



17 September 2014

Dear Shareholder,

Maiden 10c per share dividend for Sandfire following strong 2014 financial results

The Board was delighted to announce recently that Sandfire will pay a maiden final dividend of 10 cents per share to shareholders for the 2014 financial year. The dividend will be paid on 10 October 2014 via electronic funds transfer and, as Sandfire was not in a tax payable position for 2014, will be unfranked. Please see Dividend Details and Payment Information below.

The announcement of our first dividend is a tremendous milestone for the Company, coming just two years after we completed construction of our flagship DeGrussa Copper Mine in Western Australia and less than a year following the achievement of steady-state production.

DeGrussa is now firmly established as a low-cost, high-margin mining operation, having already generated over \$1 billion in revenue since start-up in 2012 with operating cash margins of around 50%. The strong operating cash flows from DeGrussa have allowed us to aggressively reduce debt, while funding underground mine development, exploration and business development.

The payment of our maiden dividend is consistent with our overriding philosophy as a Company, which is to create value for our shareholders. We believe that the best way to continue to create value for shareholders is to continue to operate DeGrussa efficiently and profitably, and to deploy the resulting cash flows in a balanced and considered manner.

This balance is struck between the operating needs of the business (mine development ahead of stoping, capital works, debt reduction, working capital), indirect shareholder returns (investing in attractive exploration and business development opportunities to create capital growth) and direct shareholder returns (via dividends).

Dividend Details and Payment Information

The key dates for the final dividend:

- Record date to determine entitlements 12 September 2014
- Dividend payment date 10 October 2014

The dividend will be paid by Electronic Funds Transfer (EFT) direct to your nominated bank account.

Dividend payments will be made to the bank account details held by the Company's Share Registry on the dividend payment date. To facilitate prompt, efficient and low cost payment of the dividend, shareholders can view and update their holding details online at www.securitytransfer.com.au or complete the form included with this letter.

Should you require any assistance please contact the Company's share registry, Security Transfer Registrars Pty Ltd (details overleaf) or Sandfire on (08) 6430 3800 / nevenka.jackson@sandfire.com.au

Strong outlook for 2015 and beyond

Sandfire's production guidance for the 2015 financial year is generally consistent with the 2014 financial year just passed. As a result, and subject to movements in commodity prices and exchange rates, this should provide a solid foundation to continue to generate strong operating cash flows, enabling us to make further significant inroads into reducing our debt while at the same time funding our exploration and business development programs.

On the exploration front, we are continuing to spend around \$20 million per year at DeGrussa on near-mine and regional exploration. In this regard, major new underground drilling programs are scheduled to commence in the fourth quarter targeting extensions of the Conductor 4 and Conductor 5 lenses. And we recently commenced new exploration programs at the Springfield Project under our \$15 million joint venture with Talisman Mining, where we are targeting potential repeats of the DeGrussa VMS mineralisation along the expanded 65km mine corridor. There are also some exciting new drilling campaigns coming up on our broader Doolgunna tenements to test VMS targets we have systematically worked up over the past year.

We have in just a few years since discovery more than doubled the Mineral Resource at DeGrussa through diligent and targeted exploration programs. Our understanding of the geology at DeGrussa and surrounding area has increased exponentially in recent times, putting us in a position to be able to locate and discover repeats of the high-grade VMS mineralisation that deliver such rich rewards to our shareholders.

Continued strong investment in future growth with new business development initiatives

Sandfire recently announced one of its most significant business development initiatives to date after reaching agreement to acquire a cornerstone 36% interest in Toronto-listed company Tintina Resources (TSX.V: TAU), giving us significant exposure to one of the highest grade undeveloped copper deposits in the USA.

We are very much looking forward to working with the team at Tintina to progress the evaluation, exploration and ultimate development of this premier North American copper asset, which represents a complementary medium-term opportunity for us to grow in parallel and beyond DeGrussa.

The Tintina transaction follows our 38% investment earlier this year in WCB Resources, which is about to start drilling on what could be a game-changing Tier-1 porphyry copper-gold target on Misima Island, PNG.

This is an exciting time for everyone involved with Sandfire. With our core business in excellent shape and generating strong cash flows, we are working hard to make the most of the opportunities in front of us by investing not only in the future of DeGrussa but also in the longer term future of the Company.

Thank you for your continued support.

Yours faithfully,



Derek La Ferla
Chairman



Karl Simich
Managing Director and CEO

