



2012 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

Good afternoon Ladies and Gentlemen and welcome to Sandfire’s 2012 Annual General Meeting.

The past year has, without doubt, been one of the most important in Sandfire’s history. While perhaps not delivering quite the adrenalin rush of our discovery years, the Company has been able to capitalise on its discovery success by completing the all-important transition from explorer to producer and joining the ranks of Australia’s leading mid-tier mining companies.

Against the backdrop of soaring cost inflation in the Australian resource sector – which, according to the Institute of Public Affairs, has seen the average cost of a typical mine and mineral processing facility jump by more than 70 per cent over the past decade – we have delivered the DeGrussa Copper Project on time and on budget.

This significant achievement – which was recognised by two prominent industry awards during the year (Digger of the Year at Diggers and Dealers in Kalgoorlie; and Developer of the Year at Mines and Money in Sydney) – is the fundamental reason that the Sandfire team has been able to maintain and continue to build the value of our Company at a time when market volatility and uncertainty has impacted many resource stocks.

Our Managing Director and CEO, Karl Simich, will shortly expand in more detail on the achievements of the past year, which culminated recently with the dispatch of our first shipment of copper concentrate produced from the DeGrussa plant to customers in China.

Our production ramp-up is now well underway and we expect to achieve full production rates in early 2013, cementing our position as a high-grade, low-cost copper producer.

Achieving such a seamless sequence of project milestones does not just happen. Our success in achieving these milestones is due to our culture of hard work, professionalism, teamwork, commitment and a positive “can do” attitude. This culture has been firmly established, not just at DeGrussa but across all parts of our organisation – and it is this culture which in my view is one of the distinguishing features of Sandfire.

It also reflects the quality and leadership of our management team, which is in turn reflected by the quality of the personnel we have across our organisation.

I would like to take this opportunity to acknowledge the efforts of our Managing Director & CEO, Karl Simich, our Project Manager, Martin Reed, our General Manager Operations at DeGrussa, Craig Dawson, the remainder of our senior executive team and indeed all of our on-site development, operations and corporate teams.

With leadership of this calibre at the controls, and the consequential high calibre of personnel we have overall, I am very confident about the future of our Company and our potential to make the next quantum leap in our development. I want to emphasise that the start of commissioning and ramp-up at DeGrussa marks the start of an exciting new chapter in Sandfire’s history, a chapter of growth and diversification.

The strong cash flows generated by DeGrussa should allow us to achieve a balance of organic growth, shareholder returns, finance facility repayment and business development that will put us in an even more enviable position – at a time when difficult market conditions are delivering an increasing flow of opportunities to our doorstep.



Another VMS discovery at DeGrussa or the broader Doolgunna area would of course provide further significant value uplift for our shareholders. We are now the dominant operator in this region with the only operating copper production facility.

To this end, we have a world-class growth and business development team on the ground and a \$20-25 million annual exploration budget. This has already yielded some very exciting new targets – some of which are being drilled as we speak.

We recognise the need to continue to refine our growth and business development focus and, under the experienced hands of our Technical Director John Evans and Exploration & Business Development Manager Bruce Hooper, we have a highly experienced and motivated business development team which has begun assembling a quality portfolio of new quality growth ventures and opportunities.

We have already announced some exciting asset-driven exploration and project joint venture initiatives in Australia and overseas, including the world-class Mount Isa/Cloncurry region of North Queensland, the Lachlan Fold Belt of South Australia and the Gawler Craton of South Australia.

We are also spreading our wings into the copper-rich yet relatively under-explored South American nations of Chile and Peru. Shareholders can expect to hear more about these activities in the months ahead – some of which are targeting Tier One project opportunities in IOCG-style copper-gold, Broken Hill Type base metals and porphyry-style copper-gold.

Karl will expand on these initiatives further in his presentation.

We also recognise it is important to continue to grow and refine the structure and membership of our Board. In this regard, it is our intention to identify and appoint one or perhaps two additional directors within the next 6 to 12 months, with the qualifications and experience of these additional directors designed to compliment and add to the qualifications and experience of our current Board members.

In conclusion, I would like to thank our shareholders for their support in helping us to build Sandfire into the company it has become. Sandfire is already well-known within the industry and across global markets for being one of Australia's most exciting modern-day mining success stories. All of us, including in particular you, our shareholders, can and should be justifiably proud of what has been achieved.

However, we also know that our work has only just begun. As I said last year, our performance will ultimately be judged on how successful we are in building a truly diversified Australian mining company. And we are looking forward to this next chapter with enthusiasm and excitement. I trust and hope you are as well.

Thank you.

Derek La Ferla
Non-executive Chairman

ENDS

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