



2019 ANNUAL GENERAL MEETING: CHAIRMAN'S ADDRESS

It is my pleasure to report on what has been a very busy and rewarding year for Sandfire.

First and foremost, we enjoyed another year of strong and consistent performance, as reflected by our key operational, financial and sustainability measures.

Secondly, 2019 saw the Company take significant steps to continue its transformation from a single-mine company into a global, diversified and sustainable metals company.

This is an exciting time of change, growth and opportunity for our business with the introduction of new people, new projects and, of course, new challenges.

I am delighted to say that all of the Sandfire team has embraced this new chapter of our story with great enthusiasm and energy – and a healthy appetite to continue to apply the same disciplined focus and professionalism which has underpinned our success up until now.

The performance of our flagship DeGrussa Operations during the 2019 financial year was characterised by record copper and gold production and record low C1 operating costs, underpinned by a continued strong focus on reliable production, cost control and optimisation.

The past financial year also saw the successful development and ramp-up of the new high-grade Monty Copper-Gold Mine, which is now feeding ore into the DeGrussa Concentrator.

Based on this strong operating performance, the Company delivered another year of impressive financial results and maintained its track record of dividend payments to shareholders.

Importantly, our record production and cost performance was also achieved while maintaining an unwavering commitment to the highest standards of safety, responsibility and sustainability. This is consistent with our company-wide philosophy that success is defined not only by what we achieve, but also by how we achieve it.

We were proud to contribute almost \$1 million in donations and in-kind support over the past year to projects that benefit the communities we are part of, focused on education, health and employment.

Our DeGrussa Solar Project continued to provide an important showcase for the adoption of renewable energy within the mining industry, delivering approximately 17 per cent of the site's power in the 2019 financial year. We were also proud to be the recipient of this year's Golden Gecko Award for Environmental Excellence from the Western Australian Department of Mines, Industry Regulation and Safety in recognition of the DeGrussa Solar Project.

The exceptional margins and consistent performance of the DeGrussa Operations represent the defining feature of Sandfire's first chapter of corporate life as a mining company since we started production in 2012.

Since 2012, we have not only established a robust, debt-free balance sheet, but also a strong global network of strategic business partners, suppliers and contractors, customers and talented industry professionals. These key ingredients provide us with an excellent platform on which we can continue to develop, and one that will help us elevate the Company to the next level.

With this in mind, a key aim during the year has been to further strengthen and diversify our global development and exploration pipeline, expand our reserve base and build a robust longer-term growth strategy that centres on developing new mines that are a sound strategic fit with our business. High-quality, fairly-valued assets are not easy to find, but our executive team has worked diligently to identify and secure new projects to fill our growth pipeline.

Last month, we completed the acquisition of MOD Resources Ltd, adding a new emerging production hub to our asset portfolio based around the advanced T3 Copper-Silver Project in Botswana. The acquisition also provides us with a considerable 11,700km² land-holding in the Kalahari Copper Belt, which provides an exceptional exploration opportunity.

The Sandfire and MOD teams have worked constructively together over the past few months to ensure the successful integration of MOD's assets, people and systems into the Sandfire organisation, and I would like to warmly welcome all the MOD employees to the Sandfire team, and also the many MOD shareholders who have joined our register.

We believe we are ideally positioned to advance this high-quality asset to a decision to mine by the middle of next year.

In North America, we also made excellent progress with advancing permitting at the high-grade Black Butte Copper Project in Montana, USA, held through our 85%-owned North American subsidiary Sandfire Resources America Inc., and progressing a Feasibility Study to inform a development decision on a new underground copper mine.

With the DeGrussa Operations as the backbone of our business, and with development activities ramping up at both T3 and Black Butte, Sandfire has a presence across three continental zones – Asia-Pacific, EMEA (Europe, Middle East, Africa) and The Americas. Our intention is to apply Sandfire's proven business "DNA" to our growth assets in Botswana and North America, to ensure a prudent, cost-effective yet pro-active approach to successfully developing our global portfolio.

To help us to develop our global portfolio, we were delighted to welcome a number of new executives to our senior team during the year. Jason Grace has joined our team as Chief Operating Officer; Julian Hanna has transitioned across from MOD to assume the role of Director of Growth and External Affairs – EMEA; and Ian Kerr has been appointed as Project Director for the T3 Mine.

In considering the make-up of the broader Sandfire team, we remain committed to a culture of diversity and inclusion. Sandfire believes that diversity in all senses of that term positively contributes to our organisational culture. We offer equal remuneration for all our employees, reflective of the type of job, years of experience and the period for which employees have held their position.

In conclusion, I believe that Sandfire moves into 2020 in a very strong position and at a time of great opportunity in the global base metals sector. Despite the reduction in copper prices over 2019, we remain positive on the outlook for copper, given the metal's supply and demand fundamentals – particularly in light of looming demand from the electric vehicle and energy storage sectors.

We have a strong global growth pipeline and a clear vision for where we are heading, which is being advanced by a committed and extremely capable team.

On behalf of the board, can I thank our hard-working team of staff and contractors, led by our Managing Director, Karl Simich, for the excellent year we have had.

Finally, I would also like to thank you, our shareholders, for your continued support. We stand on the cusp of an exciting new era of growth, and I look forward to being part of that with all of you.

Thank you.

Derek La Ferla
Non-executive Chairman

For further information, please contact:

Derek La Ferla – Non-Executive Chairman
Office: +61 8 6430 3800

Media Inquiries:

Nicholas Read – Read Corporate:
Mobile: +61 419 929 046 (Nicholas Read)

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