



2017 ANNUAL GENERAL MEETING: CHAIRMAN'S ADDRESS

2017 marks our fifth year as a successful and profitable Australian copper-gold miner and, importantly, another year of consistent operational and financial success coupled with positive corporate development and community and social engagement across our business.

At the macro level, the past 12 months has been characterised by a marked improvement in sentiment for most major commodities and the return of risk appetite and investor interest to the resource sector generally. Commodities have been buoyed by the continued strong recovery of the US economy and the continued overall resilience of the Chinese economy.

The performance of copper is one of the best proxies for the global economy – and it is an indicator which is obviously of great relevance and interest to us.

The metal has risen significantly in recent times, reflecting both a robust demand outlook and repeated disappointments in copper mine supply. The investment community is also now waking up to the fundamental strategic importance of copper to the burgeoning electric vehicle and renewable energy sectors, adding further weight to this demand thematic. The outlook for copper as a commodity appears very promising.

A rising commodity price environment is a pleasing backdrop for any operating mining company. For a high-grade, low-cost, high-margin operation such as DeGrussa, this translated during the year into an impressive overall operating cash margin of nearly 50 per cent – a remarkable result for any business.

Our Managing Director Karl Simich will shortly run through the key operational and financial highlights of the year in more detail, but I would like particularly to mention our strong financial result, the retirement of all of our debt a year ahead of schedule, the increase in our cash position by year-end, and the record final fully-franked dividend which increased our total payout to shareholders for the financial year to 18 cents per share.

Most importantly, our strong operational and financial performance has been achieved with an excellent safety record across all areas of our business.

These achievements reflect our disciplined operational approach, our prudent financial management and our commitment to excellence and consistency across all parts of our business. As I said in the Annual Report, Sandfire is now well-established as a consistent and rewarding dividend provider, and we will seek to maintain that position for as long as it remains prudent to do so.

Looking to the future, Sandfire is now well-established as the second largest ASX-listed copper producer, and we intend to build on this position by establishing a strong pipeline of production, development and exploration assets that ultimately diversify our production base and grow our production profile well into the future.

We have made no secret of the fact that we want to be a multi-mine company, operating across multiple Tier-1 jurisdictions, and with an operational track record and corporate reputation that befits a truly international quality mid-tier mining house.

To this end, for the first time in 2017 Sandfire reported a global Group Mineral Resource estimate across all of the Company's copper-gold and base metal projects, including our Australian assets in Western Australia and New South Wales, as well as the 78%-owned Black Butte Copper Project in the USA, held via our North American subsidiary Tintina Resources Inc.

This global Mineral Resource estimate delivered a contained metal inventory of close to 2 million tonnes of contained copper, almost 2.8 million ounces of gold and 16 million ounces of silver.

Against the backdrop of a rising market for most of these metals, Sandfire is firmly focused on unlocking the value this extensive inventory – and bringing further resources under our control both through diligent and focused exploration and through targeted and prudent acquisition.

First cab off the rank in our growth pipeline will be the ultra-high grade Monty satellite copper-gold mine, where development is now well underway targeting the delivery of first ore to the DeGrussa mill in late 2018. This will underpin a rising production profile for Sandfire over the next three years at a particularly opportune time in the copper market cycle.

Further afield, we have also seen very positive progress over the past 12 months at the Black Butte Copper Project in the United States, which represents one of the world's premier high-grade undeveloped copper projects.

Black Butte is a key component of Sandfire's longer term strategic growth pipeline, and has now moved into the final phase of permitting with an Environmental Impact Statement underway. Once completed, the Environmental Impact Statement will result in a Final Record of Decision, allowing construction and development of the underground mine to commence.

Our pipeline of exploration opportunities includes ongoing work in the Greater Doolgunna area near the DeGrussa and Monty operations, and an extensive portfolio of base metal exploration projects across Australia's Eastern Seaboard. Karl Simich will outline these opportunities in greater detail in his presentation.

Sustainability has remained at the forefront of our business decisions in FY2017, delivering continued improvement in the key environmental and social outcomes generated by our business, as outlined in our 2017 Sustainability Report, copies of which are available at this meeting.

Pleasingly, our carbon emissions intensity for FY2017 reduced by seven per cent on the prior year despite the additional energy requirements as the DeGrussa mine reaches greater depth – a very positive outcome delivered through the generation of renewable energy and improved operational efficiency.

We also remain focused on creating opportunities for greater female participation in what has traditionally been a male-dominated industry. Our female participation rates are above the industry average, and we will continue to address attraction and retention rates for female employees to further improve our performance in this area.

Sandfire has developed a long-term sustainability strategy to guide our efforts across the business. We set improvement goals in energy, water and waste management, safety, gender equality and staff retention as well as local procurement as part of our sustainability strategy implementation. We are very proud of our efforts across all aspects of our sustainability initiatives.

On the corporate front, I would like to sincerely acknowledge the very significant contribution made to the Company by John Evans, who retired from the Board during the financial year after almost ten years with the Company. John played a pivotal role in the discovery and development of the DeGrussa deposit, and helped shape our global exploration culture and portfolio.

Following John's departure, we were very fortunate to secure the services of another seasoned geologist and highly experienced global mining executive in Dr Roric Smith, who joined our Board

as a Non-executive Director earlier this year. Roric has already made a significant contribution to our exploration strategy and has been a positive and insightful contributor at board level generally.

With Roric's appointment, the Sandfire Board continues to maintain a diverse and appropriate variety of experience and skill-sets to ensure the Company can continue to deliver growth into the future.

Finally, I would like to recognise the outstanding efforts of the Sandfire team, ably led by Managing Director Karl Simich. Sandfire's strong and consistent performance over many years is thanks to the efforts of a very hard-working team of employees and contractors, and I would like to thank them all for their dedication and commitment.

I would also like to extend a warm vote of thanks to you, our valued shareholders for your continued support.

Sandfire has already made its mark as a respected and well-established mid-tier mining leader, but I want to assure all shareholders that our work is far from done. We have many exciting growth projects underway within the Company – and I firmly believe that 2018 will be a defining year for Sandfire.

Thank you for your attention.

Derek La Ferla
Non-executive Chairman

ENDS

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Forward-Looking Statements

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