

30 August 2022

FY2022 Financial Results¹

Sandfire completes its portfolio transformation with landmark MATSA acquisition and strong operational performance driving a 52% increase in revenue and robust annual profit result.

Highlights

- Record sales revenue of \$922.7M (FY2021: \$609.0M): payable metal sales of 93,827t Cu (FY2021: 65,689t), 28,618oz Au (FY2021: 37,394oz), 32,328t Zn (FY2021: Nil), 3,312t Pb (FY2021: Nil) and 952koz Ag (FY2021: 311koz).
- Cash flow from operating activities of \$391.2M (FY2021: \$347.5M) – \$439.5M prior to payments for exploration and evaluation expenses (FY2021: \$401.0M).
- Group EBITDA of \$447.3M (FY2021: \$337.0M):
 - DeGrussa Copper Operations segment EBITDA of \$392.5M (FY2021: \$412.5M).
 - MATSA Copper Operations segment EBITDA of \$150.6M (for the 5-month period ending 30 June 2022, being the period of Sandfire's ownership).
- Group profit before net finance and income tax expense of \$190.6M (FY2021: \$202.4M).
- Net profit after tax attributable to equity holders of \$111.4M (FY2021: \$128.6M).
- Basic earnings per share of 32.05cps (FY2021: 72.14cps) impacted by the 5-month ownership period and 2021 share issue relating to the MATSA acquisition.
- Group cash at 30 June 2022 of \$463.1M. Net debt of \$324.7M (excluding capitalised transaction costs).

Sandfire Resources Ltd (**Sandfire** or **the Company**) is pleased to report its financial results for the 12 months to 30 June 2022.

The 2022 financial year was a transformational period for Sandfire which saw it deliver on key pillars of its Strategic Growth Plan and become a global copper mining company following the acquisition of the MATSA Copper Operations (**MATSA**) in Spain.

The combination of an initial 5-month contribution from MATSA and another strong performance by the DeGrussa Copper Operations (**DeGrussa**) in Western Australia underpinned a 52% increase in sales revenue to a record \$922.7 million.

This allowed the Company to post a net profit after tax attributable to equity holders of \$111.4 million (FY2021: \$128.6 million). The full-year profit translates to earnings per share of 32.05 cents (basic and diluted), impacted by the 5-month ownership period and 2021 share issue relating to the MATSA acquisition.

¹ The Group has changed its presentation currency from Australian (AU) dollars to United States (US) dollars, effective 1 July 2021. Consequently, unless otherwise stated, all references to dollars are to US dollars.

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Payable metal sales for the reporting period totalled 93,827 tonnes of copper (FY2021: 65,689t), 32,328 tonnes of zinc (FY2021: nil), 28,618 ounces of gold (FY2021: 37,394oz), 3,312 tonnes of lead (FY2021: nil) and 952k ounces of silver (FY2021: 311koz).

The strong revenue result was supported by continued strength in the copper and zinc price, with an average received copper price of US\$8,985 per tonne and zinc price of US\$3,249 per tonne throughout the reporting period.

The DeGrussa Copper Operations in Western Australia delivered another strong operational performance, with production of 67,740 tonnes of contained copper (FY2021: 70,845t) and 32,285 ounces of contained gold (FY2021: 39,459oz) for the year, against guidance of 65-68kt contained copper and 30-34koz contained gold.

As a result, the DeGrussa segment generated a profit before net finance and income tax of \$257.2 million (FY2021: \$283.5 million) from underground mining and concentrator operations.

The MATSA Copper Operations in Spain also delivered a positive operational performance for the five months of Sandfire's ownership, with production of 30,628 tonnes of contained copper, 38,907 tonnes of contained zinc, 4,102 tonnes of contained lead and 1.2 million ounces of contained silver, against guidance of ~27kt contained copper, ~38kt contained zinc, ~3kt contained lead and ~1.1Moz contained silver. This led to a profit before net finance and income tax of \$34.9 million for the MATSA segment.

Cash flow from operating activities was \$391.2 million for the year (FY2021: \$347.5 million) and \$439.5 million (FY2021: \$401.0 million) prior to payments for exploration and evaluation activities.

The Group cash position at 30 June 2022 was \$463.1 million (FY2021: \$431.3 million) after making significant investments in the Company's growth projects to support the execution of its Strategic Growth Plan.

While the Group continues to execute its rapid international growth program, finance the development of the Motheo Copper Mine in Botswana and repay debt facilities relating to its MATSA acquisition, the Company has not declared a final dividend payment for FY2022.

Management Comment and Outlook

Sandfire's CEO and Managing Director, Mr Karl Simich, said the FY2022 financial year marked one of the most successful and important periods in the Company's history, rivalled only by the initial discovery and development of the DeGrussa Deposit in Western Australia.

'The momentous achievements of the past 12 months have fundamentally changed the face of Sandfire and set the scene for our next decade of growth,' Mr Simich said.

'Our vision – to create a diversified, international and sustainable mining company – rapidly took shape during the year, dominated by the transformational US\$1.865 billion acquisition of the MATSA Copper Operations in south-western Spain, announced in September 2021 and completed in February 2022.

'The fact that we were able to transact on a rare base metal asset of this scale and quality, raise A\$1.248 billion in equity and US\$795.5 million in debt to complete the deal, and then seamlessly integrate it into our business, are incredible achievements.

'The MATSA acquisition has transformed our portfolio and – together with the exceptional progress we made during the year in constructing the new Motheo Copper Mine in Botswana – have provided the elements for what was arguably been our best-ever year as a business.

'We also maintained our track record of outstanding operational and financial performance in FY2022, delivering strong, high-margin production across our operations. Pleasingly, the results were achieved with an exceptional safety performance, leading to a significant improvement in key safety indicators across the year.

'Global production for the year totalled 98,367 tonnes of contained copper and 38,907 tonnes of contained zinc, plus by-product lead, gold and silver, which underpinned record sales revenue of \$922.7 million, operating cash-flow of \$391.2 million, and a net annual profit after tax of \$109.4 million.

'MATSA has performed very strongly since we completed the acquisition in February 2022, generating an EBITDA margin of 51% for the five months to the end of FY2022 and delivering metal production above guidance.

'Our management team has worked diligently to deliver a smooth and seamless transition of MATSA's operations into Sandfire's global business, while ensuring operating continuity.

'A number of important optimisation programs are now underway at MATSA, with the recently published Mineral Resource and Ore Reserve estimates providing a robust foundation for ongoing life-of-mine planning and future growth and optimisation opportunities.

'In Botswana, we're making strong progress towards the development of our new Motheo Copper Mine, where construction and development activities are well advanced and we remain on track to deliver first production from the initial 3.2Mtpa project in the June 2023 Quarter.

'We are also pleased to have released the Definitive Feasibility Study for the Motheo Expansion Project today – which will see the project capacity increased to 5.2Mtpa and peak production of around 55,000 tonnes per annum of copper-in-concentrate.

'Our DeGrussa Copper Operations in Western Australia are now moving into their final months of operations, having delivered another year of strong and safe production in FY2022, with copper and gold production in line with guidance. Processing at DeGrussa is scheduled to complete in October 2022, with a detailed plan for ramp-down and mine closure in place, supported by retention programs for our valued staff.

'Exploration remains at the heart of Sandfire's business, with our exploration programs ramping up across our global asset portfolio, which now spans four world-class mineral provinces.

'Backed by outstanding operating assets, a strong development pipeline and a world-class exploration landholding, Sandfire is perfectly placed to supply the copper the world needs to achieve decarbonisation.'

- ENDS -

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This announcement is authorised for release by Sandfire's Managing Director and CEO, Karl Simich.

Forward-Looking Statements

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

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

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

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

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