



SANDFIRE RESOURCES NL



2015 SUSTAINABILITY REPORT

Corporate Directory

DIRECTORS

Mr Derek La Ferla Independent Non-Executive Chairman

Mr Karl Simich Managing Director & Chief Executive Officer

Mr Paul Hallam Independent Non-Executive Director

Mr W John Evans Non-Executive Director

Mr Robert Scott Independent Non-Executive Director

MANAGEMENT & COMPANY SECRETARY

Mr Michael Spreadborough Chief Operating Officer

Mr Matthew Fitzgerald Chief Financial Officer & Joint Company Secretary

Mr Robert Klug Chief Commercial Officer & Joint Company Secretary

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

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Australian Securities Exchange Limited

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Perth WA 6000

ABN

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ASX CODE

Ordinary fully paid shares: SFR





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ABOUT THIS REPORT

This is Sandfire's first Sustainability Report, prepared in accordance with the Global Reporting Initiative G4 framework. The report spans the period from 1 July 2014 until 30 June 2015. The report covers our DeGrussa Copper-Gold Mine in Western Australia as well as our other Australian interests.

For any feedback, please contact Robert Klug, our Chief Commercial Officer, on (08) 6430 3800.

PERFORMANCE HIGHLIGHTS

ANNUAL NET PROFIT
AFTER TAX

\$69.0M

METAL SALES REVENUE

\$548.6M

Copper 67,903 tonnes
Gold 37,194 ounces

TAXES & ROYALTIES

\$43.1M

TOTAL ENERGY USE
& CARBON EMISSIONS

1,422,111
GJ of energy



CO²



OPERATIONS & EXPLORATION



59

TOTAL
STAFF
256

197

220 Full-time

12 Part-time

24 Casual

GENDER BREAKDOWN



TOTAL RECORDABLE
INJURY FREQUENCY RATE

9.3
for 2015

CHAIRMAN & MANAGING DIRECTOR'S REPORT

At Sandfire, we recognise that we are part of a global community. As part of this community, we are committed to operating our business in a sustainable manner that ensures our people are safe and well-supported, local communities prosper and the environment is well cared for so that it benefits future generations.

The mining sector remains a significant local and international industry as global demand for resources continues to improve living standards and assist economic growth. The industry is facing complex challenges, such as lower commodity prices, climate change impacts, community acceptance, environmental concerns and the need for companies to show leadership and stewardship of natural resources. However, these challenges can also be opportunities – and the industry is in a unique position to respond.

Companies can be courageous and innovative in their approach to sustainability, and Sandfire has both the opportunity and the capacity to be a key participant in this approach. We are committed to continuously improving the way we do business.

This year marks an important milestone for Sandfire as we publish our first Sustainability Report. We are proud of our achievements and developments in this area, and we are delighted to outline them for you in this report. We have committed to report in line with the G4 Global Reporting Initiative (GRI), the leading framework for sustainability reporting, which demonstrates our commitment to adopt best practice.

The 2015 financial year has been successful and productive for us on the back of a continued strong operational performance by our flagship DeGrussa Copper-Gold Mine in Western Australia.

Sandfire achieved its third successive year of strong profitability following the start-up of the DeGrussa operation. We posted an annual net profit after tax of \$69.0 million on strong sales revenue of \$548.6 million from metal sales of 67,903 tonnes of copper and 37,194 ounces of gold.

This strong performance has given Sandfire a healthy financial foundation from which to fund our ongoing growth initiatives, including mine development, minerals exploration and the pursuit of business development opportunities. It ensures that Sandfire can continue to maximise the opportunity to create value for our stakeholders.

For example, in the year ended 30 June 2015 we paid (or have payable) royalties and tax of \$43.1 million to the Government and Native Title Claimant Groups.

While financial and operational success is important, we never lose sight of the vital role that our people, including our contractors, play in driving sustainable performance. Their safety will always be our greatest priority.

We have also worked hard to support the local communities in the region surrounding the DeGrussa Mine so they receive real benefit from our activities.

Sandfire currently supports a wide variety of local community initiatives including the Meekatharra Outback Festival and local Aboriginal community development initiatives. We have also sponsored community groups including Meekatharra Youth Centre, Karalundi School, Meekatharra sporting clubs and the Meekatharra Hospital Auxiliary.

We are committed to working closely with the Aboriginal communities in the areas in which we operate. To date, Sandfire has carried out over 50 Aboriginal Heritage surveys across our tenements. These surveys are carried out in conjunction with members of the Native Title Claimant Groups, Traditional Owners, Aboriginal Representative Councils and professional anthropologists and archaeologists. Land Access Agreements have been negotiated and implemented to deliver substantial benefits to members of the Native Title Claimant Groups and surrounding communities.

Sandfire also upholds high standards of environmental responsibility.

A significant achievement for the year was the signing an agreement to construct a 10.6 megawatt solar power station at DeGrussa. The DeGrussa Solar Power Initiative is being pursued under an agreement between Sandfire and juwi Renewable Energy, one of the world's leading providers of state-of-the-art, utility-scale renewable energy projects.

This \$40 million project will be the largest integrated off-grid solar and battery storage facility in Australia, and one of the largest in the mining industry worldwide. It will help to showcase the benefits of renewables in reducing operating costs and improving environmental performance in the resource sector.

As we reflect on our achievements over the past 12 months, we can look to the future with confidence. Sandfire is committed to delivering a strong financial performance, being an 'employer of choice' that offers a positive and safe workplace for employees and contractors, and working in a sustainable and ethical way with our communities.

We would like to take this opportunity to sincerely thank all of the dedicated staff and contractors who have helped us to reach our goals and deliver on our commitments. Without your hard work, none of this would be possible.

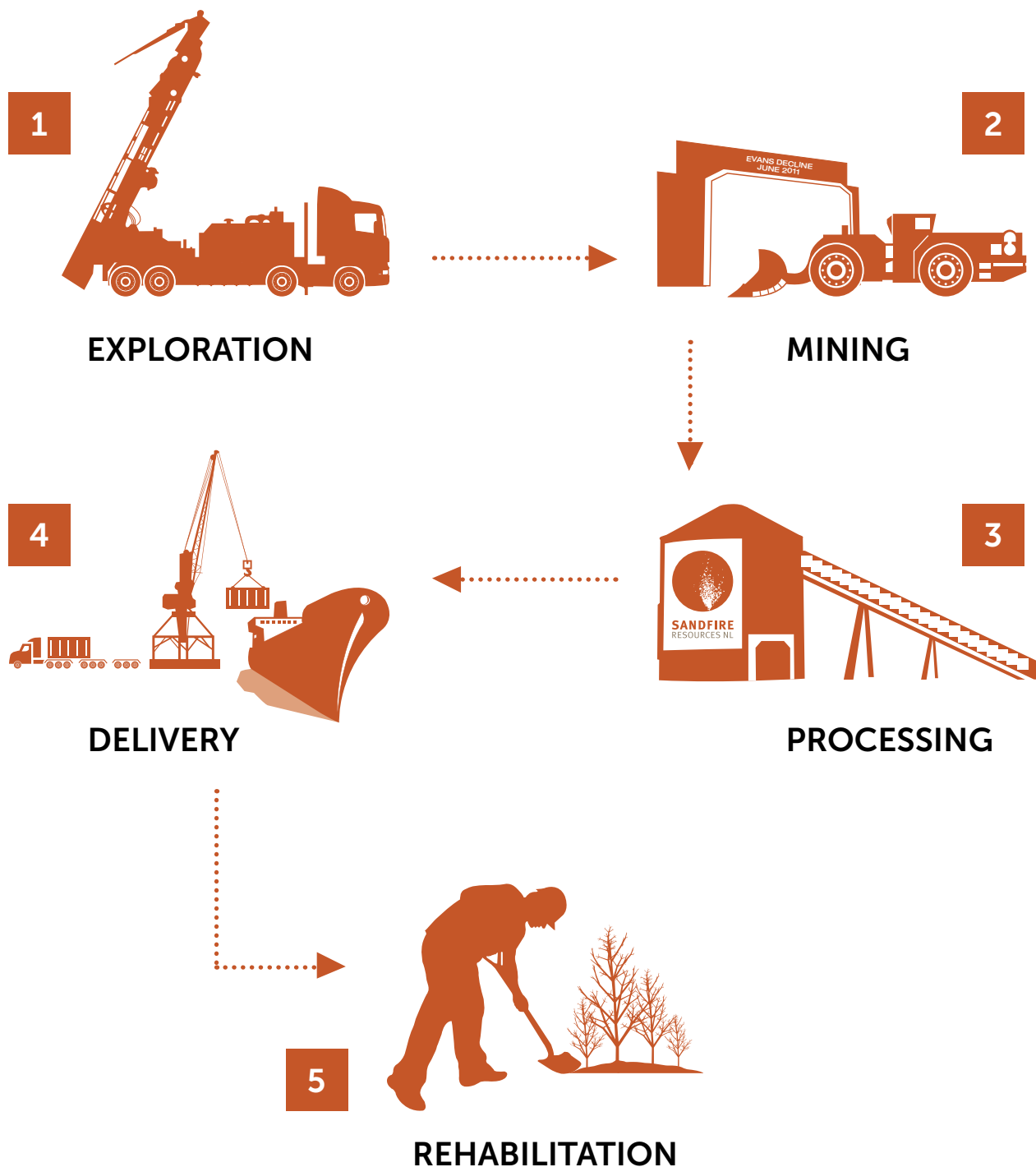


DEREK LA FERLA
Chairman



KARL SIMICH
Managing Director
& CEO

OUR BUSINESS





THE SANDFIRE STORY

Sandfire Resources NL is a mid-tier Australian mining and exploration company based in Perth, Western Australia.

Sandfire is listed on the Australian Securities Exchange. We produce copper and gold from our flagship 100% owned DeGrussa Copper-Gold Mine, located 900km north of Perth.

The DeGrussa mine grew at a rapid pace, moving from the discovery phase through resource drill-out, feasibility, financing, development, and construction to first copper production within three years. This transition set new benchmarks for the efficient and rapid development of resources in Western Australia.

DeGrussa has a Mineral Resource inventory of 546,000 tonnes of copper and 616,000oz of gold (as at 31 December 2014). This is a high quality inventory with the average grade of this resource well above the norm for global copper producers.

The DeGrussa mine produces high quality copper-in-concentrate with significant gold credits. Production for FY16 is forecast at 65-68,000 tonnes of copper and 35-40,000 ounces of gold at a C1 cash cost of US\$0.95-1.05 per pound.

Sandfire has a substantial ongoing exploration commitment within its broader 1700sqkm tenement holding surrounding DeGrussa. It also manages a portfolio of exploration joint ventures and initiatives in prospective mineral provinces in Australia and overseas.

Sandfire is aiming to leverage the strength of its DeGrussa Copper-Gold Mine to become a diversified Australian mining company with a sustainable growth future.

During the 2015 financial year, Sandfire conducted exploration activities in Australia within the Bryah Basin region of Western Australia, the Mt Isa Inlier in Queensland, the Lachlan Fold Belt of New South Wales, the Gawler Craton region of South Australia and the McArthur Basin region of the Northern Territory.

Internationally, Sandfire is developing exploration and growth opportunities in Papua New Guinea (through a 38% stake in Toronto Stock Exchange (TSX)-listed WCB Resources – TSX-V: WCB) and also in Montana in the United States (through its 36% stake in TSX-listed Tintina Resources – TSX-V: TAU).

Sandfire's total workforce, including contractors, is approximately 450 people which includes a direct workforce of 256 people.

Sandfire discloses its sustainability performance as part of the Australian Government's National Greenhouse and Energy Reporting Scheme and the National Pollution Index. This year we participated for the first time in the Carbon Disclosure Project (CDP).



BUSINESS OVERVIEW

Sandfire's **VISION** is to be a significant, mid-tier mining company that operates in the top quartile of international performance benchmarks for the industry.

VALUES

The following core values are the basis for how Sandfire does business:

- » Operate and explore safely with minimal impact to the environment at all times;
- » Co-operate with all of our communities for the mutual benefit of all;
- » Attract and retain the very best people for jobs at all levels;
- » Reward good performance;
- » Place a high value on diversity, teamwork, respect and integrity;
- » Value technical excellence and innovation; and
- » Place a high value on cost consciousness among our employees.

GOVERNANCE

Sandfire is committed to the highest standards of corporate governance and transparency.

We uphold a Sustainable Management Framework that ensures the:

- » Health and well-being of our workforce;
- » Provision of economic benefit to the communities in which we operate;
- » Sustainable use of our natural resources; and
- » Return of value for our stakeholders and shareholders.

We have a suite of policies that govern our business activities and articulate our expectations for ethical business behaviours.

Sandfire regularly reviews its governance practices, taking into account the recommendations in the Corporate Governance Principles and Recommendations of the Australian Securities Exchange Corporate Governance Council.

MISSION

Sandfire is in the business of producing base and precious metals safely and profitably for the benefit of its shareholders and stakeholders.

The Company's focus is on three core business elements:

- 1** Increasing its resource base by discovering new deposits through its exploration programs.
- 2** Securing assets that meet its investment criteria through business development initiatives and developing assets in accordance with a set of strict economic and technical criteria.
- 3** Managing the productivity of its operations by maximising production and rigorously controlling expenditure at all times.

Our policies include:

- » Sustainability Policy;
- » Code of Conduct;
- » Our People Policy;
- » Diversity Policy;
- » Occupational Health and Safety Policy;
- » Environmental Policy;
- » Stakeholder Engagement Policy;
- » Donations, Sponsorship and Partnership Policy;
- » Dealing in Securities Policy;
- » Disclosure and Communication Policy; and
- » Whistle-blower Protection Policy.

These policies are available online at www.sandfire.com.au

HOW WE MANAGE SUSTAINABILITY

The Board is regularly updated on sustainability issues, including detailed information on operational activities and objectives. Sandfire's Sustainability Committee, Audit and Risk Committee and Remuneration and Nomination Committee are tasked with certain aspects as required. The Chief Executive Officer, who is also a member of the Board, has operational responsibility for sustainability issues.

Management helps to formulate and implement sustainability policies across the organisation.

The Board monitors sustainability, as it relates to safety, health, the environment, our community and our people.

The diagram below sets out how we govern sustainability.



NAME	SPECIAL RESPONSIBILITIES
Mr Derek La Ferla Independent Non-Executive Chairman	Member of the Remuneration and Nomination Committee Member of the Audit and Risk Committee Member of the Sustainability Committee
Mr Karl Simich Managing Director & Chief Executive Officer	Operational responsibility for sustainability issues
Mr Paul Hallam Independent Non-Executive Director	Chairman of the Remuneration and Nomination Committee Member of the Audit and Risk Committee
Mr W John Evans Non-Executive Director	Chairman of the Sustainability Committee
Mr Robert Scott Independent Non-Executive Director	Chairman of the Audit and Risk Committee Member of the Remuneration and Nomination Committee Member of the Sustainability Committee

RISK MANAGEMENT

We recognise that risk is inherent to our business and that effective management is vital to our sustainable future.

The Board sets Sandfire's risk profile and risk tolerance levels. It is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Audit and Risk Committee undertakes an annual assessment of the effectiveness of risk management and internal controls.

Management is responsible for the day-to-day design and implementation of Sandfire's risk management and internal control system. Management reports to the Board on Sandfire's key risks and the extent to which it believes that risks are being adequately managed.

CODE OF CONDUCT

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Sandfire strives to be an open, fair organisation that promotes equal opportunity and is free from discrimination. This commitment is enshrined in our Code of Conduct that applies to directors, employees, temporary employees and contractors of Sandfire.

The key principles of the Code of Conduct are:

- » Our actions must be governed by the highest standards of integrity and fairness;
- » Our decisions must be made in accordance with the spirit and letter of applicable law; and

- » Our business must be conducted honestly and ethically, with our best skills and judgement, and for the benefit of our people, clients, shareholders, stakeholders and Sandfire alike.

The Code of Conduct aims to:

- » Provide a benchmark for professional behaviour throughout Sandfire;
- » Support Sandfire's business reputation and corporate image within the community; and
- » Make employees aware of the consequences if they breach the code.

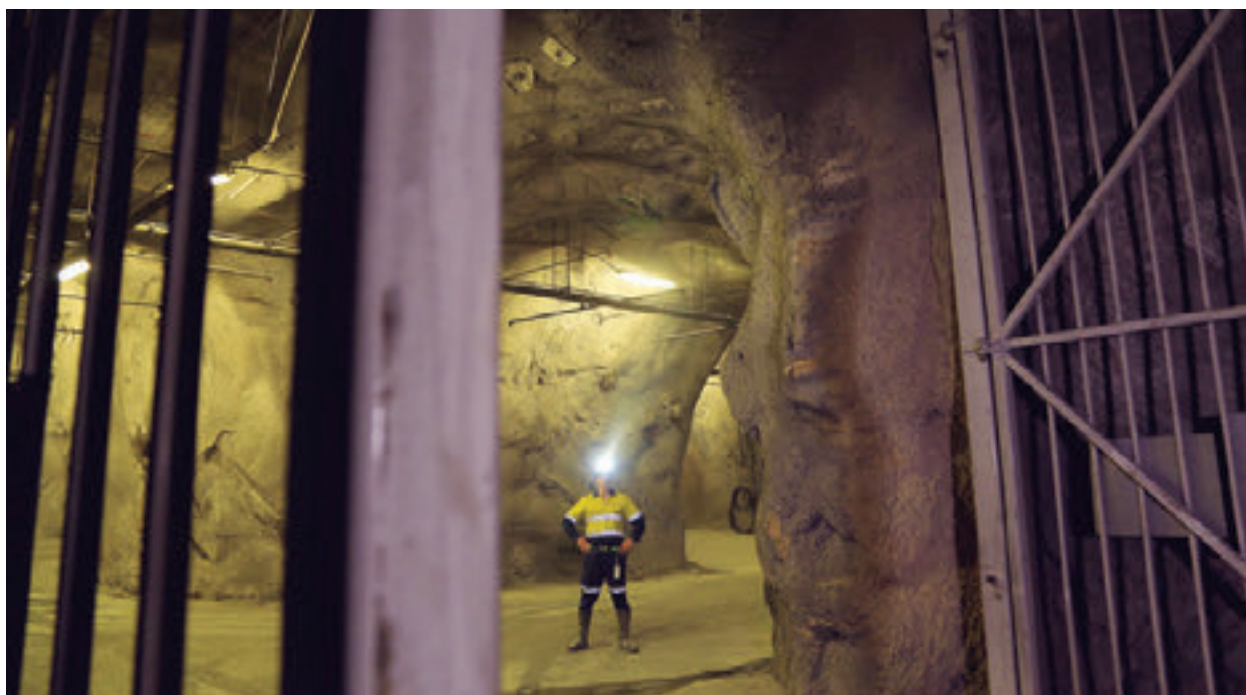
WHISTLEBLOWER PROTECTION POLICY

Sandfire has adopted a Whistleblower Protection Policy to ensure transparent and ethical behaviour. A whistleblower is someone who discloses reportable conduct to people that have the power to take corrective action.

Sandfire has a genuine commitment to detect and prevent illegal and other undesirable conduct. We believe that a mechanism for personnel to freely report their concerns without fear of reprisals is critical to our approach.

WORKFORCE BREAKDOWN

Our workforce, including contractors, was approximately 450 at the end of the financial year. We directly engage 220 full-time employees, 12 part-time employees and 24 casual employees. This includes 59 females, of which 55 are permanent employees, and 197 males, of which 185 are permanent.





The background of the page is an abstract, textured image. It features a mix of vibrant colors including deep blues, bright oranges, and earthy greens. The textures appear organic and layered, resembling perhaps a close-up of a mineral surface or a microscopic view of a biological structure. The colors are not uniformly distributed, creating a dynamic and visually rich backdrop.

SUSTAINABILITY AT SANDFIRE

Sustainability at Sandfire is built on delivering economic, social and environmental benefits to our stakeholders.

Strategies are in place to meet our sustainability objectives and commitments by:

- » Promoting a safe and healthy work environment and culture across all areas of the business;
- » Never compromising on the safety and well-being of our personnel;
- » Delivering superior value and returns to shareholders;
- » Dealing ethically, fairly and equitably with stakeholders;
- » Ensuring the safe storage, handling and transport of our materials and products;
- » Preventing or minimising impact on the environment by promoting efficient use of natural resources;
- » Developing company-wide strategies for the exploration and development of mineral endowments;
- » Encouraging innovation to increase efficiency in the discovery, extraction and processing of our mineral resources;
- » Meeting or exceeding our Statutory requirements, commitments and obligations; and
- » Achieving continuous improvement in the management of our risks and opportunities.

OUR STAKEHOLDERS AND MATERIAL ISSUES

Close collaboration with stakeholders is essential for our business. We rely on strong and open dialogue with our stakeholders to access resources and maintain our regulatory and social licence to operate. Our stakeholders are those who are affected by, or have an interest in, our business. We prioritise stakeholders based on their ability to impact our business and our ability to impact their business or lives. Important stakeholders are our employees, local communities, native title claimant groups, suppliers, contractors and governments.

We regularly engage with stakeholders through a variety of mechanisms to ensure that we meet their needs. Our Stakeholder Engagement Sub-committee leads our approach. The committee identifies important stakeholders and ensures that we manage relationships in a consistent and accountable way. It maps all our stakeholders, the level of impact, and set outs a plan for how we should engage with them.

Join the dialogue about our sustainability performance.

During the year, we received media attention following a divestment by Australian National University (ANU) and ESG (Environmental, Social and Governance) research produced by the Centre for Australian Ethical Research (CAER) that made inaccurate claims about our sustainability performance.

This Sustainability Report further builds on our ESG disclosures and incorporates the full breadth of our social and environmental achievements. It also communicates our sustainability approach, performance, and commitments for the coming year. We welcome a dialogue on our performance and invite investors and analysts to engage with us directly.

We welcome you to contact Robert Klug, our Chief Commercial Officer on (08) 6430 3800 or provide feedback via our online feedback form located at www.sandfire.com.au/feedback.



Table 1: Stakeholder engagement mechanisms and issues raised

STAKEHOLDER GROUP	ENGAGEMENT MECHANISM	FREQUENCY OF ENGAGEMENT	KEY ISSUES RAISED
Employees	<ul style="list-style-type: none"> » Management committees » Stakeholder engagement committee » Performance reviews 	Annual	<ul style="list-style-type: none"> » Health and safety » Training » Sustainability issues
Customers	<ul style="list-style-type: none"> » Contractual agreements 	Monthly	<ul style="list-style-type: none"> » Maintaining relationships
Contractors/suppliers	<ul style="list-style-type: none"> » Meetings » Site visits 	Monthly	<ul style="list-style-type: none"> » Fair and open procurement practices
Local communities	<ul style="list-style-type: none"> » Stakeholder visits and meeting » Management meetings 	Monthly and as required	<ul style="list-style-type: none"> » Community impacts » Social investment » Water use
Native Title Claimant groups	<ul style="list-style-type: none"> » Aboriginal Engagement Coordinator » Meetings held pursuant to the heritage agreements and Native Title agreements 	<ul style="list-style-type: none"> » Quarterly and as required » Meetings held pursuant to the heritage agreements and Native Title agreements 	<ul style="list-style-type: none"> » Employment » Environmental impacts
Shareholders	<ul style="list-style-type: none"> » Quarterly results reporting » Half yearly reporting » Annual reporting » Annual General Meeting » ASX announcements » Website » Investor roadshows, briefings and forums 	Quarterly and as required	<ul style="list-style-type: none"> » Economic performance » ESG considerations
Government and Regulators	<ul style="list-style-type: none"> » Meetings » Reports » Site visits 	Quarterly	<ul style="list-style-type: none"> » Economic performance » Environmental impacts » Community impacts
Industry associations	Meetings	Annually	<ul style="list-style-type: none"> » Economic performance » Environmental impacts » Community impacts
Investment community	<ul style="list-style-type: none"> » ASX announcements » Website » Investor roadshows, briefings and forums 	Quarterly and as required	<ul style="list-style-type: none"> » ESG performance

OUR MATERIAL ISSUES

Sandfire conducted a materiality review, with a focus on internal stakeholder consultation, in the process of preparing our first Sustainability Report.

The materiality process identified the broad range of sustainability issues and trends from various media, industry publications and research. We also reviewed internal strategies, policies and plans, customer and stakeholder feedback.

We then prioritised these issues with an internal working group that brought together representatives from all parts of the business. Our Executive team then validated these issues based on the broader business strategy and views on the challenges and opportunities facing the industry.

We plan to build on this process and will consult with a broader range of stakeholders over the next 12 months before completing the next report.

Table 2: Materiality Issues

#	ISSUE	DEFINITION/RATIONALE	BOUNDARY	REPORT SECTION
1	Occupational Health & Safety	Workplace injury, well-being and fly-in, fly-out impacts on families and mental health, emergency preparedness and crisis management training	Inside and outside the organisation	Our People
2	Land management, biodiversity and mine closure planning	Land rehabilitation practices, mitigating impacts on local ecosystems and approach to preserving quality of land during and after operation and exploration	Inside the organisation	Our Operations
3	Water	Ground water management and preserving aquifers, minimising discharge and any public health impacts, on-site water recycling given resource scarcity and the Australian climate	Inside the organisation	Our Operations
4	Air quality and greenhouse gas	Dust management and carbon emissions, non-fossil fuel intensive production processes	Inside the organisation	Our Operations
5	Energy	Energy efficiency and solar panels investment with WA government, industry-leading approach to renewable energy technology development	Inside the organisation	Our Operations
6	Socio-economic contribution	Economic benefits delivered to the local economy through jobs created, taxes and royalties paid, public infrastructure built, local procurement spend	Inside and outside the organisation	Our Socio-Economic Contribution
7	Diversity, equal opportunity and training	Employee engagement, retention and career development and training	Inside the organisation	Our People
8	Aboriginal participation	Aboriginal employment, cross-cultural training provided to staff, engagement with Claimant Groups and Native Title	Inside and outside the organisation	» Our People » Our Supply Chain » Our Community
9	Community impacts	Being a good neighbour to communities near operations, communication and engagement mechanisms, employees volunteering at school days to promote the contribution of the industry to the community, engagement with pastoralists in exploration areas and policy of informed consent and access	Outside the organisation	Our Community
10	Materials stewardship	The copper life cycle and 100% recyclability, the role of copper in everyday life and its multiple uses, production process and conditions of smelters, labour rights within the supply chain	Inside and outside the organisation	Our Supply Chain



OUR SOCIO-ECONOMIC CONTRIBUTION

Sandfire makes an important contribution to local communities and regional economies by delivering solid financial returns to our shareholders, working with local businesses in our supply chain and by investing in community organisations.

ECONOMIC CONTRIBUTION

The 2015 financial year has been another successful and productive period for us on the back of a continued strong performance by Sandfire's flagship DeGrussa Copper-Gold Mine in Western Australia.

Total copper production for the period was 67,154 tonnes and gold production was 37,386 ounces at a C1 cash operating cost of US\$1.09 per pound of payable copper, in line with market guidance. This is a great credit to our operations team at DeGrussa.

Sandfire achieved its third successive year of strong profitability following the start-up of the DeGrussa Copper-Gold Mine. The Company posted an annual net profit after tax of \$69.0 million after sales revenue of \$548.6 million from metal sales of 67,903 tonnes of copper and 37,194 ounces of gold. Our full financial results have been published in the 2015 Financial Report (19 August 2015) which is available at www.sandfire.com.au.

This year we paid (or have payable) royalties and tax of \$43.1 million to the Government and Native Title Claimant Groups.

COMMUNITY INVESTMENT

Our community investment approach is guided by our Donations, Sponsorship and Partnership Policy. The policy guides how we evaluate requests for financial assistance from not-for-profit organisations that are recognised as stakeholders in Sandfire activities or have a purpose closely aligned to our business profile or activities.

The policy aims to ensure that requests for contributions or assistance from stakeholders and community organisations are processed in a consistent manner across the entire organisation.



Sandfire supports not-for-profit organisations that contribute to community-based initiatives, support disadvantaged sections of society, conduct educational and training programs, are involved in the arts and culture, undertake environmental and sustainability initiatives and promote healthy lifestyles. These initiatives are reviewed to determine whether they align with our activities or those of our stakeholders.

In 2015 we contributed to community activities significantly – financially, in-kind and by donating time.

This year's recipients were:

» **Young Indigenous Arts and Writers' Awards:**

- › Sandfire is a proud sponsor of The Indigenous Youth Art program which is designed to deliver arts and cultural workshops that are focused on the education, health and well-being of indigenous youth. The program culminates each year with the Young Indigenous Arts and Writers' Awards. One of the objectives of the program is to promote creative talent and attendance at school by making the artistic programs available to indigenous children in regional and remote areas. Schools in the region of our operations are participants in this program. These schools include those in Cue, Meekatharra, Karalundi, Yulga Jinna and Burringarrah.

» **North Queensland Helicopter Rescue:**

- › an aeromedical operation based in Mt Isa providing rapid response medical care to the northwest region of Queensland.

» **The Mitakoodi People in North West Queensland:**

- › Sandfire purchased team uniforms for the Mitakoodi People, who are the recognised native title claim group in the Cloncurry region, where Sandfire has an operating joint venture as well as exploration tenement holdings. This sponsorship suitably aligns with Sandfire's community engagement strategy which promotes healthy lifestyle activities and supports positive community interactions and events. Please refer to the Community Section on page 53 for further information.



Get Into Resources School Visit

» **Get Into Resources Event:**

- › Sandfire is a platinum-level sponsor for this event, which promotes careers in the resources industry for Year 10 students. The annual Student Meets Industry Event is hosted by AusIMM (The Australasian Institute of Mining and Metallurgy) Student Chapters from the University of Western Australia, Curtin University and Murdoch University and aims to promote networking between mining industry representative and students who are completing degrees in a minerals related discipline.

- » **Local community sporting events** such as The Meekatharra Race Club Annual Meeting and Meekatharra Golf Club Annual Open Day.



We are extremely grateful and humbled to have an opportunity to work with John (*John McGuire, Sandfire's Co-ordinator for Aboriginal Engagement*) in bringing the Arts & Writers' Awards program to the schools in your region. We have seen some outstanding outcomes from remote areas where school attendance levels have increased, student outcomes have shot upwards, relations between teachers and students have greatly improved, and even the terrible child attrition rates are slowing."

Ernie Bland, Young Indigenous Arts and Writers' Awards Program Co-ordinator



OUR SUPPLY CHAIN



At Sandfire, contractors and suppliers are a crucial part of our business and we rely on them to ensure that we meet our overall operating strategy and maximise efficiencies.

The greatest impacts in our supply chain are:

- » The contracting of mining and other services at our DeGrussa and exploration sites;
- » The material inputs used to produce our copper concentrate; and
- » The transport of our products.



The largest portion of our procurement spend is on mining labour services, concentrate haulage, fuel for our operations, binder, lime and cement for our underground mine.

SUPPORT SERVICES

- » Camp management services
- » Air charter services
- » Freight of inbound goods
- » Power supply
- » Fuel supply



EXPLORATION

- » Labour hire
- » Drilling contractors
- » Consultants



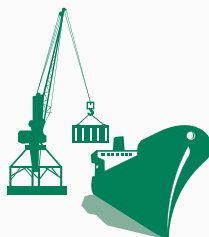
MINING

- » Mining labour services
- » Cement supply
- » Explosives supply
- » Drilling contractors



PROCESSING

- » Supply of grinding machine
- » Supply of flocculants
- » Labour hire
- » Supply of equipment
- » Supply of liners



DELIVERY

- » Haulage services
- » Port services
- » Stevedoring
- » Shipping

Understanding our supply chain gives us a greater understanding of risks and insight into how our suppliers operate. This ensures that they minimise their impacts and uphold our values. It also enables us to effectively source goods and services with minimal disruption to our operations and the wider environment and community.

A number of key documents govern our engagement with suppliers. These are our contractual arrangements with each supplier, our Contractor Management Standard, Tendering Quoting and Pricing Procedure and our Code of Conduct. Element 9 of our Health and Safety Management System stipulates the minimum performance requirements for the management of our contractors.

CONTRACTORS AND SUPPLIERS

Contractors are too often overrepresented in safety incidents in the mining industry. At Sandfire, the safety of everyone who works for us is important to us and we integrate contractors into our business. We recognise that poor contractor safety can often be attributed to poor contractual relationships. At Sandfire, we put an emphasis on building collaborative relationships with our contractors and suppliers to ensure their safety.

Our contractors and suppliers are formally engaged by using contract or purchase order terms and conditions so that close engagement is agreed upfront. All contractors have a dedicated Sandfire Contractor Representative who is responsible for selection, review, engagement and management.

We use a contractor pre-qualification process to select contractors and suppliers prior to the award of a contract. All contract work is assessed for safety. Contractors are advised of Sandfire's safety requirements before mobilising to site. They must demonstrate that they have identified the risks associated with their scope of works, and have effective management plans in place. Contractors who perform high-risk work must provide Contractor Safety Management Plans that outline how they will manage the safety risks. Once on our site, contractors' personnel are required to undertake a comprehensive program of inductions, cultural awareness training, environmental awareness training and other job specific safety-related training.

In 2015, we reinforced our focus on improving internal contractor management skills so that our people can better manage contractor risk, reduce costs, maximise efficiencies and minimise contractual disputes. This consisted of contract manager training, various audits and improving internal processes to better evaluate potential contractors and suppliers.

We commenced a number of audits aimed at continuous improvement. Business Units were audited against their adherence to the Sandfire Contractor Management Standard; and a number of contractors were audited against their contractual obligations and their Health and Safety Management Plans. We have begun to track the outcomes of these audits so that we can monitor performance and improvement over time.

MATERIALS

The materials used to produce copper concentrate, including those used in the underground mine, have the potential to impact the environment. These include diesel fuel, explosives, grinding media, lime and cement. We currently do not formally ask suppliers to provide evidence of sustainability performance. However, this is a future program of work.

ENGAGING CONTRACTORS AND SUPPLIERS

Our Tendering, Quoting and Pricing Procedure outlines the process for obtaining firm and competitive pricing through a structured system of quotations, tendering and negotiation.

Depending on the nature of the work, tenders are evaluated on their safety and environmental management systems as well as their ability to comply with our Community Relations Policy. In 2015, two tenders were issued that had a requirement to be assessed against this criteria. 100% of the tenderers who were short-listed were assessed against this criteria.

Our Contractor Management Standard states that all contractors who work on our sites must be assessed on the safety risk of the work they will be performing on site and must then provide detail as to how they will manage their risks. In 2015, 100% of new contractors who mobilised to our sites were assessed with regard to their safety risks.

Sandfire has entered into Land Access Agreements with two Native Title Claimant Groups, the Yugunga-Nya People and the Gingirana People. These agreements include a requirement to provide tender opportunities to members of the Native Title Claimant Groups. We look favourably on suppliers who can help us fulfil these obligations and look to promote opportunities that may exist between the tenderers and the Native Title Group. In 2015, we awarded a tender to Yagahong Alliance Pty Ltd.

CASE STUDY

Yagahong Alliance

In 2015, Sandfire conducted a tender for the ROM (run-of-mine) Pad Operations and site services at DeGrussa. The tender was awarded to the Yagahong Alliance Pty Ltd, a joint venture between Centrals Earth Moving Pty Ltd (Centrals) and the Yugunga Nya People, with whom Sandfire has entered into a native title agreement.

This is the first time Sandfire has entered into a contract with one of our Native Title Claimant Groups. We believe it shows our commitment to collaboration with Aboriginal communities. We also recognise the positive social impact that we can have on the wider community through our supply chain.



Centrals has partnered with the Yugunga-Nya People to provide Aboriginal training and employment initiatives and opportunities which would be implemented during the DeGrussa contract. Centrals has a workforce of some 140 personnel located in Geraldton and currently has two Yugunga-Nya people in training with the ability to increase the number of Yugunga-Nya participants on the award of this contract.



2016 TARGETS

Next year we will increase our supplier engagement on sustainability. We plan to:

- » Put in place processes for measuring suppliers and contractors against sustainability criteria into our tender process;
- » Strengthen our engagement with major contractors. Our contract managers will be required to provide a Contract Management Plan for major contracts which defines how they will manage the contractors they are responsible for;
- » Introduce sustainability criteria into our new supplier assessment process;
- » Continue to audit contractor and contract management performance and identify practical opportunities for improvement;
- » Continue to collaborate with Qube, our haulage concentrate contractor, in their community engagement efforts; and
- » Include sustainability topics into our contract management training.

CASE STUDY

School Visit with Qube



Sandfire partnered with Qube Bulk Pty Ltd (Qube) to visit two schools in Meekatharra as part of Qube's School Awareness Program. Students at Meekatharra District High School and Karalundi Indigenous Education Centre were given a road safety presentation, had the opportunity to climb through a Qube road train and were provided with lunch.

The School Awareness Program is run regularly by Qube across regional Western Australia targeting schools on each of our transport routes. Qube road trains regularly commute through Meekatharra on the southern route from our DeGrussa mine site to our Geraldton ports.



Qube will be visiting schools on the northern route to Port Hedland in the next financial year.

Sandfire values the safety of the community and is proud to collaborate with Qube as part of this great initiative.



PRODUCT STEWARDSHIP – BEYOND THE MINE GATE

Sandfire produces copper concentrate from which copper is extracted for use in electrical products, machinery and equipment, building construction and transport. In addition to its conductive properties, copper has antimicrobial properties and is used in medical facilities to stop the spread of germs. Copper is also an integral component in renewable energy production systems¹.

Copper is unique as it is one of the few materials that can be recycled over and over without eroding the quality of its properties. In 2012, the proportion of metal and metal products produced from copper scrap was 36%². However, there is not enough copper in circulation to keep up with copper demand¹ and the sustainability of new copper production is paramount to the life-cycle of copper.

Our product stewardship responsibilities include how we contain copper concentrate on site and transport it from the mine at DeGrussa to the ports in Geraldton and Port Hedland and to our customers around the world.

We are governed by our statutory obligations, contractual obligations/penalties and financial consequences. We are affiliated members of the International Copper Association – Australia and attend board meetings where the sustainability of copper production is a key focus.



1 'The World Copper Factbook 2014' available at www.copperalliance.org

2 <http://www.statista.com/statistics/280982/global-recycling-rate-for-copper-scrap>

OUR COPPER

Our DeGrussa mine produces a high-quality copper concentrate with broad customer acceptance and a very marketable 25% copper grade with notable gold and silver credits.

DeGrussa copper concentrate is classed as clean. Clean copper concentrate is low in deleterious elements, such as arsenic and bismuth. This is favoured by smelters who will not process concentrates with high arsenic levels due to the health and safety implications as well as the effect it has on smelter emissions. Complex materials attract penalty payments due to the higher levels of deleterious elements. The mineralogy of the ore and the processing are controlled and suppressed to ensure the material is as clean as practically possible.

HOW WE TRANSPORT COPPER

Copper concentrate is produced at DeGrussa and transported by road to Port Hedland and Geraldton. The concentrate is then shipped to customers in China, Japan, Indonesia, the Philippines and India. While our product is not classed as a dangerous good, we are committed to responsible storage, handling and transport methods.

The environment can be impacted by truck and ship spillage as well as dust from stockpiles and loading. We manage the entire transport process to our customers, including from mine to ship. This gives us greater ability to mitigate product stewardship risks.



Sandfire transports copper concentrate product from DeGrussa in half-height sea containers to minimise dust and pollution. The containers are fitted with lids before being transported from mine to ship with only two material transfer points, which includes a fully enclosed storage shed at the mine to minimise minimal risk of dust or spillage.

The route from mine to port is approximately 700km using sealed main highways and we work closely with Qube to ensure that the copper concentrate is transported safely. Restricting the trucks to haulage on sealed roads assists in minimising dust emissions. Safety is paramount and although the Sandfire copper concentrate is not a dangerous good, the storage, transport and handling are undertaken to the same stringent standards as if it were classed as a dangerous good.

We also apply the same rigorous approach for sea freight and importantly the selection of ships to ensure the maximum practical levels of safety and environmental protection. As simple examples, ships are all subject to age restrictions and fitted with oxygen suppressant systems. This in turn limits the number of ship options which comes at a price. More recently we have modified our approach to shipping to also target more fuel efficient ships, these are larger and generally require the cooperation of multiple companies to 'parcel' their cargos for delivery by sea. But in turn, these larger ships loading multiple cargoes means less ship traffic at sea and in port.



2016 TARGET

- » Development of sustainability criteria for ship selection.

OUR PEOPLE



Sandfire is dedicated to maintaining the highest standards of safety, integrity and quality in everything that we do.

These values are fundamental to our work practices as well as our dealings with individuals and cultures. They also shape our approach to sustainability and the environment. Sandfire actively encourages a high level of teamwork, leadership and collaboration.

It is imperative that our people are fit for the work that they perform in a supportive, productive and harmonious workplace. In order to achieve this we:

- » Focus on the health and wellness of our people;
- » Attract and retain quality people who are appropriately skilled and fit to undertake assigned tasks;
- » Commit to equal opportunity and a workplace free of discrimination, harassment and bullying;
- » Ensure that all staff are treated with dignity, courtesy and respect and recognise the importance of valuing the many differences in background, cultures and demographic characteristics of employees, including their family responsibilities;

- » Train and develop our employees so that all staff at all sites are appropriately inducted, trained, developed and competent to carry out their work safely and to their full capacity;
- » Encourage career development, supporting ongoing training, personal development and further education; and
- » Regularly review policies, procedures and practices.

We take pride in teamwork and believe that each employee contributes directly to Sandfire's growth and success. Our human resources (HR) management maintains these standards and makes decisions based on objective, skills-based criteria.

A suite of HR policies and programs guides our approach. These include the Sandfire Code of Conduct, Aboriginal Employment Policy, Fitness for Work Policy, Equal Employment Opportunity, Anti-Discrimination Harassment and Bullying Policy Statement and our Employee Assistance Program.

Our workforce, including contractors, was approximately 450 at the end of the financial year. We directly engage 220 full-time employees, 12 part-time employees and 24 casual employees.



Table 3: Our workforce profile by region, employment type and gender

LOCATION	TOTAL NUMBERS	EXECUTIVES	MANAGERS	NON-MANAGEMENT	MALES	FEMALES
Perth	48	5	8	35	28	20
DeGrussa Copper Mine	163	0	8	155	143	20
Doolgunna	34	0	0	34	18	16
Regional	11	0	1	10	7	4

Key achievements during the year were the launch of our Salary Continuance program. The program provides comprehensive benefits for our staff in the event of total or partial disability at no cost to our employees. This recognises that our employees face health risks and gives them extra support should they be seriously injured.

Another key milestone was the roll-out of our Leadership Development program for all management levels, superintendents and supervisors. We strive for a strong leadership culture with high performing teams.

Approximately 65 people attended the training sessions, which focused on:

- » Understanding the art of leadership and leading teams;
- » Leading safety culture;
- » Leading change at work; and
- » Effective feedback and handling conflict at work.

SANDFIRE VALUE

Attract and retain the very best people for jobs at all levels

PROFESSIONAL DEVELOPMENT AND TRAINING

Sandfire supports all employees to strive to achieve their full potential. We are committed to providing clear career development pathways and ensuring that all employees and contractors are skilled and educated in their individual responsibilities.

We encourage career development through continuing professional development, formal training and opportunities for on-the-job experience. Managers and employees are jointly responsible for identifying individual development and learning opportunities through the Performance Management process.

We provide a wide range of training opportunities including on-the-job training, external training and relevant further education sponsorship.

Our Further Education Policy sets out our approach to sponsoring eligible employees with further education relevant to their current role or future progression. Eligible employees can access company sponsorship of up to 75% of course fees as well as study leave.

In 2015, 16 employees received further education support.



Table 4: Total further education support provided

	DIPLOMA	BACHELOR	POSTGRAD DIPLOMA OR CERTIFICATE	MASTERS	TOTAL
Male	1	-	2	5	8
Female	1	1	3	3	8
Total	2	1	5	8	16

The Professional Development for Graduates Guideline ensures that graduates transition smoothly into the business. It enables them to gain experience in at least one specialised area so they develop technical skills that drive performance. At the end of 12 months, the graduate is assessed against the competencies in their development plan. This forms part of the annual performance review process and must be completed prior to the graduate progressing.

Sandfire offers a comprehensive program of internal and external training so that our employees and contractors have the necessary competencies, licences and qualifications. Sandfire recognises that staff and contractor training, education and development are essential to meet the objectives of the Sandfire Occupational Health and Safety Policy and Health and Safety Management System.

While we currently do not have complete processes in place to determine how many hours of training our employees undertake, we will develop this in the year ahead.

SANDFIRE VALUE

Reward good performance

PERFORMANCE REVIEWS

Sandfire rewards performance through performance appraisals, options and bonuses. Performance appraisals are conducted annually for all personnel.

These allow us to:

- » Align the day-to-day actions of individual employees with strategic business objectives;
- » Provide visibility and clarify accountability about performance expectations;

- » Document individual performance to support compensation and career planning decisions;
- » Establish focus areas for skill development and learning activities; and
- » Create documentation for legal purposes, to support decisions and reduce disputes.

During the year, all our employees were offered performance appraisals. We will be ensuring that all of our employees receive a performance appraisal in 2016.

EMPLOYEE ASSISTANCE PROGRAM

We are conscious that fly-in, fly-out work and the labour intensive conditions on mine sites can be a challenging work environment both personally and professionally. Our Employee Assistance Program (EAP) is a service available to all employees, contractors and their immediate family members to help them with work and personal difficulties that may arise. The EAP is an early intervention initiative that provides professional and confidential counselling.

2016 TARGETS

Our people priorities for 2016 are to:

- » Review our induction process to embed our values and further build engagement;
- » Conduct our first employee feedback survey;
- » Improve our internal communications strategy to support effective and open communication between the company and our employees;
- » Continue the Leadership Program including refresher training; and
- » Optimise processes in place to accurately determine how many hours of training our employees undertake.

DIVERSITY

Sandfire values diversity in a dynamic and challenging work environment. We believe that diversity of gender, age, religion, sexual orientation, language, ethnicity and cultural background has many benefits. A diverse workforce can:

- » Broaden the pool for recruitment of high quality employees;
- » Support employee retention;
- » Encourage greater innovation, enhanced work practices and productivity; and
- » Demonstrate socially and economically responsible governance practice.

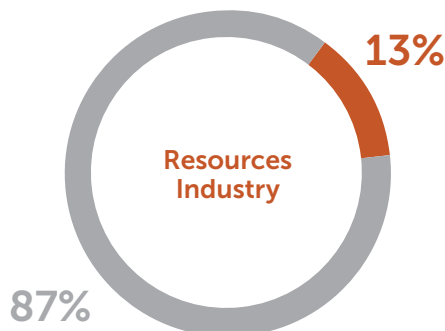
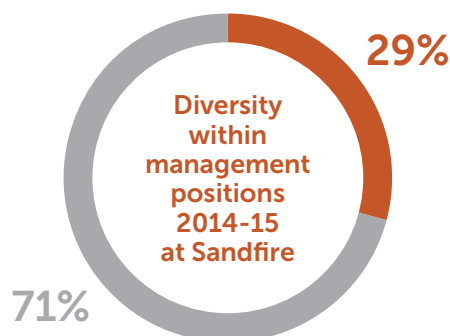
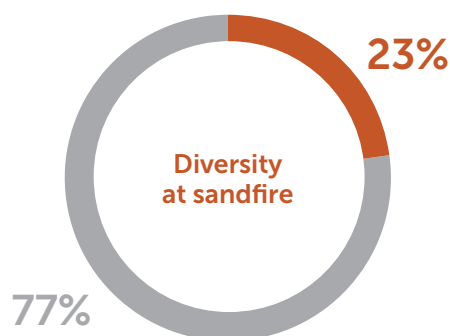
Sandfire's Diversity Policy sets out our diversity commitments and the ways that we actively promote diversity across our operations. This policy is available online at www.sandfire.com.au.

The proportion of women and number of women employed by Sandfire as at 30 June 2015 is listed below. Approximately 13%³ of employees in the resources industry are female. Sandfire is proud to outperform this with 23% of our employees being female. We will continue to encourage female candidates when recruiting and focus on the career development of female employees so that future promotion opportunities are available.



We recognise the importance of female representation on boards and acknowledge that we do not have a female director on our Board. We are currently considering the appointment of an additional board member and will consider female candidates with appropriate background, experience and skill set.

In 2015, we established the Women in Sandfire Group to promote diversity and female talent. Please refer to the case study on page 33 for further information. We actively encourage our team to continue to participate in mentoring programs such as the Women in Mining Mentoring Program established by Woman in Mining and Resources Western Australia (WIMWA) and the Chairmen's Mentoring Program. The Chairmen's Mentoring Program offers mentoring for highly talented aspiring female directors and is run by the Australian Institute of Company Directors.



■ Male ■ Female

Table 5: Percentage of employees by diversity categories for year ended 30 June 2015

% OF EMPLOYEES BY DIVERSITY CATEGORY	BOARD	SENIOR EXECUTIVE	MANAGEMENT	NON-MANAGEMENT	TOTAL
Male	100	100	71	77	77
Female	Nil	Nil	29	23	23
< 30 years of age	Nil	Nil	Nil	24	22
30-50 years of age	Nil	75	60	59	59
50+ years of age	100	25	40	17	19

Table 6: Percentage of employees by diversity categories for year ended 30 June 2014

% OF EMPLOYEES BY DIVERSITY CATEGORY	BOARD	SENIOR EXECUTIVE	MANAGEMENT	NON-MANAGEMENT	TOTAL
Male	100	100	67	75	75
Female	Nil	Nil	33	25	25
< 30 years of age	Nil	Nil	Nil	27	26
30-50 years of age	33	75	60	55	54
50+ years of age	67	25	40	18	20

REMUNERATION BALANCE

Sandfire offers equal remuneration for all of our employees, reflective of the type of job, years of experience and the period for which employees have held their position.

The difference in gender pay ratios in table 7 below reflects differences in skills, experience and the technical nature of the job role. It also explained by the fewer number of women in our workforce. We are actively addressing this challenge through our diversity initiatives, like the Women in Sandfire group as well as through the training and developing of women within the organisation.

We also conducted a pay audit at the end of 2014 to determine whether there was a gender bias in our remuneration. We reviewed the earnings of our employees by gender and job band level to ensure that remuneration is fair and in line with market trends. The objective of the audit was to determine whether there was any pay discrepancies between similar job positions. It was found that there is no gender pay bias at Sandfire based on role.

Table 7: Basic Salary and Remuneration Ratio

	2014		2015	
Perth Office	RATIO MEN:WOMEN BASIC SALARY	RATIO MEN:WOMEN RENUMERATION	RATIO MEN:WOMEN BASIC SALARY	RATIO MEN:WOMEN RENUMERATION
Board - executive	N/A	N/A	N/A	N/A
Board - non executive	N/A	N/A	N/A	N/A
Senior Executive	N/A	N/A	N/A	N/A
Management - full time	1.41	1.48	1.51	1.54
Management - part time	-	-	-	-
Management - casual	-	-	-	-
Non-Management - full time	1.12	1.11	1.55	1.53
Non-Management - part time	N/A	N/A	-	-
Non-Management - casual ⁴	7.39	7.64	9.05	8.81
DeGrussa				
Board	-	-	-	-
Senior Executive	-	-	-	-
Management - full time	N/A	N/A	N/A	N/A
Management - part time	N/A	N/A	N/A	N/A
Management - casual	N/A	N/A	N/A	N/A
Non-Management - full time	1.57	1.58	1.27	1.27
Non-Management - part time	-	-	-	-
Non-Management - casual	0.76	0.76	-	-
Doolgunna				
Board	-	-	-	-
Senior Executive	-	-	-	-
Management - full time	N/A	N/A	N/A	N/A
Management - part time	N/A	N/A	N/A	N/A
Management - casual	N/A	N/A	N/A	N/A
Non-Management - full time	1.29	1.31	1.31	1.32
Non-Management - part time	-	-	-	-
Non-Management - casual	0.93	0.92	1.39	1.40
Regional				
Board	-	-	-	-
Senior Executive	-	-	-	-
Management - full time	N/A	N/A	N/A	N/A
Management - part time	N/A	N/A	N/A	N/A
Management - casual	N/A	N/A	N/A	N/A
Non-Management - full time	1.79	1.79	1.08	1.08
Non-Management - part time	N/A	N/A	-	-
Non-Management - casual	0.47	0.44	-	-

NB. Board executive and senior executive remuneration excludes share appreciation rights.

⁴ For casual employees, the ratios men:women basic salary and men:women remuneration do not take into account how many hours the men and women worked.

CASE STUDY

Women in Sandfire group



At Sandfire we are committed to increasing diversity within our business. The benefits of diversity go beyond equality. Research has proven that companies with a diverse workforce can benefit from better financial performance, more creativity and problem solving, talent retention and attraction for future employees.

In a male dominated resource sector, women can face unique challenges, such as a lack of mentorship, workplace support, overcoming stereotypes and maintaining work-life balance.

Sandfire believes we can overcome these challenges and empower the women in our team. We will do this by creating awareness and providing support and opportunities for further development. We acknowledge that improving female representation needs to occur at all levels of the Company. Consequently, we have set measurable objectives to achieve this and also to improve female representation in key decision-making roles within Sandfire.

In 2015, Sandfire launched the Women in Sandfire Group. The group was created to promote our diverse work environment and enhance our commitment to our people and unique culture.

Women in Sandfire gives all staff access to the internal and external support and development initiatives available throughout the mining industry. These include networking, mentoring opportunities, education, career development and a workforce that shares its knowledge and experiences.

The achievement of the Women in Sandfire group in 2015 were:

- » Celebrating people within our organisation as well as external people and organisations in order to celebrate the achievements of women and offer role models for women within Sandfire;
- » Promoting and providing access to external networks;
- » Engaging in volunteer work aimed at educating school children and giving them access to female role models in the mining industry; and
- » Promoting networking with industry peers.



ABORIGINAL EMPLOYMENT

Sandfire respects the rights and culture of the Aboriginal communities near our operations. We aim to take a flexible, innovative and committed approach to Aboriginal employment. This lets us increase the economic participation of our Aboriginal stakeholders while accessing new talent and strengthening ties with the community. Sandfire is keen to provide opportunities in joint venture and contract arrangements to enhance the capability and skill levels of local Aboriginal people.

During the year we appointed John McGuire as Co-ordinator for Aboriginal Engagement. John's role is to:

- » Engage with the community (the Traditional Owner groups and Meekatharra);
- » Improve the Aboriginal employment levels on site; and
- » Enhance the training and skill levels of people from local communities employed by Sandfire;

Our Aboriginal workforce, including contractors, was nineteen at the end of the financial year. We directly engage two Aboriginal team members. Our contractors employ seventeen Aboriginals who work as underground operators, utility operators at the DeGrussa camp and water cart operators.

Yagahong Alliance was awarded a contract on 13 May 2015 for ROM Pad Operations and site services. The Yagahong Alliance is owned 70% by Central Earthmoving and 30% by the Yugunga-Nya People. The Alliance will develop the Yugunga-Nya people's business capabilities, enabling greater employment and contracting opportunities.

The focus for the year ahead will be to retain and grow our Aboriginal workforce including Aboriginal employment levels within other operators and contractors.

CULTURAL AWARENESS TRAINING

We run Cultural Awareness Training for all employees and contractors, helping them to become familiar with the culture and heritage of Australia's Traditional Owners. The purpose of this training is to:

- » Build awareness of protocols that relate to engaging Aboriginal people;
- » Identify the components of effective cultural communication; and
- » Apply the learning outcomes in the workplace.



The training covers topics such as Australian Government policies and practices through history, Aboriginal diversity, Aboriginal groups in Australia and Yugunga-Nya country culture.



John McGuire
Co-ordinator for Aboriginal Engagement

2016 TARGETS

We have set the following goals to drive greater workplace diversity in the year ahead:

- » Identify and develop high performing women for career progression, as part of Sandfire's succession planning process;
- » Provide suitable working arrangements for employees returning from maternity or parental leave and ongoing engagement to ensure a smooth transition;
- » Ensure that at least one woman is on the interview panel for each executive and general management position to boost female representation in leadership; and
- » Retain and grow our Aboriginal workforce within our operators and contractors.



SAFETY PERFORMANCE AND MANAGEMENT

Our people are the foundation of our success and their health and safety is our first priority. We are focused on strengthening safety culture, so that everyone who works for us demonstrates a commitment to safety and believes in our 'Don't Walk Past' philosophy. This philosophy is built on the premise that the standard you walk past or the situation you ignore, is the standard you accept.

Sandfire has implemented a number of initiatives to develop a positive safety culture. Our aim is to empower our workforce to identify and correct hazards and at risk behaviours before they have the potential to become an incident. We advocate that everyone must take personal responsibility for reporting hazards and stop work if necessary to ensure they remain safe. We have implemented Leader Safety Observations, which is a process where leaders interact with personnel conducting in field work tasks to identify at risk behaviours and acknowledge positive behaviours. This ensures that we have a visible leadership. The Leader Safety Observations program gives leaders the skills and tools to go into the field and encourage conversations with workers about safety.

A significant focus for 2015 was identifying hazards that have a significant risk of fatality (Principal Hazards) and critical controls to ensure we address areas of critical concern. We developed an assurance program to monitor the number and effectiveness of critical controls in the field each month. In addition, the Executive Team complete an annual review to check critical control effectiveness. This program will be reviewed annually, with progress reported to the Board.

There were no fatalities or serious disabling injuries or illnesses in 2015. Our safety performance has consistently improved, with our total recordable injury frequency rate (TRIFR) per million hours worked being 9.3⁴ against a target of 9⁴. This was a positive improvement compared to 12.0⁴ in the previous year.

We also saw a steady improvement in our lost time injury frequency rate (LTIFR). The LTIFR per million hours worked was 1.46⁴, compared to 3.76⁴ in the previous year.

Our improved safety performance can be attributed to:

- » The development and progressive rollout of the Health and Safety Management System Standards;
- » Improved safety risk management by simplifying the process and focusing on Principal Hazards and using bow ties as a tool for all members of a work group to understand the hazard and associated controls;
- » Improved Assurance Reporting process that enabled better monitoring of risk, hazards and critical controls;
- » An updated Health & Safety Management System Auditing program, with a focus on key contractors for 2015. This will be expanded to all contracting groups next year; and
- » A new audit tool for reviewing contractors during the tendering processes to assess safety systems and address any gaps before they mobilise to site.

⁴ Calculation for TRIFR and LTIFR is total number of injuries (for the 12 month period)/total hours worked (for the 12 month period) multiplied by 1,000,000.
Lost time Injury – 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 injury was sustained.
Total Recordable Injury – The combination of Fatalities, Lost Time Injuries, Restricted Work Injuries and Medical Treated Injuries.

Table 8: Lost time injury frequency rate

LOST TIME INJURY FREQUENCY RATE	
2014	3.76
Target	3.1
2015	1.46
Target	3
Performance against target	1.54

Table 9: Lost time injury and total recordable injury by gender

	LTI			TOTAL RECORDABLE		
	Male	Female	Contractor	Male	Female	Contractor
2014	2	0	1	7	0	5
2015	2	0	2	10	1	11

Table 10: Lost time injury rate and total recordable injury rate by region

	2014		2015	
	LTIFR	TRIFR	LTIFR	TRIFR
DeGrussa	3.7	12.8	1.8	8.9
Doolgunna	9.4	18.8	0	0
Regional Exploration	0	0	0	49.3
Logistics	0	0	0	136.3
Corporate	0	0	0	0
Sandfire	3.8	12.0	1.5	9.3

As a proactive management strategy, we monitor positive performance indicators to reduce hazards, incidents and injuries. Each area of the business has targets that are measured and monitored on a monthly basis.

Potential and significant incidents are investigated using the Incident Cause Analysis Method (ICAM). We regularly review our incidents, hazards and leader safety observations to ensure that we understand the issues, learn from them and avoid them in future. Our priority is to eliminate, isolate or engineer out hazards.

HEALTH AND WELLNESS

We try to minimise our occupational exposures as much as possible. Exposure to noise, dust and heat are high risks to the health and well-being of people who work in mines. These risks include hearing loss due to noise exposure and respiratory or cardiovascular illness due to dust exposure.

We use a formal monitoring program at our DeGrussa Mine Site to manage noise, dust, diesel particulate matter, radiation and mineral fibres exposures. Our program includes personal monitoring and static positional monitoring, where work areas are monitored from a single location.

Control measures that protect our people include wearing personal protective equipment, housekeeping, water suppression, exhaust filters, ventilation and maintaining our equipment in good condition. We report exceedances above regulatory limits and ensure actions are implemented to reduce exposure to the workforce.

We believe the benefit of healthy, productive people is paramount to sustainable health and safety. Our Wellness Program at DeGrussa includes a calendar with monthly awareness themes focusing on our key risk areas, exercise programs, sporting events, team health challenges and specialist services from health professionals including exercise physiologists, podiatrists, optometrists and GPs.

This year we also introduced the Emergency Response Team (ERT) Fitness Program. The program aims to ensure that the team is prepared and able to undertake a potential rescue and use the associated equipment. This means that the Response Team's fitness levels need to be above the standard criteria. The program includes a baseline fitness appraisal, a specific program developed for each individual, structured fitness training for the team and ongoing fitness assessments to understand each member's capabilities and areas for improvement.

CASE STUDY

The DeGrussa Wellness program

The Wellness Program at DeGrussa represents a significant investment in the health of our people. It started with the introduction of the Warm up 4 Work stretching program and now includes an annual calendar with a focus area for each month. The program prioritises our key risk areas.

The themes covered for the year were mental health, heat stress and hydration, fatigue management, ergonomics and manual handling, noise, healthy lifestyles and diabetes awareness. In addition to information being presented at Toolbox and Safety Meetings, a range of health professionals attended site to meet with employees and contractors on a range of health areas including Optometrists, Podiatrists, Nurses and GPs.

They provided a range of services including general health checks reviewing cholesterol, glucose, BMI and flexibility, flu vaccinations and specific checks for eyes, feet and skin cancer. Employees and contractors were then offered individual programs to improve areas of concern to their health. These included personalised fitness or gym programs and referrals to specialists.

Exercise and sporting events were organised during the year. These included cricket, tennis, soccer and basketball competitions. Exercise classes were available each week run by a variety of professionals and enthusiasts ranging from yoga, boxing, circuit and aerobics. Two team challenges were run for the year, the Tour de Fitness and Step to your Health pedometer walking challenge.

Tour de Fitness is a team orientated event that encourages people to participate in regular exercise. All teams race each other by completing specific physical activity which is converted to kilometres and tracked on a map to show their progress. 40 personnel participated over a 6-week period.



COMMUNICATION AND ENGAGEMENT

We have three Health and Safety committees at Sandfire which cover 100% of our employees. These are the Corporate Health Safety and Environment Committee, the DeGrussa Health and Safety Committee and the Perth Office Health and Safety Committee.

Sandfire's Corporate Health Safety and Environment Committee (Corporate HSEC) manages our safety performance and ensures that it remains a priority. The committee is made up of nominated management representatives from all departments. Committee meetings are held quarterly and attended by a minimum of three executives, six managers representing health, safety, environment and each of the four business units, one employee and one external consultant. The key functions of the Corporate HSEC Committee is to:

- » Endorse the annual HSE Plan;
- » Approve and monitor HSE initiatives and strategies as appropriate;
- » Endorse HSE Policies and Standards;

- » Monitor HSE performance against approved objectives and targets;
- » Review HSE data and incidents;
- » Review compliance with approved HSE Standards; and
- » Make recommendations to the Board about rewarding and recognising safety performance.

The aim of the DeGrussa Health and Safety Committee and the Perth Office Safety Committee is to develop and promote measures that ensure the safety of personnel and the environment through communication and cooperation between all levels of management and employees.

The DeGrussa Health and Safety Committee is made up of a minimum of two managers and three employees as well as representatives from major contractors on site. The Perth Health and Safety Committee is made up of two managers and seven employees.

CASE STUDY

Working remotely using the spot tracker



Open and regular communication is vital to maintain safe working conditions when working in remote locations, far from emergency assistance. Our staff are required to travel remotely for a variety of work activities, primarily for exploration activities. Each person or vehicle uses a Spot Tracker to monitor their safety in remote locations. The Spot Tracker is a GPS device that sends location information and custom pre-recorded messages to a nominated 'base'. The location or messages are relayed via satellite in the form of either voice message, text message or emergency notification if required.

Sandfire has established procedures in the event of failed communications or scheduled check-ins to ensure team safety. The procedures set out processes for obtaining non-emergency assistance, and the escalation process before initiating a full search and rescue. If an SOS situation is activated, the Australian Rescue Co-ordination Centre receive a transmission and contact our Emergency personnel at DeGrussa, who will verify if external assistance is required. Training packages are provided to all people who are required to use the Spot Tracker, as well as to our Emergency response personnel.

EMERGENCY PREPAREDNESS

Sandfire's Crisis Management Plan (CMP) outlines the roles, responsibilities and processes that the Crisis Management Team (CMT) follow in the event of a crisis or emergency. Our sites have Emergency Management Plans (EMP) that outline the emergency response and reporting requirements to the CMT.

At DeGrussa, the Emergency Response Team (ERT) are trained and equipped to respond to emergency situations ranging from injuries, fires, falls from heights and vehicle rescues. They are also trained to assist with local community emergencies and other mine sites in the region. The team consists of an Emergency Response Coordinator, two Safety and Emergency Response Officers and twenty seven volunteers, including employees and contractors from all departments on site. Sandfire has Mutual Aid Agreements with two mines sites where each company shares training opportunities and agrees to provide assistance in the event of an emergency.

In May 2015, the DeGrussa ERT participated in the Mines Rescue Competition in Kalgoorlie. Please refer to the case study below.

This was an opportunity for team members to share their knowledge and skills with other emergency response teams from the region. It was also an opportunity to build new relationships with other teams and network to offer mutual aid to other sites.



CASE STUDY

CME Mines Rescue Surface Competition

The Sandfire Emergency Response Team (The Red Dragons, named after a local species of gecko) competed in the 2015 CME (Chamber of Minerals and Energy of Western Australia) Mines Rescue Surface Competition in Kalgoorlie for the first time. The competition consisted of several scenarios including First Aid, HazChem, Ropes, Confined Space, Team Skills, Fire and Vehicle Extraction.

In each scenario, casualties were provided with a high level of care and reassurance, while the scene and surrounding areas were made safe in sufficient time. The key attributes of a highly effective Emergency Response Team are the ability to support decisions and provide reassurance; these qualities were displayed by the Red Dragons throughout the weekend, and certainly reflected in the final results. The feedback from the judges for each scenario was valuable and contributed to the Red Dragons' learning process.

The Red Dragons excelled at Team Skills, Ropes and Vehicle Extraction, with exceptional feedback on the decisions that were made at the scene and the methods of extraction of casualties that were used.



RESULTS FROM THE COMPETITION

SCENARIO	RESULT
Overall	2nd
Ropes	1st
Team Skills	1st
Theory Exam	1st
Vehicle Extraction	1st
Incident Management Scenario	1st (Justin Colwell)
Best New Captain	2nd (Jarrath Boll)

A photograph of an industrial facility, likely a refinery or chemical plant, at night. The scene is illuminated by warm, yellowish-orange lights, creating a high-contrast environment. The structure is composed of numerous metal pipes, walkways, and support beams, some of which are brightly lit. In the background, a sign with the word "FIRE" is visible. The overall atmosphere is one of industrial complexity and activity.

OUR OPERATIONS

Sandfire is committed to environmentally responsible management of our facilities and activities.

We have committed to the following key goals to mitigate and manage our impact on the environment. We aim to:

- » Maintain our Licence(s) to Operate;
- » Integrate sustainability into our business;
- » Minimise adverse impacts on our environment;
- » Leave a positive legacy;
- » Efficiently use energy, organics and water;
- » Implement our Mine Closure Plan; and
- » Maintain an Environmental Management System.

We use an Environmental Management System (EMS), supported by policies, management plans, standard work practices and guidelines. The EMS aligns with ISO/AS14001:20014 Standards for Environmental Management. It is subjected to a continuous internal review process by site management and the Environment Department and external review every two years.

We meet statutory obligations by reporting annually on environmental management of our operation and exploration activities to regulators responsible for mines, water and the environment in several licensing jurisdictions.

All of our mining operations are routinely inspected by authorities and actions are raised to improve our environmental performance. During 2014-2015, the DeGrussa Copper-Gold Mine Operations and Doolgunna Exploration activities were inspected by the Department of Mines and Petroleum. They identified some minor issues related to hydrocarbon storage, which we have subsequently addressed.

During the year we focused on water and energy management at the DeGrussa Copper-Gold Mine and saw an improvement in resource efficiencies which were a direct result of the development of water and energy management plans. This focus on the efficient management of our resources forms part of a broader push to set long-term targets for environmental performance in line with the Carbon Disclosure Project and GRI reporting requirements. We also conducted preliminary studies about how to use solar energy at the DeGrussa Copper-Gold Mine. Please refer to the case study on page 44 for further information.



One of our key achievements in environmental management during the year was the approval of the DeGrussa Copper Mine Closure and Rehabilitation Plan by the Department of Mines and Petroleum. This plan details the mine closure and rehabilitation strategies that we will undertake to ensure that the leases can be relinquished with no unacceptable risks to future land holders and other stakeholders. As part of our mine closure planning we have committed to ongoing stakeholder engagement in order to develop criteria for the ultimate closure. Our plan allows for adequate time to research and consult stakeholders with regard to these criteria.

Our Hydrocarbon, Chemical and Hazardous Substance Management Improvement Program commenced during the reporting period.

The goal of this program is to ensure that all chemicals and hazardous materials (including hydrocarbons) are managed to industry standards and that risks are adequately addressed in the transport, storage and handling of these materials, as well as their utilisation on site. In part, this program will reduce redundant stock on site, realise potential cost savings and ensure that there is a register of all hazardous materials which are brought to and removed from site.

In the year ahead, Sandfire will continue to develop our sustainability awareness and performance. We will formalise and implement sustainability KPIs for all our business units and continue to develop our understanding of land management and biodiversity. In line with our DeGrussa Mine Closure Plan, we will rehabilitate the environments disrupted by our mining operations.

SANDFIRE VALUE

We value technical excellence and innovation

ENERGY USE

Energy consumption is one of the most significant costs for our operations at DeGrussa. The hydrocarbon fuels that generate power for our facilities and equipment cause greenhouse gas emissions and air pollution. Minor impacts also include pollution from hydrocarbon spills and the disposal of contaminated clean-up materials.

We monitor and review our energy consumption on a monthly basis. Energy efficiency is measured relative to the amount of ore processed at the DeGrussa Mine. We also report

our energy consumption as a part of National Greenhouse and Energy Reporting (NGER) and the National Pollution Inventory (NPI).

Our total energy consumption in 2014-15 was 1,422,111 GJ. This represents a 4.7 per cent increase from the previous year, reflecting a greater volume of underground ore processed and final commissioning of the process plant. Power consumption also increases as the depth of mining increases and the requirement for ventilation rises. There has been a significant increase in ventilation installed underground in the reporting period, which is reflected in the consumption of energy.

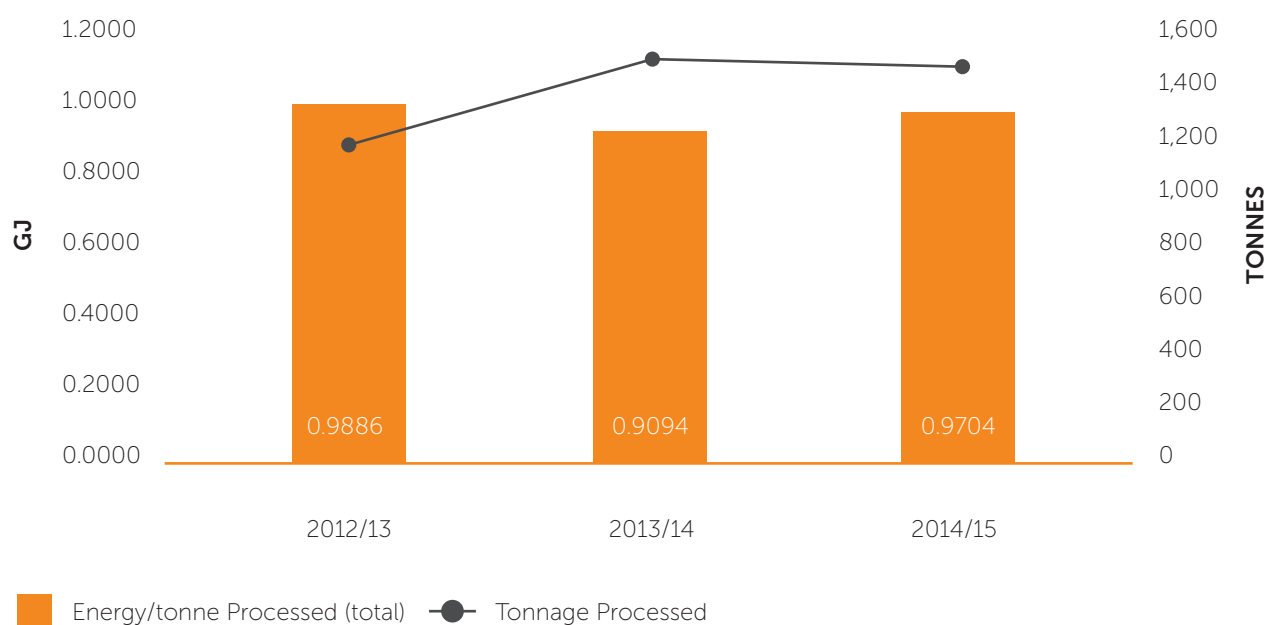
Table 11: Energy consumption

	ENERGY CONSUMED TOTAL	ENERGY CONSUMED NET	ENERGY PRODUCED AT POWER PLANT	TONNAGES PROCESSED	ENERGY (TOTAL) PER TONNE ORE PROCESSED
	GJ	GJ	GJ	tonne	GJ/tonne
2012/13	1,158,983	950,879	208,104	1,172,295	0.9886
2013/14	1,357,773	1,052,881	304,892	1,493,040	0.9094
2014/15	1,422,111	1,103,476	318,635	1,465,523	0.9704

Table 11: Energy consumption continued

	2013-2014	2014-2015
Fuel Consumed (KL)	22,041	23,402
Fuel Consumption rate (KL/MWh)	0.25	0.25

Figure 1: 2014-2015 emissions footprint



CASE STUDY

Reducing Power and Steel Use at the DeGrussa Processing Plant

Milling or comminution is integral to the successful recovery of copper ore by liberating the fine grains of valuable mineral from the waste so that the subsequent flotation process can further refine the concentrate.

The milling circuit for the DeGrussa Project was designed to use 27kWh of power for each tonne of ore processed. During the year, we undertook a number of optimisation and enhancement projects at the processing plant. Because the copper ore at DeGrussa is extremely hard, the SAG milling operation was producing oversized material or pebbles, which needed to be treated and re-ground.

Improvements to the milling circuit were made by installing a pebble crusher, together with associated conveyors, chutes and a sub-station. The pebble crusher has streamlined the milling circuit, leading to improved milling or grind control and improved power efficiency. This has saved almost \$2 million in power during the year. We estimate an additional saving of \$1 million each year, as we grind ore more efficiently.

The pebble crusher became operational in January 2015 and saw an immediate change in the milling circuit operation, resulting in the following key improvements:

- » The SAG mill power requirement reduced from +2,800kW to 2,400kW per hour;
- » The ball mill power requirement reduced from +2,000kW to 1,700 kW per hour;
- » The consumption of grinding media (steel ball saving) in both mills reduced by ~550g/t;
- » The throughput rate increased from 194tph to 225tph; and
- » The energy required for milling reduced by 4.8kWh/t.

Steel Ball Saving

REDUCTION IN CONSUMPTION
OF MEDIA (STEEL BALLS)

550g/t

ANNUAL TONNAGE

1.5M

MEDIA PRICE

1,350 \$/t

TOTAL \$ SAVING

\$1.11M

Power Saving

ENERGY SAVING

4.87kWh/t

X

COST OF
POWER

0.275

X

ANNUAL
TONNAGE

1.5M

=

TOTAL \$
SAVING

\$1.9M

WATER MANAGEMENT

Mining and extractives activities are highly water-intensive. Sandfire uses large amounts of water to mine and process mineral ores, as well as to support employee activities and accommodation facilities. Our operations are located in an area with no permanent surface water so water is sourced from underground aquifers.

Our ability to operate in this environment is dependent on access to, and efficient management of, this resource. Sandfire's approach is to provide strong water stewardship and to maximise the efficient use of this resource by reducing water requirements and by maximising the recycling of water to reduce the intake of water from local aquifers.

The primary water supply is from a shallow alluvial aquifer in proximity to the Gascoyne River, a source identified previously from other users and research.

We continually monitor our Water Balance, which allows us to assess our overall use of primary ground water, recycled and re-used stored water, process water and the volume of discharge water. We engage with groundwater specialists to assist us to maximise our water efficiency and reduce the risks associated with drawing water from groundwater aquifers.

The total volumes of water extracted and reclaimed are shown in Table 12. The increase in water extracted in 2015 was due to increased water discharge from the underground mine. In the period from October to December 2014 we experienced an unusually high water inflow from the mine due to mine workings intersecting an underground aquifer. Works were undertaken to stem the water inflow and underground mine water inflows returned to levels just above historical levels.

Since this event, work has been undertaken to understand the location and characteristics of the aquifer to ensure that future mine operations will not result in the aquifer being intersected. This investigation work will be refined and advanced as the mine operation continues.

The additional water discharged between October and December from the underground aquifer was of pure quality.

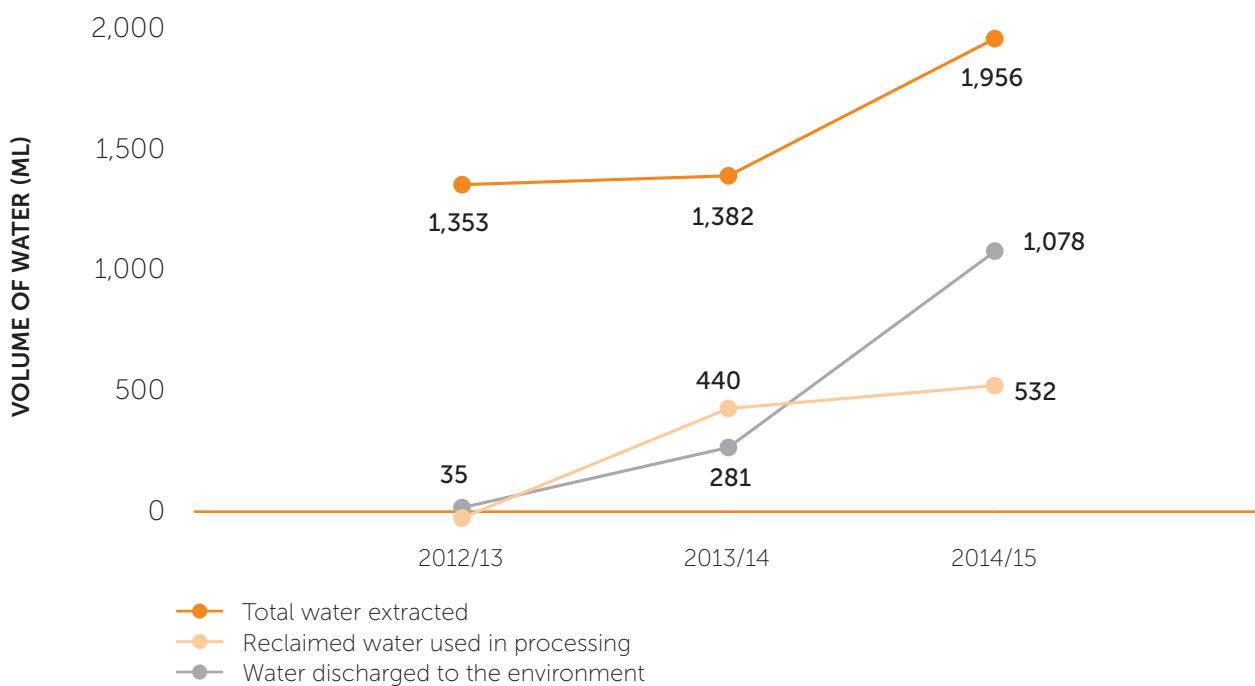
Given the increased water from the underground mine, water extraction from the site borefield has been significantly reduced. In addition, works are underway to further increase the level of water recycling from the Tailings Storage Facility (TSF). The recycling of water from the TSF and from underground dewatering further reduced the dependency on primary bore water supply.



Table 12: Water use footprint

	2012/2013	2013/2014	2014/2015
Water extracted from Borefields (ML)	1,232	777	599
Water extracted from dewatering of mining areas (ML)	121	605	1,357
Total water extracted (ML)	1,353	1,382	1,956
Reclaimed water used in processing (ML)	0	440	532
Percentage of water reclaimed (TSF)	0%	32%	27%
Water discharged to the environment	35	281	1,078
Water consumption (kL per tonne of ore processed)	0.74	0.44	0.14

Figure 2: Total water use footprint



EMISSIONS AND CLIMATE CHANGE

Sandfire has two key types of emissions being greenhouse gas emissions (GHG) and dust emissions.

GREENHOUSE GAS EMISSIONS

The production process for DeGrussa copper concentrate is less carbon intensive than other mining and extractive operations.

However, Sandfire is a net emitter of greenhouse gases through power generation from a 19MW diesel-fired power station. The transport, logistics and handling of mineral ores and products also results in the emission of dust. We are committed to managing these emissions to reduce our impacts and to maintain efficient and cost effective operations.

Sandfire anticipates an increase in GHG emissions in the next 12 months as a result of the ongoing development of underground resources that are at a greater depth as the underground mine development advances to extract the deeper Conductor 4 and Conductor 5 deposits.

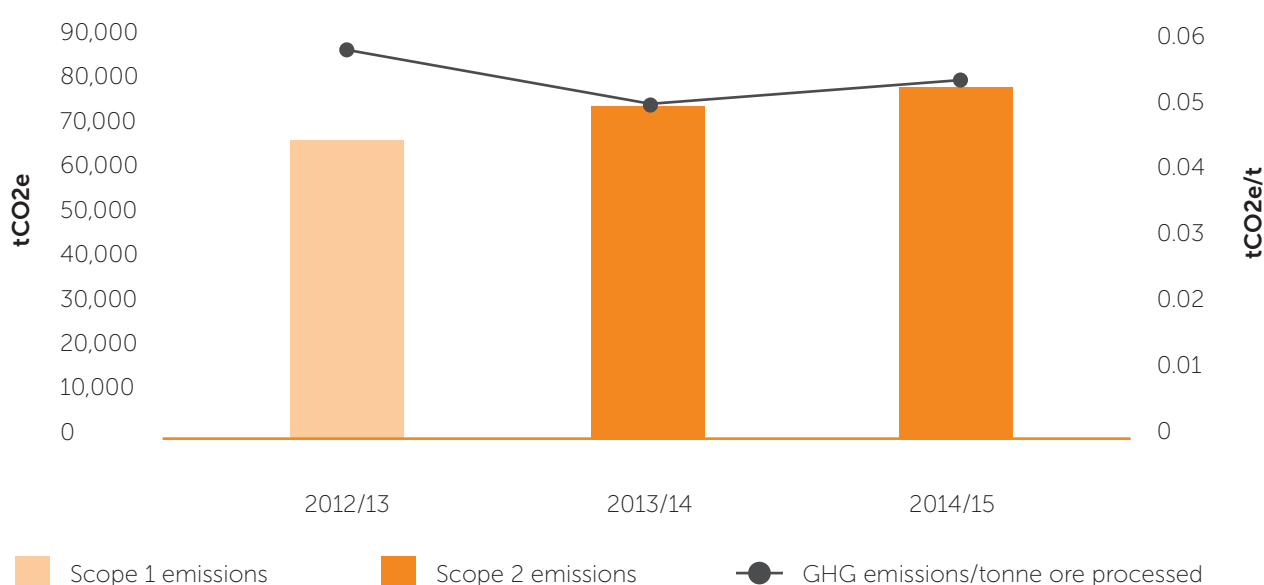
This in turn requires the provision of additional power for ventilation, dewatering pumping capacity, the installation of ancillary services and higher production levels. In order to mitigate this, Sandfire has embarked upon the installation of a Solar Power Project which will offset the anticipated increases with emission-free power and, in fact, will reduce emissions from current levels by some 15% (see case study on page 48).

We report our GHG emissions under the National Greenhouse Act 2007 and dust emissions under the Environmental Protection Act (Western Australia). In addition, Sandfire has signed on with the internationally recognised CDP and has provided data for the first report in 2015.

Table 13: Greenhouse Gas Emissions

	GHG EMISSIONS			METRIC	
	Scope 1 emissions	Scope 2 emissions	Total	Tonnage processed	GHG emissions/tonne ore processed
	(t CO ₂ e)	(t CO ₂ e)	(t CO ₂ e)	(t)	(t CO ₂ e/t)
2012/13	65,994	137	66,131	1,172,295	0.0564
2013/14	73,133	141	73,274	1,493,040	0.0491
2014/15	76,641	139	76,780	1,465,523	0.0524

Figure 3: Greenhouse Gas Emissions





Dust

Given its location in an arid area with some 250mm of annual rainfall, dust emissions are readily generated at DeGrussa by vehicle movement and ground disturbance. The primary measures for controlling dust have been bituminising all key transport and high traffic routes/areas on the DeGrussa Mine site, and by applying water to roads in other traffic areas.

CASE STUDY

DeGrussa Solar Power Project

Sandfire's DeGrussa Copper-Gold Mine will be an industry-leading pilot site for renewable energy following approval for an innovative solar power project during the year. This bold initiative involves construction of a 10.6MW solar power station.

The \$40 million DeGrussa Solar Power Project is expected to be the largest integrated off-grid solar and battery storage facility in Australia. Sandfire has partnered with an international consortium to finance, develop and operate the facility. French renewable energy firm Neoen will own the facility. Juwi Renewable Energy is responsible for the design, construction and operation. OTOC, a Perth-based listed diversified infrastructure and surveying company will assist juwi with the construction while both the CEFC and ARENA are assisting with funding.

The Clean Energy Finance Corporation has committed up to \$15 million in finance towards the project, while the Australian Renewable Energy Agency (ARENA) is providing \$20.9 million of funding with Neoen contributing most of the balance.

Construction activities commenced in July 2015 with the facility expected to be fully operational in early 2016. The project will generate significant economic benefits for the region, with about \$21.2 million or 53 per cent of the goods and services required being sourced in Australia.

The project comprises a 10.6MW solar array utilising 34,080 solar panels over 20 hectares. It uses single-axis tracking technology, combined with 6MW of short term battery storage.

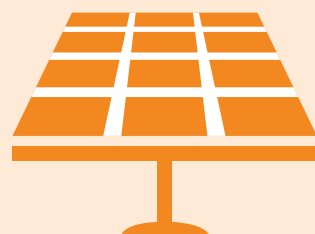
The solar power station will be fully integrated with the existing 19MW diesel-fired power station at DeGrussa. This integrated system will be designed so that the diesel-fired power station continues to provide base-load power to the DeGrussa mine, with sufficient minimum load to ensure it can respond quickly to meet the power requirements of the process plant and underground mine.

The average power expected to be delivered by the solar power station during daylight hours is 50% of our total requirements and, at its peak, will account for approximately 70% of demand. During the day, the solar facility will power the entire processing plant.

The project is expected to save diesel fuel and reduce carbon emissions by an estimated 12,000 tonnes per year. This technology will deliver significant benefits to Sandfire's environmental performance but also has the potential to be a game-changer for the wider industry.

Carbon Emissions Reduction

12K tonnes
per year



AVERAGE POWER
delivered by solar
during daylight hours

50%

6MW of a total
12MW for site

PEAK POWER
delivered by solar
during daylight hours

68%

8MW of a total
12MW for site

LAND MANAGEMENT

At Sandfire, we take a responsible and proactive approach to land management. Sandfire is committed to ensuring our activities are undertaken in such a way that will not leave any negative legacies when we leave. Our approach to land management includes undertaking a detailed risk review process prior to the commencement of mining; conducting regional and local biodiversity studies to identify areas of importance (flora, fauna and biota); and undertaking practical planning and designing facilities and operations that will have the least possible impact on biodiversity, drainages and the local environment.

MINE CLOSURE PLANNING

We have developed appropriate environmental management plans to cover the potential impacts within the DeGrussa Mine site to allow effective management over the life of the mine. This includes our Mine Closure Plan. Under the Mining Act 1978, Sandfire is required to have our Mine Closure Plan reviewed and approved by the Department of Mines and Petroleum (DMP) every three years. This year we submitted our Mine Closure plan for review and have received approval from the DMP.

The Mine Closure Plan sets out our approach to meeting our land use obligations and commitments for the identification and management of closure issues, closure criteria, monitoring and maintenance and stakeholder consultation.

The DeGrussa Copper Mine is located on vacant Crown land that has been proposed as a future conservation reserve. Our management and closure plans take this into account and the continuous review of the Mine Closure Plan allows for a structured and consultative process to be undertaken, so that all stakeholder views are factored into the closure criteria.

We are committed to the continuous improvement of our mine closure plan by developing our knowledge of the area we are operating in. We continue to conduct studies, monitor and manage the local environment and the potential impacts on biodiversity during operations. This will enable practical alignment of closure plans to include defined closure criteria consistent with final land use and to minimise post-closure legacy.

Next year we will commence the consultation process with stakeholders, develop closure criteria and plans and undertake a formal review of the mine closure plan.

REHABILITATION OF EXPLORATION SITES

Rehabilitation of exploration disturbance is conducted in accordance with the rehabilitation standards as outlined in the DMP Draft Guidelines for Environmentally Responsible Mineral Exploration and Prospecting in Western Australia (DMP, March 2012). Sandfire ensures that:

- » All drill holes are securely capped or plugged immediately after they are completed;
- » All tracks, drill pads, drill holes, costeans and sumps are rehabilitated within six months of the completion of each drilling programme. If environmental conditions exist that preclude rehabilitation from being completed without causing additional disturbance, then an application for an extension of time is made to the DMP;
- » After completion of drilling programs, all plastic bags, grid pegs and other artificial debris and waste is removed from the site and disposed of appropriately;
- » All sumps are back-filled and rehabilitated;
- » All compacted areas are ripped along the original contour; and
- » Permission is obtained from the DMP if drill holes are required to be left open for longer than six months after drilling programs are completed.

In addition to the DMP rehabilitation requirements, the following commitments are implemented to reduce the risk of environmental impacts from potentially acid-forming drill spoil material upon rehabilitation:

- » Drill spoil material is deposited in the bottom of sumps prior to back-fill and rehabilitation. No plastic bags are placed within the sump; and
- » Sufficient quantities of lime are placed in the bottom of each sump when suspected PAF (potentially acid forming) drill spoil material is to be buried and rehabilitated. The addition of lime neutralises any acid formation and significantly reduces potential environmental impact.

Regular auditing is implemented to ensure exploration rehabilitation is being conducted in accordance with regulatory standards.



OUR COMMUNITY

SANDFIRE VALUE

Co-operate with all of
our communities for
the mutual benefit of all

Effective stakeholder relationships are essential to maintain our social licence to operate. We define a social licence to operate as the level of acceptance that communities and stakeholders grant us so we can continue to operate. This licence is forged through good relationships. We understand that a social licence to operate can be revoked through mistrust, so we put a strong emphasis on developing transparent relationships with our stakeholders and the community in which we operate to meet their needs and mitigate this risk.

Our Stakeholder Engagement Policy sets out our commitment to engage openly with our stakeholders.

Our Community Relations Strategy, which covers all of our operations, ensures that we have a positive relationship with the communities in which we operate.

The strategy maps the stakeholders for all the areas in which we operate so they are engaged in a consistent and timely manner. We have identified over 400 stakeholders and assigned engagement mechanisms and a dedicated relationship owner with management responsibility.

Sandfire is active in the local communities in which it operates through:

- » Consistent consultation with our stakeholders and community groups;
- » Hosting DeGrussa site tours for winning students from the Get into Resources program;
- » Hosting DeGrussa site tours for students who showed outstanding participation in earth sciences;
- » Providing emergency assistance to local communities;
- » Donation of specimens and rock collections to the Mineralogical Society of Qld, Queensland Museum, EDC Clarke Museum UWA, Museum of Victoria, SA Museum Adelaide and the Museum of Western Australia;
- » Donation of native copper and dolomite specimen samples to the Australian Museum, Sydney;
- » Volunteer work with the Smith Family Foundation mentoring of at-risk high school students; and
- » Offering flights to and from Perth for local pastoral industry personnel and land-owners for medical appointments or other important commitments.



In June 2014, Sandfire established a Stakeholder Engagement Sub-Committee to oversee the Community Relations Strategy. The committee is dedicated to continuously improving our approach to stakeholder engagement to minimise the actual and potential impacts of our operations on the communities in which we operate.

Given that the DeGrussa site is located 150 kilometres from the nearest community, our actual and potential impacts include the health, safety and well-being of employees and contractors, environmental and visual impact, effect on Aboriginal heritage, commercial effect on local business as well as the impact on the towns along our transport route.

Next year we plan to develop a formal grievance mechanism so that we have processes in place to respond to community concerns if they arise. We also intend to explore how we can evaluate our community engagement approach.

ABORIGINAL STAKEHOLDERS

Sandfire actively engages with its Aboriginal stakeholders to enhance mutually beneficial, strong and meaningful relationships. We foster strong relationships using honest, transparent and constructive dialogue.

Sandfire acknowledges and respects the rights of Aboriginal groups near our projects.

We consistently try to embed an understanding of Aboriginal culture to further develop positive engagement with Aboriginal people across all levels of our business.

Sandfire recognises the culture, language and traditions of the different Native Title Groups where it operates and the importance of their connection to country. By ensuring strong and mutually beneficial relationships, Sandfire can have greater understanding of these practices and ensure the protection of local culture.

Sandfire has five projects across Australia that currently impact thirteen Native Title Claim Groups and two Native Title Determination Groups.

There are wide-ranging Cultural Heritage Protection Agreements and Land Access Agreements in place with the groups where we are actively operating (at DeGrussa, Doolgunna and Altia) that protect Cultural Heritage Sites and can offer opportunities for employment, education and commercial contracts.

We have the following agreements in place:

- » Two Land Access Agreements (for Mining) with the Yugunga-Nya Native Title Claim Group (WA) and the Gingirana Native Title Claim Group (WA);
- » One Settlement, Consultation and Heritage Deed (for Exploration) with the Nharnuwannga Wajarri and Ngarlawangga Native Title Claim Group (WA) which is represented by the Jidi Jidi Aboriginal Corporation;
- » Two Heritage Agreements (for Exploration) with Yulluna Native Title Determination (QLD) and the Mitakoodi People (QLD);
- » Two Heritage Agreements (for Exploration) with the Yugunga-Nya Native Title Claim Group (WA) and the Gingirana Native Title Claim Group (WA); and
- » One Heritage Agreement being negotiated and to be finalised within coming months with the Wajarri Yamatji Native Title Claim Group (WA).

Due to the potential impact of our operations, Sandfire actively engages with all affected Native Title Groups before undertaking its activities. This assists us to protect culturally significant or sensitive areas and take the appropriate measures with these groups to mitigate potential risks.

Sandfire has completed over 60 Cultural Heritage surveys across its projects in Australia while engaging with the relevant Native Title Groups.

We hold bi-annual Liaison Committee Meetings with the Yugunga-Nya people, who are the recognised Native Title Claim Group at the DeGrussa mine. This regular meeting is an open discussion between the Yugunga-Nya People and Sandfire team. The meeting is an opportunity to discuss employment, education and training and commercial opportunities, as well as any heritage and environmental concerns.

2016 TARGETS

Our priorities in 2016 are to:

- » Develop a formal grievance mechanism so that we have processes in place to respond to community concerns if they arise.
- » Explore how we can evaluate our community engagement approach.
- » Sponsor NAIDOC week celebration in Meekatharra in August 2015. This is a significant event as it will be the first time NAIDOC week has been celebrated in Meekatharra. We are looking forward to supporting the community with this event.

CASE STUDY

Mitakoodi Soccer team

Sandfire sponsored a local mixed-age Aboriginal men's soccer team as part of its commitment to supporting the Aboriginal community. The team was put together by the Mitakoodi Community Group to compete in the Mt Isa zone soccer tournament.

Sandfire supported the team by providing uniforms and travel to Cairns for a showcase competition against other regional teams. The team was highly successful during the local Mount Isa Zone competition and they reached finals before being knocked out in a close match.



Mitakoodi Bulls Team



On Sunday 3 August 2014, the winning students from *Get Into Resources* and their teachers were joined by Jo, Julia, Jennifer and a group of keen EES (Earth and Environmental Science) teachers on a tour of Sandfire's DeGrussa mine site.

This tour, held before Diggers and Dealers, allowed us full access to the site where we learnt the incredible story of the discovery of the DeGrussa deposit and then worked our way around all aspects of the operation.

Next time us EES teachers need to talk about mining of a metallic resource (Year 12 EES course) we will be able to confidently discuss the formation of, exploration for, mining and processing of the DeGrussa deposit. All of this using the presentations and videos shared with us by Sandfire, our own photos from the day and the samples donated to each teacher, for their school.

Since returning, the positive feedback from this has been overwhelming!

Thank you to Sandfire staff for sharing this incredible learning opportunity'."

Earth Science, Western Australia

SUPPORTING THE GOVERNMENT DURING THE DOOLGUNNA BUSHFIRES

In January 2015, Sandfire supported the Department of Parks and Wildlife during a bushfire campaign at Doolgunna. The DeGrussa site hosted twenty fire-fighting personnel, giving them access to our airstrip and use of our incident control room, accommodation, meals and fuel as required. This enabled the fire-fighters to be flown to site in order to control the fires as well as providing rest and recuperation facilities.

MEEKATHARRA RACE DAY

The Meekatharra Outback festival is an annual event held over the Queen's Birthday Weekend in September. The purpose of the festival is for the community to come together and promote local business. The festival includes a full two-day race meeting.

The Sandfire Meekatharra Cup is proudly sponsored by Sandfire and a great opportunity for our staff to interact with the community.

GET INTO RESOURCES – SCHOOL VISIT

Get into Resources is a unique career event with industry professionals providing hands-on, interactive activities and presentations to high school students to highlight the roles and opportunities in the resources sector. As a platinum sponsor of this event, we host the winning students from the Get into Resources competition.

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G4-33	No external assurance was sought for this report	

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