



## 2015 ANNUAL GENERAL MEETING: CHAIRMAN'S ADDRESS

2015 has been another well-rounded year of achievement, success and growth for Sandfire – not just operationally and financially, but also in other key areas of our business including exploration, business development and sustainability.

As I said in our Annual Report, Sandfire is now firmly established as a leading mid-tier mining house, delivering strong and consistent cash-flow, profit and dividends, and striving at all times to make the most of our privileged yet well-earned position in what remains a challenging economic environment, especially in the mining sector.

I believe this is a direct reflection of the professionalism, commitment and focus of our team, a vigilant focus on cost control, and a willingness to innovate and move with the times – which in my view is a vital attribute of any successful company in our ever changing corporate landscape.

Our cornerstone asset, the DeGrussa Copper-Gold Mine in Western Australia, continues to go from strength to strength, with 2015 representing our third successive year of consistent, low-cost production. Most importantly, this was once again achieved with pleasing safety performance across the operation.

The strong cash-flows generated by DeGrussa have enabled us to continue to fund the three key pillars of our business which I outlined last year: ongoing investment in the operating needs of the business; investment in exploration and business development; and direct shareholder returns via dividends.

The strong financial result which the Company enjoyed this year has enabled us to increase our dividend payments for the year, with the total payout rising to 13c – including a final fully-franked dividend of 10c.

At the same time, we were able to direct significant funds to debt reduction, with the outstanding balance of our financing facilities reduced to \$80 million at the end of the September 2015 Quarter.

The strength of our balance sheet and the exceptional grade and robust margins of the DeGrussa mine are some of the key attributes which I believe set Sandfire apart in these tough economic times and help to explain the comparative resilience of our share price in what has been a tumultuous year for most resource stocks.

One of the most significant achievements for us during the year was without doubt the exciting new high-grade VMS copper-gold discovery at the Monty prospect, located 10 kilometres east of DeGrussa on the Springfield Project, part of our farm-in interests with Talisman Mining.

Since we first discovered DeGrussa, Sandfire has remained steadfast in its conviction that the Doolgunna region has the potential to host multiple clusters of VMS mineralisation. The high-grade discovery at Monty is the first significant accumulation of high-grade copper-gold mineralisation to be identified outside of DeGrussa and represents a compelling breakthrough for our exploration team. I congratulate them on this outstanding success and thank them for their methodical, hard work during the year.

In-fill drilling has recently commenced at Monty with the objective of delivering a maiden resource estimate in the first quarter of next year, and we remain very optimistic about the potential to find more high-grade, high-value deposits as exploration continues to gather momentum across our tenements. Further success has the potential to extend the life of the DeGrussa operation and add considerable value for shareholders.

A willingness to embrace innovation and to be flexible and lateral in our thinking was instrumental in the discovery breakthrough at Monty. I am pleased to say that this progressive and forward-looking approach is also reflected in many other parts of our business, particularly our approach to – and reporting on – environmental, social and corporate governance.

The Company has launched a number of important new ESG initiatives over the past 12 months, with the focal point being the recent publication of our inaugural Sustainability Report, which has been applauded by many of our key stakeholders and other relevant interest and advisory groups. I would like to take this opportunity to acknowledge the many authors and contributors to this impressive document.

We are proud of our achievements relating to environmental and social advancement, and I would like to encourage all of our shareholders and other stakeholders to read the report in full for a complete overview of our activities in this area.

I would also like to make special mention of our involvement a ground-breaking solar power project which is currently under construction at DeGrussa. This exciting project is set to establish DeGrussa as a world-leading reference site for the use of renewable energy to reduce operating costs and improve environmental performance in the mining industry.

Turning briefly to corporate matters, I am pleased to note that our share register was strengthened during the year with significant investment by both existing and new Australian and International institutional investors following the departure from the register of Oz Minerals and POSCO Australia.

POSCO's sale of its 15.2 per cent stake in Sandfire marked the end of a Strategic Alliance between our companies which had been in place since 2008 – a relationship which has been rewarding for both parties. I would like to take this opportunity to acknowledge POSCO's support as a strategic partner, and also to thank Mr Soocheol Shin, POSCO's representative who stepped down from the Sandfire Board in May, for his contribution.

We continue to review the composition of the Board to ensure that we have an appropriate diversity of experience, skills and (in due course) gender at board level. I am pleased to say that we expect to finalise the appointment of an additional independent non-executive Director in the not too distant future.

In conclusion, I think it is important to remember that the strength of the Company's position is testament to the outstanding efforts of the Sandfire team – many of whom are here today – led by our Managing Director and CEO Karl Simich. On behalf of the Board, I would like to acknowledge all of the team's hard work. I would also like to sincerely thank you – our shareholders – for your continued support.

Despite a challenging market and operating environment, Sandfire is arguably in the strongest position in its history with an outstanding production asset at DeGrussa, an exciting new chapter of exploration success currently unfolding in the Doolgunna region, a business development pipeline, relatively low debt and a growing depth and maturity across our organisation.

These are exciting times for Sandfire and we are all looking forward to the New Year and the future beyond that with enthusiasm and confidence.

Thank you for your attention.

Derek La Ferla  
Non-executive Chairman

**ENDS**

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