities of local communities, civil society and government to create shared value.
- Maintain a diverse workforce that reflects the local communities in which we operate.

Description	Our Objectives	FY2019 Targets	FY2020 Progress	FY2021 Actions and Targets
		Spend >10% of total procurement within regional areas.	8.35% of total procurement was spent within regional areas.	Develop a Group wide local procurement policy.
		Direct and in-kind donations to total \$500k.	Total \$598k donated.	Develop a Group wide strategic investment strategy. Develop a community investment strategy for each region.
		Female representation to be at least 20% above industry average.	Female representation at 30 June 2020 was 24%, 41% above the mining industry average ¹ .	Female representation to be at least 20% above industry average.
		Aboriginal peoples participation in workforce > 7%.	Aboriginal peoples participation in workforce 4%.	Develop a Group wide local recruitment strategy.

02

Promote workforce well-being



Our people live in communities and they have a right to go home safe, healthy and with a sense of fulfillment

We remain focussed on the health, safety and well-being of our workforce. This is particularly important in the context of Botswana and the proposed development of the T3 Copper-Silver Project.

- Take a holistic approach to health and wellbeing which extends beyond activities we control.
- Pursue continual improvement in health and safety performance.
- Foster a culture where our people uphold Sandfire values & Don't Walk Past philosophy.

		No fatalities or serious incidents.	No fatalities or serious incidents.	No fatalities or serious incidents.
		TRIFR – 4.5.	TRIFR – 5.8.	Pursue year-on-year reduction in annual TRIFR. Long term, Sandfire will continue to target 4.5. Develop health & safety improvement plans for all regions.
		Employee engagement score – 80% .	Refreshed our employee engagement survey and offered this to the Sandfire Group to assess the perceptions of all Sandfire employees towards their job and the business.	Communicate results of the 2020 employee engagement survey. Complete 2021 employee engagement survey.

03

Water stewardship



Manage water as a precious shared resource taking a water catchment based approach

Sandfire is pursuing a water stewardship model, which represents a maturing in our approach to managing water.

- Adopt water stewardship practices.
- Manage water as an asset.
- Build stakeholder trust towards Sandfire's water management practices by proactive, transparent and inclusive engagement.
- Participate in collective action on shared challenged, capacity building and knowledge sharing.

		Develop water strategy aimed at increasing water efficiency at DeGrussa.	Sandfire identified water as a strategic priority for the whole of business following extensive stakeholder consultation. Sandfire will continue to pursue water efficiency at current and future operations.	Develop Group wide water accounting framework.
			Undertook hydrogeological surveys for the T3 Copper-Silver Project.	Develop a Group wide water stewardship framework. Participate in forums for collectively discussing and managing water resources at a catchment level.

1 - WGEA Mining Division: WorkForce Composition - ALL: 17 %



Sustainability Strategy Objectives and Targets

	Description	Our Objectives	FY2019 Targets	FY2020 Progress	FY2021 Actions and Targets
04 Embracing a low emission future 	<p>Embrace opportunity across Sandfire's entire value chain in the transition to a low emission economy</p> <p>Sandfire recognises that we have a role to play in the move to a zero emission economy.</p>	<ul style="list-style-type: none"> Support the global pursuit of net zero emissions by 2050 and Paris Agreement to limit the global average temperature rise to below 2 degrees. Create organisation wide awareness and action for transition to low emission economy. Enable Sandfire to reduce its carbon footprint and emissions intensity. Participate in collective action to promote transitioning to a low emission economy. Continue to provide public disclosure on climate change risk and strategy. 	<p>Reduce emissions intensity at DeGrussa by 8%, using 2019 as a baseline.</p>	<p>Emissions intensity increased by 10%. See page 56 for detail.</p>	<p>Consider renewable energy as an option for the T3 Copper-Silver Project.</p>
				<p>Undertook life of mine GHG emissions study for the T3 Copper-Silver Project.</p>	<p>Continue to operate DeGrussa Solar Facility at maximum efficiency.</p>
05 Responsible business practices 	<p>Champion responsible business practices where we do business</p> <p>We recognise that our global expansion has the potential to expose us to heightened bribery and corruption, human rights and other risks. Sandfire is committed to continuing to undertake its business responsibly, everywhere we operate.</p>	<ul style="list-style-type: none"> Undertake business and decision making in accordance with Sandfire Values. Proactive approach to meeting regulatory obligations and agreements made with stakeholders. Prioritise building relationships with responsible business partners across our value chain. Obtain and maintain our social licence to operate. 	<p>95% of employees live Sandfire values at work.</p>	<p>98% of employees assessed as living our values at work, as judged through employee performance reviews.</p>	<p>Establish global training and education modules for key risk areas – anti-bribery and corruption, modern slavery, conflict of interest and other policies including Sandfire's Purpose, Strategy and Values.</p>
				<p>Developed Group Wide Modern Slavery Standard.</p>	<p>Continue to assess human rights, bribery & corruption and other related risks.</p>
				<p>Developed a revised Whistleblower Policy.</p>	
06 Strong systems 	<p>Standardise Sandfire's management of ESG across all operations</p> <p>Strong systems will ensure we integrate sustainable development principles into our decision making and support the adoption of responsible environmental, social and governance practices.</p>	<ul style="list-style-type: none"> Fit for purpose management system. Embed ESG due diligence within Sandfire's standards. ESG dimensions are reflected and incorporated across the business. Undertake proactive stakeholder engagement to test the effectiveness . 	<p>N/A</p>	<p>Progressed development of the Sandfire Integrated Management Framework. See page 42.</p>	<p>Embed the Sandfire Integrated Management Framework.</p>
					<p>Undertake gap analysis comparing Sandfire standards to best practice.</p>

Reporting

FY2020 marks our sixth year of GRI sustainability reporting. We believe that transparent reporting provides our stakeholders with an understanding of our business and how we respond to both challenges and opportunities.

Materiality

Sandfire conducts an annual materiality assessment to define the issues that matter most to our stakeholders and our business. The outcomes of this assessment determine the content of our sustainability disclosure in this report. In addition, the materiality process informs our strategy and ongoing assessment of risk.

Materiality Process

Our materiality assessment is undertaken in accordance with the GRI Standards.

Step 1 – Identification

Consideration of the views of both internal and external stakeholders when identifying significant environmental, social and governance (ESG) impacts.

The FY2020 materiality process included a comprehensive review of current and emerging issues facing the mining industry, internal and external stakeholder engagement, peer benchmarking and investor outreach.

This process highlights the most prevalent topics from the surveys, desktop study, interviews, and peer review and assists to categorise them based on relevance and level of risk to our business and stakeholders alike.

Step 2 – Prioritisation

Two tests are applied when prioritising the topics:

- The impact Sandfire's operations have on each of the topics and the ensuing contribution to sustainable development, positive or negative, through its management of the issue.
- How stakeholders perceive Sandfire's management of the topics and how this influences their assessment of Sandfire's performance.

Step 3 - Validation

The resulting list of material topics are reviewed and validated by our Executive Committee, with the final list providing the scope of this year's sustainability reporting.

Step 4 - Assurance

We engaged Bureau Veritas to undertake independent, external limited assurance on selected information and disclosures in this year's Sustainability Report. Refer to Bureau Veritas' report on page 58 for the full assurance statement.

FY2020 material topics

The scope of our materiality process was refined this year to align with our emerging global positioning. To reflect this, our material topics are a more concise list and relate to topics that are most material for all of our international activities.

Our material topics for FY2020, including their impacts and where they are discussed within the Sustainability Report, are presented in the following table.

Material topic	Description	Where the impact occurs	Report page
Operating Responsibly Throughout the Mining Life-Cycle	How we consider risk and create sustainable outcomes throughout each phase of the mining life-cycle	Current operations and future developments	40
Responsible Business Practices	How we manage and demonstrate effective governance across the business	Employees, contractors and stakeholders at our operations and future developments	41
Safety	How we promote and protect the physical and mental wellbeing of our workforce	Employees and contractors at our operations and future developments	44
Thriving Communities	How we contribute to regional economic development and provide opportunities for local communities	People living and working within close proximity to our operations and future developments	47
Cultural Heritage	How we manage cultural heritage and provide opportunities for Traditional Owners	Traditional custodians of the land on which we operate presently and in the future	50
Water	How we manage water resources to ensure sustainable access for our operations and local communities	Water bodies above and below the surface at our operations and future developments	52
Climate Change	How we are embracing a low emissions future	Operations, stakeholders and investors	54

Our Business

Our People

The people who work with us are our greatest asset. We aim to create an inclusive and supportive workplace, where people are empowered. Our future success and ability to execute our strategic plan depends on attracting and retaining the right people with the right skills.

Sandfire's [Our People Policy](#) sets out our commitment to our workforce. The policy is supported by standards which detail our approach for creating a workplace where our people can thrive. Our approach is informed by ongoing dialogue with our employees, biannual performance reviews and annual engagement surveys, which we use to measure staff performance and receive feedback about our business.

At the end of FY2020, our Australian workforce comprised approximately 622 people, including 269 employees and 353 permanent contractors. An additional 52 employees and 74 contractors are located in Botswana at Tshukudu.

Employment

We aim to create an enriching work environment for our people through fostering meaningful work, providing opportunities for growth, and ensuring our employees feel recognised and are appropriately rewarded.

Informed by the Company's revised strategy in FY2020, we reviewed our remuneration and incentives framework. The enhanced framework, effective from 1 July 2020, aligns employee rewards to Sandfire's growth objectives to develop a sustainable and successful Company. The Remuneration and Incentives Framework ASX announcement can be viewed on our website.

Providing opportunities for our people to develop both professionally and personally is one of the most significant and positive impacts we can have as an employer. We view employee participation in training and development programs as a benefit to all parties, driving greater employee engagement, job satisfaction and productivity. Sandfire provides further education sponsorship and on the job training opportunities for our employees. These training and development programs are designed to develop our people in their current roles and into their future careers. We offer an array of benefits to our employees and these are further detailed on our [careers](#) section of our website.

Diversity

Sandfire is committed to cultivating a culture of diversity and inclusion, where differences are valued, and everyone is welcomed and treated with respect. We believe that the diverse backgrounds and experiences of our employees positively contribute to our organisational culture and encourage greater innovation, productivity and profitability.

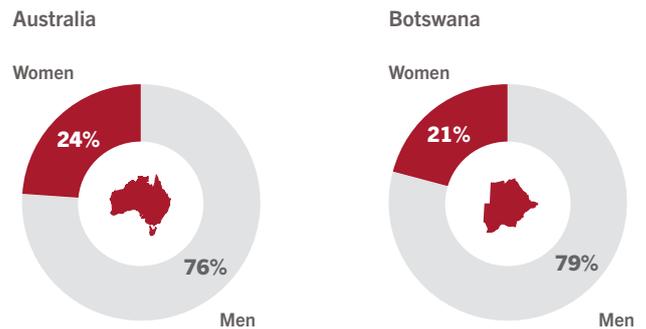
The [Diversity and Inclusion Policy](#) sets out the principles that guide the management of building a diverse and inclusive workforce. A Diversity Working Group is responsible for the review of the diversity and inclusion strategy, implementing initiatives and monitoring progress against objectives that are set.

Gender Diversity

Women make up 24% of our workforce which remains above the industry average of 17% female representation¹. This represents a 1% increase since FY2019 and includes our employees in Montana, USA and the integration of our Botswanan employees.

Further details on Sandfire's commitment to improve gender diversity, including our strategies to increase the representation of women at every level within the Group are contained within our Corporate Governance Statement.

Breakdown of Sandfire's workforce gender composition as at 30 June 2020



1 WGEA 2019 data - <https://data.wgea.gov.au/industries/256>

Benefits to our employees



Reward



Empower



Train



Educate



Communicate

We help our people thrive and grow through an inclusive environment and a commitment to learning and development.

Our Communities

We rely on strong and open dialogue with our stakeholders to obtain and maintain our social licence to operate, as well as deliver sustainable benefit to our host communities. Sandfire's commitment to stakeholder engagement and sustainable development is outlined in our [Sustainability Policy](#).

Stakeholders are the individuals and groups who have an interest in our business, are able to influence our operations, or are impacted by our activities. They include, but are not limited to, employees, contractors, government and regulators, local members of community, suppliers and investors. We communicate with our stakeholders through the Annual and Sustainability Report, our website, social media, one-on-one engagement, as well as surveys and exhibitions.

We consider our host communities and governments to be those within the closest geographical proximity to where our activities have the potential to have the largest impact, whether it be related to social, economic or environment issues. We recognise that these communities are not homogenous groups and are made up of complex stakeholder networks with different priorities and needs.

Community Engagement

Sandfire has stakeholder engagement plans in place for its Australian activities which identify key stakeholders, the impact we have on them, known topics of interest, our engagement method and the objectives of engagement. These plans address risks and community comments to create ongoing dialogue throughout each phase of a project's life. They also assist our teams to manage stakeholder expectations.

A priority for FY2021 is to review our stakeholder engagement plans in Botswana. The stakeholder engagement plans are monitored by the in-country Community Relations Committee which has been established to oversee community engagement, commitments and social investment associated with our projects.

Effective stakeholder and community engagement remains critical to our success as we expand into new jurisdictions. Addressing the challenges this shift presents will require an in depth understanding of the local content and social landscape. We are committed to understanding local customs, establishing community trust and earning and maintaining our social licence to operate.

We rely on strong and open dialogue with our stakeholders to obtain and maintain our social licence to operate, as well as deliver sustainable benefit to our host communities.



Case Study Meagher Stewardship Council Agreement

Sandfire America has sought to earn the trust of the local community of White Sulphur Springs and Meagher County by being transparent about its plans for the development of its Black Butte Copper Project and openly welcoming feedback from all interested parties. Regular site tours are run by senior staff to ensure that interested parties are fully informed of the construction and operating plans of the Black Butte Mine.

In 2018, Sandfire America facilitated the creation of the Meagher County Stewardship Council (MCSC), an independent, non-profit citizens group to champion the long term environmental, cultural, and economic interests of Meagher County. The MCSC is composed of community leaders tasked with aligning the project with the core values of watershed conservation and community vitality.

At year end, Sandfire America and the MCSC were finalising negotiations on a long-term Community Benefits Agreement. The agreement will ensure that both parties work together through local representation.



Community engagement during COVID-19

Sandfire adapted its approach to engaging with our local communities in response to COVID-19. In accordance with the travel restrictions enforced by the West Australian Government between March and June 2020² and by request of our stakeholders, we did not travel to remote communities. The protection of vulnerable groups within our remote communities was paramount during this period and Sandfire maintained engagements with Native Title Claim Groups and community members by phone. This approach proved sufficient for providing support throughout the restricted travel period.

² <https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/travel-restrictions-lifted-in-western-australia>

Supply Chain

Contractors and suppliers are a crucial part of our business and we rely on them to ensure that we meet our overall operating strategy. Our contractors perform a range of services including underground mining, camp management, and hauling copper concentrate to port. These services are essential inputs into our value chain which support the success of the business.

Our supply chain has not significantly changed during FY2020 but is expected to expand from FY2021 in line with the finalisation of feasibility studies and decisions to mine for our international development projects.

Our Inputs



Social & Relationship Capital

Landholder and community relationships



Human Capital

Employees, drilling and underground mine contractors, consultants



Manufactured Capital

Plant equipment, explosives, vehicle fleet, camp infrastructure



Financial Capital

Shareholders, customers, creditors



Intellectual Capital

Research and development, mining expertise, business acumen



Environmental Capital

Mineralisation, energy, water

What we do



Exploration



Resources Development



Mine Operation



Mine Closure



Mergers & Acquisitions

Value we create



Shareholder dividends



Employee wages



Meaningful employment



Copper Concentrate



Community Benefits



Taxes + Royalties



Supplier Payments

Downstream Logistics & Processing



Hauling



Shipping



Smelting



Refining



Manufacturing

Value from our product



Electrical Products



Household Goods



Electric Vehicles



Healthcare Devices



Electrical Wiring & Plumbing



Green Buildings

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Governance

Operating Responsibly Throughout the Mining Life-Cycle

Sandfire's current project portfolio includes exploration, development and operating assets.

In FY2019, Sandfire identified the impact and the risks that are related to commissioning or decommissioning a mine as a material issue. This year we have broadened this topic in recognition that each project phase presents unique challenges, risks and opportunities. We recognise that stakeholder expectation requires careful attention and that entering new jurisdictions can pose unfamiliar challenges at each phase of the project.

It is imperative that we understand local expectations and knowledge as well as understand the global pursuit for sustainable development to help mitigate current and future risks. Success throughout the mining life-cycle will be determined at each phase by gaining the necessary approvals, operating without licence breaches or adverse impacts, and closing operations without unplanned liabilities.

To understand the local context, we undertake research and data collection at each phase of the mine life-cycle to improve our understanding and integrate sustainable solutions that are fit for purpose. This ensures that our operations are resilient and adaptable to global sustainability challenges.

Exploration

Gaining and maintaining access to land on which to explore is critical to our ongoing success in the areas we operate. Sandfire recognises that gaining access to land depends on our ability to build positive relationships with landholders and the community whilst demonstrating our commitment to environmental stewardship. Building a positive reputation in communities local to our activities is critical for establishing community acceptance.

During the exploration phase, we assess the environmental and social characteristics of the area we are operating in to identify the potential impacts and opportunities associated with our exploration activities. We conduct baseline studies to identify and predict the type and scale of impacts that may change due to seasonality or social factors which may manifest during the project development and operation phase.

Sandfire currently has exploration activities in Western Australia, New South Wales, Queensland, and most recently in Botswana. Our exploration activities are governed by our stakeholder engagement plans, Land Access Agreements, Cultural Heritage Protection Agreements, and our safety and environmental management systems. Sandfire's exploration activities also abide by relevant legislation and regulatory approvals.

Project Development, Design and Construction

If a mineral deposit is found, there is no guarantee that it will be mined as there are a range of factors to be considered including the technical and economic viability as well as numerous environmental, social and economic considerations. The project development phase requires in-depth research and analysis to establish a business case for pursuing mineral extraction. This information is presented in the project's feasibility studies which are then used for the mine permitting process and design.

In parallel to this process, Sandfire evaluates the internal resourcing and systemic requirements that would be required to establish and coordinate the project. This requires strategic cross-functional planning between our Business Units to ensure that the project can be executed. Elements that are considered include human resources, insurances, legislative requirements, health and safety, and local community.

During FY2020, Sandfire has been evaluating and addressing these project development elements for the T3 Copper-Silver Project in Botswana. This process has resulted in the broadening of our existing systems to make them relevant for international projects whilst ensuring they are fit for purpose in the local context.

Once the necessary permits have been granted and the business has addressed management and resourcing requirements, the construction phase can begin. The construction phase is inclusive of all the infrastructure and facilities that are required to support the mine including the camp, roads, power supplies, treatment and waste facilities as well as the processing plant and ore mill. The construction phase requires a large workforce and is usually an intensive process that poses increased safety risks due to increased hours worked and a potentially green workforce. Conducting risk assessments and identifying principal hazards allows us to mitigate risks during the construction phase and ensure that our management systems remain effective.

Operations

The operational phase of mining is subject to ongoing monitoring and review processes to ensure that we maintain the highest standards and proactively protect our workforce, local communities, and the environment from experiencing potential negative impacts. Typically, the operational phase can span for several decades which means that management systems, workforce culture and community relationships must be effectively maintained over long periods of time. This requires stringent controls, management practices and review processes to ensure the success of the operation.

Maintaining a high standard of operation is achieved through regular audits, monitoring programs, annual risk assessments, ongoing training of our workforce, and the use of investigations and implementation of action plans if performance is below expectations. These approaches are outlined within Sandfire's management system. Progress against our performance criteria are reported back to senior management and the Board on a monthly or quarterly basis to create accountability.

Mine Closure

Closure and reclamation of a mining asset is complex and can be a challenging transition for the business, environment and stakeholders. Planning for closure occurs throughout the mine's operational life to identify and reduce risks and unknowns over time. Sandfire recognises that strong engagement and extensive, ongoing consideration of closure right from the project's development phase can help to mitigate risks as well as identify opportunity to leave a positive legacy.

The changing expectation of Government and stakeholders for how the land shall be left has the potential to impact closure liabilities and costs. Sandfire regularly evaluates the capital and resources required to address stakeholder expectations and legislative requirements. These evaluations outline how we will meet our rehabilitation targets, decommission assets and restore areas disturbed during the operation of the mine.

Our management approach is governed by our Mine Closure Plan for the DeGrussa Copper-Gold Mine and Monty Copper-Gold Mine approved by the WA Department of Mines, Industry, Regulation and Safety (DMIRS). Updated Mine Closure plans were submitted to DMIRS during FY2020.

Responsible Business Practices

We are committed to being an ethical and reputable business regardless of where we operate. We strive for the highest standards of responsible business practices to allow us to maintain legal and contractual obligations, transparent community investments, and mitigate risks of penalties.

Strong, effective governance, in combination with living our core values, is essential for earning the trust of our stakeholders.

Sandfire aims to conduct business with integrity and transparency across our global operations. Our governance framework supports our people to deliver our strategy and provides an integral role in effective and responsible decision making. It allows us to align with relevant laws and regulations in the jurisdictions we operate, address and manage risks, and meet stakeholder expectations.

Sandfire's Board has endorsed a suite of global policies, available on our website, that state our commitments across key aspects of our business.

We measure the success of our responsible business practices through our ongoing compliance with regulatory bodies, the number and nature of stakeholder grievances, and employee alignment with our Code of Conduct and related governance policies.

Our Executive Committee and senior managers have ESG Key Performance Indicators (KPI's) that reward the achievement of sustainability outcomes. Aligning ESG performance with remuneration provides additional incentives to implement sustainable initiatives throughout our activities.

Code of Conduct

Our [Code of Conduct](#) articulates our values and sets the standards of behaviours that are expected from our workforce. The Code forms the foundation of our internal governance and articulates our philosophy of Don't Walk Past. The Code states what is expected of everyone who works with Sandfire, such as behaving ethically and with integrity, complying with all laws and regulations and respecting human rights. It is a requirement that all our employees undertake training in the Code of Conduct.

Our business leaders have an additional duty of care to reinforce the Code through their management practices and personal conduct.

We review our Code every two years, or when there is a material change to the business, to ensure it remains current and relevant to the business and regulatory environments in which we operate. In FY2021, we will update the Code to reflect our new strategic direction and international expansion plans.

During the year, Sandfire identified five breaches of the Code of Conduct which included one case of discrimination. The breaches were thoroughly investigated and appropriately closed out with each employee.

Whistleblower Protection Policy

Our people are encouraged to raise concerns of unethical or inappropriate behaviour in good faith and receive protection from any negative consequences, through our [Whistleblower Protection Policy](#).

The policy, available on the Sandfire website, was reviewed during the year for compliance with new Australian legislation introduced in 2019 and is available to all our employees and contractors.

Communication and roll-out of the revised policy to our employees and contractors was completed and we have appointed a dedicated internal Whistleblower Protection Officer.

During the year, our management team also attended training sessions to understand their responsibilities in receiving and managing reported disclosures.

Reports can be made directly to the Company, via our Whistleblower Protection Officer, or anonymously through a whistleblower helpline. The helpline can be accessed 24 hours a day, seven days a week, and is operated by an independent third party. It is available to all employees and contractors.

There were two whistleblower reports received by Sandfire during FY2020. One has been investigated and closed out, the second was still under investigation at the end of the reporting period.

Anti-Bribery and Corruption Policy

Sandfire's Code of Conduct outlines our zero tolerance approach to bribery, corruption and facilitation payments.

Driven by Sandfire's international growth plans and related risk assessment process, we have commenced embedding our rigorous anti-bribery and corruption measures to our Group's operations located in Botswana. The process, which includes a review of our procurement and supply chain procedures, will be supported by staff and contractor training and a standalone Anti-Bribery and Corruption (ABC) Policy.

The introduction of a standalone ABC Policy aligns with the requirements of the ASX's Corporate Governance Council Corporate Governance Principles and Recommendations (4th edition), effective for Sandfire's 2021 financial year.

Sandfire expects to publish the ABC Policy on our website by the end of the 2020 calendar year.

It is imperative that we understand local expectations and knowledge as well as understand the global pursuit for sustainable development to mitigate current and future risks

Modern Slavery

We published our first voluntary Modern Slavery Statement³ in FY2019. Our first compulsory Modern Slavery Statement will be published by 31 March 2021 in line with the Federal Government extension⁴.

During FY2020, we developed our supply chain due diligence approach to allow us to identify potential risks in our supply chain. The mining industry has complex, global supply chains and Sandfire's activities span the full life cycle of the mine from exploration through to closure.

We assessed a number of compliance automation systems to help us identify modern slavery risk through our supply chain and arrive at appropriate risk ratings for current and potential suppliers. We encountered challenges in finding a suitable solution that is fit for purpose, whilst being accurate and reliable. We acknowledge this may be a sign of the maturity of the industry and will continue to assess available solutions as they evolve.

Sandfire has assessed the systemic changes and new initiatives that need to occur to comply with the *Modern Slavery Act 2018*. In FY2021, we will begin implementing our global approach through our policies, training for all employees, utilisation of a travel management provider, screening suppliers for modern slavery risk, and working with suppliers to make remedial actions if their risk of modern slavery remains high.

Tax Risk Governance

We are open and transparent in our dealings with tax authorities in all jurisdictions.

Our approach to tax-related matters is underpinned by our commitment to comply with all applicable laws, regulations and disclosure requirements.

We aim for the accurate payment of taxes and timely lodgement of tax returns to build and maintain constructive relationships with revenue authorities, government bodies and other relevant parties.

Our approach is governed by the Board approved Tax Risk Management and Governance Framework (TRMGF) which is available to our employees on our internal website.

The framework outlines the Group's approach to tax risk management and risk tolerance levels to aid appropriate decision making which is aligned with broader business decisions.

Sandfire adopts a conservative approach to tax risk management that reduces the level of tax risk exposure, whilst maximising shareholder value. This minimises the potential impacts to the Group's operations and prevents disputes with tax authorities that may lead to adverse reputational consequences.

The framework also details the processes and controls we have to manage tax risk and the required approval structures. The TRMGF has been designed considering best practise and guidelines published by the Australian Taxation Office (ATO).

To assist us with compliance, we employ experienced personnel and engage appropriately qualified external advisors. Our tax affairs are identified, assessed, documented, controlled and reported in a timely manner and technical tax filing positions are supported by advice on specific points of law.

To ensure proactive engagement of the Board on tax matters and tax affairs, Sandfire has established a Tax Compliance Committee (TCC). The TCC, whose members include senior finance personnel, the Group's CFO and Company Secretary and leading external tax advisors, meet on a regular basis and report to the Board via the Audit Committee. Tax is an agenda item for each Audit Committee meeting and matters are directly reported to the Board via the Audit Committee Chair.

Australian tax-related contribution summary

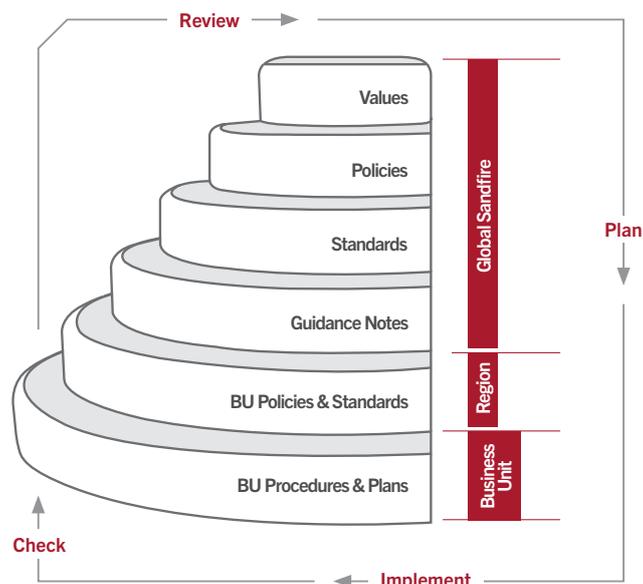
A summary of Sandfire's 2020 employee and tax related contributions, to State and Federal tax authorities, is provided on page 8.

Integrated Management Framework

In FY2020, Sandfire commenced work on its Integrated Management Framework to support the Company's expansion into international jurisdictions and its revised strategy. This framework will reflect the organisation's values and set the minimum requirements for how we do business regardless of region or country of operation.

The global framework will meet the requirements of relevant ISO standards and ensure a systematic and pragmatic approach across the organisation. Each Business Unit will be required to develop management plans and procedures which detail how they will meet the minimum requirements set out in the standards taking into account local legislation and stakeholder expectation.

Integrated Management Framework



³ <https://www.sandfire.com.au/site/sustainability/community/human-rights>

⁴ <https://www.homeaffairs.gov.au/criminal-justice/Pages/modern-slavery.aspx>

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Sandfire's activities span the full life cycle of the mine from exploration through to closure.

Social & Economic

Safety is one of our core values and a strategic priority. Our most important measure of success is that every person who works with us remains safe and healthy at the end of each day.

To protect our workforce, we must effectively identify, understand and control the risks associated with the hazards in the workplace. All safety incidents are investigated, lessons are learned and corrective actions are adopted to prevent fatalities and serious injuries.

Inherent in our approach is our philosophy of 'Don't Walk Past' – this means the standard you walk past is the standard you accept. We expect that everyone who works with us lives by this philosophy. We actively encourage our people to speak up and act if they see something that is potentially unsafe.

This year we experienced no work related fatalities or lost time injuries. There were two significant potential incidents during the year, and we maintain a state of constant vigilance around any near misses which have the potential to result in serious injuries or fatalities. We continue to review and enhance our safety controls and processes informed by our risk assessments.

Sandfire recognises that moving into new jurisdictions will pose new safety risks for the business. Following the acquisition of MOD Resources Ltd and its Tshukudu Project in Botswana, we focussed on integrating our high safety standards and systems in country.

Sandfire recognises that the construction phase of mine development is complex and statistically poses a greater safety risk to our workforce. Pending the release of the Feasibility Study, ahead of a decision to mine, our focus will be providing additional support to the local workforce about the importance of safety and embedding our safety processes to set clear standards.

Health and Safety Management Systems

Sandfire is governed by our [Health, Safety and Wellbeing Policy](#) and our Health and Safety Management System (HSMS) that aligns to ISO 45001: 2018. The HSMS system is comprised of standards, guidelines and procedures and details the accountabilities, mandatory controls and minimum requirements for managing work-related safety and health risks. These requirements also apply to our contractors undertaking work on behalf of Sandfire.

Our safety system is built around preventing fatalities and serious incidents by identifying principal hazards and implementing controls to reduce the risks arising from those hazards. Principal hazards are those hazards that have a significant fatality risk. Our approach to hazard identification, risk assessment, and incident investigation is governed by our HSMS. Our safety system and standards support our people to effectively identify and control hazardous situations in their workspace. We ensure our people are competent in hazard management by providing inductions and regular training sessions.

Our management strategy includes the use of proactive safety measures meaning we monitor positive performance indicators (PPIs) to reduce hazards, incidents and injuries. PPIs allow measurement of activities specifically undertaken to improve performance. These measures include Leader Safety Observations, quality reviews, audits, inspections and action close out. These measurements provide the necessary information to make decisions and meet due diligence and reporting requirements. These include internal reporting to managers, workplace inspections, and risk assessments.

Incident management is a key component of safety risk management. It identifies failures in processes and practices. It is a requirement that all safety incidents are reported regardless of their severity. Sandfire expects timely reporting and accurate classification of incidents to determine an appropriate level of investigation through analysis of causal factors, an understanding of the potential outcomes and the assignment of actions to ensure that improvement initiatives are implemented.

Sandfire undertakes a program of monitoring, auditing and reviewing to ensure effectiveness of the HSMS. Sandfire engages an external party to audit the performance of each Business Unit against safety metrics and compliance with the HSMS on a biennial basis.

Managing the Unexpected

Between July and September 2019, Sandfire launched the Managing the Unexpected initiative to champion a "stop and reassess" message during tasks when circumstances change. The initiative was launched in response to an increase in near misses attributed to failure to align with task management guidelines. Sporting analogies were used to engage the workforce and encourage people to think strategically. Games were broken down to when the sporting teams suffered a loss (i.e. player injury) and their success was predicated on their ability to adapt to the change. As a result of the initiative there was a reduction in near miss incidents and reduced severity of injuries after the program finished.

Safety is one of our core values and a strategic priority.



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Case Study COVID-19 global response

The COVID-19 pandemic has created unprecedented challenges to our business and society as a whole. As the pandemic continues to evolve, we anticipate it will continue to impact our business and workforce. Our priority during this uncertain time was keeping our people and our communities safe. Sandfire's response across the business was timely, coordinated and effective. We implemented several measures to protect the health and safety of those who work with us. These included, enhanced screening before flying to site, enforcing strict social distancing on flights, transit, accommodation camps and workplaces, and establishing flexible and remote working plans for employees. We will continue to monitor the pandemic and further adapt our approach and operations as required.

For further information visit our website.



Inherent in our approach is our philosophy of 'Don't Walk Past' – this means the standard you walk past is the standard you accept.

5 This includes all employees and contractors in Australia and Botswana.

6 TRIFR data pre FY2018 presented for total workforce only.

Our performance

This year the Group's⁵ total recordable injury frequency rate (TRIFR) reduced to 5.8 (FY2019: 6.2) against our long term TRIFR target of 4.5. We did not experience any lost time injuries in FY2020. We continue efforts to reach our long term target by maintaining a strong focus on safety leadership and culture, instigating new safety initiatives, effectively managing our principal hazards and working closely with our contractors to ensure their safety systems are aligned with ours.

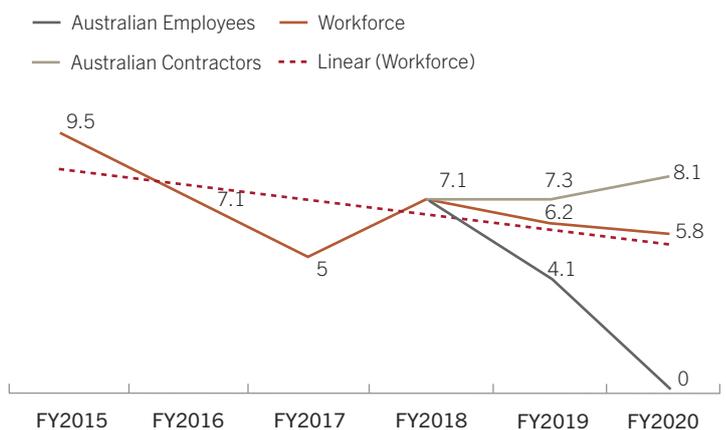
Significant potential incidents

Two significant potential incidents occurred during FY2020 that related to our principal hazards. Appropriate actions and measures were undertaken immediately following both incidents. Internal investigations were undertaken in accordance with the Incident Cause Analysis Method (ICAM) to determine the root cause and contributing factors of the incidents. Corrective actions to prevent recurrence were implemented and communicated across the business.

Injuries

Injuries during FY2020 predominantly consisted of general sprains, strains and minor injuries. We monitor injury trends and investigate spikes in frequencies so that improvement measures can be put in place.

Sandfire TRIFR Trend⁶



Contractor safety

As is common in the mining industry, many of the Group's activities are conducted using contractors. They are a crucial part of Sandfire's business and we rely on them to meet our overall operating strategy. In FY2020 contractors undertook approximately 73% of the hours worked, typically performing high risk activities, most commonly underground. These activities are classified as high risk because they equate to a majority of our principal hazards.

We consider that Sandfire is ultimately responsible for the safety of all people who work with us and our HSMS extends to contractors on all of our sites. Sandfire works closely with our contractors from tender, through to completion of contract scope to ensure their safety systems are aligned with ours.

Contracting entities who perform high-risk work are required to provide Sandfire with detail of their Health and Safety Management Plan (HSMP). This is a contractual obligation and contractors' HSMPs must be approved by Sandfire to ensure they comply with our systems, policies, standards and procedures and are subject to regular review and audit.

Our contractor TRIFR at year end was 8.1, compared with 7.3 last year. While the injuries were minor, we are focussed on reducing the contractor TRIFR and have strengthened our focus on the prevention of incidents and principal hazard management. We have mandated that Sandfire's contract managers implement improvement plans and expect these to be in place by early FY2021.

Health and well-being

We strive to create a workplace culture in which our people are able to bring their best selves to work. To achieve this, we have implemented a number of programs focused on well-being.

The benefits of physical exercise to mental health are well known. At DeGrussa we have a gym, sports courts and walking track at the accommodation camp for our workforce to use. We work with our catering contractor to offer healthy food options. We also drive annual health initiatives including skin cancer checks and flu vaccinations.

The last decade has seen a concerning increase in the diagnosis of mental health illness within the mining sector. The nature of FIFO (Fly-In Fly-Out) mining, which combines time away from family with long hours and physically demanding tasks, can create a challenging work environment. We encourage our people to reach out for help when needed and, through education, have equipped our team to recognise the signals that could indicate a colleague may need help.

Our Australian employees, contractors and their immediate family members have access to our Employee Assistance Program (EAP), a free, professional and confidential service that supports, guides and counsels people to manage their mental health. We also provide mental health wellness training to our employees every two years, focused on raising awareness of mental health issues in the workplace and imparting strategies to manage mental well-being.



We strive to create a workplace culture in which our people are able to bring their best selves to work.

“Blue Tree”: Sandfire supports mental health awareness at DeGrussa.

Supporting Ghanzi hospital during COVID-19

In May 2020, Tshukudu agreed to support the Ghanzi Primary Hospital with personal protective equipment and supplies for a six month period. The donations consisted primarily of Personal Protective Equipment (PPE) for the medical staff including face masks, gloves and disposable gowns. Additional supplies included blankets for the patients, sanitiser and cleaning products.

Tshukudu Exploration’s senior manager delivered the initial donation to District Officials who noted their appreciation for the support. The supplies donated will assist the mitigation of COVID-19 throughout the settlements and villages within the Ghanzi District.



Case Study

Maintaining family friendly rosters

As part of our response to the COVID-19 pandemic, Sandfire considered whether we should amend our site rosters to reduce the risk of exposure to the virus. Our people work a family friendly roster so employees can maintain an effective work-life balance.

We asked our employees for their feedback and noted that most were opposed to a change, voicing concerns about being away from their families for extended periods.

Sandfire considered the feedback as part of its risk assessment and given the risk of increased fatigue and the potential negative impacts to mental health that can arise with extended rosters decided to continue family friendly rosters⁷. Our decision was made in light of our comprehensive response to COVID-19 and strict precautions being undertaken leading to an assessment that the risks of a longer roster outweighed those of potential exposure to COVID-19.

This period has been a time of increased anxiety and we recognise this can be amplified by being away from support networks. As part of our response, Sandfire engaged our EAP to visit DeGrussa for the month of May to provide direct support for our workforce.

We will continue to monitor risks and engage with our workforce as the pandemic evolves.

7 As outlined in the WA Mental Health Commission’s 2018 report - https://360e1fd0-be66-41c9-867d-7a6618e5d7fe.filesusr.com/ugd/bd06d8_4b5157e278a6427ea51af44501aee14a.pdf

Thriving Communities

Sandfire contributes to the economic development and social wellbeing of the communities where we operate through job creation, procuring local goods and services, community investments, and paying taxes and royalties. We seek to create strong and effective relationships with our stakeholders. Through strong engagement, we strive for our activities to meet the interests of our stakeholders whilst aligning with our business goals.

Increasingly, governments and other stakeholders are demanding mining companies play a greater role in promoting economic development. Local employment, procurement and community investment are among the greatest expectations of host communities.

Community development activities span all phases of the mining project life-cycle and present different challenges and opportunities. Sandfire seeks to establish local relationships at the earliest stages possible and that we continue to manage stakeholder expectations throughout the course of our activities.

Community development

Sandfire seeks long term partnerships with existing groups whose core competency addresses the identified needs of the communities where we operate. Since FY2018, 65% of our investment has been attributed to partnerships.

Financial dependency is a potential negative impact of community investment. Multi-stakeholder partnerships have been the cornerstone of our investment strategy to avoid creating dependency. Our goal for these partnerships has been for them to be able to continue after our activities in the area cease. We continuously engage with our stakeholders on our plans for mine closure. Through our discussions, we identified the need to have exit and handover strategies for our community partnerships so we can responsibly withdraw support in the eventual occurrence of mine closure.

Sandfire recognises we can make a contribution to economic development through the procurement of local goods and services. This contribution has the potential to create economic multipliers and boost supplier capacity. Since FY2017, Sandfire has set formal targets for local procurement within Australia and we also track how much of our spend flows to its regional areas. By measuring this spend, we have been able to communicate the benefit of our activity with our external stakeholders.

Hiring from host communities has numerous benefits including stronger community relationships and a more inclusive and diverse workplace. Due to the location of DeGrussa, which is 900kms from Perth and 150kms from the nearest town of Meekatharra, our workforce is predominantly fly-in, fly-out (FIFO). Our workforce is predominately located in the Greater Perth region in Western Australia. A small number of employees are based in New South Wales, Queensland and the Northern Territory.

We aim to provide sustainable employment and career development opportunities for Aboriginal people. Our [Aboriginal Employment Policy](#) sets out our commitment to the employment of Aboriginal people and the initiatives through which we demonstrate this. We have previously set public targets to foster participation of Aboriginal people within our workforce and our major contractors have contractual obligations to improve representation.

Community investment, local procurement and employment remains a strategic priority for the business. As we move into new jurisdictions and navigate different project phases our approach will continue to meet the specific needs of our host communities. We are committed to engaging with our host communities and governments on appropriate definitions of local. Future sustainability targets will be localised and aligned to the goals of host communities, local government and economic development agendas.

Partnerships will continue to be a focus however, established organisations may not exist in all areas we operate. We recognise that investment into existing or established organisations may not be possible in certain jurisdictions. Therefore, we will need to be innovative in our approach to investment and seek different capacity building models.



Case Study Community health in Botswana

In 2018, a partnership was established with the District Commissioner's Office to launch the Ghanzi Community Health Fair in response to subpar community health outcomes. This event usually runs on a quarterly basis, but has been postponed until mid FY2021 due to COVID-19.

The Ghanzi Health Fair is an all-inclusive event and attracts over 200 participants from the Ghanzi community. The fair is aimed at promoting community physical activity, early detection of illness and improving healthy behaviours. Each year the fair begins with a 10km health walk along the highway adjacent to the proposed T3 mine site.

The Ghanzi Health Fair brings medical service providers, local businesses, different government organisations, and the community together for a day and offers free medical services and consultations. Some of the wide range of health services offered include:

- Screenings for hearing, eyesight, bone density, blood pressure, glucose, cholesterol, diabetes, Hepatitis B and C, HIV testing
- Oral health education and referrals
- One-on-one sessions with doctors
- Variety of community health services & businesses
- Tobacco education
- Fitness challenges

The Ghanzi Health Fair also provides Tshukudu employees an opportunity to engage with the community. This helps us to achieve our long-term goals by building respectful relationships with the communities, government, and agencies in areas in which we operate.



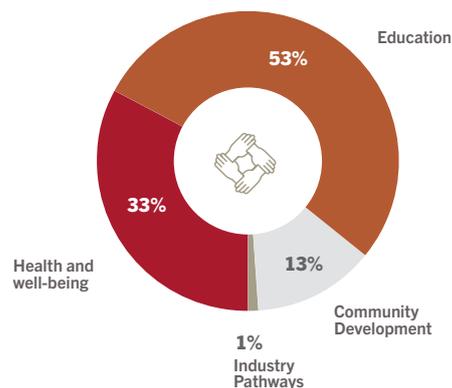
Our Performance

Voluntary community investment

- \$598,432 on donations and sponsorships within Australia against a target of \$500,000. This represents a 30% decrease on the previous year and is attributed to a reduction of one-off investments to focus on strategic long-term programs
- 83% of our investment was contributed to our long term partners
- \$14,704 on donations and sponsorships within Botswana

Details of recipients of our funding are on our website.

Our Community Investment Focus Areas



Community Investment Expenditure

Country	Partnership Contributions	Sponsorships & Donations	In-Kind Contributions	Total
Australia	\$484,967	\$93,835	\$4,926	\$583,728
Botswana	\$12,295	\$2,409	-	\$14,704
Total	\$497,262	\$96,244	\$4,926	\$598,432

Percentage of Investment Expenditure Contributed to Partnerships

	FY2020	FY2019	FY2018
	83%	65%	50%

Economic contribution

Sandfire's total economic contribution in FY2020:

- Total spent on wages - \$47,407,000
- Dividends to shareholders - \$37,386,000
- Total spend on contractors and suppliers - \$389,381,000⁸

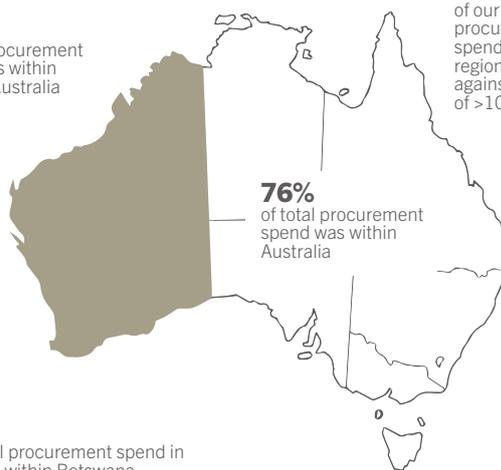
Local procurement

70%
of total procurement spend was within Western Australia

8%
of our total procurement spend was in regional areas⁹, against a target of >10%

76%
of total procurement spend was within Australia

83%
of our total procurement spend in Africa was within Botswana



⁸ We determine our procurement spend by cash paid to contractors and suppliers in economic regions of Western Australia, metro and non-metro areas across Australia. These regions are defined by their postcode. This has some limitations:

(i) It is based on cash paid to contractors and suppliers so will differ from the total paid to contractors and suppliers which is calculated on an accruals basis.

⁹ We determine our procurement spend by cash paid to contractors and suppliers in economic regions of Western Australia, metro and non-metro areas across Australia. These regions are defined by their postcode. This has some limitations:

(ii) It is based on cash paid to contractors and suppliers so will differ from the total paid to contractors and suppliers which is calculated on an accruals basis.

Australia regional procurement spend

	Australia	Tier 1 (Mid West Economic Region)	Tier 2 (WA)	Tier 3 (Australia)
Amount spent on local suppliers	\$29,769,954	\$10,917,290	\$271,618,603	\$342,447,207
Total procurement budget	\$356,565,250	\$356,565,250	\$356,565,250	\$356,565,250
Percentage spent on local suppliers	8.3%	3.1%	76.5%	96.0%

Local participation

Local employment

- 96% of our direct workforce for DeGrussa and our Head Office live within Western Australia
- 100% of Tshukudu's direct workforce live within Botswana

Aboriginal employment

Representation of Aboriginal people in:

- direct workforce was 1%, which is equal to the previous year
- permanent contractor workforce was 6%, compared to 11% in the previous year
- total workforce was 4%, compared to 6% in the previous year

Aboriginal People Representation in Australian Workforce

FY2020	FY2019	FY2018	FY2017
4.0%	6.3%	7.4%	5.7%



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Cultural Heritage

Sandfire acknowledges the Indigenous Peoples of the land on which we operate and explore, and recognise their continuing connection to the land.

Sandfire is committed to obtaining the consent of Indigenous Peoples when a project is located on land they traditionally own or use across all jurisdictions.

Sandfire engages with Indigenous Peoples to identify significant heritage and agree on the most appropriate management approach.

During the year, Sandfire continued to operate within the Federal and State legislation which has enforceable punishment, including fines and potential jail time to individuals and corporations for any breaches made under each respective act. No incidents of violations involving the rights of Indigenous Peoples occurred during FY2020.

Regular engagement with Indigenous Peoples helps us to develop strong working relationships and protect culturally significant or sensitive areas by taking appropriate measures to mitigate potential impacts. Sandfire's DeGrussa Operations, which include the DeGrussa Copper-Gold Mine and Monty Copper-Gold Mine, and our Australian exploration projects are located on land that is subject to nine Native Title Claims and seven Native Title Determinations.

There are wide-ranging Cultural Heritage Protection Agreements and Land Access Agreements in place that protect cultural heritage sites and offer opportunities to the Native Title Groups. The Land Access Agreements detail the compensation payments, environment and heritage protections, cultural awareness training, contracting and business opportunities, training and employment, and scholarships and education opportunities.

This process is governed by our determined Land Access Agreements and Heritage Agreements with six Native Title Claimant Groups which align with the *Native Title Act 1993* (Cth) and relevant state-based Aboriginal heritage legislation.

Sandfire's operations and exploration activities are conducted within the boundaries of Australia's Native Title legislation and our internal heritage management plans.

Sandfire acknowledges the Indigenous Peoples of the land on which we operate and explore, and recognise their continuing connection to the land.



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Environment

Sandfire is committed to safeguarding the environment and managing potential impacts on water, land and air quality. We are also committed to reducing our emissions, protecting the diverse environments where we operate and engaging stakeholders on effective solutions to unique challenges in each jurisdiction where we are active.

Sandfire's [Environmental Policy](#) addresses the key environmental risks our business faces. The policy states our commitment to responsible management and protection of the natural environment at all stages of the business from exploration through to closure and rehabilitation.

Sandfire operates in accordance with relevant legislation and licences and did not receive any environmental fines or sanctions during FY2020.

In FY2020, we commenced work on our Integrated Management Framework detailed on page 42. Informed by a risk assessment, we have developed global environmental standards, which will set the minimum requirements across our business. These environmental standards will support the business to effectively identify and manage risks.

Outside of our top material topics, we continue to identify, monitor, manage and communicate on other environmental matters that are important to stakeholders and our business. We do this through our regulatory reporting, our website, environmental newsletters and monthly operational reports.



Case study Golden Gecko Award

Sandfire won the coveted Golden Gecko Award for environmental excellence and leadership from the Department of Mines, Industry, Regulation and Safety in August 2019.

The Golden Gecko was awarded in recognition of the DeGrussa Solar Power Farm, which has significantly reduced carbon emissions and diesel use, and demonstrated the viability of solar power integration to the mining industry.

Since coming online in 2016, the solar farm's 34,080 solar photo-voltaic panels have reduced Sandfire's carbon emissions by 45,519 tonnes and offset 16 million litres of diesel. The facility accounts for 15-20% of the site's power requirements and represents a significant environmental saving.



Water

Water is a precious and finite resource with high social, cultural, environmental and economic value. Access to water is a basic human right and reliable water supplies are vital for hygiene, livelihoods and the health of the environment.

Secure and economical access to water is also critical to our operations viability. Sandfire uses water in all aspects of our business; including exploration drilling, mining and processing our copper concentrate, dust suppression, and drinking water and use in our accommodation camps.

In FY2020, Sandfire undertook extensive research and stakeholder engagement to revise its sustainability strategy. Through this engagement we have elevated our focus on water stewardship as one of the most significant social and environmental issues facing the mining industry now and into the future. As a result of this engagement, Sandfire identified adopting water stewardship practices as one of our strategic priorities. This approach will drive us to work collaboratively with our stakeholders to address shared water challenges.

DeGrussa Copper-Gold Mine - Australia

Sandfire's water activities are regulated by relevant State legislation through operating licences and approvals which have set quality and quantity thresholds. We use regulatory licence requirements and Australian Standards to inform our water management approach and report to the WA Department of Water and Environmental Regulation on water abstraction and discharge through the Annual Aquifer Review and Annual Environmental Report.

DeGrussa and Monty are located in an arid environment, experiencing low rainfall and regular droughts, and as such they are classified as having a high overall water risk¹⁰. To manage this risk effectively, we adopt the following management practices:

- monitoring water abstraction, usage and discharge;
- reviewing site water balances; and
- ensuring compliance with environmental licences for abstraction and discharge.

DeGrussa sources water from groundwater aquifers as there is no access to surface water. We aim to limit water withdrawal from aquifers as much as possible. Once groundwater enters the ore processing circuit, we aim to increase the efficiencies in the use of water by reusing and recycling wherever possible. We ensure excess water which cannot be reused is returned to the environment in a responsible manner and in accordance with our licences.

...we have elevated our focus on water stewardship as one of the most significant social and environmental issues facing the mining industry

¹⁰ DeGrussa and Monty are classified as high risk according to the World Resources Institute Aqueduct Water Risk Atlas.

T3 Copper-Silver Project – Botswana

Sandfire’s T3 project in Botswana is located within the Kalahari Desert, characterised by an arid to semi-arid region with cold dry winters and hot and relatively humid summers. There is no surface water in the area and all water is sourced via groundwater aquifers.

The Environmental and Social Impact Assessment (ESIA) for the T3 project was approved during the year. Studies undertaken for the ESIA have identified fractured rock aquifers as the water source for the proposed operation. Sandfire is currently undertaking further studies to understand the water source and access across the region. These studies will inform the monitoring and management plans for the project. Sandfire continues to engage with local stakeholders on water issues.

Black Butte Copper Project – USA

The Black Butte Copper Project is located approximately 27 kms north of White Sulphur Springs in Montana, USA within the Smith River Valley watershed.

Sandfire America is committed to protecting the water resources in the water catchment area. Careful management is critical to maintaining water quality and quantity as Montana law, through its Mine Operating Permit structure, mandates that neither water quality nor quantity can be degraded in development, operation, closure and reclamation of a mine.

To protect the water quality and quantity, the proposed underground mine is designed with the following features.

- In order to keep water from leaving the mine after closure and mixing with stream water, all planned openings or entry points to the mine (including air ventilation and escape routes) are located far above the water table. The tunnel entry location was specifically chosen because it is almost 60 metres above the water level.
- All ground water from the mine and surface water from precipitation will be collected, monitored, tested, and treated before being placed back into the ground water system through an underground infiltration system buried two metres below the surface. There is zero discharge to surface waters. Water temperature will also be monitored and maintained through this system.
- A Reverse Osmosis (RO) water treatment plant will be constructed on-site for the duration of the mining operation with potential to remain after closure.

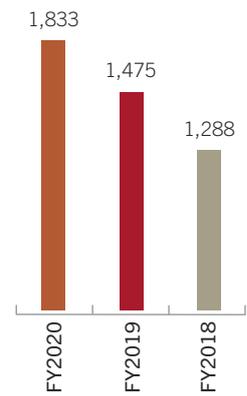
Our performance

- Water consumption at DeGrussa was 1,833 ML, a 20% increase when compared to 1,475 ML in the previous year. This is attributed to increased ore production with the Monty mine now at full capacity. This resulted in increased processing and additional water usage for underground works including backfill and paste.
- Water withdrawal at DeGrussa was 1,924 ML, a 15% increase when compared to 1,642 ML in the previous year. The increase is attributed to additional development required in the Monty and DeGrussa underground mines.
- Water discharge at DeGrussa was 91 ML, a 54% decrease when compared to 168 ML in the previous year. The decrease in our discharge is attributed to increased water usage in the processing plant for increased concentrate production and additional water to the paste plant.

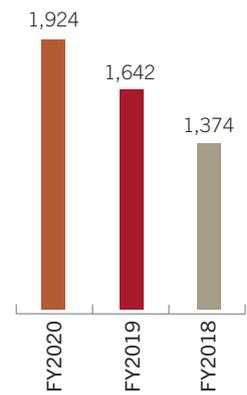
We have continued to operate within our water licences throughout FY2020.



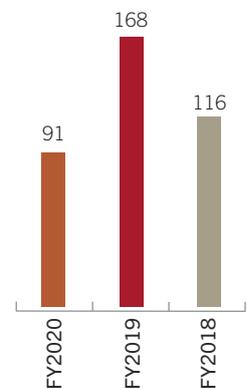
DeGrussa
total water consumption (ML)



DeGrussa
total water withdrawal (ML)



DeGrussa
total water discharge (ML)



Climate Change

Sandfire recognises that climate change is a shared global challenge that requires collective action between business, government and society. Sandfire supports the move to a low emission economy to reduce the scale of future climate change impacts and avoid increasing their severity. This, coupled with the world's increasing requirements for secure, affordable energy, creates significant challenges which are best met by companies, governments and society working together.

In 2017, the Task Force on Climate-related Financial Disclosures (TCFD) — created by the Financial Stability Board to improve the reporting of climate-related risks and opportunities — published voluntary climate-related financial risk disclosure recommendations. We have structured the Climate Change section of this report to align with TCFD's recommended reporting format, which includes discussions across governance, risk management and metrics.

Sandfire is committed to providing ongoing public disclosure on climate change risk and strategy in accordance with best practice.

Governance

When it comes to climate change, the Board:

- Reviews and approves the Sustainability Policy which references climate change;
- Reviews and approves reporting, including disclosures of material climate-related risks; and
- Reviews and approves our public climate-related targets and goals.

At an executive level, our Chief Executive Officer is accountable for our climate-related responsibilities, managing our strategy implementation, and ensuring that progress reports are provided to the Board quarterly on the control of risks and implementation of opportunities.

Risk

Sandfire recognises the physical and non-physical (transition) impacts of climate change may affect our assets, productivity, the markets in which we sell our products, and the communities in which we operate. Risks related to the physical impacts of climate change include acute risks resulting from increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns. Non-physical risks arise from a variety of policy, regulatory, legal, technological, and market responses to the challenges posed by climate change and the transition to a lower-carbon economy.

We integrate climate change risk management into our overall risk management system. Our management team implements Sandfire's risk identification, management and internal control system, and reports to the Board on Sandfire's key risks, and the extent to which we believe risks are being adequately managed. The Board through the Risk Committee is responsible for overseeing the effectiveness of risk management and internal controls.

To inform our understanding of climate-related risk and opportunity, Sandfire undertakes stakeholder engagement to identify and assess the impact and likelihood of climate risks for our business. Processes such as materiality interviews with stakeholders and engagement with industry groups, analysts, investor groups and regulators are part of this approach.

In FY2020, Sandfire undertook extensive research to revise its sustainability strategy. As part of this research we identified climate-related risks that are potentially relevant to our business. These are summarised on page 55.

In FY2021, Sandfire will continue to review existing risk assessments and undertake specific climate-change risk assessments which will identify exposure to the transitional and physical impacts, both chronic and acute, of climate-change for new development projects and current operations.

Sandfire is committed to providing ongoing public disclosure on climate change risk and strategy in accordance with best practice.



Climate Change Risks

Classification	Risks and impacts
Policy	Carbon pricing including carbon tax, cap and trade systems and any other regulatory carbon pricing mechanisms.
	Uncertainty around policy limiting the business capacity to prepare for transition.
	Impacts to our suppliers based on changes to policy and passing on costs.
	Changes to ancillary policy as a result of climate change such as water scarcity.
Legal	Litigation against Company directors.
Reputation	Stakeholders losing faith in the Company’s ability to address climate change.
	Being seen as failing to take action could lead to reputational damage and impact capacity to secure investment capital, insurance, development or expansion permissions and partners.
Shareholder action	Being seen as failing to take action could lead to divestment activity.
	Shareholders attention on the Company’s disclosure, responsiveness and lobbying activities.
Technology	Difficulties in integrating new technology with existing systems – and the cost and unproven nature of new technology – could reduce productivity and margins.
	Risks associated with the disruptive nature of new technologies, which may change demand for our products.
	Failing to adopt new technology resulting in being uncompetitive.
Market changes	The supply and demand for our commodities may change as technology changes and consumer demands shift.
	Demand for responsibly sourced products including those with a low emissions profile throughout the supply chain.
	As governments and other companies act on climate change, there is a chance we could be exposed to higher cost for the inputs we rely on, such as water or electricity.
Physical	Extreme weather events (e.g. bushfires, cyclones, flooding and droughts) may lead to production and logistics delays.
	Drought, heat extremes or unseasonal weather variability could contribute to worker ill-health and the spread of disease.
	The physical impact of climate change has the potential to increase closure liabilities.
	Impacts to the price or availability of insurance due to extreme weather events.
	Conflict over access to natural resources and their subsequent impacts as a result of physical impacts of climate change, such as drought and its flow on effect to food security causing unrest and challenging operating environments.

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Strategy

Sandfire has identified transitioning to a low emission economy as a key priority of our sustainability strategy. We recognise that we have a part to play in reducing greenhouse gas emissions and preparing for the physical impacts of climate change and the transition to achieve net-zero emissions by 2050.

The objectives of our strategy are listed below.

- Support the global transition to a net zero emission economy by 2050 and the objectives of the Paris Agreement to limit the global average temperature rise to below 2 degrees.
- Create organisation awareness and action for the transition to a low emission economy.
- Reduce our carbon footprint and emission intensity.
- Participate in collective action aimed at responding to climate change, promoting the transition to a low emission economy.
- Provide public disclosure on climate change risk, strategy and metrics in accordance with recognised best practice.

Our near-term focus is on understanding the factors that can reduce our GHG emissions and how these are considered during a project's life-cycle. This includes assessing opportunities for renewable energy during feasibility studies and incorporating GHG assessments into capital expenditure decisions.

Metrics

In FY2020, the majority of Sandfire's energy use occurred at DeGrussa which is powered by an off-grid diesel power station and a renewable solar facility. The two main areas of energy consumption were the processing plant (electricity) and mining vehicles (diesel fuel).

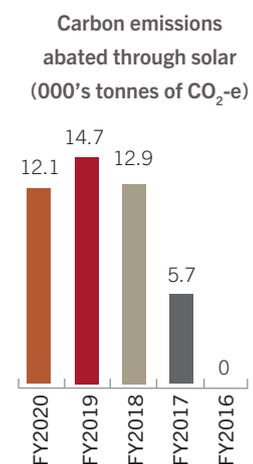
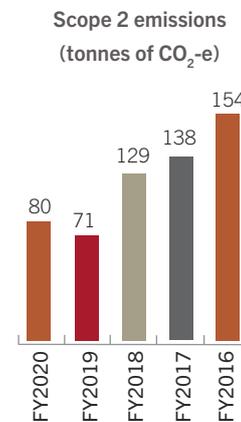
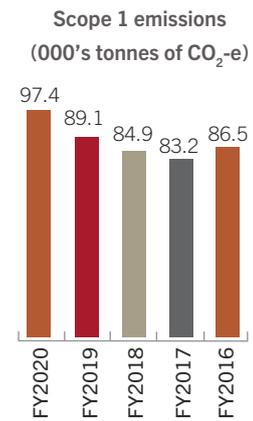
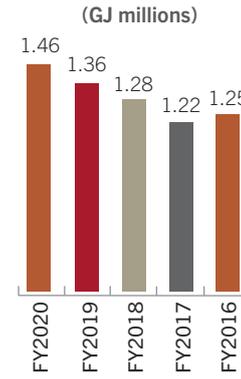
- Scope 1 Emissions (mainly onsite fuel combustion): 97,426 tonnes of CO₂-e (8.6% increase compared to previous year).
- Scope 2 Emissions (grid electricity): 80 tonnes of CO₂-e (11% increase compared to previous year).
- Total Scope 1 and Scope 2 Emissions: 97,506 tonnes of CO₂-e (8.6% increase compared to the previous year). This is attributed to the reduced efficiency of the Solar Power Station in the first half of FY2020 due to internal faults and increased copper production. These faults were resolved and the facility was operating at full capacity by the end of the financial year.

We anticipate DeGrussa's energy demand will remain stable throughout the next two years. Ore processing and production rates are likely to remain consistent through to the end of FY2022, resulting in similar energy usage.

Sandfire's total emissions and energy use may increase in FY2021 if development activities, including the T3 Copper-Silver Project come online. As part of the Feasibility Study, Sandfire has undertaken a GHG emissions assessment to understand the potential emissions profile for life-of-mine.

Sandfire will report on energy use and greenhouse gas emissions, in accordance with the GRI, in future reporting.

Sandfire's Energy consumption



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Assurance Statement

INDEPENDENT ASSURANCE STATEMENT



To: The Stakeholders of Sandfire Resources NL

Introduction and objectives of work

Bureau Veritas Australia Pty Ltd ("Bureau Veritas") was engaged by Sandfire Resources NL ("Sandfire") to provide independent limited assurance of its FY2020 Sustainability Report ("the Report"). This Assurance Statement applies to the related information included within the scope of assurance described below.

This information and its presentation in the Report are the sole responsibility of the management of Sandfire. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance of the accuracy of information included. This is the fourth year in which we have provided limited assurance over the Sandfire Sustainability Report.

Scope of Assurance

Sandfire requested Bureau Veritas to verify the accuracy and assure the material disclosures, both qualitative and quantitative, presented in the Report. The Report was prepared in accordance with the GRI Standards: Core option and the GRI G4 "Mining and Metals Sector" Disclosures. The complete list of assured elements is referred to within the GRI Content Index of the Report.

The scope of assurance was limited to the information and data related to the operations of DeGrussa and Monty Copper-Gold Mines in Western Australia, exploration activities and offices in Australia, available from the Perth Corporate Head Office, for the period of 1st July 2019 to 30th June 2020.

Methodology

As part of its independent limited assurance, Bureau Veritas undertook the following activities:

- Interviews and follow-up communication with relevant personnel;
- Review of documentary evidence produced by Sandfire representatives;
- Audit of performance data and factual information including source verification; and
- Review of Sandfire's processes for identification, aggregation and analysis of relevant information, report content and performance data.

Our work was planned and executed in a manner designed to produce a limited level of assurance and to provide a sound basis for our conclusions.

Our assurance process is aligned with and informed by Bureau Veritas' standard procedures and guidelines for external verification of sustainability reports, GRI Sustainability Reporting Standards, GRI G4 "Mining and Metals Sector" Disclosures and the International Standard for Assurance Engagements (ISAE) 3000.

Our findings

On the basis of our methodology and the activities described above, we provide limited assurance that:

- Nothing has come to our attention to indicate that the reviewed statements within the scope of our verification are inaccurate and the information included therein is not fairly stated; and
- It is our opinion that Sandfire has established systems for the collection, aggregation and analysis of relevant information and quantitative data.





Evaluation against the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)

The Report was prepared in accordance with the GRI Standards Core option and the GRI G4 "Mining and Metals Sector" Disclosures, including appropriate consideration of the reporting principles, profile disclosures, management approach disclosures and performance indicators.

Bureau Veritas' evaluation of the Report included cross checking the GRI Content Index against all the reference documents.

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined reporting period;
- Statements of commitment to, or intention to undertake future actions by Sandfire;
- Statements of position, opinion, belief and/or aspiration by Sandfire;
- Financial data audited by an external third party; and
- Other sites and activities not included in the scope.

This independent assurance statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with almost 200 years history in providing independent assurance services.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with Sandfire, its Directors or Managers beyond that required of this assignment. We have conducted this assurance independently, and there has been no conflict of interest.

The independent assurance team has extensive experience in conducting assurance over environmental, social, security, safety, health and ethical information, systems and processes, and through its combined experience in this field, an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

Bureau Veritas Australia Pty Ltd
30th September 2020

Jeremy Leu
General Manager – Certification, Sustainability, Building & Infrastructure



Mineral Resources and Ore Reserves

Sandfire's Mineral Resource and Ore Reserve estimates are presented in the following pages of this report. The mineral resource estimates are reported inclusive of ore reserve estimates. Data is rounded to reflect appropriate precision in the estimate and differences may occur due to rounding.

The market announcements (ASX releases), including JORC Table 1 documentation, which detail the material assumptions and technical parameters for each estimate, and the JORC code competent person statements for mineral resources and ore reserves are available on the Company's website at <https://www.sandfire.com.au/site/Business/group-mineral-resources-ore-reserves>.

Sandfire is not aware of any new information or data as at 30 June 2020 that materially affects the information included in the respective relevant market announcements and all material assumptions and technical parameters underpinning the estimates in the respective relevant market announcement continue to apply and have not materially changed.

A comparison of the current declared mineral resource and ore reserve estimates to that of the previous year for the DeGrussa Copper-Gold Mine (DeGrussa Mine), the Monty Copper-Gold Mine (Monty Mine), the Black Butte Copper-Gold Project (Black Butte Project), the Thaduna and Green Dragon Project are outlined below. There have been no changes to the Temora Project over the annual reporting period. The acquisition of MOD Resources Ltd completed in October 2019 has added the mineral resource and ore reserve estimates for the T3 Copper-Silver Project (T3 Project) in Botswana.

Sandfire reports mineral resources and ore reserves as at a date other than its end of financial year balance date. A brief explanation of material changes that have occurred up to the 30 June 2020 is provided for each respective mine or project.

DeGrussa Mine

The variance between the 2018 and 2019 DeGrussa Mine underground mineral resource estimates primarily reflects mining depletion, sterilisation and changes to the geological model. The variance between the 2018 and 2019 DeGrussa Mine underground ore reserve estimates reflects a mineral resource update, mining depletion and a revision to mining modifying factors.

	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)
DeGrussa Mine Underground					
Mineral Resource					
31 Dec 2018	3.8	5.4	2.1	207	257
31 Dec 2019	2.8	5.2	2.0	145	179
Ore Reserve					
31 Dec 2018	4.6	4.1	1.6	185	235
31 Dec 2019	3.1	4.1	1.6	126	155

The DeGrussa Mine underground mineral resource and ore reserve is declared as at 31 December 2019. Material changes have occurred in the period between 1 January 2020 and 30 June 2020 due to mining depletion of approximately 0.6 Mt at 4.4% Cu, 1.9 g/t Au for 28kt of contained copper and 39koz of contained gold.

DeGrussa Mine Underground – Ore Reserve and Mineral Resource as at 31 December 2019 (see notes on page 61)

Deposit	Reserve Category	Ore Reserve					Mineral Resource					
		Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)	Resource Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)
DeGrussa	Proved	0.1	5.6	2.0	7	8	Measured	0.1	6.5	2.3	8	9
	Probable	-	-	-	-	-	Indicated	<0.1	1.6	1.1	<1	<1
							Inferred	-	-	-	-	-
	Total	0.1	5.6	2.0	7	8	Total	0.1	6.2	2.2	8	9
Conductor 1	Proved	0.9	3.7	1.4	35	42	Measured	0.8	5.3	2.0	44	51
	Probable	0.1	3.3	1.1	3	3	Indicated	0.1	1.6	0.5	2	2
							Inferred	<0.1	3.1	1.7	<1	<1
	Total	1.0	3.7	1.4	38	45	Total	1.0	4.7	1.7	46	54
Conductor 4	Proved	0.6	5.0	1.5	32	31	Measured	0.7	6.3	2.0	42	43
	Probable	0.3	3.1	1.2	9	11	Indicated	0.1	2.2	0.8	3	3
							Inferred	<0.1	2.5	1.8	1	2
	Total	0.9	4.3	1.4	41	42	Total	0.8	5.6	1.8	46	48
Conductor 5	Proved	0.7	4.6	2.0	33	48	Measured	0.7	5.8	2.6	40	57
	Probable	0.2	2.7	1.6	6	10	Indicated	0.2	2.8	1.6	5	9
							Inferred	<0.1	6.1	2.8	<1	1
	Total	0.9	4.2	2.0	39	59	Total	0.9	5.2	2.4	45	67
Stockpiles	Proved	<0.1	3.7	1.6	1	1	Measured	<0.1	3.7	1.6	1	1
Total	Proved	2.5	4.4	1.6	109	130	Measured	2.3	5.8	2.2	134	162
	Probable	0.6	3.0	1.3	18	25	Indicated	0.4	2.2	1.0	10	14
							Inferred	<0.1	3.2	1.9	1	3
	Total	3.1	4.1	1.6	126	155	Total	2.8	5.2	2.0	145	179

Notes:

- (a) Mineral resource is based on a 1.0% Cu cut-off and allows for mining depletion and sterilisation as at 31 December 2019.
(b) Ore reserve includes mining dilution and recovery.

Open Pit (Copper oxides) mineral resource and ore reserve estimates as declared 31 December 2018 have been removed from the Sandfire Group mineral resources and ore reserves as of 30 June 2020 on the basis that Copper Oxide project technical study outcomes have not provided sufficient business justification to progress the project to a level of confidence that would support a future decision to implement. As such, Sandfire considers there to be a low prospect of eventual economic extraction therefore does not satisfy the Mineral Resource reporting requirements as outlined in the 2012 JORC Code.

DeGrussa Mine Surface (Open Pit Stockpiles)	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)
Mineral Resource					
31 Dec 2018	2.7	1.3	0.5	34	46
30 Jun 2020	-	-	-	-	-
Ore Reserves					
31 Dec 2018	2.7	1.3	0.5	34	46
30 Jun 2020	-	-	-	-	-

Monty Mine

The variance between the 2016 and 2019 Monty Mine mineral resource estimates primarily reflects mining depletion, sterilisation and changes to the geological model. The variance between the 2017 and 2019 Monty Mine ore reserve estimates reflects a mineral resource update, mining depletion and a revision to mining modifying factors.

Monty Mine Underground	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)
Mineral Resource					
31 Mar 2016 ^(a)	1.0	9.4	1.6	99	55
31 Dec 2019	0.8	10.6	2.4	84	62
Ore Reserve					
31 Mar 2017 ^(a)	0.9	8.7	1.4	80	42
31 Dec 2019	1.1	7.0	1.6	76	55

Notes:

- (a) Monty Mine maiden mineral resource and ore reserve.

The Monty Mine mineral resource and ore reserve is declared as at 31 December 2019. Material changes have occurred in the period between 1 January 2020 and 30 June 2020 due to mining depletion of approximately 0.2 Mt at 6.9% Cu, 1.5 g/t Au for 16kt of contained copper and 11koz of contained gold.

Monty Mine Underground – Ore Reserve and Mineral Resource as Monty at 31 December 2019

Deposit	Reserve Category	Ore Reserves					Mineral Resource					
		Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)	Resource Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)
Monty	Proved	0.8	7.8	1.8	66	48	Measured	0.5	12.5	2.8	67	49
	Probable	0.2	4.2	1.0	9	7	Indicated	0.2	7.5	1.7	14	10
							Inferred	0.1	4.8	1.3	3	2
	Total	1.1	7.1	1.6	75	55	Total	0.8	10.8	2.5	84	61
Stockpiles	Proved	<0.1	3.8	0.7	1	1	Measured	<0.1	3.8	0.7	1	1
Total	Proved	0.9	7.7	1.7	67	48	Measured	0.6	12.2	2.8	68	49
	Probable	0.2	4.2	1.0	9	7	Indicated	0.2	7.5	1.7	14	10
							Inferred	0.1	4.8	1.3	3	2
	Total	1.1	7.0	1.6	76	55	Total	0.8	10.6	2.4	84	62

Notes:

- (a) Mineral Resource is based on a 1.0% Cu cut-off.
(b) Ore reserve includes mining dilution and recovery.

T3 Project

The mineral resource and ore reserve estimate for the T3 Project are unchanged from that declared by MOD Resources Ltd before acquisition by Sandfire Resources Ltd during October 2019.

T3 Project – Mineral Resource as at 16 July 2018 and Ore Reserve as at 25 March 2019

Deposit	Reserve Category	Ore Reserves					Mineral Resource					
		Tonnes (Mt)	Copper (%)	Silver (g/t)	Contained Copper (kt)	Contained Silver (Moz)	Resource Category	Tonnes (Mt)	Copper (%)	Silver (g/t)	Contained Copper (kt)	Contained Silver (Moz)
T3	Proved	-	-	-	-	-	Measured	-	-	-	-	-
	Probable	34.4	1.0	13.2	342.7	14.6	Indicated	36.6	1.1	15.8	417	18.6
							Inferred	23.5	0.7	11.0	173	8.3
Total		34.4	1.0	13.2	342.7	14.6	Total	60.2	1.0	13.9	590	26.9

Notes:

- Mineral Resource is based on a 0.4% Cu cut-off.
- Ore reserve includes mining dilution and recovery.

Black Butte Project

The variance between the 2013 and 2019 Black Butte Project mineral resource estimates primarily reflects, additional drilling and improved interpretation and modelling of litho-stratigraphy across the Johnny Lee Deposit.

Black Butte Project Johnny Lee Deposit	Tonnes (Mt)	Copper (%)	Contained Copper (kt)
Mineral Resource			
12 Jul 2013	13.0	3.5	455
15 Oct 2019	13.6	2.9	391

Black Butte Project – Mineral Resource as at 15 October 2019

Deposit	Resource Category	Tonnes (Mt)	Copper (%)	Contained Copper (kt)
Johnny Lee	Measured	2.0	3.5	69
	Indicated	8.9	2.7	242
	Inferred	2.7	3.0	80
	Total	13.6	2.9	391

Notes:

- The Black Butte Project is owned by Canadian-listed Company Sandfire Resources America Inc. (SFR America), which is listed on the TSX Venture Exchange (TSX-V: SFR). Sandfire's ownership interest in SFR America is 85% as at reporting date. The figures shown represent 100% of the mineral resource.
- Mineral resource is reported on a 1.0% Cu cut-off based on recovery assumptions for the Johnny Lee Deposit
- SFR America has not performed additional studies or drilling on the Lowry Deposit, and as such no mineral resource is declared for the Lowry Deposit as at reporting date.

Thaduna and Green Dragon Project

The Thaduna and Green Dragon mineral resource estimates as declared at 31 December 2016 have been removed from the Sandfire Group mineral resources as of 30 June 2020 on the basis that project technical study outcomes have not provided sufficient business justification to progress the project to a level of confidence that would support a future decision to implement. As such, Sandfire considers there to be a low prospect of eventual economic extraction therefore does not satisfy the Mineral Resource reporting requirements as outlined in the 2012 JORC Code.

Thaduna and Green Dragon Project	Tonnes (Mt)	Copper (%)	Silver (g/t)	Contained Copper (kt)	Contained Silver (koz)
Mineral Resource - Thaduna					
31 Dec 2016	5.5	2.2	4.7	119	829
30 Jun 2020	-	-	-	-	-
Mineral Resource - Green Dragon					
31 Dec 2016	2.6	1.2	1.6	32	134
30 Jun 2020	-	-	-	-	-

Temora Project

The Temora Project mineral resource estimates are unchanged from the last reporting date.

Temora Project – Mineral Resource as at 31 December 2016

Deposit	Resource Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)
Dam	Measured	-	-	-	-	-
	Indicated	25	0.34	0.48	83	381
	Inferred	16	0.24	0.30	37	151
	Total	40	0.30	0.41	121	532
Cullingerai	Measured	-	-	-	-	-
	Indicated	-	-	-	-	-
	Inferred	24	0.30	0.31	72	237
	Total	24	0.30	0.31	72	237
Estoril	Measured	-	-	-	-	-
	Indicated	-	-	-	-	-
	Inferred	14	0.21	0.35	30	160
	Total	14	0.21	0.35	30	160
Mandamah	Measured	-	-	-	-	-
	Indicated	-	-	-	-	-
	Inferred	26	0.34	0.38	89	314
	Total	26	0.34	0.38	89	314
Yiddah	Measured	-	-	-	-	-
	Indicated	-	-	-	-	-
	Inferred	127	0.32	0.14	410	574
	Total	127	0.32	0.14	410	574
Gidginbung	Measured	-	-	-	-	-
	Indicated	-	-	-	-	-
	Inferred	8.0	0.09	1.5	7	391
	Total	8.0	0.09	1.5	7	391
Total	Measured	-	-	-	-	-
	Indicated	25	0.34	0.48	83	381
	Inferred	215	0.30	0.26	645	1,827
	Total	240	0.30	0.29	728	2,207

Notes:

- Mineral resources for the Dam, Cullingerai, Estoril, Mandamah, Yiddah deposits are based on a 0.3% CuEq cut-off which is calculated as $CuEq = Cu \% + Au \text{ g/t} ((PAu * RecAu) / (PCu * RecCu))$ where Cu price = 3.53 AUD\$/lb, Au price = 1,600 AUD\$/oz, Cu recovery = 90% and Au recovery = 75%.
- Mineral resource for the Gidginbung deposit is based on a 1.0 g/t Au cut-off.

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Competent Person Statements

The information in this report that relates to mineral resources or ore reserves is based on information compiled by the Competent Persons listed in the table below. All Competent Persons listed below have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. All Competent Persons consent to the inclusion in the report of their respective matters based on the information in the form and context in which it appears.

Activity	Competent Person	Professional Membership	SFR Relationship	Responsible Activity
Mineral Resources	Callum Browne	MAusIMM	SFR Senior Resource Geologist	DeGrussa and Monty Mine Mineral Resource Estimates
	Brad Ackroyd	MAusIMM	SFR Mine Geology Manager, Botswana Operations	T3 Project Mineral Resource Estimates
	Erik Ronald	SME-RM	SRK Consulting (U.S.) Inc.	Black Butte Project Mineral Resource Estimates
	Ross Corben	FAusIMM	Independent Consultant	Temora Project Mineral Resource Estimates
Ore Reserves	Neil Hastings	MAusIMM(CP)	SFR Principal Mining Engineer	DeGrussa and Monty Mine Ore Reserve Estimates
	Carl Murray	FAusIMM	SRK Principal Consultant	T3 Project Open Pit Ore Reserve Estimates
	Peter Hayward	FAusIMM	Sedgman Senior Metallurgist	
	Neil Marshall	IOM3 / CE	Principal Geotechnical Engineer and Corporate Consultant of SRK (UK) Ltd.	
	David Morgan	MAusIMM	Managing Director Knight Piésold.	
	Catherine Galli	MAusIMM	Principal Environmental Consultant of Rescology Environmental Consulting	

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Financial Report

Directors' Report	66
Auditor's Independence Declaration	87
Letter from the Chairman of the People and Performance Committee	88
Remuneration Report	91
Consolidated Financial Statements	107
Directors' Declaration	150
Independent Auditor's Report	151

Directors' Report

The Directors present their report on the consolidated entity (referred to as the Group) consisting of the Parent entity, Sandfire Resources Limited (Sandfire or the Company), and the entities it controlled at the end of, or during, the year ended 30 June 2020 (the reporting period) and the auditor's report thereon.

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.

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 Robert Scott <i>Independent Non-Executive Director</i>	Appointed 30 July 2010
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 Maree Arnason <i>Independent Non-Executive Director</i>	Appointed 18 December 2015 Resigned 30 June 2020

The qualifications, experience, other directorships and special responsibilities of the Directors in office for the financial year ending 30 June 2020 and up to the date of this report are detailed below.

Derek La Ferla, age 61	Independent Non-Executive Chairman
Qualifications	B.Arts, B.Juris, B.Law, Fellow of AICD
Experience	Mr La Ferla is a corporate lawyer and company director with more than 30 years' experience. He has held senior leadership positions with some of Australia's leading law firms and a variety of board positions with listed public companies and not for profit organisations. Mr La Ferla is currently a Partner in the Corporate Advisory Group (on a part time basis) with Western Australian firm, Lavan and was formerly the national leader of the corporate advisory and infrastructure, mining and commodities industry group at Norton Rose Fulbright. Derek has worked on some of the WA's more notable capital market and private equity transactions including the Initial Public Offering (IPO) and ASX listing of Automotive Holdings Group, Navitas Ltd and Southern Cross Electrical Ltd among others. He brings a strong corporate governance perspective, balancing commercial and legal risk management needs. Mr La Ferla is a fellow of the Australian Institute of Company Directors and a member of the AICD National Board and the WA Council Division.
Other current listed company directorships	Non-Executive Chairman of Poseidon Nickel Limited (since December 2019). Non-Executive Chairman of Threat Protect Australia Limited (since September 2015).
Former listed company directorships in last three years	Non-Executive Chairman of Veris Limited (October 2011 to November 2019). Non-Executive Director of BNK Banking Corporation Limited (November 2015 to August 2019).
Special responsibilities	Member of the People and Performance Committee. Member of the Audit Committee.
Karl Simich, age 56	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 various 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.

Directors' Report

Directors (continued)

Robert Scott, age 73	Independent Non-Executive Director
Qualifications	FCA
Experience	<p>Mr Scott is a Chartered Accountant and former international partner with major global accounting firms with over 35 years' experience. He was a former senior partner of KPMG and Arthur Anderson focusing on corporate structuring and taxation planning. He has served as a Chairman and as Non-Executive Director with various publicly listed resource companies with operational experience in Australia, USA and Asia and has a strong focus on project governance, audit and risk management.</p> <p>Mr Scott holds a Fellowship of the Australian Institute of Chartered Accountants and the Taxation Institute of Australia and is a member of the Australian Institute of Company Directors.</p>
Other current listed company directorships	<p>Non-Executive Director of RTG Mining Inc (since March 2013). Non-Executive Chairman of Castillo Copper Ltd (since December 2018). Non-Executive Chairman of Twenty Seven Co Ltd (since April 2019).</p>
Former listed company directorships in last three years	Non-Executive Director of Resimac Group Ltd (previously Homeloans Ltd) (November 2000 to November 2018).
Special responsibilities	<p>Chair of the Audit Committee. Member of the Risk Committee.</p>
Paul Hallam, age 65	Independent Non-Executive Director
Qualifications	BE (Hons) Mining, FAICD, FAusIMM
Experience	<p>Mr Hallam has more than 40 years Australian and international resource industry experience. His operating and corporate experience is across a range of commodities (iron ore, bauxite, alumina, aluminium, gold, silver, copper, zinc and lead) and includes both surface and underground mining.</p> <p>He has global experience stemming from his executive roles across multiple cultural, regulatory and business environments. His former executive roles include Director – Operations with Fortescue Metals Group, Executive General Manager – Development & Projects with Newcrest Mining Ltd, Director – Victorian Operations with Alcoa and Executive General Manager - Base and Precious Metals with North Ltd; and also, mine management/development roles for Battle Mountain Gold Company in Chile, Bolivia and Australia. In these and previous roles Mr Hallam has held site and corporate accountability for all site functions plus sales and marketing, stakeholder management, capital projects and regulatory oversight and management for multiple mining operations.</p> <p>Mr Hallam retired in 2011 to pursue a career as a professional Non-Executive Director. He has held Australian and international Non-Executive Director roles since 1997.</p> <p>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.</p>
Former listed company directorships in last three years	<p>Non-Executive Director of Gindalbie Metals Ltd (December 2011 to July 2019). Non-Executive Director of Altona Mining Ltd (March 2013 to April 2018).</p>
Special responsibilities	<p>Chair of the People and Performance Committee. Member of the Risk Committee.</p>

Directors' Report

Directors (continued)

<p>Sally Langer, age 46</p> <p>Qualifications</p> <p>Experience</p> <p>Other current listed company directorships</p> <p>Special responsibilities</p>	<p>Independent Non-Executive Director</p> <p>B.Com, CA</p> <p>Ms Langer has 25 years' experience in Professional Services including as founder and Managing Partner of the management consulting and executive recruitment firm Derwent Executive, where she set up and led the growth of the Perth office servicing a wide range of clients both local and national and led the Mining and Industrial Practice. Prior to that, she was a Director at international recruitment firm Michael Page and a Chartered Accountant at accounting and consulting firm Arthur Andersen.</p> <p>During her career, Ms Langer has been responsible for strategy development and execution with a strong focus on profitable business growth, supervising and coordinating large teams and other management functions including strategy, business development, budgeting and human resources. She has been a trusted advisor to numerous Boards on recruitment, talent management, culture and organisational structure.</p> <p>She holds a Bachelor of Commerce from UWA.</p> <p>Non-Executive Director of Saracen Minerals Ltd (since May 2020).</p> <p>Member of the People and Performance Committee.</p>
<p>Roric Smith, age 58</p> <p>Qualifications</p> <p>Experience</p> <p>Other current listed company directorships</p> <p>Special responsibilities</p>	<p>Independent Non-Executive Director</p> <p>B.Sc, B.Sc (Hons) Geology, Ph.D Geology, MAICD</p> <p>Dr Smith is a highly experienced geologist with extensive Australian and international experience. Dr Smith was previously Vice President, Discovery and Chief Geologist for Evolution, where he played a key role in leading that company's exploration efforts.</p> <p>Prior to joining Evolution, Dr Smith held senior executive positions with the gold producer AngloGold Ashanti, including as Senior Vice President, Global Greenfield Exploration; Country Manager and Chief Representative China; Exploration Manager – North Asia Region; and Chief Geologist Australia. Dr Smith holds a B.Sc, B.Sc (Hons) Geology and Ph.D from the University of Natal in South Africa.</p> <p>Non-Executive Director of Saracen Mineral Holdings Ltd (since July 2017).</p> <p>Chair of the Risk Committee.</p> <p>Member of the Audit Committee.</p>
<p>Former director</p> <p>Maree Arnason, age 55</p> <p>Qualifications</p> <p>Former listed company directorships in last three years</p> <p>Special responsibilities</p>	<p>Resigned as an Independent Non-Executive Director on 30 June 2020</p> <p>B.Arts, GAICD</p> <p>Non-Executive Director of MZI Resources Limited (May 2015 to March 2019).</p> <p>Chair of the Sustainability Committee.</p> <p>Member of the Audit and Risk Committee.</p>

Directors' Report

Interests in the shares of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares of Sandfire Resources Limited were:

	Number of ordinary shares
Derek La Ferla	21,668
Karl Simich	4,900,051
Robert Scott	5,000
Paul Hallam	10,000
Sally Langer	-
Roric Smith	-

There were no options over unissued ordinary shares in the Company granted to Directors during the year.

Company Secretary

Matthew Fitzgerald	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. Mr Fitzgerald also holds the position of Non-Executive Chairman of the Company's subsidiary Sandfire Resources America Inc.

Committee structure and membership

Members acting on the committees of the Board during the year are set out below. Directors were a member of the committee for the entire period unless otherwise noted.

Audit and Risk	Remuneration and Nomination	Sustainability
Robert Scott - Chair	Paul Hallam - Chair	Maree Arnason ¹ – Chair
Derek La Ferla	Derek La Ferla	Derek La Ferla
Paul Hallam	Robert Scott	Roric Smith
Maree Arnason ¹		

¹ Ms Arnason resigned as Independent Non-Executive Director on 30 June 2020.

Subsequent to year end and in line with the Company's strategic review, the Board resolved to establish the following Committees, with effect from 1 July 2020.

Audit	Risk	People and Performance
Robert Scott - Chair	Roric Smith - Chair	Paul Hallam - Chair
Derek La Ferla	Robert Scott	Derek La Ferla
Roric Smith	Paul Hallam	Sally Langer

Directors' Report

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 are detailed below:

	Meetings of Committees							
	Board Meetings		Audit and Risk		Remuneration and Nomination		Sustainability	
	A	B	A	B	A	B	A	B
Derek La Ferla	9	9	3	3	2	2	4	4
Karl Simich	9	9	-	-	-	-	-	-
Robert Scott	9	9	3	3	2	2	-	-
Paul Hallam	9	9	3	3	2	2	-	-
Maree Arnason ¹	9	9	3	3	-	-	4	4
Roric Smith	9	9	-	-	-	-	4	4

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.

¹ Ms Arnason resigned as Independent Non-Executive Director on 30 June 2020.

The structure and membership of the Company's Board Committees were changed subsequent to year end. Refer to *Committee structure and membership* of the Directors' Report for details.

Dividends

Since the end of the financial year, the Board of Directors has resolved to pay a fully franked dividend of 14 cents per share, to be paid on 29 September 2020. The record date for entitlement to this dividend is 15 September 2020. The financial impact of this dividend amounting to \$24,955,000 based on ordinary shares outstanding as at 30 June 2020 has not been recognised in the Financial Statements for the year ended 30 June 2020 and will be recognised in subsequent Financial Statements.

The details in relation to dividends announced or paid since 1 July 2018, 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
26 February 2020	11 March 2020	2020 FY Interim	5	5	8,901
15 November 2019	29 November 2019	2019 FY Final	16	16	28,485
5 March 2019	19 March 2019	2019 FY Interim	7	7	11,169
11 September 2018	25 September 2018	2018 FY Final	19	19	30,316

Principal activities

The principal activities during the year of the consolidated Group 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 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.

Directors' Report

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 year, the direct impact to the DeGrussa operations was limited to social distancing and additional risk mitigation strategies enabling the Group to maintain a strong production performance.

Safety Performance

The Total Recordable Injury Frequency Rate (TRIFR) for the Group at the end of the 30 June 2020 was 5.8 compared with 6.2 in 2019.

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.

Overview

Production for the 12 months to 30 June 2020 was 72,238 tonnes of contained copper and 42,263 ounces of contained gold. A summary of copper and gold production and sales for the year is provided below:

FY 2020 Production Statistics		Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined	1,669,533	4.8	1.8	79,222	94,080
	Milled	1,600,122	4.9	1.8	77,721	92,065
Production		303,607	23.9	4.3	72,238	42,263
Concentrate sales		305,887	23.8	4.4	72,734	43,149

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 throughout the reporting period. The ramp-up of the Monty mine was completed during the year along with grade control drilling, defining the geometry of the deposit and underpinning an updated Ore Reserve estimate.

Processing

Mill throughput for the 2020 financial year was as planned at around 1.6Mtpa, with copper recoveries in line with forecasts at 92.9% and gold recoveries at 45.9%. Mill throughput rates and recoveries were impacted slightly during the reporting period by the introduction of transitional ore from the DeGrussa crown pillar, which was successfully addressed by close management of blending strategies.

Sales & Marketing

A total of 305,887 tonnes of concentrate was sold for the year containing 72,734 tonnes of copper and 43,149 ounces of gold. Twenty-nine shipments were completed from both Port Hedland and Geraldton during the year.

Directors' Report

Operational and financial review (continued)

Exploration Projects – Greater Doolgunna Project

The Greater Doolgunna Project, which includes 100% Sandfire tenure, Joint arrangements and Farm-in projects, covers an aggregate contiguous exploration area of 7,137km². 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.

Key components of the Company's exploration activity within the Greater Doolgunna Project during the financial year included:

- **Doolgunna Project** – initial resource definition at the Old Highway gold prospect around areas of known gold mineralisation and Reverse Circulation (RC) drilling to follow-up anomalous geochemistry and newly identified sediment horizons through the Red Bore/Homer trend.
- **Enterprise Project** – RC drilling to test a large magnetic anomaly in the Ruby Well area and in-fill sections of prospective stratigraphy along strike from Vulcan West, RC drilling to test geochemical anomalism in the Mount Leake prospect area, and the definition of moving loop electromagnetic (MLEM) conductors for drilling.
- **Cheroona Project** – first-pass Air-Core (AC) drilling through the Orient prospect areas to test the prospective Karalundi stratigraphy, RC drilling to test multi-element geochemistry within the historical shallow RC drilling in the Karalundi stratigraphy and RC drilling to test geophysical anomalies identified by previous drilling near the Orient gossan.
- **Morck Well Project** – AC drilling to delineate stratigraphy and provide litho-geochemical data, RC drilling to test MLEM anomalies and follow up surface anomalism at the Tetris prospect, RC drilling to test AEM and MLEM anomalies, and diamond and RC drilling to test prospective stratigraphy west and south-west of the Frenchy's Prospect and along strike from other geochemical and geophysical anomalies.
- **Springfield Project** – diamond and RC drilling to test mineralisation and anomalous zones identified in MLEM surveys and previous drilling, and RC drilling to test down-dip of anomalous copper intercepts in the Southern Volcanics.
- **Peak Hill Project** – RC drilling to test multi-element geochemical anomalism returned from first-pass AC drilling through the Peak Hill trend, AC drilling through the West Range, Central Range and Quartz Bore prospect areas to test interpreted Karalundi and Narracoota Formation stratigraphy, and RC drilling to test geochemical and geophysical anomalies in the West Range and Central Range prospect areas.
- **Bryah Project** – AC drilling to test potential Karalundi Formation sediments and interpreted Narracoota Formation geology within the Bryan South prospect.

Further details of these exploration programs is provided in the Company's Quarterly Activities Reports, which are available at www.sandfire.com.au.

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 strategic land holding in the highly prospective Kalahari Copper Belt in Botswana, including the advanced T3 Copper-Silver Project.

Feasibility Study Optimisation

MOD Resources Ltd (MOD) completed a Feasibility Study for the T3 Project in March 2019. Sandfire has commenced a detailed review and optimisation of the T3 Feasibility Study during the reporting period.

Key areas progressed included a revision of the process plant design to enable rapid future expansion of the processing rate, completion of plant and infrastructure site layout designs and commencement of the tender process for the open pit mining contract.

Timing for the completion of the updated Feasibility Study and Ore Reserve will be advised following the completion of a COVID-19 impact assessment.

A decision to mine and any subsequent commencement of development activities at T3 have also been delayed, pending completion of the COVID-19 impact assessment.

Project Permitting

The Environmental and Social Impact Assessment (ESIA) for the T3 Copper-Silver Project was approved by the Botswana Department of Environmental Affairs during the reporting period and the Company is progressing with its Mining Licence Application.

Kalahari Copper Belt Exploration

The Kalahari Copper Belt Project comprises approximately 18,200km² of highly prospective licences surrounding the Group's T3 Copper-Silver Project in Botswana and extending west into Namibia. The Group's licences represent a rare belt-scale exploration opportunity globally, comprising an extensive and strategic position along the 300km centre of a major emerging sediment-hosted copper belt. Prior to MOD and Sandfire's involvement, there has been minimal drilling and no modern or systematic exploration such as Airborne Electromagnetics (AEM) or extensive soil sampling programs on the licences.

Directors' Report

Operational and financial review (continued)

After completing the acquisition of MOD in late October 2019 and successfully integrating MOD's assets and key team members, Sandfire embarked on a significant expanded exploration program starting at the A4 Dome.

The Company has enjoyed considerable early success with the emerging A4 Dome discovery, located 8km west of T3, where it has announced significant wide intercepts of shallow, high-grade vein-hosted copper-silver mineralisation. As a result, A4 has progressed rapidly to a resource drill-out.

Several exploration results were reported for the A4 area during the year, with many holes delivering significant high-grade intersections of copper-silver mineralisation. Hole MO-A4-035D delivered the best intersection reported from the project to date, returning 18m at 5.2% Cu and 124g/t Ag from 77m down-hole (uncut) or 18m at 3.9% Cu and 124g/t Ag from 77m down-hole (top-cut to 15% Cu).

The results demonstrate the continuity of high-grade vein-hosted mineralisation along strike within the A4 resource area and increase the known strike length of the mineralisation to over 700m with the deposit remaining open both to the north-east and south-west.

Drilling was suspended in late March due to the lockdown imposed by the Botswana Government in response to the COVID-19 pandemic, before resuming in early June 2020.

Acquisition of Namibian exploration tenements

During the year Sandfire completed the acquisition of 100% of Trans Kalahari Copper Namibia (Pty) Ltd, which holds a block of nine licences in Namibia covering a total area of approximately 6,700km².

The Namibian licences continue directly along strike from the Company's Tshukudu licences in Botswana and cover a large, under-explored area within the western part of the Kalahari Copper Belt. Interpretation of airborne magnetic data suggests the favourable geological structures being explored in Botswana continue for approximately 100km into Namibia. Previous, very widely-spaced drilling has intersected copper-silver mineralisation along the same contact which hosts the majority of known copper resources in Botswana.

A Namibian-based exploration manager has been appointed and evaluation of existing data was underway at the end of the reporting period.

Black Butte Copper Project, Montana, USA

Sandfire holds an 85% 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 stage of permitting. The planned mine development will utilise best-practice technology and modern mining techniques to develop a wholly-underground mine with minimal surface footprint and minimising environmental impact.

Mineral Resource Update

During the reporting period, Sandfire Resources America Inc. (Sandfire America) announced an updated NI 43-101 Mineral Resource estimate for the Johnny Lee Deposit, the cornerstone deposit of the Black Butte Copper Project in Montana, USA. The updated Resource comprises:

- Measured and Indicated Mineral Resource of 10.9Mt at an average copper grade of 2.9% Cu for 311,000t of contained copper (at a 1.0% Cu cut-off grade); and
- Inferred Mineral Resource of 2.7Mt at an average copper grade of 3.0% Cu for 80,000t of contained copper (at a 1.0% Cu cut-off grade).

Full details of the Mineral Resource estimate are provided in Sandfire's ASX Announcement dated 30 October 2019. Mineral Resources for the Lowry Deposit remain unchanged and current as of the effective date listed in the Preliminary Economic Assessment completed by Sandfire America in July 2013.

Permitting Progress

Project permitting for the Black Butte Copper Project was completed during the reporting period, with the Montana Department of Environmental Quality (MT DEQ) releasing the Final Environmental Impact Statement (EIS) on 13 March 2020 and issuing a positive Record of Decision (ROD) to grant a Mine Operating Permit (MOP) on 9 April 2020.

The Department of Natural Resources & Conservation (MT DNRC) also issued a Preliminary Determination (PD) in response to the water right owners' application to modify their irrigation water rights to include leasing water for mitigation for the Black Butte Copper Project. The proposed water right modification maintains water balance in the Sheep Creek drainage area. The PD will also address Sandfire America's request for a groundwater permit and a high flow water right to capture spring run-off and store in a reservoir, which will provide water to replenish stream flows year-round. The issuance of the PD triggers a comment period for other water rights holders prior to a Final Determination.

On 19 May 2020, the MT DEQ issued a Phase 1 bonding number establishing a bond of US\$4.65 million for the Black Butte Copper Project. The initial bond increment covers only Phase 1 surface construction of the mine site. A second bond increment must be calculated by the DEQ to cover Phase 2 development which includes further underground development, mill construction, and any activities involving beneficial water use.

Directors' Report

Operational and financial review (continued)

Legal Challenge

A legal challenge to the MT DEQ's Record of Decision was lodged on 4 June 2020 in the 14th Judicial Court in Meagher County, Montana against the MT DEQ and the Group's subsidiary, Tintina Montana Inc., by a number of groups who oppose resource development in Montana. Sandfire America will review the challenge and will seek to work with the MT DEQ to defend this litigation vigorously.

Sandfire is committed to advancing the Black Butte Project through to Feasibility Study, to be followed by a decision to mine and financing considerations. This work will be progressed in parallel with preliminary earthworks and bonding activities.

Feasibility Study

All the technical studies have now been completed for the Black Butte Project Feasibility Study, which commenced in October 2018. The timing for completion of the Feasibility Study may be delayed due to the global health crisis caused by the COVID-19 pandemic.

Financing

Sandfire provided a US\$2 million unsecured loan to Sandfire America to cover anticipated expenditures through the ROD and completion of the FS. This is in addition to the US\$3 million previously advanced. Once the Feasibility Study is completed, the Board of Sandfire America will consider its mid-term and long-term financing requirements in line with the outcome of the Feasibility Study and decision to mine. For further details refer to the market releases of Sandfire America available on the company's website www.sandfireamerica.com.

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.

Further details of these projects can be found on Company's website www.sandfire.com.au and the Company's June 2020 Quarterly Report ASX announcement, dated 30 July 2020.

New South Wales Projects

A number of 100%-owned project areas are held in the Lachlan Fold Belt of New South Wales which are prospective for porphyry copper-gold mineralisation as found at Northparkes (China Moly), Cadia (Newcrest) and Cowal (Evolution). New 100%-owned tenements have been granted in the Cobar Basin and a farm-in agreement continues on the Coomeratta project with Sandfire having the right to earn an 80% interest.

Temora

Drilling conducted during the year tested a number of porphyry copper-gold prospects in the Temora Belt.

At the Monza project, drilling intersected a breccia pipe with strong visible chalcopryrite and molybdenum close to a historical high grade intercept. Follow up drilling showed strong indications of porphyry mineralisation along strike, giving potential for a larger system. DHEM surveys did not return significant anomalies.

At the Fields prospect initial AC drilling identified strong epithermal gold related geochemical anomalism. Follow-up diamond and in-fill AC drilling confirmed the extent and tenor of the mineralisation.

These results are now being evaluated with encouragement for a significant geophysical and drilling program for later in CY2020 when access is available after local crops are harvested. The gold anomaly currently extends over 400m of strike and requires additional ground electrical geophysics and an air-core program to define its extent.

Coomeratta

Diamond and RC drilling at the Coomeratta farm-in project in the western Cobar district intersected a large alteration system with over 100m of hydrothermal hematite and barite alteration associated with minor chalcopryrite, tennantite and stibnite mineralisation.

Wingrunner

A Heads of Agreement has been signed with Fortescue Metals Group Ltd (ASX: FMG) over the Wingrunner Project in the central Lachlan Fold belt in New South Wales. Under the terms of the agreement FMG have the option to earn 80% of the project by expenditure of \$7 million over 8 years and a minimum commitment of \$0.5 million.

Directors' Report

Operational and financial review (continued)

Northern Territory – Borroloola Project

The Borroloola Project is located north of the McArthur River Mine (Xstrata), and is prospective for base metals and sedimentary manganese. Sandfire has signed farm-out agreements to advance the Borroloola Project. The Borroloola West JV covering the western portion is under an agreement with Pacifico Minerals Ltd, which has now earned a 51% interest in the Project and Sandfire is a contributing 49% JV partner. The new North Batten Property Option and Joint Venture agreement allows Teck Australia Pty Ltd (Teck) to earn a 75% interest in the project.

An Option and Joint Venture agreement was entered with Teck Australia over the North Batten Property during the reporting period. Teck are part of a major Canadian based mining company with considerable base metals exploration experience in the region. Under the terms of the agreement, Teck has the right to earn up to a 75% interest in the project by spending a cumulative \$27 million on exploration over ten years. A minimum expenditure of \$1 million is required by August 2021 and a 51% interest in the property will be earned by expending \$7 million by August 2025.

Teck has commenced planning and review work over the North Batten Property as part of the Joint Venture.

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-type (BHT) lead-zinc-silver deposits such as the Cannington deposit (South 32) and the Ernest Henry iron oxide-copper-gold (IOCG) deposits (Xstrata). A Joint Venture, 60% interest is held over the Altia project with Minotaur Exploration Ltd (ASX: MEP).

During the year, Sandfire established a joint venture heads of agreement with the Cloncurry Alliance – an alliance between Minotaur Exploration Ltd (ASX: MEP) and OZ Minerals Ltd (ASX: OZL) – over Sandfire's tenement group near Cloncurry, Queensland. The new Breena Plains JV with the Cloncurry Alliance incorporates some 1,226km² of tenure.

The Breena Plains JV requires the Cloncurry Alliance to invest \$1 million in exploration in the first year. Thereafter, the Cloncurry Alliance may earn an initial 51% tenement interest by sole funding a further \$3 million through the next 2 year period. The Cloncurry Alliance may then earn an additional 24% interest for the further expenditure of \$4 million over the subsequent 2 years to reach a total 75% interest.

The Cloncurry Alliance's work programs were delayed due to its inability to access the tenement areas as a result of restrictions arising from the COVID-19 pandemic.

Corporate Activities Review

Acquisition of MOD Resources Limited

During the year Sandfire completed the acquisition MOD Resources Limited (MOD) by way of a scheme of arrangement. Under the arrangement to acquire 100% of the issued, and to be issued share capital of MOD each shareholder elected to receive either:

- 0.0664 Sandfire shares for each MOD share; or
- Cash of A\$0.45 per share up to a maximum of A\$41.6 million.

MOD and Sandfire also entered into Options Cancellation Deeds with each of the MOD option holders, under which MOD option holders agreed to the cancellation of their MOD options for a total cash consideration of \$1.0 million to be paid by Sandfire on the effective date of the Scheme. Sandfire also incurred transaction costs of \$3.2 million in relation to the acquisition of MOD.

As a result of successful implementation of the arrangement Sandfire issued 18,440,174 shares and cash consideration of \$41.6 million. Total consideration including equity issued, option cancellation and transaction costs was \$165.1 million, net cash paid including transaction costs was \$44.6 million.

For further information in relation to the acquisition of MOD Resources Limited, see Note 24.

Directors' Report

Operational and financial review (continued)

Year ended 30 June 2020	DeGrussa Operation \$000	Black Butte Project \$000	Tshukudu Project \$000	Exploration and Other \$000	Group \$000
Revenue	656,753	-	-	-	656,753
EBITDA ^(a)	414,382	(15,652)	(5,252)	(78,222)	315,256
Profit before net finance and income tax	216,517	(15,920)	(5,302)	(81,474)	113,821
Profit before income tax					111,143
Net profit for the year					72,286
Net profit attributable to the equity holders of the parent					74,054
Basic and diluted earnings per share					42.88

(a) 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 3 of the financial statements.

The DeGrussa operation contributed profit before net finance and income tax of \$216.5 million (2019: \$225.7 million) from underground mining and concentrator operations.

Black Butte project represents the Group's 85% interest in Sandfire Resources America Inc. (TSX-V: SFR) which contributed a loss before net finance and income tax of \$15.9 million (2019: \$14.8 million) from evaluation work on the Black Butte Copper project in USA.

Tshukudu project represents the Group's activities within the Kalahari Copper Belt, following its acquisition of MOD Resources Limited during the year, which includes the T3 Copper-Silver project and several resource expansion prospects. Tshukudu contributed a loss before net finance and income tax of \$5.3 million to the Group for the year.

Exploration and other segment resulted in a loss before net finance and income tax of \$81.5 million (2019: loss of \$57.7 million), which includes a non-cash impairment charge of \$23.6 million for the current year.

Dividends of \$37.4 million were declared during the year, comprising \$28.5 million in respect of the 2019 financial year. Subsequent to year end the Directors of the Company announced a final dividend on ordinary shares in respect of the 2020 financial year of 14 cents per share fully franked. Combined with the interim dividend of 5 cents per share represents 44% of the earnings per share for the full year. The final dividend has not been provided for in the consolidated Financial Statements for the year ended 30 June 2020.

Directors' Report

Operational and financial review (continued)

Financial Results

Revenue

Revenue	30 Jun 2020 \$000	30 Jun 2019 \$000
Value of metal payable sold ^(a)	684,867	642,194
Treatment and refining charges	(39,407)	(41,563)
Revenue from contracts with customers	645,460	600,631
Realised and unrealised QP price adjustment gain / (loss)	11,293	(8,420)
Total Revenue	656,753	592,211

(a) 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	30 Jun 2020 %
Revenue from sales of copper	84.0
Revenue from sales of gold	14.8
Revenue from sales of silver	1.2
	100.0

Realised and unrealised priced adjustment gain for the year of \$11.3 million were recorded as a result of a net increase in commodity prices during quotational sales periods (QP).

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 year.

DeGrussa Operations costs

DeGrussa Operations costs	30 Jun 2020 \$000	30 Jun 2019 \$000
Mine operations costs	142,602	134,694
Employee benefit expenses	30,054	26,303
Freight expenses	45,397	46,693
Changes in inventories of finished goods and work in progress	(8,641)	(11,052)
	209,412	196,638

Royalties

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

Exploration and evaluation

For the year ended 30 June 2020 the Group's Exploration and evaluation expenses across all segments was \$49.6 million (2019: \$48.7 million).

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.

Directors' Report

Operational and financial review (continued)

Impairment

The Group has recognised impairments and write-downs of \$23.6 million for the year ended 30 June 2020, as a result from the write-down of the DeGrussa Oxide stockpile and impairment of regional exploration resources.

Depreciation and amortisation

	Carrying value June 2020 \$000	Carrying value June 2019 \$000	Depreciation and amortisation during the year \$000
Mine properties	169,939	230,571	144,060
Plant and equipment, including assets under construction	105,345	135,920	43,879
Right of use assets - AASB 16 Leases	12,834	-	13,496
	288,118	366,491	201,435

Income tax expense

Income tax expense of \$38.9 million for the year 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 year amounted to \$60.7 million.

Financial Position

Net assets of the Group have increased by \$146.0 million to \$750.2 million during the reporting period.

Cash balance

Group cash on hand was \$291.1 million as at 30 June 2020 (the Company \$290.1 million).

Trade and other receivables

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

Inventories

Current inventories have increased \$8.6 million to \$53.7 million due to an increase in ore and concentrate stockpiles.

Non-current inventories relating the Degruassa Oxide stockpile have been written-off during the period resulting in an impairment expense of \$11.7 million. See Note 17 to the financial statements for further information.

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 30 June 2020 was \$42.0 million.

Mine properties

The Company invested a total of \$81.2 million in mine development activities during the year. Which included \$40.2 million related to the underground development of the Monty Copper-Gold Mine, a further \$40.2 million for underground mine development related to the DeGrussa Copper-Gold Mine, to establish development access to sulphide ore bodies ahead of future stoping activities.

Property, Plant and equipment, including assets under construction

The carrying value of property, plant and equipment (PPE), including assets under construction, has decreased by \$30.6 million to \$105.3 million at the end of the year, including depreciation for the year of \$43.9 million, offset by additions during the year.

Right-of-use ROU assets

The right-of-use (ROU) assets within PPE represents the right to assets obtained within lease contracts, recognised in the current year on initial application of AASB 16 Leases. The ROU asset cost represents the present value of the liability of the lease contract at inception, with the asset generally depreciated on a straight-line basis over the lease term.

Directors' Report

Operational and financial review (continued)

Current and deferred tax liabilities

Tax instalments during the year exceed the estimated taxable profit on operations for the year resulting in the Group booking a current income tax receivable of \$16.3 million at year-end. In addition, the Group has booked a net deferred tax liability position of \$28.1 million at balance date which predominantly relates to the differing tax depreciation and amortisation rates of mining assets and equipment compared to accounting rates.

Provisions

Total current and non-current provisions for the Group have increased by \$11.0 million to \$46.6 million as at 30 June 2020. The Group's provisions predominately relate to mine rehabilitation activities as well as some employee entitlements for long service and annual leave.

Cash Flows

Operating activities

Net cash inflow from operating activities was \$273.6 million for the year. Net cash inflow from operating activities prior to payments for exploration and evaluation activities was \$331.0 million for the year.

Investing activities

Net cash outflow from investing activities was \$178.8 million for the period. This included payments for property, plant and equipment of \$8.5 million, payments for mine development of \$98.0 million, payments for financial investments of \$24.3 million, and net cash paid to acquire MOD Resources Limited of \$44.6 million

Financing activities

Net cash outflow from financing activities of \$51.2 million for the year included dividend payments of \$37.4 million, and repayment of lease liabilities including interest under AASB 16 Leases of \$14.7 million.

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Directors' Report

Business risks and management

Supported by a detailed strategic and structural review during FY2020, the Company confirmed its key growth objective to transition from a single-mine company into an international, multi-asset base and precious metals producer. In pursuit of this objective, Sandfire is focused on the following five key elements of its strategic plan:

1. **Execute delivery** – optimisation of the existing DeGrussa Operations, optimisation of the T3 Copper-Silver Project Feasibility Study and advancing the Black Butte Copper Project;
2. **Build a sustainable production profile** – develop new operational centres and execute new business development opportunities, leveraging off Sandfire's strong balance sheet and its strength in project evaluation and execution;
3. **Accelerate discovery** – utilise our skills and resources to accelerate the discovery of further economic resources across our regions;
4. **Align and empower our people** – development of a "fit-for-purpose" largely decentralised Group organisational structure with empowered, accountable and incentivised leaders and staff in appropriate positions; and
5. **Optimise capital structure** – funding Sandfire's global development plan and maintaining the strength of the Company's balance sheet while maximising long-term value and returns to shareholders.

Sandfire's business elements are carried out with respect for our variety of stakeholders and recognising their diverse interests and needs. The safety of our people, care for the environment, our place in our communities and our ethical business dealings underpin our ability to execute our strategic plan and deliver value to our stakeholders.

Sandfire's business, operating and financial performance are subject to various risks and uncertainties, some of which are beyond Sandfire's reasonable control. The identification and management of these risks is central to achieving our strategic objectives.

Sandfire's Risk Management Framework is applied across the Group and assists the Board and management to identify, assess, manage and monitor risks that may have a material impact on the Group and the achievement of its strategic initiatives. It protects us against potential negative impacts and enables us to take risk for strategic reward.

Management is responsible for the day-to-day design and implementation of Sandfire's risk management system. Risk management forms part of Sandfire's line management and operational responsibilities and is integrated into the strategic and business planning processes.

Business risks are assessed on a regular basis, including consideration of potential new and emerging risks. Material risks are documented and monitored with the implementation of preventative and mitigating processes and controls. Mitigating processes and controls are designed to minimise the adverse impact on Sandfire should a risk or uncertainty materialise.

Material risks are regularly reported to the Board and its committees. The Risk Committee reviews and reports to the Board that Sandfire's ongoing risk management program effectively identifies all areas of potential risk and assists the Board in monitoring risks.

Further information on Sandfire's approach to risk management is set out in the Company's Corporate Governance Statement, which can be found on our website at <https://www.sandfire.com.au/site/about/corporate-governance>.

Set out below are matters which the Company has assessed as having the potential to have a material impact on the business, operating and/or financial results, performance and fulfilment of the strategic aspirations of the Group. The matters identified are not listed in order of importance and are not intended as an exhaustive list of all the risks and uncertainties associated with Sandfire's business. Additional risks and uncertainties, including those not presently known to management and the Board, may adversely affect Sandfire's business.

Information that could result in unreasonable prejudice to the Group has been excluded, including that which is confidential or commercially sensitive, except where disclosure is required pursuant to our continuous disclosure obligations.

COVID-19

The COVID-19 pandemic and its various management and operational challenges have tested Sandfire's business, its people and culture. The Group's response to COVID-19 has ensured that there has been no immediate material impact on our people or the business.

As the COVID-19 pandemic continues to evolve, there are emerging risks and uncertainty that could adversely impact our business. These risks include, but are not limited to, interruptions to supply chains, travel restrictions and border closures, adverse impacts to our people's health and wellbeing, material delays to project timelines and reduced demand for our copper in concentrate.

The Company's COVID-19 Working Group, supported by our management systems and financial position, has and will continue to monitor the impact of the pandemic and has worked swiftly to introduce measures to monitor and navigate the effects of the pandemic.

Directors' Report

Business risks and management (continued)

The health and wellbeing of our people, contractors and stakeholders is of paramount importance to us, and the Company implemented protocols to minimise the potential transmission of the virus. Key measures implemented include:

- Maintaining health and safety systems in line with formal guidance of State health authorities;
- Boosting workforce social distancing measures across aviation, transit and workplaces;
- Health screening introduced at airport for personnel travelling to site;
- Modified flight schedules and reduced number of personnel on each flight;
- Enhanced workforce communication and promotion of Sandfire's health and wellbeing programs, including mental health;
- Extended sick and compassionate leave assistance to employees, including casuals;
- Consulting with and assisting our communities;
- Working with our contractors to provide assistance; and
- Maintaining critical payments to employees and contractors.

The DeGrussa Operations, which continue to operate at full capacity, have been well protected through this professional approach, assisted by its natural isolation in central Western Australia. The Company has been able to maintain critical consumables and spares, while preserving our supply chains, sales routes and customer contracts.

Financially, the Group has delivered continued profitability with mining, processing and concentrate sales in line with, or exceeding, market guidance for FY2020. The impact on operating costs has also been minimal.

While the global COVID-19 pandemic has required the Company to adjust some of its usual operating procedures, the direct impact to date has been limited to social distancing and additional risk mitigation strategies.

Optimisation of the Feasibility Study for the T3 Copper-Silver Project in Botswana is continuing, focused on mine design and planning, plant engineering, power supply, site infrastructure and operating costs. The decision to mine and any subsequent commencement of development activities at T3 has been delayed due to the likely impact of COVID-19 on tendering and construction activities, however the Company and Board remain focused on progressing the project.

Health, Safety and Sustainability Risks

Our people

The health, safety and wellbeing of our employees and contractors remains our highest priority. There are numerous occupational health and safety risks associated with the Group's exploration, development and mining activities including, but not limited to: handling explosives; underground operations subject to rockfall and water ingress; working in confined spaces; areas where heavy and light vehicles interact; manual handling; and operating at heights. Operating in a FIFO (Fly-In-Fly-Out) operation also introduces the risk that is inherent in air travel, as contractors and employees are required to regularly commute by aircraft as well as industry specific physical and mental health considerations.

These risks may lead to serious injuries, regulatory investigations, restrictions and disruptions to operations and reputational damage. The Group applies its principal hazard management process to all activities to identify critical health and safety risks and manages these risks via the critical control verifications framework. As the Group's exploration and mining activities expand, increased due diligence of health and safety risks will be managed through the Health and Safety Management System, and accompanying standards, procedures, and safe work instructions.

We actively engage with all levels of staff, including contractors, and senior leadership so that our workforce is appropriately trained in the assessment of risks and hazards and procedures required to operate safely. Sandfire targets health and safety risks through active management and clear guidance and expectations of all personnel.

Environmental

The Group is committed to minimising the impact of its operations on the environment, with an appropriate focus placed on ongoing monitoring of environmental matters and compliance with environmental regulations.

Mining and processing operations and development activities have inherent risks and liabilities associated with potential harm to the environment. Sandfire's activities are therefore subject to extensive environmental law and regulation in the various jurisdictions in which it operates. Non-compliance with these laws may potentially result in fines or requests for improvement actions from the regulator and reputational damage.

Sandfire's operations may create a risk of exposure to hazardous materials. Sandfire uses hazardous material (for example, explosives at its DeGrussa Operations) and generates waste products that must be disposed of either through offsite facilities or onsite permitted landfills and waste management areas. Mining and ore refining processes also generate waste by-products such as tailings to be managed by the use of tailings storage facilities (TSF) and waste rock to be managed in waste rock facilities. Geochemical reactions within long-term waste rock or low grade material storage stockpiles can also lead to the generation of acid and metalliferous drainage that requires active mitigation, design, testing and management.

Directors' Report

Business risks and management (continued)

Appropriate management of waste is a key consideration in Sandfire's operations. Unmanaged, mining operations can impact flows and water quality in surface and ground water bodies and remedial measures may be required to prevent or minimise such impacts.

Sandfire manages one active TSF at the DeGrussa Operations. Commissioned in 2012, the downstream designed facility is located within an Integrated Waste Landform. Tailings are deposited into a circular impoundment with a composite liner comprising high density polyethylene and compacted clay. We are committed to responsible tailings management to minimise the risk of failures, maintain regional biodiversity values, protect groundwater, prevent uncontrolled releases and reduce long-term closure liabilities.

Our TSF is governed in accordance with our Environmental Management System Standards and operated in line with regulatory approvals. The ongoing management controls include annual independent audits of the TSF conducted by specialist engineers and are undertaken in accordance with the Department of Mines, Industry Regulation and Safety and the Australian National Committee on Large Dams (ANCOLD) standards. The audits cover aspects of groundwater monitoring, geotechnical stability and tailings management practices.

The Group is required to close its operations and rehabilitate the land affected by the DeGrussa Operations at the conclusion of mining and processing activities. Actual closure costs in the future may be higher than currently estimated. Current estimates of these costs are reflected in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* as provisions in the Financial Statements. Management seeks external assistance and review, where appropriate, to estimate these future costs.

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 year ended 30 June 2020 and future periods. Sandfire is committed to proactively managing energy use and reducing greenhouse gas emissions wherever practical and is guided by internal policy and guidelines.

Maintenance of Stakeholder Engagement & Good Title

Sandfire has expanded into global jurisdictions. The Group works closely with communities in the areas where it operates to build and maintain strong relationships and partnerships to drive value creation for both the business and host communities.

Loss of stakeholder support could result in loss of social licence to operate, impact on current operations or delays in project approval or delivery. The Group has internal processes to manage and actively engage with its stakeholders to ensure that we deliver long-term benefits to our local communities and other stakeholders and identify and reduce the adverse impacts of our activities on local communities.

The Group manages and relies on maintenance of good title over the approvals, permits and licenses which allow it to operate. Loss of good title or access due to challenges instituted by issuers of authorisations, permits or licenses, such as government authorities or land owners may result in disruptions to operating performance. In Australia, the Group actively engages with the Traditional Owners and local communities and has compensation agreements in place with Aboriginal peoples affected by its activities.

Operational Risks

Operational disruptions and natural hazards

The DeGrussa Operations located in Western Australia is the Group's sole operating project and profitable operating segment and exposes the Group to concentration risk.

The Group's operations are subject to uncertainty with respect to (without limitation): ore tonnes, mine grade, ground conditions, metallurgical recovery or unanticipated metallurgical issues (which may affect extraction costs), infill resource drilling, mill performance, failure of tailings facilities, transportation and logistics issues, the level of experience of the workforce, regulatory changes, safety related incidents and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, natural events such as storms, floods or bushfires.

The Group mitigates these risks by employing appropriately qualified technical personnel and experienced managers that utilise formalised operating practices, processes and procedures. Continual monitoring of the underground environment is undertaken to identify change that may require action and the Group engages specialist consultants when technical issues are identified outside available internal skills and experience.

The Sandfire maintenance and processing teams have developed robust procedures and practices to ensure they are operating the DeGrussa processing plant with minimal disruption and at high throughput levels.

Reliance on contractors

As is common in the mining industry, many of the Group's activities are conducted using contractors. The Group's operational and financial results are impacted by the performance of contractors, their efficiency, costs and associated risks.

The Group engages with reputable contractors who have the technical and financial capability to execute required contract work and actively manages its contractors, working within relevant agreements. Embedded performance structures in contracts ensure that the Group appropriately mitigates risks of non-performance by contractors, while maintaining shareholder value.

Directors' Report

Business risks and management (continued)

Strategic Risks

Exploration, project evaluation and project development

Sandfire's business, operating and financial performance and ability to achieve its strategic initiatives are impacted by the Group's ability to discover new mineral prospects and to deliver development projects safely, on time and within capital estimates.

Sandfire's ability to sustain or increase its current level of production in the future is in part dependent on the success of its exploration, acquisition activities in replacing copper and gold reserves depleted by production, the development of new projects and the expansion of existing operations.

Exploration activities are speculative in nature and often require substantial expenditure on exploration surveys, drilling and sampling as a basis on which to establish the presence, extent and estimated grade (metal content) of mineralised material.

The risks to project development include environmental considerations, land access, regulatory approvals, capital overruns, construction and commissioning disputes and complexity and depth of ore bodies. Project delays could negatively impact the Group's financial position and global production pipeline planning.

The Group actively manages key deliverables and mitigates potential risks and uncertainties through strategic planning, scoping, feasibility studies, independent reviews, budgeting, forecasting and stakeholder engagement.

Once mineralisation is discovered it may take several years to determine whether adequate Ore Reserves and/or Mineral Resources exist to support a development decision and to obtain necessary ore body knowledge to assess the technical and economic viability of mining projects. During that time the economic viability of the project may change due to fluctuations in factors that affect both revenue and costs, including metal prices, foreign exchange rates, the required return on capital, regulatory requirements, tax regimes and future cost of development and mining operations.

Sandfire evaluates potential acquisition and development opportunities for mineral deposits, exploration or development properties and operating mines. Sandfire's decision to acquire or develop these properties is based on a variety of factors, including historical operating results, estimates and assumptions regarding the extent and quality of mineralisation, resources and reserves, assessment of the potential for further discoveries or growth in resources and reserves, development and capital costs, cash and other operating costs, expected future commodity prices, projected economic returns, fiscal and regulatory frameworks and land acquisitions, evaluations of existing or potential liabilities associated with the relevant assets and how these factors may change in future. These factors are uncertain and could have an impact on revenue, cash and other operating results, as well as the process used to estimate Mineral Resources and Ore Reserves.

Mineral Resources, Ore Reserve and Mine Life

The estimation of the Group's Mineral Resources and Ore Reserves involve subjective judgements regarding a number of factors (but not limited to) 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 Resources and Ore Reserves involve areas of significant estimation and judgement. The ultimate level of recovery of minerals and commercial viability of deposits cannot be guaranteed.

The mine life of the Group's operations is based on the Mineral Resources and Ore Reserves estimate which heavily dictates the financial and operational performance of the Group. As at the date of this report, the DeGrussa Operation's mine life based on the most recent Ore Reserve, extends into September 2022.

The Group's Ore Reserves and Mineral Resources estimates are reported in accordance with the 2012 Joint Ore Reserve Committee (JORC) Code and estimated by Competent Persons as defined by the JORC Code. The Group employs Competent Persons to complete Group estimates and in certain circumstances, independent Competent Persons are also used to compile or verify estimates for the Group.

Directors' Report

Business risks and management (continued)

External Risks

Climate Change

Sandfire is committed to identifying and managing its climate change risks.

Sandfire has exposure to a range of climate change risks including those related to the transition to a lower-carbon economy and those related to the physical impacts of climate change. Sandfire integrates aspects of the Taskforce on Climate-Related Financial Disclosure (TCFD) framework to frame its climate change risk assessment. The Group reports on climate change risks and the potential impacts associated with these risks in the Sustainability Report in accordance with the Global Reporting Initiative disclosure requirements on climate risk.

Sandfire has identified the following transition risks: policy and legal developments; technology; reputation; shareholder action and increased cost of inputs and raw materials. Climate change also has the potential to impact costs of capital, support for project development and overall project economics. Copper and gold mining operations are energy intensive and we use large volumes of diesel in power generation and underground operations. Further downstream processing of copper concentrate through smelters and refineries also has high energy requirements. Over the years, we have sought to reduce energy use and carbon emissions in line with community expectations and operational targets, ultimately aiming to lower our impact on the environment.

Our approach centres on integrating renewable energy, identifying opportunities to reduce energy use and using energy as efficiently as possible. The key initiative of our emissions reduction efforts is the DeGrussa Solar Project, commissioned in 2016. For FY2020, the solar facility provided on average 15% of the overall power usage for the DeGrussa Operations.

Sandfire's operating sites are also vulnerable to physical impacts of climate change into the future. As part of its risk management framework, the Group has sought to identify risks that relate to physical climate impacts, mainly at an operating site level. Extreme weather events (bushfires, flooding and cyclones etc.) have the potential to damage infrastructure, disrupt operations and delay delivery of products to market. Longer term shifts in climate patterns, such as drought, can lead to conflict over access to natural resources.

Sandfire is working to better understand physical threats from climate change at its current and planned operating sites and to put in place adaptation plans to ensure that we have considered these risk factors in our design criteria for site operations and infrastructure.

Fluctuations in commodity prices and foreign exchange currency

The Group's revenues and cash flows are largely derived from the sale of copper and gold. For the 2020 financial year, DeGrussa derived approximately 84% of revenue from the sale of copper contained within concentrate. The financial performance of Sandfire is exposed to fluctuations in the market price of these commodities.

Fluctuations in metal prices can occur due to numerous factors beyond Sandfire's control, including macroeconomic and geopolitical factors (such as financial and banking stability, global and regional political events and policies, changes in inflationary expectations, interest rates and global economic growth expectations), speculative positions taken by investors or traders and changes in supply and demand for copper and gold. Material and/or prolonged declines in the market price of copper could have a material adverse effect on the Group's business, results of operations and financial position.

The Group is an Australian business that reports in Australian dollars. However, Sandfire's revenue is derived from the sale of commodities that are priced in US dollars. Though the majority of costs, as they relate to the DeGrussa Operations, are primarily denominated in Australian dollars, Sandfire has exposure to other foreign currencies through its Tshukudu Operations, including the T3 Copper-Silver Project in Botswana and the Black Butte Copper Project in Montana, USA. The impact of exposure to movements in foreign exchange rates (particularly, USD:AUD) cannot be predicted reliably.

The Group does not have an active financial hedging policy to mitigate currency or commodity risks, though has sporadically entered into derivative financial instruments with various counterparties, principally investment grade credit rated financial institutions, in order to reduce exposure to fluctuations in copper price. Historically, the hedges have been in the form of quotational period (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. There were no hedging activities undertaken during the 2020 financial year.

Sandfire's high copper grade ore and low production cost profile at the DeGrussa Operation, relative to global copper producers, provides resilience to reduced commodity prices and an ability to maximise margins during high commodity price periods.

Directors' Report

Environmental regulation and performance

The Group is committed to minimising the impact of its operations on the environment, with an appropriate focus placed on ongoing monitoring of environmental matters and compliance with environmental regulations. The Group holds environmental licenses and is subject to 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. Compliance with the environmental regulations is managed through the Environmental Management System (EMS), supported by policies, management plans, standard work practices and guidelines.

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 Annual Environmental Reports and Annual Aquifer Review Reports submitted to the Department of Water and Environmental Regulation, Annual Environmental Reports and Annual Exploration Reports submitted to the Department of Mines, Industry Regulation and Safety (DMIRS) and a National Pollutant Inventory Report to the Department of Water and Environmental Regulation. Annual Exploration Reports have also been submitted to the relevant state regulator. 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 year ended 30 June 2020 and future periods. Sandfire is committed to proactively managing energy use and reducing greenhouse gas emissions wherever practical and is guided by internal policy and guidelines.

Sandfire responsibly and safely manages tailings and has an established management system, to assess, monitor and mitigate risks accordingly. Sandfire manages one active, downstream designed Tailings Storage Facility (TSF) at the DeGrussa Operations. Annual independent geotechnical audits are undertaken in accordance with DMIRS and ANCOLD guidelines. The most recent review was completed in October 2019 and found that the TSF is managed in accordance with the approved design and complies with environmental regulatory approvals.

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

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, other than those described in this report under 'Operational and financial review'.

Significant events after the balance date

Dividends

Subsequent to year-end the Directors of the Company announced a fully franked final dividend on ordinary shares in respect of the 2020 financial year of 14 cents per share. The total amount of the dividend is \$25.0 million based on the shares outstanding as at 30 June 2020. The dividend has not been provided for in the 30 June 2020 Financial Statements.

Likely developments and expected results

The Group will continue to monitor developments and impacts from the COVID-19 pandemic to our operations and business practices. The Group plans to continue mining operations from both the DeGrussa and Monty Copper-Gold Mines as well as continued exploration and evaluation over the Group's areas of interest.

Further comments on likely developments and expected results of certain operations of the Group are included in this financial report under 'Operational and financial review'.

Share options

Unissued shares under option

There were no unissued ordinary shares of the Company under option during the year.

Subsequent to year-end on the 22 July 2020, the Company issued 3,229,130 unlisted Zero Exercise Price Options (ZEPOs) expiring 17 July 2026 to executives and senior managers. Each ZEPO constitutes a right to receive one ordinary share in the capital of Sandfire, subject to meeting certain performance conditions. A further 927,703 ZEPOs are subject to future shareholder approval. For further information on the new remuneration and incentives structure, refer to the ASX announcements on the 22 July 2020.

Directors' Report

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 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 such proceedings or claim brought against Sandfire Resources Limited 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). However, the indemnity does not apply to any loss in respect of any matters which are finally determined to have resulted from Ernst & Young's negligent, wrongful or willful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the end of 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 Secretaries. 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.

Rounding

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

Non-audit services

The following non-audit services were provided to the Group by the Company's auditor, Ernst & Young. 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 received or are due to receive the following amounts for the provision of non-audit services:

	2020 \$
Taxation services	84,803
Other advisory services	5,903
	90,706

Directors' Report

Auditor's Independence Declaration

The Directors received the following declaration from the auditor of Sandfire Resources Limited.



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 audit of the financial report of Sandfire Resources Limited for the financial year ended 30 June 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 audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

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

The Ernst & Young logo, featuring the letters 'Ernst & Young' in a cursive script above the text 'Ernst & Young' in a sans-serif font.

Ernst & Young
Ernst & Young

A handwritten signature in black ink, appearing to read 'F Drummond'.

F Drummond

F Drummond
Partner

26 August 2020

Directors' Report

Letter from the Chairman of the People and Performance Committee

Dear Shareholders,

On behalf of the Board of Directors of Sandfire Resources Ltd, I am pleased to provide you with the Remuneration Report for the year ended 30 June 2020, for which we will seek your approval at the next annual general meeting.

Operational performance

FY2020 was another year of strong performance for the Group delivering on several key growth initiatives to support future shareholder value growth. This performance was a direct result of the considerable efforts of our entire Sandfire team, led by our Executives.

The Group has delivered continued profitability from its DeGrussa Operations in Western Australia which continues to operate at full capacity, with mining, processing and concentrate sales in line with, or exceeding, market guidance. This strong operational performance led to record production and cost performance for FY2020.

This success has positioned the business for future growth through the progression of important production pipeline assets, whilst ensuring the Company's balance sheet remained strong. We completed the acquisition of MOD Resources Ltd and its Tshukudu Project in Botswana. The T3 Copper-Silver Project feasibility study optimisation is continuing and we have seen significant exploration success in the Kalahari Copper Belt.

We also announced a positive Record of Decision for permitting of our Black Butte Copper Project, located in Montana, USA.

Our people and management of COVID-19

The safety of our people is always our primary concern and is a key measure of performance for everyone at Sandfire. Pleasingly, our total recordable injury frequency rate per million hours worked (TRIFR) reduced to 5.8 at 30 June 2020 from 6.2 at 30 June 2019 and 7.3 from the beginning of the short-term incentive assessment period.

The COVID-19 pandemic has created significant uncertainty and has tested Sandfire's business, its people and culture. It is pleasing to note that the Company's performance has remained strong throughout this challenging period. Our staff have dealt professionally with the direct and indirect risks, impacts and challenges that this unprecedented pandemic has brought and this response has ensured that our employees remained healthy and had limited disruption to work.

For more detail on the Company's performance, please refer to our Operational and financial review within the Directors' Report.

Remuneration outcomes in FY2020

We continue to ensure that remuneration outcomes reflect the performance of the Group and are aligned to shareholder's experience over short and long term timeframes. The key remuneration outcomes for the 2020 financial year included:

- **Executive fixed remuneration**
 - The CEO fixed remuneration continues unchanged since 2014. The Executive salary of Mr Matthew Fitzgerald (CFO and Company Secretary) was increased by 19.8% per annum to reflect the increased breadth, accountability and complexity of his role driven by the establishment of a streamlined 3-member Executive Committee structure.
- **Executive incentives**
 - Short-term incentives (STI): Recognising the Company's strong operational and acquisition performance and his leadership during 2020, the Board awarded 83% of the maximum annual STI opportunity to the Managing Director and CEO, Mr Karl Simich. Awards of 75% and 90% were made to Mr Jason Grace (COO) and Mr Matthew Fitzgerald respectively.
 - Long-term incentives (LTI): Independent assessment of the three year performance period 1 July 2017 to 30 June 2020 established that Sandfire achieved a total shareholder return (TSR) of negative 6.78% and ranking 20th out of 31 peer companies. This performance has resulted in 0% of the 3-year 2017 LTI award vesting.
- **Board and Committee fees**
 - There was no change to base or committee fees for the Chairman and NEDs during the financial year.



Directors' Report

Remuneration changes implemented in FY2020

Historically, Sandfire has set STI targets and assessments on the basis of calendar years. Throughout the strategic review process during FY2020, detailed below, the Board determined that STI achievement should be aligned with the Company's financial year. In order to satisfy the transition from calendar year to financial year assessment, we implemented an 18 month STI award period to 30 June 2020 aligned with the key measures of success of the Company, outlined in section 3 of the Remuneration Report. The maximum opportunity for STI awards during this 18-month period was 60% of total fixed remuneration (TFR).

This change was a result of market research and aligns with work undertaken by independent remuneration advisors during FY2020 and positions Sandfire to attract, motivate and retain talented employees as the Company works toward execution of set strategic objectives across its emerging global asset portfolio.

Remuneration in FY2021

On 1 July 2020, we announced details of a Board Succession Plan, senior management restructure and other corporate and strategic organisational changes designed to ensure the Company is appropriately structured and resourced for its next growth phase. The changes follow a detailed strategic and structural review which has confirmed Sandfire's key growth objective as it makes the transition from a single-mine company into an international, multi-asset base and precious metals producer.

The key elements of the strategic plan recognise the Company's international expansion plans, while also renewing its efforts to deliver both organic and inorganic growth opportunities. The elements of the strategic growth plan are to:

1. Execute delivery;
2. Build a sustainable production profile;
3. Accelerate discovery;
4. Align and empower our people; and
5. Optimise capital structure.

In light of the evolving nature and global diversification of the business and changing market trends in recent years, the Board undertook a review of the remuneration framework. The new framework is aligned with the outcomes of the strategic review, and is designed to align the key milestones required for the development of a sustainable production profile across multiple jurisdictions with Executive remuneration.

The enhanced framework, designed with the assistance of independent remuneration advisors, recognises that the development and implementation of a sustainable production profile across the Group's global asset portfolio requires a longer-term horizon, driven by both short and medium term project planning and execution activities. It aligns both STIs and LTIs to financial year objectives, targets and measures. This reflects and better aligns with our annual market production and guidance cycle and further enhances alignment with project development milestones.

STI Plan

STI performance measures for FY2020 have been weighted towards growth, exploration, people and culture. This has represented a period over which the Company has revised its strategy and structure, integrated the acquisition of MOD Resources Ltd and required an establishment of its core people and structures as the basis to deliver additional value for shareholders beyond the currently known mine life at the DeGrussa Operation.

The revised STI Plan targets for Executives are equally weighted between individual and Group-wide KPIs (50% each), with an increased focus on operating, financial and ESG performance. At senior manager level they are weighted more towards individual and asset-level KPIs.

The STI Plan is further separated into a short-term cash incentive and a deferred short-term equity incentive. This aids retention and further improves alignment of participant outcomes with shareholder outcomes at the end of the deferral period. STI targets will be set and assessed annually with Executives having a maximum cash opportunity of 30% of TFR and a 12 month deferred equity opportunity of 30% of TFR.

Directors' Report

LTI Plan

The revised LTI Plan seeks to align the Executive and senior management group and ensure they are focused on a single set of consistent and clearly defined LTI objectives. It is also designed to recognise that the achievement of these plans is in the context of a higher than previously experienced company risk profile as it expands internationally.

The strategic growth plan considers the planned development of projects across multiple global jurisdictions over defined time horizons. As such, the plan requires an aligned approach to long-term incentives and performance evaluation. The Board has structured a framework to incentivise, retain and reward management for achieving this business step-change, the results of which will be evident at the end of a four-year period.

With these changes comes a revised mindset, with Executives forgoing the opportunity to participate in annual equity awards and deferring vesting of awards in line with actual, rather than interim, delivery of the Company's strategic projects. Informed by the strategic review process, external independent advice and its own deliberations, the Board has implemented a four year front-loaded LTI equity incentive opportunity to tie Executives' awards to the strategic performance cycle and create a strong motivational and retention mechanism.

While the revised LTI Plan is considered to be appropriate for the business at this time, the Board's intention for the LTI Plan is to transition into an annual LTI grant to coincide with the completion of this transformational period.

The Board remains committed to a remuneration framework that supports the Company's strategic objectives, effectively aligns performance and reward outcomes and motivates Executives to pursue the long-term growth of the Company.

We value our shareholders' support and we continue to regularly engage with and provide ongoing updates and dialogue to our shareholders.

On behalf of the Board, I invite you to review the full report and thank you for your ongoing support of Sandfire.

Yours sincerely,



Paul Hallam

Chairman of the People and Performance Committee

Directors' Report

Remuneration report (audited)

1. Remuneration report overview

The Directors of Sandfire Resources Ltd present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2020. This Report for the Group forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*.

The report details the remuneration arrangements for Sandfire's key management personnel (KMP):

- Non-Executive Directors (NEDs); and
- Executive Directors and Senior Executives (collectively the Executives).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

The table below outlines the KMP of the Group and their movements during FY2020.

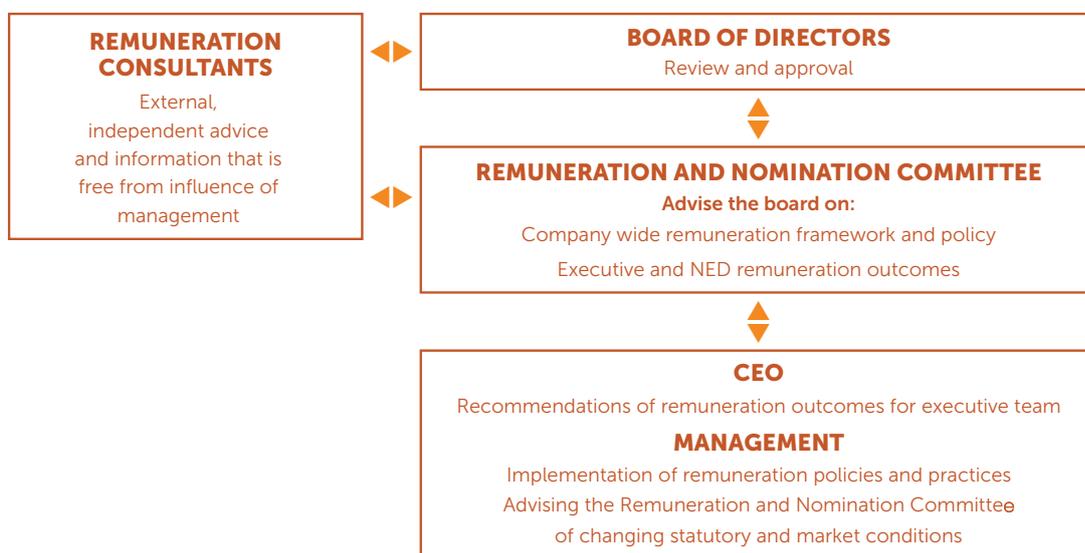
Name	Position	Term as KMP
Non-Executive Directors		
Derek La Ferla	Independent Non-Executive Chairman	Full financial year
Robert Scott	Independent NED	Full financial year
Paul Hallam	Independent NED	Full financial year
Maree Arnason	Independent NED	Ceased 30 June 2020
Roric Smith	Independent NED	Full financial year
Executive Director		
Karl Simich	Managing Director and Chief Executive Officer	Full financial year
Senior Executives		
Jason Grace	Chief Operating Officer	Appointed 23 September 2019
Matthew Fitzgerald	Chief Financial Officer and Company Secretary	Full financial year
Richard Beazley	Chief Operating Officer	Ceased 20 September 2019
Robert Klug	Chief Commercial Officer	Ceased 20 January 2020

Ms Sally Langer was appointed to the position of Independent Non-Executive Director on 1 July 2020, after the reporting date and before the date the financial report was authorised for issue. There were no other changes to KMP in this time.

2. How remuneration is governed

2.1 Remuneration decision making

The following diagram presents the Group's remuneration decision making framework during FY2020.



Directors' Report

Remuneration report (continued)

The Remuneration and Nomination Committee (Committee) was in place for the full financial year. Subsequent to year end and in line with the Company's strategic review, the Board resolved to establish a revised committee structure, effective 1 July 2020. The revised board committees and structure are set out in the Directors' Report.

The Committee consists solely of NEDs and operates under a Board-approved Charter. Non-committee members, including the CEO, only attend meetings of the Committee at the invitation of the Committee Chair as appropriate, but have no vote on matters before the Committee.

The Committee provides assistance and recommendations to the Board to ensure that it can fulfill its responsibilities. This includes ensuring remuneration decisions are appropriate from the perspectives of business performance, Executive performance, governance, disclosure, reward levels and market conditions. Specifically, the Committee determined the performance targets, extent of the Executives' achievements and the remuneration outcomes.

In fulfilling its role, the Committee is specifically concerned with ensuring that Sandfire's remuneration framework will:

- Motivate the Executive team to pursue the long-term growth and success of Sandfire;
- Represent a strong alignment between pay and performance;
- Support equity and fairness across all levels of the organisation; and
- Support Sandfire's purpose and values and incentivise for behaviours within the Company's risk profile.

More details on the Company's governance framework including the revised board committee structure and related committee charters are available on the Governance page of the Company's website at www.sandfire.com.au.

2.2 Remuneration advisors

The Committee has access to adequate resources to perform its duties and responsibilities, including the authority to seek and consider advice from independent remuneration professionals to ensure that they have all of the relevant information at their disposal to determine KMP remuneration.

The Committee has established protocols to ensure that if remuneration recommendations, as defined by the *Corporations Act 2001*, 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.

During 2020, the Committee engaged the services of BDO Reward (BDO) to review the Company's Executive and Non-Executive Director remuneration framework, undertake a market benchmarking review of remuneration and to assist with the implementation of the changes to the Executive Remuneration Framework outlined elsewhere in this report.

The work completed by BDO included making remuneration recommendations and the Committee is satisfied that the advice received from BDO was free from bias and undue influence. The remuneration recommendations were provided to the Committee as input into decision making only. The Committee considered the recommendations, along with other factors, in making its remuneration decisions. The fees paid to BDO for the remuneration recommendations were \$68,562 (excluding GST).

In addition to providing remuneration recommendations, BDO provided advice on other aspects of remuneration for our employees and various other advisory services. BDO was paid a total of \$36,000 (excluding GST) for these services.

The Committee also engaged The Reward Practice for services to determine the level of relative total shareholder return (TSR) performance against the selected comparator group with respect to the Company's Long-Term Incentive (LTI) Plan. This work did not incorporate providing the Committee with any remuneration recommendations as defined by the *Corporations Act 2001*.

2.3 Securities Trading Policy

Sandfire's Securities Trading Policy provides clear guidance on how Company securities may be dealt with and applies to the NEDs, Executives and all other personnel of the Company including employees and contractors.

The Securities Trading Policy details acceptable and unacceptable periods for trading in Company securities including the consequences of breaching the policy. The policy also sets out a specific governance approach for how Directors and Executives can deal in Company securities.

The policy can be found on the Governance page of the Company's website at www.sandfire.com.au.

Directors' Report

Remuneration report (continued)

2.4 Minimum shareholding requirements

As at the date of this report, the Company does not have a minimum shareholding requirement for KMP, including Executives and NEDs. The Committee reviews the position relating to minimum shareholding annually and if considered appropriate will introduce a formal policy and targets.

2.5 Remuneration report approval at FY2019 Annual General Meeting (AGM)

The remuneration report for FY2019 received positive shareholder support at the FY2019 AGM with a vote of 99% in favour.

3. Executive remuneration policy and practices

Sandfire's Board is committed to delivering remuneration strategy outcomes that:

- Align the interests of Executives with shareholders and further our key business drivers;
- Attract, motivate and retain high performing Executives; and
- Reflect our business performance and sustainability.

The remuneration strategy identifies and rewards high performers and recognises the contribution of each employee to the continued growth and success of the Group. The elements of the executive remuneration framework and its connection to Sandfire's key measures of success are summarised below.

Remuneration changes implemented in FY2020

Historically, Sandfire has set short-term incentive (STI) targets and assessments on the basis of calendar years. Throughout the strategic review process in FY2020, the Board determined that STI achievement should be aligned with the Company's financial year. In order to satisfy the transition from calendar year to financial year assessment, Sandfire implemented an 18 month STI award period to 30 June 2020 aligned with the key measures of success and key performance indicators (KPIs) as detailed in the table below.

For FY2020, these KPIs have been weighted towards growth, exploration, people and culture. This has represented a period over which the Company has revised its strategy and structure, integrated the acquisition of MOD Resources Ltd and required an establishment of its core people and structures as the basis to deliver additional value beyond the currently known mine life at the DeGrussa Operation.

The maximum opportunity for STI awards during this period is 60% of total fixed remuneration (TFR) (over the 18 month transition period). This change was a result of market research and aligns with work undertaken by independent remuneration advisors during FY2020 and positions Sandfire to attract, motivate and retain talented employees as the Company works toward execution of set strategic objectives across its global asset portfolio.

Directors' Report

Remuneration report (continued)

KEY MEASURES OF SUCCESS

OPERATIONAL EXCELLENCE

Pursue operating excellence to produce base and precious metals profitably from our operations for the benefit of our shareholders and stakeholders.

EXPLORATION & GROWTH

Acquire and explore properties and projects in locations considered highly prospective for significant economic discoveries.

PEOPLE

Ensure our people are well supported and we embody a positive culture that fosters collaboration and excellence while providing individual opportunities.

HEALTH & SAFETY

Ensure a health and safety culture which positively influences all employees, contractors and visitors as well as all who may be affected by our business operations.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Excellence in management of environmental, social and governance performance and prioritisation of effective stakeholder relationships as intrinsic to our social licence to operate.

FINANCIAL STRENGTH

Optimise profitability through effective operating practices and cost consciousness.

REMUNERATION PRINCIPLES

Align the interests of Executives with shareholders

- Short-term incentive (STI) and long term incentive (LTI) plans have significant at risk components.
- Executive performance assessed against measures of shareholder return.

Attract, motivate and retain high performing individuals

- Competitive fixed remuneration at the median to upper quartile for the industry.
- STI Plan rewards achievement of measures within the Executive's line of sight, providing a framework for delivering long term value.
- LTI Plan encourages retention and multi-year performance focus.

Measure and reward performance relevant to Group success

- Suite of financial and non-financial Key Performance Indicators (KPIs).
- Regular performance reviews.

REMUNERATION COMPONENTS

FIXED REMUNERATION

Comprises base salary and superannuation contributions

VARIABLE REMUNERATION

Significant at risk components

STI PLAN

Cash and superannuation
Reward is determined by performance against financial and non-financial KPIs

Performance Measure KPIs

Individual KPIs assessed over an 18 month period



Other Executives
KPIs cascade to each of the CEO's direct reports

- Health & Safety **10%**
- Operational Excellence & Financial Strength **15%**
- Exploration & Growth **15%**
- People (Culture, Communication & General Management) **45%**
- Environmental, Social & Governance **15%**

STI at Risk

60% of TFR

LTI PLAN

Annual grant of performance rights
Vesting of grant is subject to the achievement of relative Total Shareholder Return (TSR) hurdles

Performance Measure

Relative TSR performance measure (100%) compared to companies comprising the ASX200 Resources Index (ASX: XJR).

LTI at Risk

CEO
100% of TFR

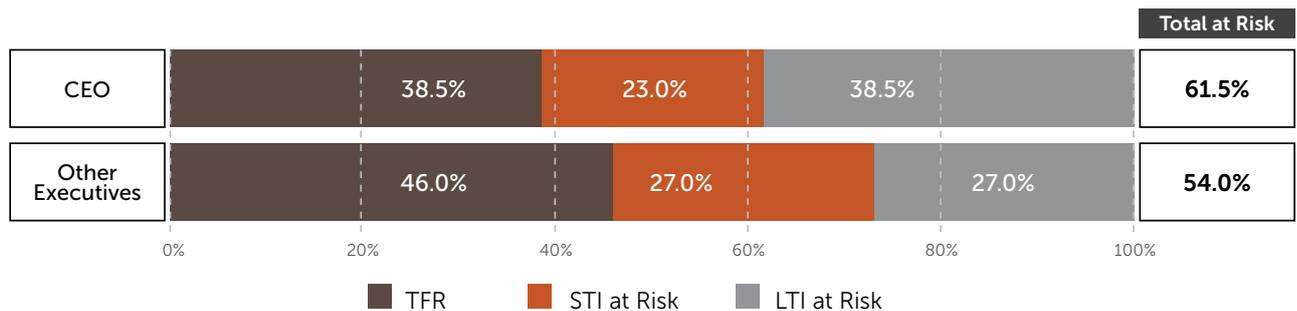
Other Executives
60% of TFR

Directors' Report

Remuneration report (continued)

3.1 2020 Executive remuneration mix

The mix of fixed and at-risk remuneration varies depending on the role and grading of the Executive. More senior positions have a greater proportion of at risk remuneration. The chart below shows the remuneration mix for exceptional performance when maximum at risk remuneration is earned for both the CEO and his direct reports in FY2020.



3.2 Total Fixed Remuneration (TFR) and market positioning of TFR

Sandfire has adopted a market positioning strategy designed to attract and retain talented employees, and to reward them for delivering strong performance. The market positioning strategy also supports fair and equitable outcomes between employees.

TFR acts as a base-level reward and includes cash, compulsory superannuation and any salary-sacrificed items (including FBT if applicable) and is reviewed annually. Sandfire has set the baseline TFR benchmark for Executives (other than the CEO) at the 75th percentile of the defined market. For the CEO, the baseline TFR benchmark is the 85th percentile. The Board considers variations to the benchmark based on:

- the size and complexity of the role, including role accountabilities;
- the criticality of the role to successful execution of the business strategy;
- skills and experience of the individual;
- period of service; and
- market pay levels for comparable roles.

When determining the relevant market for each role, Sandfire considers the companies from which it sources talent, and to whom it could potentially lose talent. From time to time, the Committee engages independent remuneration advisors to provide remuneration advice, including benchmarking data, as input into setting remuneration for Executives.

3.3 Short Term Incentive (STI) Plan: Key questions and answers on how it works

Why does the Board consider an STI Plan is appropriate?	The purpose of the STI Plan is to make a proportion of the total remuneration package subject to meeting various short-term targets linked to Sandfire's key measures of success, thereby strengthening the link between pay and performance. The STI Plan is designed to focus and motivate Executives to achieve outcomes beyond the standard expected in the normal course of employment.
How is it paid?	STI awards are paid in cash.
What is the performance period and how much can the Executive earn?	In order to satisfy the transition from calendar year to financial year assessment, the Company implemented an 18 month STI award period for FY2020, 1 January 2019 to 30 June 2020. Refer to section 3 of the Remuneration Report for more details. The effective maximum STI opportunity for the 18 month transition period is 60% of TFR. STI award potentials are pro-rated for the period of service and the actual outcome depends on the Executive's performance level of achievement against each key performance indicator (KPI).

Directors' Report

Remuneration report (continued)

How is performance measured?	<p>The Board sets and assesses the KPIs applicable to the CEO. The CEO sets and assesses the KPIs for other Senior Executives.</p> <p>KPIs cover Group and individual objectives that are financial and non-financial and reflect the Group's key measures of success and the Group's core values.</p> <p>For FY2020, the performance conditions that determined STI outcomes have been weighted towards growth, exploration, people and culture. This has represented a period over which the Company has revised its strategy and structure, integrated the acquisition of MOD Resources Ltd and required an establishment of its core people and structures as the basis to deliver additional value beyond the currently known mine life at the DeGrussa Operation. The STI performance measures were chosen as they reflect the key drivers of short-term performance and also provide a framework for delivering sustainable, long-term value to Sandfire and its shareholders.</p> <p>Refer to Table 2 in section 4.3 for a list of the CEO's KPIs, including relative weightings and commentary on the performance assessment and achievements.</p>														
What are the performance levels for KPIs?	<p>The KPIs have a range of pre-determined performance levels, which are detailed below.</p> <table border="1" data-bbox="427 808 1394 981"> <tr> <td>Threshold</td> <td>Represents the minimum level of performance required for an STI award to be paid. Performance below this level results in a nil outcome.</td> </tr> <tr> <td>Target</td> <td>Represents the achievement of planned performance, set at a challenging level.</td> </tr> <tr> <td>Stretch</td> <td>Represents exceptional performance, set at a stretch level.</td> </tr> </table> <p>Each KPI has a weighting (% of STI) and is individually assessed against the pre-determined performance levels, to achieve an STI award outcome. Consistent ratings at each performance level for the set KPIs would result in the following STI award.</p> <table border="1" data-bbox="427 1093 1394 1238"> <thead> <tr> <th>Performance Level</th> <th>STI award (% of TFR)</th> </tr> </thead> <tbody> <tr> <td>Threshold</td> <td>30.00%</td> </tr> <tr> <td>Target</td> <td>45.00%</td> </tr> <tr> <td>Stretch</td> <td>60.00%</td> </tr> </tbody> </table>	Threshold	Represents the minimum level of performance required for an STI award to be paid. Performance below this level results in a nil outcome.	Target	Represents the achievement of planned performance, set at a challenging level.	Stretch	Represents exceptional performance, set at a stretch level.	Performance Level	STI award (% of TFR)	Threshold	30.00%	Target	45.00%	Stretch	60.00%
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Stretch	Represents exceptional performance, set at a stretch level.														
Performance Level	STI award (% of TFR)														
Threshold	30.00%														
Target	45.00%														
Stretch	60.00%														
How is STI assessed?	<p>The Chairman of the Board reviews the CEO's performance against the performance targets and objectives set for that year. The CEO assesses the performance of the Senior Executive team as he has oversight of his direct reports and the day to day functions of the Company.</p> <p>The performance assessment of the CEO and other Senior Executives are reviewed and approved by the Remuneration and Nomination Committee, reporting to the Board.</p>														
What happens to STI awards when an executive ceases employment?	<p>If the Executive's employment is terminated for cause, no STI will be paid.</p> <p>If the Executive resigns before the end of the performance period, the STI may be granted on a pro-rata basis in relation to the period of service completed, subject to the discretion of the Board and conditional upon the individual performance of the Executive.</p>														
Is there an overriding performance condition or clawback provision?	<p>Yes. The Board has the discretion not to pay or reduce the amount of the STI otherwise payable, taking into consideration the interests of the Company and its shareholders.</p> <p>In the event of a critical or serious safety incident, the Board will assess all available information relating to the incident and apply discretion where appropriate.</p> <p>In the event of serious misconduct or a material misstatement in the Company's financial statements, the Board may cancel the STI payment and may also clawback STI payments paid in previous financial years, to the extent this can be done in accordance with the law.</p>														
Are any STI payments deferred?	<p>STI awards in FY2020, with a performance period from 1 January 2019 to 30 June 2020, did not have a deferral component.</p> <p>Following the strategic review undertaken in FY2020, the Board resolved that the STI Plan for FY2021 will defer 50% of any award into equity for a 12 month period. This aids retention and further improves alignment of participant outcomes with shareholder outcomes at the end of the deferral period.</p>														

Directors' Report

Remuneration report (continued)

3.4 Long Term Incentive (LTI) Plan: Key questions and answers on how it works

<p>Why does the Board consider a LTI Plan to be appropriate?</p>	<p>The Board believes that a LTI Plan can:</p> <ul style="list-style-type: none"> • Focus and motivate Executives to achieve outcomes that are aligned to optimising shareholder value; • Ensure that decisions and strategic planning have regard to the Group's long-term performance; • Be consistent with 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 share price and returns to shareholders.
<p>How is the award delivered?</p>	<p>Awards are in the form of performance rights (Rights) over ordinary shares in the Company for no consideration. The Rights carry neither rights to dividends or voting.</p>
<p>How often are awards made and was an award made in FY2020?</p>	<p>Awards are made annually at the discretion of the Board.</p> <p>Rights were granted to Mr Simich (CEO) following shareholder approval at the Company's AGM on 27 November 2019. The grant related to the FY2019 award of Rights to Mr Simich.</p> <p>Rights were also issued to Mr Grace on the commencement of his employment with the Company as Chief Operating Officer on 23 September 2019.</p>
<p>What is the quantum of the award and what allocation methodology is used?</p>	<p>The quantum of Rights granted to an Executive is determined by the Executive's TFR; the applicable multiplier; and the face value of Sandfire shares, calculated as the 5 day volume weighted average price (VWAP) immediately prior to grant date.</p> <p>The CEO's maximum potential award is 100% of TFR. For other Senior Executives, it is 60% of TFR.</p>
<p>What are the performance conditions?</p>	<p>The performance condition for the FY2020 award is Relative Total Shareholder Return (TSR) of Sandfire measured against a comparator group constituting companies in the ASX200 Resources Index (ASX: XJR).</p> <p>There is also a service condition that is met if employment with Sandfire is continuous for the period commencing on or around the grant date until the date the Rights vest.</p>
<p>What is TSR?</p>	<p>TSR is a method for calculating the return shareholders would earn if they held a notional number of shares over a period of time. TSR measures the growth in a company's share price together with the value of dividends during the period, assuming that all of those dividends are re-invested into new shares.</p>
<p>Why were the performance conditions selected?</p>	<p>The Board reviews the performance conditions annually to determine the appropriate hurdles based on Sandfire's strategy and prevailing market practice.</p> <p>Service based conditions are used to encourage retention.</p> <p>Relative TSR is used because it is an objective measure of security holder value creation, is widely understood and accepted by key stakeholders and it rewards participants for superior performance on matters which they have the ability to influence.</p> <p>Setting long-term incentive targets appropriate for different stages of the mining cycle is complex and challenging. With the identified transformational stage of Sandfire, the structure of future awards from FY2021 has been amended to create stronger alignment with long-term value creation for both the Company and shareholders. These changes are summarised in the Letter from the Chairman of the People and Performance Committee.</p>
<p>Why is the ASX200 Resources Index an appropriate comparator group?</p>	<p>The Board considers the ASX200 Resources Index to be an appropriate comparator group against which Sandfire's performance can be appropriately benchmarked. Benchmarking against comparable companies within the index minimises the impact of fluctuations in commodity price to illustrate how effective management have been in creating value from the Group's assets. Constituents of the ASX200 may be subject to corporate transactions (e.g. mergers and acquisitions) during the performance period and as such may result in a change to the number of companies evaluated at the vesting date.</p>
<p>What is the performance period?</p>	<p>The TSR for Sandfire and comparator group is measured over three financial years commencing 1 July.</p>

Directors' Report

Remuneration report (continued)

What level of relative TSR performance is required for the Rights to vest?	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 51 st percentile or above.										
	<table border="1"> <thead> <tr> <th>TSR of Sandfire relative to comparator group</th> <th>Percentage of Rights that vest</th> </tr> </thead> <tbody> <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> </tbody> </table>	TSR of Sandfire relative to comparator group	Percentage of Rights that vest	Less than 51 st percentile	Nil	51 st percentile	50% of rights vest	Greater than 51 st percentile but less than 75 th percentile	Between 50% and 100% rights vest	Greater than 75 th percentile	100% of rights vest
TSR of Sandfire relative to comparator group	Percentage of Rights that vest										
Less than 51 st percentile	Nil										
51 st percentile	50% of rights vest										
Greater than 51 st percentile but less than 75 th percentile	Between 50% and 100% rights vest										
Greater than 75 th percentile	100% of rights vest										
	The Company employs an independent organisation to calculate the TSR ranking to ensure an objective assessment of the relative TSR comparison.										
When is the LTI Plan scheduled to be reviewed by the Board?	Refer to the Letter from the Chairman of the People and Performance Committee for development for remuneration in FY2021 and beyond.										
What happens to Rights granted under the LTI Plan when an Executive ceases employment?	If the Executive's employment is terminated for cause, or due to resignation, all unvested Rights will lapse, unless the Board determines otherwise. In all other circumstances, unless the Board decides otherwise, a pro-rata portion of the Executive's Rights, calculated in accordance with the proportion of the performance period that has elapsed, will remain on foot, subject to the performance condition as set by the Board. If and when the Rights vest, shares will be allocated in accordance with the plan rules and any other condition of the grant.										
Can Sandfire clawback LTI awards?	In the event of serious misconduct or a material misstatement in the Company's financial statements, the Board may: <ul style="list-style-type: none"> Reset the vesting conditions and/or alter the performance period applying to the award; Deem all awards which have not vested to have lapsed or been forfeited, Deem all or any shares following vesting of an award to have lapsed or been forfeited; and/or Where shares have been allocated to an Executive and have been subsequently sold, require the Executive to repay the net proceeds of such sale to the extent this can be done in accordance with the relevant laws. 										
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 pro-rata vesting.										

4. Executive remuneration outcomes in FY2020

4.1 Company performance

Operational Performance

Group operational performance has continued to be strong for FY2020 with record production and cost performance achieved. Financially, the Group has delivered continued profitability from its DeGrussa Operations in Western Australia which continues to operate at full capacity, with mining, processing and concentrate sales in line with, or exceeding, market guidance.

This success has positioned the business for future growth through the progression of important production pipeline assets including a positive Record of Decision (ROD) for the Black Butte Copper Project in Montana, USA and the acquisition of MOD Resources Ltd and its Tshukudu Projects in Botswana. The T3 Copper-Silver Project feasibility study optimisation continues and exploration success in Botswana is seeing significant results.

Further pleasing results have also been achieved in safety performance and assurance, health and wellbeing, and community programs as the Group has expanded its international reach and profile.

COVID-19 Business response

The global COVID-19 pandemic has impacted the global economy and our communities. The pandemic has introduced a higher level of uncertainty into financial markets, as well as workforces over the short and medium term. The health and wellbeing of our people, contractors and stakeholders is of paramount importance to us and as the impact of COVID-19 continues to evolve, Sandfire has and will continue to proactively implement, protocols to minimise the potential transmission of COVID-19 and protect our staff and operations from any implications that arise from the pandemic.

The response from our people and the measures that we have implemented have ensured that our employees remained healthy and had limited disruption to work. The development timelines for the Group's projects in Botswana and Montana, USA, have been impacted, however the Company and Board remain focused and the progression of these projects continues.

The global COVID-19 pandemic and its various management and operational challenges have tested the Company's business, its people and culture, and it is pleasing to note that the Company's performance has remained strong and resilient throughout this challenging period. The Group has dealt professionally with the direct and indirect risks, impacts and challenges that this unprecedented pandemic has brought, and will continue to do so in FY2021.

Directors' Report

Remuneration report (continued)

The Board has recognised and understands the importance of applying discretion where appropriate in these times, particularly to the outcomes of incentive awards, whilst ensuring that performance is acknowledged and Sandfire is able to retain key employees. Upon review, taking into consideration all of the factors as detailed above, the Board determined that no discretion needed to be applied to any form of remuneration for FY2020 as a result of COVID-19.

A summary of Sandfire's business performance as measured by a range of financial and other indicators, including disclosure required by the *Corporations Act 2001*, is outlined in the table below.

Table 1 – Company performance^(a)

Measure	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20
Net profit (\$'000)	46,370	75,016	120,753	104,013	72,286
Net profit attributable to equity holders of the parent (\$'000)	47,978	77,510	123,024	106,456	74,054
Cash and cash equivalents at year end (\$'000)	66,223	126,743	243,367	247,449	291,142
Secured bank loan balance at year end (\$'000)	(50,000)	-	-	-	-
Net cash inflow from operating activities (\$'000)	133,896	216,138	244,965	210,420	273,592
Basic earnings per share (cents)	30.54	49.16	77.85	65.23	42.88
ASX share price at the end of the year (\$)	5.23	5.65	9.16	6.69	5.07
Dividends per share (cents)	11	18	27	23	19

(a) Refer to the Operational and financial review for commentary on the Group's results, including underlying performance. The comparative information for FY2016 to FY2018 has not been restated following the adoption of AASB 15 and AASB 9 in prior years and the adoption of AASB 16 in FY2020 and continues to be reported under the previous accounting policies.

4.2 Fixed remuneration outcome

The Company implemented a refined senior executive management structure during FY2020, which has seen the establishment of a streamlined Executive Committee (EXCO) consisting of Mr Karl Simich (CEO), Mr Jason Grace (COO) and Mr Matthew Fitzgerald (CFO and Company Secretary). All senior managers now report directly to either Mr Grace or Mr Fitzgerald, who have overall oversight of their respective divisions.

Based on the benchmarking methodology outlined in Section 3.2 of the Remuneration Report and taking into consideration other key factors, including the broadened roles of the executive team, an annual review of TFR was undertaken for each Executive.

The TFR for the Managing Director and CEO, Mr Simich, of \$1,100,000 per annum did not change during FY2020 and has not changed since the 2014 financial year.

Mr Jason Grace was appointed to the role of Chief Operating Officer on 23 September 2019, and his TFR has been set at \$600,000 per annum.

The Board resolved to increase Mr Fitzgerald's TFR to \$565,000 per annum, effective 1 January 2020, reflecting the increase in scale and complexity of his role and to align his TFR to the targeted 75th percentile for comparable roles in peer group companies.

4.3 STI performance and outcomes

In accordance with the procedure set out in Section 3 of the Remuneration Report an assessment was undertaken of the performance of each eligible Executive KMP against their FY2020 KPIs.

The key financial and non-financial objectives and targets for the CEO in FY2020, with commentary on achievements are provided in Table 2 below. The STI award percentages and payments to Executives are presented in Table 3.

Directors' Report

Remuneration report (continued)

Table 2 – Linking reward and performance (CEO performance objectives and outcomes)

KPI and weighting (% of STI)	Objective and Target	Achievement (18-month assessment period ending FY2020)	Outcome
Health and Safety 10%	Zero critical incidents. Demonstrates clear safety leadership and oversees implementation of effective safety systems to Group operations.	Zero critical incidents. TRIFR of 5.8 achieved at 30 June 2020, below 7.3 at beginning of assessment period (31 December 2018). Effective principal hazard risk management strategies introduced and implemented to the Group's Botswana Tshukudu Project.	Target
Operational Excellence and Financial Strength 15%	FY2020 Production Threshold: > 70kt Cu; 38koz Au Target: > 72kt Cu; 40koz Au Stretch: > 75kt Cu; 42koz Au FY2019 Production Threshold: > 63kt Cu; 37koz Au Target: > 65kt Cu; 38koz Au Stretch: > 67kt Cu; 40koz A FY2020 C1 Cost Threshold: < US\$0.95/lb Target: < US\$0.925/lb Stretch: < US\$0.90/lb FY2019 C1 Cost Threshold: < US\$1.05/lb Target: < US\$1.025/lb Stretch: < US\$1.00/lb	FY2020 Production Actual production was 72,238t of contained copper and 42,263oz of contained gold. FY2019 Production Actual production was 69,394t of contained copper and 44,455oz of contained gold. FY2020 C1 Cost C1 cost achieved was US\$0.72/lb. FY2019 C1 Cost C1 cost achieved was US\$0.83/lb.	Stretch
Exploration and Growth 15%	Evaluates and progresses organic growth opportunities and potential new business opportunities, within the framework of the key measures of success of Sandfire and actions new initiatives where appropriate.	Acquisition of MOD Resources Ltd completed. Achieved positive Record of Decision (ROD) for the Group's Black Butte Copper Project located in Montana, USA. Feasibility studies well progressed for the T3 Copper-Silver Project and Black Butte Copper Project. Exploration campaign launched in Kalahari Copper Belt targeting high-grade satellite discoveries with potential to expand the scale of the acquired T3 Copper-Silver Project with significant results to date including A4 discovery.	Mid-point between Target and Stretch
People (Culture, Communication and General Management) 45%	Develops a culture and a participative management style that embraces company values, teamwork, reward for performance, regular communication and feedback from all employees. Provide leadership, guidance and directs the exploration, development and operational activities of the business.	Led the Company's detailed strategic and structural review including refined senior executive management structure as disclosed in this Remuneration Report. Provided effective leadership of the management team, setting a refined focus for the Executive Committee (EXCO).	Target
Environmental, Social and Governance (ESG) 15%	Zero critical incidents. Serve as spokesman for the Company and continue to maintain effective relationships with stakeholders both national and international, which are considered integral to the success of Sandfire. Provide leadership, guidance and direct ESG practices intrinsic to our social license to operate.	Zero critical incidents. Effective stakeholder engagement and continued community investment and partnerships to benefit the host communities where Sandfire operates. Achieved effective engagement with national and international stakeholders, refining existing stakeholder engagement practices into a common procedure to increase efficiency, reporting and outcomes. Transparent and leading sustainability reporting	Stretch

Directors' Report

Remuneration report (continued)

Table 3 – STI award for Executive KMP in FY2020

	STI award \$	Maximum potential value of award \$	Percentage of maximum grant awarded	Percentage of maximum grant forfeited
Karl Simich	545,490	660,000	82.7%	17.3%
Jason Grace ^(a)	171,714	228,822	75.0%	25.0%
Matthew Fitzgerald	281,043	310,995	90.4%	9.6%
Robert Klug ^(b)	110,279	141,143	78.1%	21.9%

(a) Mr Grace commenced as Chief Operating Officer of the Company on 23 September 2019.

(b) Mr Klug ceased to be a KMP on 20 January 2020.

4.4 LTI performance and outcomes

LTI Plan Rights vesting outcomes (performance period 1 July 2017 to 30 June 2020)

For the LTI Plan award made to Executives with a performance period from 1 July 2017 to 30 June 2020, Sandfire's share price decreased from \$5.76 at 3 July 2017 to \$5.07 at 30 June 2020, and together with dividends paid to shareholders delivered a TSR performance of negative 6.78%. The vesting of LTI Rights is based on the Company's TSR performance relative to the companies within the peer group. Sandfire's TSR performance over the past 3 years ranked 20th out of 31 peer companies within the ASX200 Resources Index and based on this performance, 0% of awarded Rights vested.

Volatility in global markets can result in situations where threshold performance measures are not achieved and the Board retains the ability to apply discretion to awards at all times. No such discretion has been applied to the LTI award in FY2020. The past two years have seen 0% of LTI awards vest, and with the identified transformational stage of Sandfire, the structure of future awards from FY2021 has been amended to create stronger alignment with long-term value creation for both the Company and shareholders.

Further details of Rights held by Executives are set out in Table 9 and 10 of the Remuneration Report.

5. Executive contracts

Remuneration arrangements for Executives are formalised in employment agreements or service contracts (contract). The following table outlines the key terms of the contracts with Executives.

Table 4 – Executive key contract provisions

Name	Term of contract	Notice period from the Company ^(a)	Notice period from the Executive	Treatment of STI and LTI upon termination
Karl Simich	Rolling service contract with Resource Development Company Pty Ltd	12 months	6 months	STI payments may be paid on a pro-rata basis or may be forfeited at the discretion of the Board. Rights (LTI Plan): Refer to section 3.
Jason Grace	Ongoing employment agreement	6 months	3 months	STI payments may be paid on a pro-rata basis or may be forfeited at the discretion of the Company.
Matthew Fitzgerald	Ongoing employment agreement	6 months	6 months	Rights (LTI Plan): Refer to section 3.

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

Directors' Report

Remuneration report (continued)

Termination payments

The following arrangements applied to outgoing Executives in office during FY2020.

Mr Robert Klug

- Mr Klug ceased as the Company's Chief Commercial Officer on 20 January 2020. As a result, he received a termination payment of \$372,461 representing a severance payment and payment in lieu of notice.
- LTI Plan Rights issued to Mr Klug during his employment will remain on foot, subject to the performance condition as set by the Board. If and when the Rights vest, shares will be allocated to Mr Klug on a pro-rata basis for the portion of the performance period served.

Mr Richard Beazley

- Mr Beazley ceased as the Company's Chief Operating Officer on 20 September 2019. He was engaged by the Company under a rolling service contract with Altair Mining Consultancy Pty Ltd and did not participate in the Company's STI or LTI Plans. No amounts were payable to Mr Beazley on cessation.

6. Executive remuneration tables

6.1 Executive KMP cash value of remuneration realised in FY2020

The actual remuneration earned during the year in accordance with the *Corporations Act 2001* and accounting standards is outlined in section 6.2 of the Remuneration Report. The cash value of remuneration realised by Executive KMP in FY2020 is set out below. This information is considered to be relevant as it provides shareholders with a view of the 'take home pay' received by Executive KMP in FY2020 and may differ from the remuneration disclosure in the statutory remuneration table.

Table 5 – Executive KMP cash value of remuneration realised in FY2020

	Salary and fees ^(a) \$	Benefits and allowances ^(b) \$	Short-term Incentive ^(c) \$	LTI Plan rights ^(d) \$	Payments on termination \$	Total actual remuneration \$
Current Executives						
Karl Simich	1,100,000	5,052	545,490	-	-	1,650,542
Jason Grace ^(e)	464,631	-	171,714	-	-	636,345
Matthew Fitzgerald	518,322	-	281,043	-	-	799,365
Former Executives						
Richard Beazley ^(f)	111,725	-	-	-	-	111,725
Robert Klug ^(g)	265,350	-	110,279	-	503,340	878,969

(a) Salary and fees comprise base salary and superannuation entitlements. It reflects the total of "Salary and fees" and "Superannuation" in the statutory remuneration table.

(b) Benefits and allowances include the value of motor vehicle insurance provided to Mr Simich. It reflects the same figure that is disclosed in the statutory remuneration table under "Benefits and allowances".

(c) Short-term incentive represents the amount that the Executives earned in the financial year based on achievement of KPIs in accordance with the STI Plan. It includes the entire bonus irrespective of whether it was delivered as cash or superannuation. It reflects the same figures that are disclosed in the statutory remuneration table under "STI payments".

(d) No LTI Plan Rights granted to Executives in prior years vested during the current financial year. This differs from the amount disclosed in the statutory remuneration table, which discloses the value of LTI grants which may or may not vest in future years.

(e) Mr Grace commenced as Chief Operating Officer of the Company on 23 September 2019.

(f) Mr Beazley ceased as Chief Operating Officer of the Company on 20 September 2019. Mr Beazley's fees were paid to Altair Mining Consultancy Pty Ltd and he did not participate in the Company's STI or LTI Plans.

(g) Mr Klug ceased to be a KMP on 20 January 2020. Payments made to Mr Klug on termination comprise the cash value of accumulated annual leave and long service leave entitlements and termination benefits. This differs from the amounts disclosed in the statutory remuneration table.

Directors' Report

Remuneration report (continued)

6.2 Statutory Executive KMP remuneration in FY2020

Table 6 sets out Executive remuneration calculated in accordance with statutory accounting requirements.

Table 6 – Statutory Executive KMP remuneration

Financial year	Short-term benefits			Long-term benefits	Post employment	Share-based payments		Termination payments \$	Total \$	Performance related %	
	Salary and fees \$	Benefits and allowances ^(a) \$	STI Payment ^(b) \$	Long service leave \$	Superannuation \$	LTI Plan rights ^(c) \$	LTI Plan rights/options \$				
Current Executives											
Karl Simich	2020	1,100,000	5,052	545,490	-	-	532,668	-	-	2,183,210	49.38
	2019	1,100,000	32,948	247,500	-	-	654,489	(411,861)	-	1,623,076	N/A
Jason Grace ^(d)	2020	447,610	-	171,714	-	17,021	50,816	-	-	687,161	32.38
Matthew Fitzgerald	2020	497,319	-	281,043	30,779	21,003	164,318	-	-	994,462	44.78
	2019	447,078	-	103,533	6,114	18,820	153,398	34,300	-	763,243	38.16
Former Executives											
Richard Beazley ^(e)	2020	111,725	-	-	-	-	-	-	-	111,725	-
	2019	494,050	-	-	-	-	-	-	-	494,050	-
Robert Klug ^(f)	2020	249,598	-	110,279	25,731	15,752	110,488	-	372,461	884,309	24.96
	2019	425,151	-	108,462	14,756	39,586	148,973	34,300	-	771,228	37.83
Total	2020	2,406,252	5,052	1,108,526	56,510	53,776	858,290	-	372,461	4,860,867	40.46
	2019	2,466,279	32,948	459,495	20,870	58,406	956,860	(343,261)	-	3,651,597	N/A

(a) Benefits and allowances include the value of motor vehicle insurance provided to Mr Simich under the Group's motor vehicle insurance policy, approved as part of Mr Simich's remuneration. The motor vehicle insurance cover provides insurance for privately owned vehicles and Mr Simich has agreed to indemnify the Company for any loss, including premium adjustments and deductibles that may be incurred in connection with providing the insurance.

(b) Includes amounts that were earned in the financial year based on achievement of KPIs in accordance with the STI Plan. It includes the entire amount, irrespective of whether it was delivered as cash or superannuation. No amounts vest in future financial years in respect of the STI Plan and \$516,744 of the total amount recognised was paid in FY2020, with the remainder paid subsequent to year end.

(c) 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 Executive may in fact receive.

(d) Mr Grace commenced as Chief Operating Officer of the Company on 23 September 2019.

(e) Mr Beazley ceased as Chief Operating Officer of the Company on 20 September 2019. Mr Beazley's fees were paid to Altair Mining Consultancy Pty Ltd and he did not participate in the Company's STI or LTI Plans.

(f) Mr Klug ceased to be a KMP on 20 January 2020.

Directors' Report

Remuneration report (continued)

7. Non Executive Director remuneration

7.1 NED remuneration policy and fee structure

Sandfire's NED remuneration policy is designed to attract and retain suitably skilled Directors who can discharge the roles and responsibilities required in terms of good governance, oversight, independence and objectivity. The Board seeks to attract Directors with different skills, experience, expertise and diversity.

Under the Company's Constitution and the ASX Listing Rules, the total annual fee pool for NEDs is determined by shareholders. The current maximum aggregate NED fee pool of \$1,000,000 per annum was approved by shareholders at the 2019 AGM. Within this aggregate amount, NED fees are reviewed annually by the Remuneration and Nomination Committee, and set by the Board.

The Committee reviews NED fees against comparable companies within the broader general industry and taking into account recommendations from independent remuneration advisors. Sandfire has set the baseline TFR benchmark for NEDs at the 75th percentile of the defined market.

There was no changes to NED fees during FY2020.

The table below summarises the annual Board and committee fees payable to NEDs (inclusive of superannuation).

Table 7 – NED fee structure

	Role	2020		Role	2020
Board fees	Chair	\$220,000	Committee fees	Chair	\$20,000
	NED	\$110,000		Member	Nil

The payment of Chair committee fees recognises the additional time commitment required by NEDs who serve in those positions. The Chairman of the Board does not receive additional fees for being a member of any Board committee. NEDs do not receive retirement or termination benefits and do not participate in any incentive plans.

7.2 Total fees paid to NEDs

Table 8 – Statutory NED remuneration

	Financial year	Short-term benefits		Post-employment	Total \$
		Salary and fees \$	Other \$	Superannuation \$	
Derek La Ferla	2020	200,913		19,087	220,000
	2019	200,913		19,087	220,000
Robert Scott	2020	124,361		5,639	130,000
	2019	124,361		5,639	130,000
Paul Hallam	2020	118,721		11,279	130,000
	2019	118,721		11,279	130,000
Maree Arnason ^(a)	2020	118,721		11,279	130,000
	2019	118,721		11,279	130,000
Roric Smith	2020	100,457	^(b) 14,000	9,543	124,000
	2019	100,457		9,543	110,000
Total	2020	663,173	14,000	56,827	734,000
	2019	663,173		56,827	720,000

(a) Ms Arnason resigned as Independent Non-Executive Director on 30 June 2020.

(b) Represents fees paid to a related entity for work beyond services as a NED.

Directors' Report

Remuneration report (continued)

8. Equity instrument reporting

8.1 Rights holdings of Executives

The table below discloses the movements in Rights held by Executives issued under the LTI Plan (refer section 3).

Table 9 – Executive Rights Holdings - LTI Plan

	Balance at 1 Jul 19	Granted as remuneration	Vested	Lapsed ^(a)	Balance at 30 Jun 20 or date ceasing to be a KMP	Unvested	Value of unvested Rights ^(b)
Karl Simich	529,022	^(c) 164,866	-	(216,174)	477,714	477,714	\$1,429,484
Jason Grace ^(d)	-	53,957	-	-	53,957	53,957	\$198,562
Matthew Fitzgerald	173,164	-	-	(53,194)	119,970	119,970	\$476,779
Robert Klug ^(e)	168,718	-	-	(49,046)	119,672	N/A	N/A

(a) This relates to the LTI Plan award made to Executives with a performance period 1 July 2016 to 30 June 2019. Sandfire achieved a TSR of 31.74%, placing it 21st out of 27 companies in the comparator group, resulting in 0% of the award vesting.

(b) This is based on the fair value, at grant date, of Rights that have yet to vest.

(c) This relates to the FY2019 award of Rights to Mr Simich. The Rights were granted on the approval of shareholders at the Company's AGM held on 27 November 2019. If the vesting conditions are achieved, these Rights will vest in FY2023. Refer to Table 10 for details.

(d) Rights were issued to Mr Grace on the commencement of his employment with the Company on 23 September 2019. If the vesting conditions are achieved, these Rights will vest in FY2023. Refer to Table 10 for details.

(e) Mr Klug ceased to be a KMP on 20 January 2020. In accordance with the LTI Plan terms, the Rights issued to Mr Klug will remain on foot, subject to the performance condition as set by the Board. If and when the Rights vest, shares will be allocated to Mr Klug on a pro-rata basis for the portion of the performance period served.

The Rights on foot are disclosed in the table below. Should the Rights not vest, the award will expire.

Table 10 – Executive Rights on foot – LTI Plan

	Grant date	Number of Rights	Fair value of Right ^(a)	Performance and service period	Vesting Outcome
Karl Simich	27 Nov 2019	^(b) 164,866	\$2.45	1 Jul 2019 to 30 Jun 2022	To be determined
	29 Nov 2018	116,650	\$2.72	1 Jul 2018 to 30 Jun 2021	To be determined
	29 Nov 2017	196,198	\$3.61	1 Jul 2017 to 30 Jun 2020	^(c) 0% vested
Jason Grace ^(d)	28 Jun 2019	53,957	\$3.68	1 Jul 2019 to 30 Jun 2022	To be determined
Matthew Fitzgerald	28 Jun 2019	42,414	\$3.68	1 Jul 2019 to 30 Jun 2022	To be determined
	29 Jun 2018	29,278	\$5.38	1 Jul 2018 to 30 Jun 2021	To be determined
	30 Jun 2017	48,278	\$3.38	1 Jul 2017 to 30 Jun 2020	^(c) 0% vested

(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 Executive may in fact receive.

(b) This relates to the FY2019 award of Rights to Mr Simich. The Rights were granted on the approval of shareholders at the Company's AGM held on 27 November 2019.

(c) For the LTI Plan award made to Executives with a performance period 1 July 2017 to 30 June 2020, Sandfire achieved a TSR of negative 6.78%, placing it 20th out of 31 companies in the comparator group, resulting in 0% of the award vesting subsequent to year end.

(d) Rights were issued to Mr Grace on the commencement of his employment with the Company on 23 September 2019. The grant date listed in Table 10 reflects the date used for the valuation of the Rights in accordance with AASB 2 and differs from the issue date. Refer to Note 27 to the Financial Report for details. The service period for the Rights issued to Mr Grace is the period from the commencement of his employment on 23 September 2019 until the date the Rights vest.

Directors' Report

Remuneration report (continued)

8.2 Shareholdings of KMP

The following table discloses the movements in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties.

Table 11 – Shareholdings of KMP

	Balance at 1 Jul 19 or date becoming a KMP	Purchases	Received on the vesting of Rights	Net other movements	Balance at 30 Jun 20 or date ceasing to be a KMP
Non-Executive Directors					
Derek La Ferla	21,668	-	-	-	21,668
Robert Scott	5,000	-	-	-	5,000
Paul Hallam	-	10,000	-	-	10,000
Executives					
Karl Simich	4,799,751	100,300	-	-	4,900,051
Robert Klug ^(a)	500	-	-	-	500

(a) Mr Klug ceased to be a KMP on 20 January 2020.

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. The transactions with related parties are made on terms no worse than those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables.

Table 12 – Other transactions with KMP and their related entities

KMP and their Director related entity	Transaction	Note	Transaction value 30 Jun 2020 \$	Balance outstanding 30 Jun 2020 \$
Karl Simich <i>Tongaat Pty Ltd</i>	Lease of corporate office parking premises	(a)	9,600	-
Karl Simich <i>Resource Development Company Pty Ltd</i>	Lease of corporate office parking premises	(a)	9,300	-
Karl Simich <i>Resource Development Company Pty Ltd</i>	Corporate administrative, clerical and accounting services	(b)	724,588	54,989
			743,488	54,989

(a) The Company leases parking bays located in West Perth from Tongaat Pty Ltd and Resource Development Company Pty Ltd to provide parking to Sandfire staff. The parking bays are leased on independently assessed market rates.

(b) The Company's related party transactions with Resource Development Company Pty Ltd relate to essential services as identified by Sandfire and include the provision of staff for corporate administrative, clerical and accounting services. Through these agreements all transactions are carried out at cost, with no profit margin applicable. The director of these private companies, as such, does not profit from any arrangement with the Company.

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, 26 August 2020

Consolidated Income Statement

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Revenue	4	656,753	592,211
Other gains / (losses)		338	(151)
Changes in inventories of finished goods and work in progress		8,641	11,052
Mine operations costs		(142,602)	(134,694)
Employee benefit expenses	5	(48,146)	(41,699)
Freight expenses		(45,397)	(46,693)
Royalties expenses		(32,959)	(30,214)
Exploration and evaluation expenses		(49,566)	(48,653)
Administrative expenses		(8,231)	(7,305)
Impairment expenses	20	(23,575)	-
Depreciation and amortisation expenses	19	(201,435)	(140,798)
Profit before net finance expense and income tax expense		113,821	153,056
Finance income	6	2,905	7,603
Finance expense	6	(5,583)	(2,020)
Net finance (expense) / income		(2,678)	5,583
Profit before income tax expense		111,143	158,639
Income tax expense	7	(38,857)	(54,626)
Net profit for the year		72,286	104,013
Attributable to:			
Equity holders of the parent		74,054	106,456
Non-controlling interests		(1,768)	(2,443)
		72,286	104,013
Earnings per share (EPS):			
Basic EPS attributable to ordinary equity holders (cents)	8	42.88	65.23
Diluted EPS attributable to ordinary equity holders (cents)	8	42.88	65.23

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

Consolidated Statement of Other Comprehensive Income

For the year ended 30 June 2020

	2020 \$000	2019 \$000
Net profit for the year	72,286	104,013
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations, net of tax	(13,383)	234
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair value of equity investments carried at fair value through other comprehensive income, net of tax	2,842	1,180
Other comprehensive income for the year, net of tax	10,541	1,414
Total comprehensive income for the year, net of tax	61,745	105,427
Attributable to:		
Equity holders of the parent	63,470	107,898
Non-controlling interests	(1,725)	(2,471)
	61,745	105,427

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

Consolidated Balance Sheet

As at 30 June 2020

	Note	2020 \$000	2019 \$000
ASSETS			
Cash and cash equivalents	9	291,142	247,449
Trade and other receivables	16	26,628	15,325
Inventories	17	53,695	45,143
Income tax receivable	7	16,347	-
Other current assets		5,314	3,626
Total current assets		393,126	311,543
Financial investments	14	42,014	19,617
Receivables		251	526
Inventories	17	-	11,698
Exploration and evaluation assets	18	170,504	25,975
Property, plant and equipment	19	288,118	366,491
Total non-current assets		500,887	424,307
TOTAL ASSETS		894,013	735,850
LIABILITIES			
Trade and other payables	10	55,011	56,550
Lease liabilities	12	10,047	193
Income tax payable	7	-	833
Provisions	28	7,151	4,822
Total current liabilities		72,209	62,398
Trade and other payables	10	1,563	2,520
Lease liabilities	12	2,443	355
Provisions	28	39,447	30,796
Deferred tax liabilities	7	28,131	35,604
Total non-current liabilities		71,584	69,275
TOTAL LIABILITIES		143,793	131,673
NET ASSETS		750,220	604,177
EQUITY			
Issued capital	11	363,064	242,535
Reserves	11	(8,641)	831
Retained profits		394,596	357,928
Equity attributable to equity holders of the parent		749,019	601,294
Non-Controlling interest		1,201	2,883
TOTAL EQUITY		750,220	604,177

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Issued capital \$000	Foreign currency translation reserve \$000	Retained profits \$000	Other reserves* \$000	Total \$000	Non- controlling Interest \$000	Total equity \$000
At 1 July 2019		242,535	587	357,928	244	601,294	2,883	604,177
Profit for the year		-	-	74,054	-	74,054	(1,768)	72,286
Other comprehensive income		-	(13,426)	-	2,842	(10,584)	43	(10,541)
Total comprehensive income for the period		-	(13,426)	74,054	2,842	63,470	(1,725)	61,745
Transactions with owners in their capacity as owners:								
Issue of shares, net of transaction costs and tax		120,529	-	-	-	120,529	-	120,529
Share based payments		-	-	-	1,175	1,175	6	1,181
Dividends	15	-	-	(37,386)	-	(37,386)	-	(37,386)
Rights issue in controlled entity		-	-	-	(63)	(63)	37	(26)
At 30 June 2020		363,064	(12,839)	394,596	4,198	749,019	1,201	750,220

* Other reserves consists of share-based payments reserve; fair value reserve and equity reserve.

	Note	Issued capital \$000	Foreign currency translation reserve \$000	Retained profits \$000	Other reserves* \$000	Total \$000	Non- controlling Interest \$000	Total equity \$000
At 1 July 2018		235,415	325	292,958	218	528,916	3,135	532,051
Profit for the year		-	-	106,456	-	106,456	(2,443)	104,013
Other comprehensive income		-	262	-	1,180	1,442	(28)	1,414
Total comprehensive income for the period		-	262	106,456	1,180	107,898	(2,471)	105,427
Transactions with owners in their capacity as owners:								
Issue of shares, net of transaction costs and tax		1,000	-	-	-	1,000	-	1,000
Issue of shares under employee awards		6,120	-	-	(877)	5,243	-	5,243
Share based payments		-	-	-	1,320	1,320	4	1,324
Dividends	15	-	-	(41,486)	-	(41,486)	-	(41,486)
Rights issue in controlled entity		-	-	-	(1,597)	(1,597)	2,215	618
At 30 June 2019		242,535	587	357,928	244	601,294	2,883	604,177

* Other reserves consists of share-based payments reserve; fair value reserve and capital reserve.

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
Cash flows from operating activities			
Cash receipts from customers		644,360	590,707
Cash paid to suppliers and employees		(256,127)	(246,061)
Income tax paid		(60,691)	(82,064)
Payments for exploration and evaluation		(57,417)	(56,985)
Interest received		3,467	4,823
Net cash inflow from operating activities	9	273,592	210,420
Cash flows from investing activities			
Payments for exploration and evaluation assets		(7,720)	(825)
Proceeds from sale of property, plant and equipment		157	115
Payments for plant and equipment, including assets under construction		(8,451)	(9,895)
Payments for mine properties		(98,023)	(154,033)
Payments for investments		(24,275)	(5,002)
Proceeds from sale of investments		4,133	-
Net cash paid to acquire MOD Resources Ltd	24	(44,603)	-
Security deposits and bonds		(9)	(40)
Net cash outflow from investing activities		(178,791)	(169,680)
Cash flows from financing activities			
Net proceeds from share issue in controlled entity		-	789
Proceeds from exercise of options		381	5,263
Share issue costs		-	(110)
Repayment of lease liabilities principal		(13,765)	(346)
Interest and financing costs		(985)	(162)
Other		588	-
Cash dividends paid to equity holders		(37,386)	(41,486)
Net cash outflow from financing activities		(51,167)	(36,052)
Net increase in cash and cash equivalents		43,634	4,688
Net foreign exchange differences		59	(606)
Cash and cash equivalents at the beginning of the period		247,449	243,367
Cash and cash equivalents at the end of the period	9	291,142	247,449

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

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Index – notes to the Consolidated Financial Statements

	Page
Corporate information and basis of preparation	
1. Corporate information	113
2. Basis of preparation	113
Segment information	
3. Segment information	118
Results for the year	
4. Revenue	120
5. Expenses	121
6. Finance income and finance expenses	122
7. Income tax	122
8. Earnings per share (EPS)	125
Capital and debt structure	
9. Cash and cash equivalents	126
10. Trade and other payables	127
11. Issued capital and reserves	127
12. Lease liabilities	128
13. Financial risk management objectives and policies	129
14. Fair value measurement	131
15. Dividends paid and proposed	133
Invested capital	
16. Trade and other receivables	134
17. Inventories	134
18. Exploration and evaluation assets	135
19. Property, plant and equipment	136
20. Impairment of non-financial assets	138
21. Commitments	139
Group structure and related party information	
22. Information relating to Sandfire Resources Limited (the Parent)	140
23. Information relating to subsidiaries	140
24. Acquisition of MOD Resources Limited	141
25. Deed of Cross Guarantee	142
26. Related party disclosures	144
Other notes	
27. Share-based payments	145
28. Provisions	147
29. Significant events after the reporting date	149
30. Accounting standards and interpretations issued but not yet effective	149
31. Auditor's remuneration	149

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Corporate information and basis of preparation

1 Corporate information

Sandfire Resources Limited (previously Sandfire Resources NL) is a for profit company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX). The consolidated financial statements of Sandfire Resources Limited incorporate Sandfire Resources Limited (the Parent) as well as its subsidiaries (collectively, the Group) as outlined in Note 23. The financial statements of the Group for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 26 August 2020.

The nature of the Group's operations and principal activities are described in the Directors' report. Information on the Group's structure is provided in Note 23. Information on other related party relationships of the Group is provided in Note 26.

2 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 also complies with IFRS as issued by the International Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for trade receivables, cash-settled share-based payments and equity 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.

Other than the changes described below, 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 2019.

From 1 July 2019 the Group applied *AASB 16 Leases* (AASB 16) and early adopted *AASB 2018-6 Amendments to AASB 3 Business Combinations – Definition of a business* (AASB 2018-6) for the first time. The nature and effect of these changes as a result of the adoption of these new and revised standards are described below. Several other new and amended standards and interpretations applied for the first time, but did not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed. Other than the early adoption of AASB 2018-6 the Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective other than as disclosed.

(a) Adoption of AASB 16 Leases

Overview

AASB 16 Leases supersedes AASB 117 Leases, UIG 4 Determining whether an Arrangement contains a Lease, UIG 115 Operating Leases - Incentives and UIG 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model.

The Group adopted AASB 16 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. Under this method, the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings at the date of initial application and comparatives have not been restated. The Group has applied the new definition of a lease to all arrangements still effective at the date of initial application.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases except for lease contracts that have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and for lease contracts for which the underlying asset is of low value (low-value assets).

Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at inception as either a finance lease or operating lease. For operating leases, the leased item was not capitalised and the lease payments were recognised in the consolidated income statement on a straight-line basis.

Upon adoption of AASB 16 for leases that were previously classified as operating leases, the Group has:

- applied the practical expedient exemption for lease contracts that on the date of initial application have a lease term of 12 months or less;
- recognised right-of-use assets based on the amount equal to the lease liabilities with the lease liabilities determined based on the remaining lease payments, discounted using the incremental borrowing rate of 5% per annum at the date of the initial application.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

2 Basis of preparation (continued)

Impact

The Group has lease contracts for various items of mining equipment, motor vehicles and buildings. It does not have any subleases.

The impact of adopting AASB 16 as at 1 July 2019 is set out below:

	\$000
Assets	
Property, plant and equipment - Right-of-use asset	25,421
Liabilities	
Current Interest bearing liabilities	(13,658)
Non-Current Interest bearing liabilities	(11,763)
Net impact on equity	Nil

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments disclosure as of 30 June 2019, as follows:

	\$000
Operating lease commitments as at 30 June 2019 (undiscounted)	28,236
Exclude/deduct	
Commitments relating to unrecognised short-term or low value lease contracts	(2,063)
Include/add	
Existing finance leases	548
Effect of discounting	(1,300)
Discounted recognised lease liabilities as at 1 July 2019	25,421

The presentation of Consolidated Statement of Cash Flows was also impacted with the lease payments now included as part of financing activities rather than as part of operating activities.

Summary of new accounting policy applied from 1 July 2019

Set out below are the new accounting policies of the Group upon adoption of AASB 16:

The Group as a lease assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

2 Basis of preparation (continued)

(b) Early adoption of AASB 2018-6 Amendments to AASB 3 Business Combinations – Definition of a business

Overview

AASB 2018-6 clarifies the definition of a business under AASB 3 *Business Combinations* (AASB 3), with the objective of assisting entities determine whether a transaction should be accounted for as a business combination or as an asset acquisition. These amendments were applied prospectively from 1 July 2019, thus no prior period transactions will be impacted.

Impact

The Group has early adopted and applied AASB 2018-6 from 1 July 2019, which included the assessment of the acquisition of MOD Resources Limited during the period. Adopting AASB 2018-6 resulted in the following clarifications in the definition of a business under AASB 3:

- Clarifying that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Removing the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- Narrowing the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- Adding an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The updated definition of a business including the concentration test within AASB 2018-6 was applied to the acquisition of MOD Resources Limited during the period, which resulted in the transaction being classified as an asset acquisition.

(c) Key estimates and judgements

The preparation of the Group's consolidated financial statement requires management to make judgments in the process of applying the Group's accounting policies and estimates that effect the reported amounts of revenue, expenses, assets and liabilities. Judgements and estimates which are material to the financial report are found in the following notes.

Note		Key estimate or judgement
Note 4	Revenue	<ul style="list-style-type: none">• Price adjustment for estimate of concentrate specifications.• Fair value of receivables is based on the closing forward LME metal price.
Note 7	Income tax	<ul style="list-style-type: none">• The recognition of deferred tax asset depends on the probability of future taxable profits.
Note 14	Fair value measurement	<ul style="list-style-type: none">• Where the fair value of an instrument is not determinable with reference to active market prices, an alternative valuation technique is used to estimate the fair value of the instrument.
Note 18	Exploration and evaluation assets	<ul style="list-style-type: none">• The application of the Group's accounting policy for exploration and evaluation assets requires judgment to determine whether future economic benefits are likely from either future exploitation or sale.
Note 20	Impairment of non-financial assets	<ul style="list-style-type: none">• The recoverable amount of Mine Properties is dependent on the Group's estimate of ore reserves that can be commercially extracted.
Note 28	Provisions	<ul style="list-style-type: none">• Rehabilitation, restoration and dismantling provisions are reassessed at the end of each reporting period. The estimated costs include judgement regarding the Group's expectation of the level of rehabilitation activities that will be undertaken, technological changes, regulatory obligations, cost inflation and discount rates.

(d) Basis of consolidation and business combinations

The consolidated financial statements comprise the financial statements of Sandfire Resources Limited and its subsidiaries it controls (as outlined in Note 23).

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. 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.

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.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

2 Basis of preparation (continued)

(d) Basis of consolidation and business combinations (continued)

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.

The income statement 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 in 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.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is 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.

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 9 Financial Instruments*, is measured at fair value with the changes in fair value recognised in the income statement.

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 fair value of 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.

(e) Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars. Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates, the 'functional currency'. The functional currency of Sandfire Resources Limited 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 income statement.

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.

Group companies

On consolidation, the assets and liabilities of any 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 or the average exchange rates over the reporting period. The exchange differences arising on translation for consolidation purposes are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities 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.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

2 Basis of preparation (continued)

(f) Goods and services taxes (GST)

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 balance sheet. 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.

(g) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant in understanding of the financial statements are provided throughout the notes to the financial statements.

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Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Segment Information

This section contains information which will help users understand how the Group's operating segments are organised, with each segment representing a strategic business.

3 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 Operation	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 in Asia.
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 85% 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 that 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 year ended 30 June 2020	DeGrussa Operation \$000	Black Butte Project \$000	Tshukudu Project \$000	Exploration and Other \$000	Group \$000
Revenue	656,753	-	-	-	656,753
Other gains / (losses)	-	588	-	(250)	338
Changes in inventories	8,641	-	-	-	8,641
Mine operations costs	(142,602)	-	-	-	(142,602)
Employee benefit expenses	(30,054)	(548)	(826)	(16,718)	(48,146)
Freight expenses	(45,397)	-	-	-	(45,397)
Royalties expense	(32,959)	-	-	-	(32,959)
Exploration and evaluation expenses	-	(13,857)	(3,550)	(32,159)	(49,566)
Administrative expenses	-	(1,835)	(876)	(5,520)	(8,231)
Impairment expense	-	-	-	(23,575)	(23,575)
EBITDA	414,382	(15,652)	(5,252)	(78,222)	315,256
Depreciation and amortisation expenses	(197,865)	(268)	(50)	(3,252)	(201,435)
Segment result (EBIT)	216,517	(15,920)	(5,302)	(81,474)	113,821
Finance income					2,905
Finance expense					(5,583)
Profit before income tax					111,143
Income tax expense					(38,857)
Net profit for the year					72,286

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

3 Segment information (continued)

Income statement for the year ended 30 June 2019	DeGrussa Operation \$000	Black Butte Project \$000	Tshukudu Project \$000	Exploration and Other \$000	Group \$000
Revenue	592,211	-	-	-	592,211
Other gains / (losses)	89	-	-	(240)	(151)
Changes in inventories	11,052	-	-	-	11,052
Mine operations costs	(134,694)	-	-	-	(134,694)
Employee benefit expenses	(26,303)	(378)	-	(15,018)	(41,699)
Freight expenses	(46,693)	-	-	-	(46,693)
Royalties expense	(30,214)	-	-	-	(30,214)
Exploration and evaluation expenses	-	(13,387)	-	(35,266)	(48,653)
Administrative expenses	-	(929)	-	(6,376)	(7,305)
EBITDA	365,448	(14,694)	-	(56,900)	293,854
Depreciation and amortisation expenses	(139,719)	(141)	-	(938)	(140,798)
Segment result (EBIT)	225,729	(14,835)	-	(57,838)	153,056
Finance income					7,603
Finance expense					(2,020)
Profit before income tax					158,639
Income tax expense					(54,626)
Net profit for the year					104,013

Adjustments and eliminations

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

Revenue

Revenue includes the gross revenue adjusted for both the realised and unrealised price adjustments during the quotational period as well as treatment and refining charges charged by the customer.

Segment assets and liabilities

The Group does not separately report assets or liabilities for its operating segments to the CODM.

Geographical information on non-current assets

	Australia \$000	Botswana and Namibia \$000	United States of America \$000	Group \$000
30 June 2020				
Exploration and evaluation assets	5,331	150,678	14,495	170,504
Property, plant and equipment	283,849	1,754	2,515	288,118
Total Assets	289,180	152,432	17,010	458,622
30 June 2019				
Exploration and evaluation assets	12,260	-	13,715	25,975
Property, plant and equipment	364,321	-	2,170	366,491
Total Assets	376,581	-	15,885	392,466

Geographical information on sales and customers

The Group's revenue (refer to Note 4 for details) arise from sales to customers in Asia. In 2020, the majority of the product was sent to China for processing (93%) and the remainder to the Philippines (3.5%) and Japan (3.5%). During 2019, majority of the product was sent to China for processing (81%), with the remainder sent to the Philippines (19%). The geographical information is based on the location of the customer's operations.

Three customers (2019: Four customers) individually accounted for more than ten percent of total revenue during the year. Sales revenue from these major customers ranged from 24% to 31% of total revenue, in combination contributing approximately 83% of total revenue (2019: 90%).

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Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Results for the year

This section focuses on the results and performance of the Group. It includes information on profitability and the resultant return to shareholders via earnings per share.

4 Revenue

	2020 \$000	2019 \$000
Revenue from contracts with customers		
Revenue from sale of concentrate	633,229	588,818
Revenue from shipping services	12,231	11,813
Total revenue from contracts with customers	645,460	600,631
Realised and unrealised fair value movements on receivables subject to QP adjustment	11,293	(8,420)
Total Revenue	656,753	592,211

Recognition and measurement

The Group's principal revenue is from the sale of metal concentrate. The Group also earns revenue from the provision of shipping services in relation to the concentrate. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer and at the amount that reflects the consideration to which the Group expects to receive in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Concentrate sales

Each shipment of metal concentrate under a master services agreement is determined to be a contract with a customer. Revenue from metal concentrate sales is recognised when control of the concentrate passes to the customer, which is generally determined when title passes together with significant risks and rewards of ownership, which for CIF shipments of concentrate represents the bill of lading date.

The Group's sales of metal concentrate allow for price adjustments based on the market price of contained metal at the end of the relevant quotational period (QP) stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price therefore occur based on movements in market prices of the contained metal up until the end of the QP. The period between provisional invoicing and the end of the QP is generally between one to four months.

Revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received at the end of QP, being the forward price at the date the revenue is recognised net of the customer's treatment and refining charges. For provisional pricing arrangements, any future changes that occur over the QP are embedded within the trade receivables. Given the exposure to the commodity price, these provisionally priced trade receivables are measured at fair value through profit or loss. Subsequent changes in the fair value of provisionally priced trade receivable in the line item Realised and unrealised fair value movements on receivables subject to QP adjustment, presented separately from revenue from contracts with customers. Changes in fair value over the term of the provisionally priced trade receivable are estimated by reference to updated forward market prices for the contained metal as well as taking into account relevant other fair value considerations including interest rate and credit risk adjustments.

Shipping services

Most of the Group's concentrate sales are sold under CIF Incoterms, whereby the Group is responsible for providing freight/shipping services after the date that the Group transfers control of the metal concentrate to its customers. The Group, therefore, has a separate performance obligation for freight/shipping services which are provided solely to facilitate the sale of the concentrate it produces.

For CIF arrangements, the transaction price (as determined above) is allocated to the metal concentrate and freight/shipping services using the relative stand-alone selling price method. Shipping services revenue is generally recognised over the period of time in which the shipping services are being provided.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Key estimates and judgements – Revenue

Under the sales contracts, adjustments are made to the transaction price for variations in assay and weight between the time of dispatch of the metal concentrate and time of final settlement. The Group estimates the amount of consideration receivable using the expected value approach based on internal assays. Management consider that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur due to a variation in assay and weight.

The transaction price for metal concentrate is based on the prevailing forward metal price on the London Metals Exchange (LME) at the time of shipment to the customer. The customer makes a provisional payment to the Group against a provisional invoice for the contained copper and precious metal credits (for gold and silver) in the shipment. Final settlement of the sales transaction 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 two to four months) between the date of shipment and the date of processing by the smelter at final destination. This pricing methodology is standard within the industry and represents an embedded derivative under AASB 9 *Financial Instruments*. Accordingly subsequent changes in fair value of the receivable is recognised within Realised and unrealised price adjustments in the income statement in each period in until final settlement. A key input into the fair value determination of the receivable at the balance date is the closing forward LME metal price on the final day of the month. The revaluation of the receivable is performed up until the final invoice is received. For the year ended 30 June 2020 a favourable \$11,293,000 (2019: unfavourable \$8,420,000) mark-to-market adjustment to profit or loss was recognised.

5 Expenses

Profit before income tax includes the following expenses:

	Note	2020 \$000	2019 \$000
Employee benefits expense			
Wages and salaries		45,948	35,624
Defined contribution superannuation expense		3,379	3,607
Employee share-based payments	27	1,181	1,050
Other employee benefits expense		3,265	2,616
		53,773	42,897
Less employee benefits expense capitalised to mine properties		(3,945)	(1,198)
Less employee benefits expense capitalised to exploration and evaluation assets		(1,682)	-
Total employee benefit expense		48,146	41,699
Net profit on sale of property, plant and equipment		50	2

Recognition and measurement

Employee benefits

Wages, salaries and defined contribution superannuation expense are recognised as and when employees render their services. Expenses for non-accumulating personal leave are recognised when the leave is taken and measured at the rates paid or payable.

Refer to Note 28 for the accounting policy relating to short-term and long-term employee benefits.

Employee share-based payments

The accounting policy, key estimates and judgements relating to employee share-based payments is set out in Note 27.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

6 Finance income and finance expense

	Note	2020 \$000	2019 \$000
Finance income			
Interest on bank deposits calculated using the effective interest rate method		2,905	7,603
Total finance income		2,905	7,603
Finance expense			
Interest charges		(125)	(183)
Interest on lease liabilities	12	(985)	-
Net foreign exchange loss		(3,640)	(287)
Unwinding of discount on provisions		(517)	(646)
Facility fees and charges		(316)	(904)
Total finance expense		(5,583)	(2,020)

Recognition and measurement

Interest income is recognised as interest accrues using the effective interest method.

Provisions and other payables are discounted to their present value when the effect of the time value of money is significant. The impact of the unwinding of these discounts is reported in finance costs.

7 Income tax

	2020 \$000	2019 \$000
Components of income tax are:		
Current income tax		
Current year income tax expense	47,280	52,168
Over provision for prior year	(3,787)	(475)
Deferred income tax		
Origination and reversal of temporary differences	(7,082)	2,622
Under provision for prior year	2,446	311
Income tax expense in the income statement	38,857	54,626
Deferred income tax related to items credited directly to equity		
Financial assets carried at fair value through other comprehensive income	1,218	506
Share issue costs	(1)	(8)
Reconciliation of income tax expense to pre-tax profit		
Profit before income tax	111,143	158,639
Income tax expense at the Australian tax rate of 30% (2019: 30%)	33,343	47,592
Increase (decrease) in income tax due to:		
Non-deductible expenses	1,825	1,836
Foreign tax losses and temporary differences not recognised	5,452	5,313
Movement in unrecognised temporary differences with respect to investments	(563)	-
Over provision for prior year	(1,341)	(163)
Tax rate differential on foreign income	825	545
Recognition of previously unrecognised prior year capital losses	(684)	(497)
Income tax expense	38,857	54,626

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

7 Income tax (continued)

Recognised tax assets and liabilities

in \$000	2020		2019	
	Current tax receivable / (payable)	Deferred income tax	Current tax payable	Deferred income tax
Opening balance	(833)	(35,604)	(31,203)	(32,174)
Charged to income	(43,511)	4,637	(51,694)	(2,933)
Charged to equity	-	(1,217)	-	(497)
Other payments	60,691	-	82,064	-
Acquisitions/disposals	-	4,053	-	-
Closing balance	16,347	(28,131)	(833)	(35,604)

	2020 \$000	2019 \$000
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities		
Investments	4,104	1,484
Mine properties	30,069	34,062
Plant and equipment including assets under construction	13,871	17,704
Other	-	42
Gross deferred tax liabilities	48,044	53,292
Set-off of deferred tax assets	(19,913)	(17,688)
Net deferred tax liability	28,131	35,604
Deferred tax assets		
Employee benefits provision	1,231	926
Inventories	627	5,219
Other payables and accruals	2,071	1,080
Rehabilitation, restoration and dismantling provision	11,649	8,829
Share issue costs reflected in equity	101	14
Capital losses	3,537	1,484
Other	697	136
Gross deferred tax assets	19,913	17,688
Set-off against deferred tax liabilities	(19,913)	(17,688)
Net deferred tax assets	-	-

Recognition and measurement

Current income tax

Current income tax assets and liabilities for the 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.

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

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

7 Income tax (continued)

Deferred tax

Deferred tax is provided for using the balance sheet full 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.

Except as noted below, deferred income tax is recognised for all temporary differences. 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.

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.

Deferred tax is not recognised in the following situations:

- (a) Where temporary differences arise 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.
- (b) In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax liabilities are not recognised if 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.

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 in equity is recognised in equity.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The temporary differences associated with investments in subsidiaries, for which a deferred income tax liability has not been recognised, aggregate to \$50.9 million (2019: \$51.5 million).

Key estimates and assumptions – Income tax

Judgment is required to determine whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet.

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 timing and generation of sufficient future taxable profits in the same taxing jurisdiction to offset future expenditure such as rehabilitation costs. Judgements are also required about the application of income tax legislation.

Determining if there will be future taxable profits depend on management's estimates of the timing and quantum of future cash flows, which in turn depend on estimates of future production, sales volumes, exploration discoveries, economics commodity prices, operating costs, rehabilitation costs, capital expenditure, dividends and other capital management transactions.

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 balance sheet 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 income tax expense within the income statement.

A deferred tax asset has been recognised in the statement of financial position of \$11,649,000 (2019: \$8,829,000), in relation to future rehabilitation obligations within Australia, the recoverability and recognition of this deferred tax asset is reliant on the Group having future taxable profits within Australia during the same period as the Group incurs the rehabilitation expenditure.

The Group has unrecognised temporary differences and carry forward losses for which no deferred tax asset is recognised on the balance sheet of A\$129,022,000 (2019: A\$77,451,000) that have not been recognised as the statutory requirements for recognising those deferred tax assets have not been met.

Tax Consolidation

Sandfire Resources Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2017. Sandfire Resources Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

8 Earnings per share (EPS)

	2020 \$000	2019 \$000
Net profit attributable to equity holders of the parent	74,054	106,456

	2020 Number	2019 Number
Weighted average ordinary shares adjusted for the effect of dilution	172,716,417	159,457,066

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. As at 30 June 2020 there were 977,869 performance rights on issue which are contingently issuable shares and not included in diluted earnings per share.

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Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Capital and debt structure

This section contains information which will help users understand the management of the Group's capital and debt structure.

9 Cash and cash equivalents

	2020 \$000	2019 \$000
Cash at bank and on hand	200,550	67,041
Short-term deposits	90,592	180,408
	291,142	247,449

Recognition and measurement

Cash and cash equivalents in the consolidated balance sheet and consolidated statement of cash flows comprise cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash with insignificant risk of change in value. Short-term deposits are usually between one to three months depending on the short term cash flow requirements of the Group.

Cash flow information

A reconciliation between cash and cash equivalents and net cash inflow from operating activities is as follows:

	2020 \$000	2019 \$000
Cash and cash equivalents in the statement of cash flows	291,142	247,449
Reconciliation of net profit after tax to net cash flows from operations:		
Profit for the period	72,286	104,013
Adjustments for:		
Net loss on sale of assets	(50)	(2)
Depreciation and amortisation included in the income statement	201,435	140,799
Share based payments expense	1,181	1,051
Unrealised QP price adjustments and foreign currency adjustments	(16,067)	(3,020)
Impairment expense	23,575	-
Other non-cash items	3,488	1,329
Change in assets and liabilities:		
Decrease in trade and other receivables	5,979	2,181
Increase in inventories	(9,492)	(11,705)
Increase in income tax receivable	(17,612)	-
Increase in trade and other payables	11,579	4,273
Decrease in interest bearing liabilities	-	(1,370)
Decrease in income tax payable	-	(30,370)
Increase / (decrease) in deferred tax liabilities	(4,205)	2,932
Increase in provisions	1,495	309
Net cash inflow from operating activities	273,592	210,420

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

10 Trade and other payables

	2020 \$000	2019 \$000
Current		
Trade and other payables	55,011	56,550
Non-current		
Other payables	1,563	2,520

Recognition and measurement

Trade and other payables 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. They are initially measured at fair value and subsequently carried at amortised cost. The carrying value of these payables approximates their fair value.

11 Issued capital and reserves

	Note	2020 Number	2020 \$000	2019 Number	2019 \$000
Movement in ordinary shares on issue					
On issue at 1 July		159,558,793	242,535	158,472,038	235,415
Issue of shares, net of transaction costs and tax	(a)	18,692,540	120,529	134,168	1,000
Issue of shares under employee awards	(b)	-	-	952,587	6,120
On issue at 30 June		178,251,333	363,064	159,558,793	242,535

(a) The following issues of shares were made during the year:

- (i) 18,440,174 shares were issued as part of the acquisition of MOD Resources Limited as detailed in Note 24;
- (ii) 30,000 shares were issued as part of the Cashman Farm-in arrangement as announced on the ASX on 12th November 2019; and
- (iii) 222,366 shares were issued as part of acquisition of Namibian exploration properties from Kapore Metals Limited as announced on the ASX on 27th May 2020. The acquisition was accounted for as asset acquisition, with the total consideration of \$2.0 million determined based on the fair value of the shares issued.

(b) The value recorded in issued capital on conversion of shares under employee awards represents the original fair value of the award in the share-based payment reserve that is transferred from the share-based payment reserve to issued capital on exercise, as well as any consideration received on exercise. Refer to Note 27 for further details.

Recognition and measurement

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.

The holders of ordinary shares are entitled to receive dividends 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.

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder's 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 any interest-bearing loans and borrowings that form part of its capital structure requirements. 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.

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 ended 30 June 2020 and 2019.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

11 Issued capital and reserves (continued)

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 to Note 27 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).

Fair value reserve

The fair value reserve represents the changes in fair value of investments where an irrevocable election has been made at initial acquisition to present fair value movements in other comprehensive income (OCI).

Capital reserve

The capital reserve represents gains or losses that are not recycled into the income statement, including the residual difference between the consideration paid to acquire a non-controlling interests share in a subsidiary and the non-controlling share of the subsidiaries assets and liabilities.

12 Lease liabilities

Included in this note is the Group Lease liabilities for the right-of-use (ROU) assets recognised under AASB 16 Leases that were recognised for the first time as at 1 July 2019.

	Lease Liabilities \$000	Finance leases \$000	Total \$000
Reconciliation			
At 1 July	-	548	548
Transferred to lease liabilities under AASB 16 Leases	-	(548)	(548)
Leases recognised on transition to AASB 16 Leases	25,421	-	25,421
Cash repayments	(14,750)	-	(14,764)
Interest	985	-	985
New leases recognised during the period	877	-	877
Foreign exchange movement	(43)	-	(29)
At 30 June 2020	12,490	-	12,490
At 30 June 2020			
Current	10,047	-	10,047
Non-Current	2,443	-	2,443
Total	12,490	-	12,490

Recognition and measurement

Lease liabilities

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between one and ten years, while motor vehicles and other equipment generally have lease terms between one and five years.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As at 30 June 2020 lease liabilities have a remaining lease term of three years or less and were determined using an effective interest rate of 5%. The undiscounted cash-flows over the remaining lease term are \$12.7 million.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

12 Lease liabilities (continued)

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease recognition exemption leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

During the year, the Group incurred short-term lease expenses of \$3.1 million and productivity-based (variable) lease payments of \$9.5 million, these amounts were not required to be included in the measurement of the lease liability and were recognised in the income statement.

Finance facilities

The Group has a registered fixed and floating charge over assets, including the DeGrussa Operation and the broader Doolgunna Project with a financial institution.

Bond Facility

The bond facility is drawn in the form of bank guarantees to the relevant government agencies for environmental restoration and property managers for security deposits and does not involve the provision of funds. As at 30 June 2020, the Company has drawn \$10,000 of the \$100,000 facility limit.

13 Financial risk management objectives and policies

This note presents information about the Group's financial assets and financial liabilities, its exposure to financial risks, as well as objectives, policies and processes for measuring and managing these risks.

During the current reporting period, the Group's principal financial liabilities were lease liabilities as well as trade and other payables. The Group did not have any external borrowings at year end or throughout the year. The Group's principal financial assets comprise equity investments, trade and other receivables and cash and short-term deposits.

The Group's activities expose it primarily to the following financial risks:

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

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 both the Audit Committee and Risk Committee under the authority of the Board. The committees 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 which are summarised below.

Market risk

Market risk is the risk that the fair value or 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 commodity price risk. The Group's principal financial instruments affected by market risk include financial liabilities, trade receivables, cash and short-term deposits.

The sensitivity analysis in the following sections relate to the position as at 30 June 2020 and 2019.

Interest rate risk management and sensitivity analysis

Interest rate risk is the risk that the fair value of future cash flows of an interest bearing financial instrument will fluctuate because of changes in market interest rates.

The Group did not have any external borrowings during the year. Cash and cash equivalents are exposed to changes in interest rates, the effect of a reasonably possible change in interest rates at balance date would not have a significant impact on the Group's after tax profit or equity.

Foreign currency risk and sensitivity analysis

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency cash holdings and receivables from sale of metal concentrate products denominated in US dollars, and the Group's net investments in foreign subsidiaries. The Group did not use any form of derivatives to hedge its exposure to foreign currency risk during the financial year ended 30 June 2020.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

13 Financial risk management objectives and policies (continued)

The carrying amount of the Group's financial assets by its currency risk exposure as at 30 June 2020 is listed below.

	Denominated in US\$ presented in AU\$000		Other currencies presented in AU\$000		Total in AU\$000	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Cash and cash equivalents	20,699	14	291	-	20,990	14
Trade and other receivables	22,424	10,031	-	-	22,424	10,031
Trade and other payables	(375)	(707)	(215)	-	(590)	(707)
Total	42,748	9,338	76	-	42,824	10,045

The following tables demonstrate the sensitivity of the exposure at the balance sheet date to a reasonably possible change in USD/AUD exchange rate, with all other variables held constant. The impact on the Group's profit before tax and equity is due to changes in the fair value of monetary assets and liabilities.

	Effect on profit before tax	
	2020 \$000	2019 \$000
5% increase (2019: 5% increase)	(1,068)	(476)
5% decrease (2019: 5% decrease)	1,180	527

Commodity price risk and sensitivity analysis

The Group is exposed to commodity price volatility on the 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). The Group aims to realise average copper prices, which are materially consistent with the prevailing average market prices for the same period.

In order to reduce the exposure to fluctuations in copper price during the Quotational Period (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 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. These hedges are generally considered to be economic hedges however for accounting purposes, the Group may not designate these into a hedging relationship for hedge accounting.

No derivative hedging instruments were entered into during the year ended 30 June 2020 (2019: Nil).

The following table demonstrates the sensitivity to the exposure at the balance sheet date of a reasonably possible change in commodity prices from the 30 June 2020 London Metals Exchange (LME) forward curve, with all other variables held constant.

	Effect on profit before tax	
	2020 \$000	2019 \$000
10% increase (2019: 10% increase)	10,791	14,275
10% decrease (2019: 10% decrease)	(10,791)	(14,275)

The impact on the Group's profit before tax and equity is due to changes in the fair value of the gross value of provisionally priced sales contracts outstanding at year end totaling \$95,405,000 (2019: \$66,739,000). The sensitivity analysis does not include the impact of the movement in commodity prices on the total sales for the year.

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 with trade receivables and from its financing activities, including deposits with 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 and holding of funds to banks which are assigned high credit ratings by international credit rating agencies. The Group's cash and cash equivalents as at 30 June 2020 are predominately held with two financial institutions with a credit rating of AA- or higher with Standard & Poor's. As short-term deposits have maturity dates of less than twelve months, the Group has assessed the credit risk on these financial assets using life time expected credit losses. In this regard, the Group has concluded that the probability of default on the term deposits is relatively low. Accordingly, no impairment allowance has been recognised for expected credit losses on the short-term deposits.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

13 Financial risk management objectives and policies (continued)

Credit risk in trade receivables is managed by the Group 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 either an upfront payment, or a provisional payment of at least 90 per cent of the estimated value of the sale payable promptly after vessel loading supported by a letter of credit arrangements with approved financial institutions. The balance outstanding is received within 60-120 days of the vessel arriving at the port of discharge. The Group does not have any significant receivables which are past due or impaired at the reporting date and it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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 Group does not have any bank debt and the Group's liquidity risk exposure only relates to the trade and other payables as detailed in Note 10 and lease liabilities in Note 12. All current trade payables will be repaid within one year from the reporting date.

14 Fair value measurement

The following table shows the fair values of financial instruments, other than cash and cash equivalents, including their levels in the fair value measurement hierarchy as at 30 June 2020.

Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Trade receivables at fair value through profit and loss (i)	-	22,424	-	22,424
Financial assets at fair value through other comprehensive income (ii)	41,349	-	665	42,014
	41,349	22,424	665	64,438

(i) Trade receivables relate to concentrate sale contracts that are still subject to 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. Receivables 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 any relevant credit risk.

(ii) Equity instruments designated at fair value through OCI include investments in equity shares of non-listed companies. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

The fair value of the financial instruments as at 30 June 2019 are summarised in the table below.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Trade receivables at fair value through profit and loss	-	10,031	-	10,031
Financial assets at fair value through other comprehensive income	17,965	-	1,652	19,617
	17,965	10,031	1,652	29,648

The carrying amount of all financial assets and all financial liabilities other than lease liabilities, recognised in the balance sheet approximates their fair value.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

14 Fair value measurement (continued)

Fair value measurement

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.

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.

Fair value hierarchy

All assets 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 assets and liabilities 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.

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 2020 or the comparative period ended 30 June 2019.

Key estimates and assumptions – Fair value measurement

When the fair values of assets or liabilities are recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cash flow models. 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.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

15 Dividends paid and proposed

	Note	2020 \$000	2019 \$000
Cash dividends on ordinary shares declared and paid:			
Final franked dividend for 2019: 16 cents per share (2018: 19 cents)		28,485	30,317
Interim franked dividend for 2020: 5 cents per share (2019: 7 cents)		8,901	11,169
		37,386	41,486
Proposed dividends on ordinary shares:			
Final cash dividend for 2020: 14 cents per share (2019: 16 cents per share)	(i)	24,955	28,485

(i) Subsequent to year end, the Board resolved to pay a franked dividend of 14 cents per share to be paid on 29 September 2020. The expected financial impact of the dividend is based on the ordinary shares outstanding at 30 June 2020 and has not been recognised in the financial statements for the year ended 30 June 2020 and will be recognised in subsequent financial statements.

Franking credit balance

	2020 \$000	2019 \$000
The amount of franking credits available for the subsequent financial year are:		
Franking account balance at the end of the financial year at 30% (2019: 30%)	193,542	148,869
Estimated franking debits that will arise from the payment of dividends as at the end of the financial year	(10,695)	(10,941)
Estimated franking credits that will arise from the payment (refund) of income tax as at the end of the financial year	(16,347)	833
	166,500	138,761

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Invested capital

This section provides information on how the Group invests and manages its capital.

16 Trade and other receivables

	2020 \$000	2019 \$000
Current		
Trade receivables	22,567	10,098
Other receivables	4,061	5,227
	26,628	15,325

Recognition and measurement

Receivables are classified at initial recognition, and subsequently measured at amortised cost or fair value through profit or loss. The classification of receivables at initial recognition depends on the receivable's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables the Group initially measures a receivable at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are initially measured at the transaction price determined in accordance with the accounting policy for revenue.

In order for a receivable to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Trade receivables are subject to provisional pricing and are exposed to the commodity price risk which causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements in fair value being recognised in the comprehensive income statement.

There are no contract assets, for which consideration is conditional that have been recognised from contracts with customers.

Other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

The Group recognises an allowance for estimated credit losses (ECLs) for all receivables not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. For receivables due in less than 12 months, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The expected credit loss is based on its historical credit loss experience in the past two years, current financial difficulties of the debtor and is adjusted for forward-looking factors specific to the debtor and the economic environment. As at 30 June 2020 no allowance for ECLs has been recognised as it is expected that all receivable amounts will be received in full when due. No impairment expense was recognised in relation to receivables for the 2020 and 2019 financial years.

Refer to Note 13 on credit risk of trade receivables to understand how the Group manages the credit risk and measures credit quality of trade receivables that are neither past due nor impaired.

17 Inventories

	2020 \$000	2019 \$000
Current		
Concentrate – at cost	21,862	23,211
Ore stockpiles – at cost	22,620	12,631
Stores and consumables – at cost	12,119	11,306
	56,601	47,148
Allowance for obsolete stock – stores and consumables	(2,906)	(2,005)
	53,695	45,143
Non-current		
Oxide copper ore stockpiles – at cost	20	11,698
	-	
Cost of goods sold	399,973	324,307

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

17 Inventories (continued)

Recognition and measurement

Stores and consumables, ore and concentrate are stated at the lower of cost and net realisable value. Cost are capitalised to ore inventory once commercial production commences which is generally once stoping activities start.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs include direct materials, direct labour and a proportion of variable and fixed overhead expenditure which is directly related to the production of inventories to the point of sale.

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.

Net Realisable Value Adjustment / Impairment

The Group has decided to no longer pursue development and processing of the DeGrussa Oxide stockpile at this stage following further evaluation work and higher prioritisation of other Group projects. This has resulted in the conclusion that the carrying amount of the DeGrussa Oxide stockpile was not recoverable resulting in an \$11.7 million write-off of the non-current inventory balance, as well as the capitalised study costs presented within Mine Properties.

The Group's policy for the impairment of non-financial assets is disclosed in Note 20, along with a summary of the impairments/write-offs recognised in the period.

18 Exploration and evaluation assets

	Note	2020 \$000	2019 \$000
Reconciliation			
At 1 July		25,975	24,410
Assets acquired as part of the acquisition of MOD Resources Limited	24	159,148	-
Other expenditure and exploration tenements acquired		8,659	769
Impairment	20	(9,648)	-
Exchange differences		(13,630)	796
At 30 June		170,504	25,975

Recognition and measurement

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 resource from that area. Other than acquisition costs, exploration and evaluation expenditure incurred on licenses where the commercial viability of extracting the mineral resource has not yet been established is generally expensed when incurred. Once the commercial viability of extracting the mineral resource are demonstrable (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation costs incurred. The recoverability of the exploration and evaluation assets is dependent on the successful development and commercial exploration, or alternatively, sale of the respective area of interest.

Exploration and evaluation assets are assessed for impairment if:

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

An exploration and evaluation asset shall be reclassified to mine properties when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and a decision has been made to develop and extract the resource. Exploration and evaluation assets shall be assessed for impairment, and any impairment loss shall be recognised, before reclassification to mine properties. No amortisation is charged during the exploration and evaluation phase.

Key estimates and assumptions – Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation assets requires significant judgment to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Impairment

The Group recognised an impairment write-down of \$9.6 million during the year in relation to the carrying value of Australian regional resources prospects, which was triggered by the limited planned level of future activities on the prospects along with resource estimates that not currently considered to be commercially viable. The carrying value of these early stage prospects have been written-down to nil.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

19 Property, plant and equipment

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

2020	Mine Properties \$000	Plant and equipment \$000	Right-of-use asset \$000	Assets under construction \$000	Total \$000
Opening net carrying amount	230,571	131,327	-	4,593	366,491
Adoption of AASB 16 Leases	-	(465)	25,421	-	24,956
Additions	81,169	2,450	903	7,192	91,714
Transfers	-	10,801	-	(10,801)	-
Impairment	(2,229)	-	-	-	(2,229)
Depreciation and amortisation	(144,060)	(43,879)	(13,496)	-	(201,435)
Movement in the rehabilitation and restoration asset	4,488	4,394	-	-	8,882
Foreign exchange movements	-	(267)	6	-	(261)
Closing net carrying amount	169,939	104,361	12,834	984	288,118
At 30 June 2020					
Gross carrying amount – at cost	868,929	394,903	26,324	984	1,291,140
Accumulated depreciation	(698,990)	(290,542)	(13,490)	-	(1,003,022)
Net carrying amount	169,939	104,361	12,834	984	288,118
2019					
Opening net carrying amount	166,581	149,473	-	14,565	330,619
Additions	162,938	1,613	-	11,361	175,912
Disposals	-	(58)	-	-	(58)
Transfers	1,565	19,768	-	(21,333)	-
Depreciation and amortisation	(100,488)	(40,310)	-	-	(140,798)
Movement in the rehabilitation and restoration asset	(25)	966	-	-	941
Foreign exchange movements	-	(125)	-	-	(125)
Closing net carrying amount	230,571	131,327	-	4,593	366,491
At 30 June 2019					
Gross carrying amount – at cost	785,501	377,907	-	4,593	1,168,001
Accumulated depreciation	(554,930)	(246,580)	-	-	(801,510)
Net carrying amount	230,571	131,327	-	4,593	366,491

Recognition and measurement

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. At this stage, exploration and evaluation assets are reclassified to mine properties.

Mine property and development assets are stated at historical cost less accumulated amortisation and any accumulated impairment losses recognised. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the estimate of the rehabilitation costs, and for qualifying assets (where relevant), borrowing costs. Any ongoing costs associated with mining which are considered to benefit mining operations in future periods are capitalised.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

19 Property, plant and equipment (continued)

Plant and equipment

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 de-recognised. All other repairs and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning, restoration and dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Note 28 Provisions for further information about the recognised decommissioning provision.

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.

Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Depreciation

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

Category	Depreciation method
Mine properties	Units of ore extracted basis over the life of mine
Plant and equipment	Straight line over the life of the mine/asset (2 - 5 years)
Right-of-use assets	Straight line over the shorter of the lease term and life of the asset

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.

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

Impairment

During the year the Group has continued to evaluate options for the processing of the DeGrussa Oxide stockpile. This has resulted in the conclusion that the carrying amount of the DeGrussa Oxide stockpile was not recoverable resulting in a \$2.2 million impairment recorded against Mine Properties.

The Group's policy for the impairment of non-financial assets is disclosed in Note 20, along with a summary of the impairments recognised in the period.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

20 Impairment of non-financial assets

Testing for impairment

The Group assesses, at each reporting date, whether there is an indication that a non-financial 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.

Key estimates and assumptions – Ore Reserve and Mineral Resource

The recoverable amount of property, plant and equipment including mine development is dependent on the Group's estimate of the Ore Reserve that can be economically and legally extracted. The Group estimates its Ore Reserve and Mineral Resource 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 Ore Reserves is based on 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 as well as depreciation and amortisation charges during the period.

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. 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. 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.

Impairment losses for continuing operations 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.

Impairment and write-down calculations

The Group continued to study and evaluate options for the various projects within the Group, including the DeGrussa Oxide stockpile and regional exploration prospects. These assessments resulted in the conclusion that the carrying amount for both the DeGrussa Oxide stockpile and regional exploration prospects were not recoverable therefore the carrying amounts for these assets was written-down.

The resulting impairment losses and net realisable value adjustments to inventory recognised during the period are below. There were no other indicators of impairment to require the Group to estimate any other asset or CGU's recoverable amount.

	Note	2020 \$000	2019 \$000
Impairment losses / write-downs			
Write-down of Inventories – Oxide Stockpile	17	11,698	-
Impairment of Exploration and Evaluation assets	18	9,648	-
Impairment of Mine Properties – Oxide Stockpile	19	2,229	-
Total		23,575	-

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

21 Commitments

Group resource property commitments

Sandfire Resources America Inc.- Black Butte Copper Leases and Water Use Agreement

The Company's subsidiary Sandfire Resources America Inc., through its wholly-owned subsidiary Tintina Montana Inc., has entered into a number mining leases and surface use and water lease agreements (collectively, the "Black Butte Agreements") with the owners of the Black Butte Copper-Cobalt-Silver property in central Montana, United States.

The Black Butte Agreements provide Tintina, with exclusive use and occupancy of any part of the property that is necessary for exploration and mining activities.

Future minimum payments due under the Black Butte Agreements as at 30 June are as follows:

	2020 \$000	2019 \$000
Within one year	725	629
After one year but not more than five years	2,950	2,515
More than five years	11,752	9,954
Total payments	15,427	13,098

Contractual commitments

The Group has entered into a number of key contracts as part of its operations. The minimum expected payments in relation to these contracts which were not required to be recognised as liabilities at 30 June 2020 amount to approximately \$18,745,000 (undiscounted) (2019: \$24,562,000).

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Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Group structure and related party information

This section provides information on the Group's structure as well as related party transactions.

22 Information relating to Sandfire Resources Limited (the Parent)

The consolidated financial statements of the Group include:

	2020 \$000	2019 \$000
Current assets	371,093	306,969
Total assets	959,149	780,748
Current liabilities	52,599	61,321
Total liabilities	124,491	130,448
Issued capital	363,064	242,535
Retained earnings	362,452	275,350
Share based payment reserve	2,161	2,153
Profit or loss of the Parent entity	97,229	124,486
Total comprehensive income of the Parent entity	100,071	125,666

23 Information relating to subsidiaries

The consolidated financial statements of the Group include:

Name	Note	Country of incorporation	% equity interest	
			2020	2019
Sandfire Resources America Inc.	(i)	Canada	85.27	85.45
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	(ii)	Australia	100.00	0.00
Triassic Resources d.o.o.	(ii)	Bosnia and Herzegovina	100.00	0.00
Sandfire Resources Botswana Pty Ltd	(iii)	Australia	100.00	0.00
Metal Capital Limited	(iii)	United Kingdom	100.00	0.00
Metal Capital Exploration Limited	(iii)	United Kingdom	100.00	0.00
MOD Resources (Botswana) Pty Ltd	(iii)	Australia	100.00	0.00
MOD Resources (NZ) Pty Ltd	(iii)	Australia	100.00	0.00
Tshukudu Metals Botswana (Pty) Ltd	(iii)	Botswana	100.00	0.00
Tshukudu Exploration (Pty) Ltd	(iii)	Botswana	100.00	0.00
MOD Resources Botswana (Pty) Ltd	(iii)	Botswana	100.00	0.00
Sams Creek Gold Ltd	(iii)	New Zealand	100.00	0.00
Trans Kalahari Copper Namibia (Pty) Ltd	(iv)	Namibia	100.00	0.00

- (i) Changes in ownership in Sandfire Resources America Inc. due to the exercise of certain employee share-based awards within Sandfire Resources America Inc.
- (ii) The wholly owned subsidiaries were formed and incorporated in the current financial year.
- (iii) Entities were acquired as part of the acquisition of MOD Resources Limited during the period. See Note 24 for further information. MOD Resources Limited was renamed to Sandfire Resources Botswana Pty Ltd during the period.
- (iv) The Group acquired Trans Kalahari Copper Namibia (Pty) Ltd ("TKC"), from Kapore Metals Limited on 27 May 2020. TKC holds several Namibian exploration licences within the Kalahari Copper Belt. Total consideration paid was A\$2 million, comprising of A\$1 million cash and 222,366 fully paid ordinary shares in Sandfire as well as deferred consideration to a maximum of A\$3.5 million on reaching a "Decision to Mine" and certain Ore Reserve thresholds. Due to the early stage nature of the exploration licenses, no amounts have been recognised for consideration payable on a "Decision to Mine," and the shares issued were fair valued based on Sandfire's share price at transaction date. See ASX announcement dated 27 May 2020 for further information.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

24 Acquisition of MOD Resources Limited

As announced on 23 October 2019, Sandfire completed the acquisition MOD Resources Limited (MOD) by way of a scheme of arrangement. Under the arrangement to acquire 100% of the issued and to be issued share capital of MOD each shareholder elected to receive either:

- 0.0664 Sandfire shares for each MOD share; or
- Cash of A\$0.45 per share up to a maximum of A\$41.6 million.

MOD and Sandfire also entered into Options Cancellation Deeds with each of the MOD option holders, under which MOD option holders agreed to the cancellation of their MOD options for a total cash consideration of \$1.0 million to be paid by Sandfire on the effective date of the Scheme. Sandfire also incurred transaction costs of \$3.2 million in relation to the acquisition of MOD.

As a result of successful implementation of the arrangement Sandfire issued 18,440,174 shares and cash consideration of \$41.6 million. Total consideration including equity issued, option cancellation and transaction costs was \$165.1 million, net cash paid including transaction costs was \$44.6 million.

The acquisition of MOD was accounted for as an asset acquisition and in accordance with the requirements of AASB 2 Share-based payments resulting in the recognition at fair value of the identifiable assets and liabilities acquired. The determination of the fair value of the acquired exploration and evaluation assets was determined based upon the range of fair values of the MOD exploration and evaluation projects determined by an independent expert valuation. Which included the T3 Copper-Silver project which was valued using a discounted cash-flow. See summary table below.

	Acquisition Allocation \$'000
Cash and cash equivalents	1,175
Other current assets	3,224
Exploration and evaluation assets (Including the T3 Copper-Silver Project)	159,148
Property plant and equipment	2,661
Deferred tax asset (recognised tax losses)	4,053
Other non-current assets	36
Trade and other payables	(4,956)
Employee provisions	(256)
Total cost including transaction costs	165,085

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

25 Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 relief has been granted to the Company and all its Australian subsidiaries from the *Corporations Act 2001* requirements for the preparation, audit and lodge their financial report.

As a condition of the Corporations Instrument, the Company and all its Australian subsidiaries ("Closed Group" (Refer to Note 23), entered into a Deed of Cross Guarantee ("Deed") on 17 April 2020.

The effect of the Deed is that the Company has guaranteed to pay any deficiency in the event of winding up of an Australian subsidiary within the Closed Group or if they do not meet their obligations under the terms of loans or other liabilities subject to the guarantee. The Australian subsidiaries have also given a similar guarantee in the event that the Company is wound up or if it does not meet its obligations under the terms of loans or other liabilities subject to the guarantee.

The consolidated statement of comprehensive income and consolidated balance sheet of the Closed Group are set out below.

Consolidated Statement of Comprehensive Income – Closed Group entities	2020 \$000
Revenue	656,753
Other gains / (losses)	(251)
Changes in inventories of finished goods and work in progress	8,641
Mine operations costs	(142,602)
Employee benefit expenses	(46,772)
Freight expenses	(45,397)
Royalties expenses	(32,959)
Exploration and evaluation expenses	(33,300)
Administrative expenses	(6,130)
Impairment expenses	(23,575)
Depreciation and amortisation expenses	(201,167)
Profit before net finance expense and income tax expense	133,241
Finance income	2,954
Finance expense	(5,358)
Net finance income	(2,404)
Profit before income tax expense	130,837
Income tax expense	(38,857)
Net profit for the year	91,980
Other comprehensive income	
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>	
Changes in fair value of equity investments carried at fair value through other comprehensive income, net of tax	2,842
Other comprehensive income for the year, net of tax	2,842
Total comprehensive income for the year, net of tax	94,822

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

25 Deed of Cross Guarantee (continued)

	2020 \$000
Consolidated Balance Sheet – Closed Group entities	
ASSETS	
Cash and cash equivalents	290,292
Trade and other receivables	26,301
Inventories	53,695
Income tax receivable	16,347
Other current assets	1,113
Total current assets	387,748
Financial investments	42,014
Receivables	54,198
Investment in subsidiaries	260,346
Exploration and evaluation assets	5,431
Property, plant and equipment	283,869
Total non-current assets	645,858
TOTAL ASSETS	1,033,606
LIABILITIES	
Trade and other payables	51,883
Lease liabilities	10,011
Provisions	7,065
Total current liabilities	68,959
Trade and other payables	1,563
Lease liabilities	2,313
Provisions	39,447
Deferred tax liabilities	28,131
Total non-current liabilities	71,454
TOTAL LIABILITIES	140,413
NET ASSETS	893,193
EQUITY	
Issued capital	363,064
Reserves	38,948
Retained profits	491,181
TOTAL EQUITY	893,193
Summary of movements in consolidated retained earnings - Closed Group entities	
	2020 \$000
Retained earnings at the beginning of the year	361,815
Profit for the year	91,980
Dividends provided for or paid	37,386
Retained earnings at the end of the year	491,181

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

26 Related party disclosures

As at, and throughout the financial year ended 30 June 2020, the ultimate parent entity of the Group was Sandfire Resources Limited.

Information in relation to interest in other entities is set out in Note 23 to the consolidated financial statements.

Compensation of key management personnel of the Group

	2020 \$	2019 \$
Short-term employee benefits	3,519,830	2,958,722
Long-term employee benefits	56,510	20,870
Post-employment benefits	53,776	58,406
Share-based payments	858,290	613,599
Termination benefits	372,461	-
Total compensation	4,860,867	3,651,597

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

Transactions with KMP

Certain KMP or their related parties hold positions in other entities that result in them having control or significant influence of those entities.

The transactions with related parties are made on terms no worse than those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. The Company's related party transactions with Resource Development Company Pty Ltd and Tongaat Pty Ltd relate to the provision of staff for corporate administrative, clerical and accounting services and the provision of corporate office parking. There is no profit margin applicable to these arrangements.

KMP and their Director related entity	Transaction	Transactions value year ended 30 June		Balance outstanding as at 30 June	
		2020 \$	2019 \$	2020 \$	2019 \$
Karl Simich – Tongaat Pty Ltd	Lease of corporate office parking premises	9,600	9,600	-	-
Karl Simich – Resource Development Company Pty Ltd	Lease of corporate office parking premises	9,300	9,300	-	-
Karl Simich – Resource Development Company Pty Ltd	Corporate administrative and accounting services	724,588	687,954	54,989	-
		743,488	706,854	54,989	-

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Other notes

27 Share-based payments

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

	Note	2020 \$000	2019 \$000
Expense arising from equity-settled share-based payments – SFR ^A	27(i), (ii)	1,141	1,363
Expense arising from equity-settled share-based payments – SFRA ^B		40	99
Expense arising from cash-settled share-based payments – SFR ^C	27(iii)	-	(412)
Total expense arising from share-based payment transactions		1,181	1,050

A Long-term Incentive Plan.

B Relates to Sandfire America employee share-based payment plans. Detailed disclosure of the plan has not been made as the amount is not considered material for the Group.

C Cash settled Long-term Indexed Bonus Plan. This plan ceased in 2019.

Recognition and measurement

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. That cost is recognised, together with a corresponding increase in the share-based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled. 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 income statement 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.

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 vested 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.

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 Limited.

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 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.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

27 Share-based payments (continued)

(i) Long-term Incentive Plan (LTI Plan)

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

Issue date	Number	Fair value [^]	Expected Vesting date	Performance period
FY2020				
29 November 2019	164,866	\$2.45	31 Aug 2022	3 years
23 September 2019	53,956	\$3.68	31 Aug 2022	2.8 years
FY2019				
28 June 2019	157,749	\$3.68	31 Aug 2022	3 years
29 November 2018	116,650	\$2.72	1 Oct 2020	3 years

[^] Represents the fair value per right at grant date.

Under the LTI Plan, awards are made to executives and other management personnel (collectively referred to as senior management) who have an impact on the Group's performance. LTI awards are delivered in the form of performance rights over ordinary shares in the Company for no consideration, which vest over a service period of 3 years subject to meeting performance measures, with no opportunity to retest.

Performance rights granted under the LTI Plan are not entitled to dividends nor do they have voting rights. Refer to the Group's Remuneration Report for further details on the plan.

Pricing model

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

	Issue date		Issue date	
	29 Nov 19	23 Sep 19	28 Jun 19	29 Nov 18
Fair value at measurement date	\$2.45	\$3.68	\$3.68	\$2.72
Underlying share price for issue	\$5.65	\$6.69	\$6.69	\$6.30
Dividend yield	4.90%	5.20%	5.20%	3.90%
Expected volatility	35.00%	35.00%	35.00%	35.00%
Risk-free rate	0.7%	1.0%	1.0%	2.0%
Expected life (years)	2.6	3.0	3.0	2.6

The fair value of performance rights granted is 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 (ASX: XJR). 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.

Movements in LTI Plan during the year

The movement in the number of performance rights during the year is set out below.

	2020 Number	2019 Number
Opening balance	1,169,046	1,133,319
Rights granted during the year	218,823	274,399
Rights vested and exercised during the year	-	(202,587)
Rights lapsed or forfeited during the year	(410,000)	(36,085)
Closing balance	977,869	1,169,046

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

27 Share-based payments (continued)

(ii) Long-term Incentive Option Plan (IOP Plan)

The IOP Plan was created to align senior management awards with shareholder value. Awards under the plan were provided as a grant of options over ordinary shares for no consideration. With the introduction of the LTI Plan, no further awards have been made under the IOP Plan. The plan ceased in 2019, with all remaining options exercised or lapsed by 30 June 2019.

Movements in IOP Plan

	2020 Number	2019 Number
Outstanding at 1 July	Nil	1,410,000
Exercised during the year	Nil	(750,000)
Lapsed during the year	Nil	(660,000)
Outstanding at 30 June	Nil	Nil
Exercisable at 30 June	Nil	Nil

(iii) Long-term Indexed Bonus Plan (LTIB Plan)

The LTIB Plan was created to align Executive Director rewards with shareholder value and was provided as a grant of conditional rights. It is the current intention of the Board that awards issued under the LTIB Plan will be settled in cash where the participant realises value from the rights. Historically, grants that have realised value have been cash-settled.

With the introduction of the LTI Plan, no further awards have been made under the LTIB Plan. Outstanding awards under the LTIB Plan include the conditional rights previously issued to the CEO, which expired on 15 December 2018. No amounts were payable under the plan for the year ended 30 June 2020, or for the year ended 30 June 2019.

28 Provisions

	2020 \$000	2019 \$000
Current		
Employee benefits	7,151	4,822
Non-current		
Employee benefits	618	1,367
Rehabilitation, restoration and dismantling	38,829	29,429
	39,447	30,796

The movement in the rehabilitation, restoration and dismantling provision during the financial year is set out below.

	2020 \$000
At 1 July 2019	29,429
Arising during the year	5,565
Unwinding of discount	517
Inflation and discount rate adjustments	3,318
At 30 June 2020	38,829

Recognition and measurement

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.

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 of the provision 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 unwinding of the discounting on the provision is recognised as a finance cost.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

28 Provisions (continued)

Rehabilitation, restoration and dismantling

The Group recognises a provision for the estimate of the future costs of restoration activities on a discounted basis at the time of exploration or mining disturbance. 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.

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. Rehabilitation and restoration obligations arising from the Group's exploration activities are recognised immediately in the income statement.

If a change to the estimated provision results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the related asset, the Group considers whether this is an indication of impairment of the asset. If the revised assets, net of rehabilitation provisions, exceed the recoverable amount, that portion of the increase to the provision is charged directly to the income statement.

Key estimates and assumptions – Rehabilitation provisions

The Group assesses its rehabilitation, restoration and dismantling (rehabilitation) provision at each reporting date. Significant estimates and assumptions are made in determining the provision as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent, timing 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.

The discount rate used in the calculation of the provision is derived from an average of the 5 and 10 year government bond rate, which is currently the estimated time period when majority of the future rehabilitation costs will be incurred, and as at 30 June 2020 equalled 0.64% (2019: 1.18%). The rehabilitation costs are expected to be incurred up to 2039.

Employee Benefits

(i) Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits and other short-term benefits 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 personal leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) 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 future expected 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.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

29 Significant events after the reporting date

Dividends

Subsequent to year end the Directors of the Company announced a fully franked final dividend on ordinary shares in respect of the 2020 financial year of 14 cents per share. The total amount of the dividend is \$25.0 million based on the shares outstanding as at 30 June 2020. The dividend has not been provided for in the 30 June 2020 Financial Statements.

30 Accounting standards and interpretations issued but not yet effective

The standards and interpretations that have been issued or amended but not yet effective and have not been early adopted by the Group for the annual reporting period ended 30 June 2020, have been assessed and are not expected to have an impact on its disclosures, financial position or performance of the Group when applied. The Group intends to adopt these standards when they become effective.

31 Auditor remuneration

The auditor of Sandfire Resources Limited is Ernst & Young (EY) Australia.

	2020 \$	2019 \$
Amounts received or due and receivable by EY (Australia) for:		
Fees for auditing the statutory financial report of the parent covering the group and auditing the financial reports of any controlled entities	258,580	332,780
<i>Fees for other services</i>		
Taxation services	84,803	15,630
Other advisory services	5,903	12,360
Total Fees to EY (Australia)	349,286	360,770
Amounts received or due and receivable by related practices of EY for:		
Fees for auditing the financial reports of any controlled entities	178,141	105,344
<i>Other services in relation to the entity and any other entity in the consolidated group:</i>		
Taxation services	-	27,458
Other advisory services	-	19,353
Total fees to overseas member firms of EY (Australia)	178,141	152,155
Total auditor's remuneration	527,427	512,925

Consolidated Financial Statements

Directors' Declaration

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 financial year ended 30 June 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 30 June 2020 and of its performance for the year ended on that date; and
 - (ii) complying with Australian 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; 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.
 - d) as at the date of this declaration, there are reasonable grounds to believe that members of the Closed Group identified in Note 25 will be able to meet any liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.
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 2020.

On behalf of the Board



Derek La Ferla
Non-Executive Chairman



Karl Simich
Managing Director and Chief Executive Officer

West Perth, 26 August 2020

Consolidated Financial Statements

Independent Auditor's Report



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

Report on the audit of the financial report

Opinion

We have audited the financial report of Sandfire Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Consolidated Financial Statements

Independent Auditor's Report



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1. Valuation of trade receivables

Why significant

As disclosed in Note 16 of the financial report, copper concentrate sales are subject to a quotational pricing period at 30 June 2020. During the quotational pricing period the consideration from the sale of copper concentrate is adjusted for changes in the copper prices, with final consideration determined based on the prevailing copper price at the end of the quotational pricing period.

As revenue is recognised prior to the completion of the quotational pricing period, trade receivables are subject to quotational pricing adjustments and do not meet the 'solely payments of principal and interest' test of AASB 9 *Financial Instruments* so are required to be measured at fair value through profit or loss.

In determining the fair value of trade receivables, a key input is the expected copper price at the completion of the quotational pricing period, based on market forward copper prices. Given changes in market forward copper prices can significantly impact the fair value of trade receivables and the unrealised price adjustment, being a gain or loss, is recognised in the consolidated statement of comprehensive income, this was considered a key audit matter.

How our audit addressed the key audit matter

We assessed the methodologies, inputs and assumptions used by the Group in determining the fair value of trade receivables subject to quotational pricing.

We compared observable inputs into the Group's valuation model, such as quoted prices, to externally available market data.

We recalculated the fair value measurement of trade receivables still subject to quotational pricing adjustments as at 30 June 2020, using 30 June 2020 market copper forward prices.

We considered the appropriateness of the disclosures within the financial report.

Consolidated Financial Statements

Independent Auditor's Report



2. Recognition and measurement of rehabilitation, restoration and dismantling provisions

Why significant

As disclosed in Note 28 of the financial report, the Group has rehabilitation, restoration and dismantling provisions of \$38.8 million at 30 June 2020. The calculation of these provisions was considered a key audit matter because it requires judgment in estimating the costs, the timing as to when these costs will be incurred and the determination of an appropriate rate to inflate and discount these costs to net present value.

The Group reviews the underlying costs used to calculate the rehabilitation, restoration and dismantling provisions on a semi-annual basis, using external experts to provide support in its assessment as appropriate. This review incorporates the identification of any new rehabilitation, restoration and dismantling obligations that have arisen, an assessment of the underlining assumptions used, effects of any changes in local regulations, and the expected approach to restoration and rehabilitation.

How our audit addressed the key audit matter

We evaluated the legal and/or constructive obligations with respect to the rehabilitation, restoration and dismantling provision for the Degruusa and Monty operations and the intended method of restoration and rehabilitation and the associated cost estimates.

We considered the qualifications, competence and objectivity of the external experts the Group engaged who produced the cost estimates.

We consider the timing of the Group's proposed rehabilitation, restoration and dismantling activities for consistency with the Group's legal and/or constructive obligations and useful lives of the associated mining operations.

We assessed the mathematical accuracy of the calculations and the appropriateness of the inflation and discount rates.

We considered the appropriateness of the disclosures within the financial report.

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Consolidated Financial Statements

Independent Auditor's Report



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3. Carrying value of inventories

Why significant

As disclosed in Note 17 of the financial report, the Group held inventories as at 30 June 2020 of \$53.7 million, which related to concentrate, ore stockpiles, stores and consumables. These inventories are valued at the lower of cost and net realisable value. The costing of inventories involves allocating mining costs relating to the extraction of ore from the Degruusa and Monty mine.

The determination of whether mining costs are considered development costs or production costs which form part of the cost of inventory involves judgment, which can significantly impact the cost of inventories and the amount recognised in the consolidated statement of comprehensive income when the inventories are sold. As a consequence, this was considered a key audit matter.

How our audit addressed the key audit matter

We considered whether the Group's accounting policies in respect of concentrate, ore stockpiles, stores and consumables and oxide copper stockpiles are consistent with Australian Accounting Standards.

We assessed the effectiveness of the relevant controls in respect of the allocation of the mining costs at the different stages of production to inventories.

We selected a sample of mining related costs to evaluate whether, based on their nature, they were allocated appropriately (i.e. capitalised to inventories or mine properties).

We tested inventories are being appropriately costed based on allocated costs and production volumes.

Consolidated Financial Statements

Independent Auditor's Report



4. Acquisition of MOD Resources Limited

Why significant

As disclosed in Note 24 of the financial report, the Group completed the acquisition of MOD Resources Limited on 23 October 2019 for combined consideration price of \$161.9 million through the issue of 18,440,174 Sandfire ordinary shares and cash of \$41.6 million.

Based on the group's accounting policies, which included the early adoption of the amendment to AASB 3, as disclosed in 2(b), the acquisition was accounted for as an asset acquisition.

As a sharebased payment transaction, the assets and liabilities were recognised at fair value as at the date of acquisition. The fair value of the acquired exploration and evaluation assets were determined based on the range of the fair values outlined in an independent expert valuation report.

The determination of the fair value asset and liabilities acquired involves judgment and estimation impacting the net assets of the group. Consequently, this was considered a key audit matter.

How our audit addressed the key audit matter

We considered the appropriateness of the accounting for the acquisition of MOD Resources Limited as an asset acquisition.

We recalculated the Group's assessment calculation of the purchase consideration for the acquisition.

We assessed the appropriateness of the methodologies, inputs and assumptions used by the Group in determining the fair values of acquired assets and liabilities.

We considered the appropriateness of the disclosures within the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Consolidated Financial Statements

Independent Auditor's Report



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Responsibilities of the directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Consolidated Financial Statements

Independent Auditor's Report



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 91 to 106 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Sandfire Resources Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

F Drummond
Partner
Perth

26 August 2020

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Shareholder and Investor Information

The shareholder information set out below is current as at 7 September 2020.

Australian Securities Exchange listing

Sandfire shares are listed on the Australian Securities Exchange (ASX). The Company is listed as Sandfire Resources Ltd with an ASX code of SFR.

Issued Capital

Share capital comprised 178,251,333 fully paid ordinary shares and the Company had 8,397 holders of ordinary fully paid shares.

Distribution of shareholders

Range	Total holders	Number of shares	Percentage of issued capital
1 – 1,000	4,345	1,826,743	1.03
1,001 – 5,000	2,906	7,223,986	4.05
5,001 – 10,000	627	4,772,286	2.68
10,001 – 100,000	470	11,284,656	6.33
100,001 – and over	49	153,143,662	85.91

The number of Sandfire shareholders holding less than a marketable parcel (\$500) based on the market price of \$4.81 was 753.

Twenty largest holders of ordinary fully paid shares (as named on the Register of Shareholders)

Holder name	Number of shares	Percentage held
1 HSBC Custody Nominees Australia Ltd	66,067,271	37.06
2 J P Morgan Nominees Australia Pty Ltd	33,355,560	18.71
3 Citicorp Nominees Pty Ltd	23,295,727	13.07
4 National Nominees Ltd	6,413,871	3.60
5 Metal Tiger PLC	4,496,990	2.52
6 BNP Paribas Nominees Pty Ltd	1,921,879	1.08
7 Citicorp Nominees Pty Ltd	1,805,461	1.01
8 BNP Paribas Noms Pty Ltd	1,760,587	0.99
9 Tongaat Pty Ltd	1,758,215	0.99
10 Resource Development Company Pty Ltd	1,486,786	0.83
11 Warbont Nominees Pty Ltd	933,120	0.52
12 Brispot Nominees Pty Ltd	879,604	0.49
13 Kape Securities Pty Ltd	804,169	0.45
14 CS Third Nominees Pty Ltd	651,249	0.37
15 Tongaat Pty Ltd	600,000	0.34
16 HSBC Custody Nominees (Australia) Ltd	521,513	0.29
17 Mr William John Evans and Mrs Carolina Maria Theresia Evans	405,215	0.23
18 Mr Simon (Sui Hee) Lee	398,154	0.22
19 HSBC Custody Nominees (Australia) Ltd	350,553	0.20
20 Mr Colin Petroulas	350,000	0.20
Total	148,255,924	83.17

Substantial shareholders in Sandfire Resources Ltd

The Company has received the following notices of substantial shareholding (Notice).

Substantial shareholder	Date received	Relevant interest per the Notice (number of shares)
Blackrock Inc.	28 February 2020	8,974,594
Dimensional Entities	27 February 2020	8,998,600
The Vanguard Group Inc.	18 November 2019	8,904,431

Other securities on issue

Class of security	Number	Holders
Performance rights vesting not earlier than 1 July 2021	225,542	5
Performance rights vesting not earlier than 1 July 2022	376,572	6
Zero exercise price options expiring 17 July 2026	3,229,130	15

Voting rights

The voting rights of security holders of the Company are set out in the Company's Constitution and, in summary, each member has one vote for each fully paid share held by the member in the Company. Holders of performance rights and zero exercise price options do not have voting rights.

On-market buy back

The Company does not have a current buy-back plan.

Key shareholder information

To assist those considering an investment in the Company, the Sandfire website contains key shareholder information. The site contains information on Sandfire's operations, ASX releases and financial and quarterly reports. It also contains a facility for shareholders and investors to direct inquiries to the Company, and to elect to receive communications from Sandfire via email.

Dividends

Sandfire's Board of Directors typically makes a determination on dividend payments twice each year. Dividend payments are credited directly into any nominated bank, building society or credit union account in Australia. Sandfire does not operate a dividend reinvestment plan (DRP).

Share registry information

Shareholders who require information about their shareholdings, dividend payments or related administrative matters should contact the Company's share registry:

Automic Group Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

T: 1300 288 664 (within Australia)
+61 2 9698 5414 (outside Australia)

F: +61 2 8583 3040

E: hello@automicgroup.com.au

W: www.automicgroup.com.au

Visit the Automic website to access a wide variety of holding information, change your personal details and download forms. You can:

- check your current and previous holding balances
- elect to receive financial reports electronically
- update your address details
- update your bank details
- confirm whether you have lodged your Tax File Number (TFN)
- enter your email address
- download a variety of instruction forms

You can access this information via a security login using your Security Holder Reference Number (SRN) or Holder Identification Number (HIN).

GRI Content Index

GRI Standard	Disclosure	Reference or response	Omissions	Reason for omissions	Assured (y/n)	Reference (page)
GRI 102: General Disclosures						
102-1	Name of the organisation	About This Report			Y	i
102-2	Primary brands, products and services	About Sandfire: Our Business			Y	2
102-3	Location of headquarters	https://www.sandfire.com.au/site/contact/contact-us			Y	
102-4	Location of operations	About Sandfire: Where we operate			Y	2
102-5	Ownership and legal form	About This Report			Y	i
102-6	Markets served	About Sandfire			Y	2
102-7	Scale of the organisation	Financial Report			Y	66
102-8	Information on employees and other workers	Our People			Y	37
102-9	Supply chain	Supply Chain			Y	39
102-10	Significant changes to the organisation and its supply chain	Supply Chain			Y	39
102-11	Adoption of the precautionary approach	Refer to our initiatives within each of our material topics.			Y	
102-12	External initiatives	Sandfire supports the intent of AICD 30% club Sandfire's sustainability strategy aims to contribute to the achievement of the UN SDGs			Y	
		Sandfire is an active member of the Association of Mining and Exploration Companies (AMEC) and has representatives on the Environment and Water Committee, the Safety Committee and the Aboriginal Affairs Committee.			Y	
102-13	Memberships of associations	Our Managing Director and Chief Executive Officer, Karl Simich, is a member of the Board of the International Copper Association Australia (ICAA), the peak body for the copper industry in Australia. The ICAA represents some of the country's most influential companies in mining, manufacturing, production, and recycling. The Chair of our Board, Derek La Ferla is a fellow of the Australian Institute of Company Directors (AICD) and member of the AICD National Board.				
102-14	Statement from senior decision maker	Chairman's Review			Y	10
102-16	Values, code of conduct and code of ethics	Annual Report and Responsible Business Practices			Y	4 & 41
102-18	Governance structure	https://www.sandfire.com.au/site/About/corporate-governance			Y	
102-40	Stakeholder groups engaged	Our Communities			Y	38
102-41	Collective bargaining agreements	All employee are employed on individual contracts in line with national Employment Standards. Sandfire has no collective bargaining agreements.			Y	
102-42	Identifying and selecting stakeholder groups	Our Communities			Y	38
102-43	Approach to stakeholder engagement	Our Communities: Stakeholder Engagement			Y	38

GRI Content Index

GRI Standard	Disclosure	Reference or response	Omissions	Reason for omissions	Assured (y/n)	Reference (page)
GRI 102: General Disclosures (continued)						
102-44	Key topics and concerns raised	https://www.sandfire.com.au/site/investor/reports/sustainability-report			Y	
102-45	Entities included in the consolidated financial statements	Financial Report			Y	66
102-46	Defining report content and topic boundaries	Our Material Issues: FY2020 Material Issues			Y	36
102-47	List of material topics	Our Material Issues: FY2020 Material Issues			Y	36
102-48	Restatements of information	Restatements			Y	30
102-49	Changes in reporting	Reporting: Materiality			Y	36
102-50	Reporting period	FY2020			Y	
102-51	Date of most recent previous report	30-Sep-19			Y	
102-52	Reporting cycle	Annual			Y	
102-53	Contact point for questions	Sustainability@sandfire.com.au			Y	
102-54	Claims of reporting in accordance with the GRI Standards	Our Reporting Approach			Y	30
102-55	GRI content index	Annual and Sustainability Report Appendix			Y	160
102-56	External assurance	Assurance Statement			Y	58
Material Topic - Our People						
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundaries	Our People: Employment		Y	37
	103-2	The management approach and its components	Our People		Y	37
	103-3	Evaluation of the management approach	Our People: Employment		Y	37
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	https://www.sandfire.com.au/site/About/corporate-governance		Y	
GRI 401: Employment	401-1	New employee hires and employee turnover	Data Tables		Y	
	404-1	Average hours of training per year per employee	Data Tables		Y	
GRI 404: Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	https://www.sandfire.com.au/site/careers/careers-overview		Y	
	404-3	Percentage of employees receiving regular performance and career development reviews	Data Tables		Y	
Material Topic - Operating Responsibly throughout the Mining Life-Cycle						
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundaries	Operating Responsibly Throughout the Mining Life-Cycle		Y	40
	103-2	The management approach and its components	Operating Responsibly Throughout the Mining Life-Cycle		Y	40
	103-3	Evaluation of the management approach	Operating Responsibly Throughout the Mining Life-Cycle		Y	40
GRI Sector Disclosure	MM2	Number and percentage of total sites identified as requiring biodiversity management plans and those with plans in place	Operating Responsibly Throughout the Mining Life-Cycle: Operations		Y	40
	MM1	Amount of land disturbed or rehabilitated	Data Tables		Y	
	MM10	Number and percentage of operations with closure plans	Operating Responsibly Throughout the Mining Life-Cycle: Mine Closure		Y	40

GRI Content Index

GRI Standard	Disclosure	Reference or response	Omissions	Reason for omissions	Assured (y/n)	Reference (page)
Material Topic - Responsible Business Practices						
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundaries	Responsible Business Practices		Y	41
	103-2	The management approach and its components	Responsible Business Practices		Y	41
	103-3	Evaluation of the management approach	Responsible Business Practices		Y	41
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Responsible Business Practices: Code of Conduct		Y	41
Material Topic - Safety						
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundaries	Safety		Y	44
	103-2	The management approach and its components	Safety: Health and Safety Management Systems		Y	44
	103-3	Evaluation of the management approach	Safety: Contractor Safety		Y	46
GRI 403: Occupational Health and Safety	403-8	Workers covered by an occupational health and safety management system	Safety: Contractor Safety		Y	46
	403-9	Work-related injuries	Safety: Injuries		Y	46
	403-10	Work-related ill-health	Data Tables		Y	
Material Topic - Thriving Communities						
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundaries	Thriving Communities		Y	47
	103-2	The management approach and its components	Thriving Communities		Y	47
	103-3	Evaluation of the management approach	Thriving Communities		Y	47
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Data Tables		Y	
	202-2	Proportion of senior management hired from the local community	Data Tables		Y	
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Our Communities		Y	38
	413-2	Operations with significant actual and potential negative impacts on local communities	DeGrussa Copper-Gold Mine is our only operating asset		Y	
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	Thriving Communities: Local Procurement	Botswana procurement data	Not an operating asset and records were limited	Y 48
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Thriving Communities: Economic Contribution		Y	48

GRI Content Index

GRI Standard	Disclosure	Reference or response	Omissions	Reason for omissions	Assured (y/n)	Reference (page)
Material Topic - Cultural Heritage						
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundaries	Cultural Heritage		Y	50
	103-2	The management approach and its components	Cultural Heritage		Y	50
	103-3	Evaluation of the management approach	Cultural Heritage		Y	50
GRI 411: Rights of Indigenous People	411-1	Incidents of violations involving rights of Indigenous peoples	Cultural Heritage		Y	50
Sector Specific Disclosure	MM5	Total number of operations taking place in or adjacent to Indigenous people's territories	Cultural Heritage		Y	50
Material Topic - Water						
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundaries	Water		Y	52
	103-2	The management approach and its components	Water: DeGrussa Copper-Gold Mine - Australia		Y	52
	103-3	Evaluation of the management approach	Water		Y	52
GRI 303: Water and Effluents	303-3	Water withdrawal	Water: Our Performance		Y	53
	303-4	Water discharge	Water: Our Performance		Y	53
	303-5	Water consumption	Water: Our Performance		Y	53
Material Topic - Climate Change						
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundaries	Climate Change		Y	54
	103-2	The management approach and its components	Climate Change: Risk		Y	54
	103-3	Evaluation of the management approach	Climate Change: Risk		Y	54
GRI 302: Energy	302-1	Energy consumption within the organisation	Climate Change: Metrics		Y	56
	302-3	Energy intensity	Data Tables		Y	
	302-4	Reduction of energy consumption	Data Tables		Y	
GRI 305: Emissions	305-1	Direct (scope 1) GHG emissions	Climate Change: Metrics		Y	56
	305-2	Indirect (scope 2) GHG emissions	Climate Change: Metrics		Y	56
	305-4	GHG emissions intensity	Data Tables		Y	
	305-5	Reduction of GHG emissions	Data Tables		Y	
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Environment		Y	52
GRI 201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	Climate Change: Risk		Y	54

Glossary of Terms

Term	Definition
AC	air core usually in the context of drilling or drill holes
Ag	silver
Au	gold
BCM	bulk cubic metres
Co	cobalt
Cu	copper
CuEq	copper equivalent
DHEM	down hole electromagnetic surveys
EM	electromagnetic
EM conductors	electromagnetic conductors returned from EM surveys
Employees	People directly employed by Sandfire wherever they are located in the world.
FLEM	fixed-loop electromagnetic
g	metric gram
GJ	Gigajoules
g/t	metric gram per metric tonne
Greater Perth	Greater Perth is the statistical area of Perth's Greater Capital City. This statistical area extends along Western Australia's coastline from Two Rocks to Coolup and inland to Woorloo.
Human rights	The human rights most relevant for our operations are related to workplace safety, labour conditions, and the rights of Native Title groups and communities where we have an impact.
Integrated waste landform (IWL)	The waste rock dump and the tailing storage facility are one facility known as an integrated waste landform. The waste rock dump surrounds the tailings storage facility.
km	kilometres
koz	thousand ounces
kt	thousand metric tonnes
ktpa	thousand metric tonnes per annum
Lost time injury (LTI)	An injury which results in the person being declared (by a medical practitioner) as being unfit to perform their normal duties for a shift, after the shift in which the injuries were sustained.
Midwest economic region	The Midwest economic region spans around 478,000 square kilometres across the centre of Western Australia from Green Head to Kalbarri and over 800km inland to Wiluna in the Gibson Desert.
ML	Megalitres
MLEM	moving-loop electromagnetic surveys
Modern slavery	Modern slavery includes serious human exploitation such as human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour, and deceptive recruiting for labour or services.
Moz	million ounces
Mt	million metric tonnes
Mtpa	million metric tonnes per annum
Native title	The communal, group or individual rights and interests of Aboriginal peoples and Torres Strait Islanders in relation to land and waters, possessed under traditional law and custom, by which those people have a connection with an area which is recognised under Australian law.
Native title claimant group	Indigenous parties who declare they hold rights and interests in an area of land and/ or water according to their traditional laws and customs and are seeking a decision from the Court that native title exists, so their rights and interests are recognised by the common law of Australia.
Native title determination group	Indigenous party whose right to native title has been established by an Australian court or other recognised body.
Ni	nickel
oz	ounce
Permanent contractor	Contractors with a fixed term contract.
Principal hazard	Hazards that have a potentially fatal risk.
RC	reverse circulation drilling
Recordable injury	The combination of fatalities, lost time injuries, restricted work injuries and medically treated injuries.
Significant near miss	An unplanned event that did not result in significant injury, illness or damage, but had the potential to do so.
t	metric tonnes
Tailings	Tailings are finely ground rock and mineral waste products of mineral processing operations.
Tailings storage facility (TSF)	Purpose built retaining embankment to store tailings for the life of mine.
TRIFR	Total number of recordable injuries (for the 12 month period/total hours worked for the 12 month period) multiplied by 1,000,000 hours.
VTEM	airborne versatile electromagnetic surveys
Waste Rock	Waste rock is material that contains minerals in concentrations considered too low to be extracted at a profit.
Whistle-blower	A whistle-blower is someone who discloses reportable conduct to people that have the power to take corrective action.
Workforce	All employees and contractors working on any Sandfire operation in the world.
Zn	zinc

Corporate Information

Directors

Derek La Ferla	Independent Non-Executive Chairman
Karl Simich	Managing Director and Chief Executive Officer
Robert Scott	Independent Non-Executive Director
Paul Hallam	Independent Non-Executive Director
Sally Langer	Independent Non-Executive Director
Roric Smith	Independent Non-Executive Director

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

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F: +61 8 6430 3849
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F: +61 2 8583 3040
E: hello@automicgroup.com.au

Auditors

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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

ABN

55 105 154 185

ASX Code

Sandfire Resources Limited shares are listed on the Australian Securities Exchange (ASX)
ASX code: SFR

Sandfire produces a range of publications, which can be downloaded or viewed at our website.



[Annual Report](#)



[Corporate Governance Statement](#)

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