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## 2013 ANNUAL GENERAL MEETING: CHAIRMAN'S ADDRESS

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Good morning Ladies and Gentlemen, and welcome to Sandfire's 2013 Annual General Meeting.

I am delighted to report on what has been a year of success and achievement for Sandfire Resources, reflecting pleasing progress at all levels of our business.

We achieved all of our core strategic objectives for the year – completing the transition from explorer to producer, successfully ramping up production and sales, posting our maiden profit and maintaining a considerable exploration effort. We did so whilst maintaining an excellent safety record and continuing to strengthen and enhance the Company's reputation and good standing, both in investment markets and within the Australian mining industry.

Sandfire is now well known and well regarded, not just as a company which has enjoyed one of the great new mineral discoveries of the past five years, but one which has fully capitalised on its good fortune by financing, developing and operating this high-quality asset efficiently, professionally and with great diligence and focus.

I am also pleased to note that, as a Company, we continue to develop a strong culture based on values which include respect, teamwork, success, safety, responsibility and family. As a young, emerging, yet already successful company, our employees and contractors have a great opportunity to work together to shape the Sandfire of the future and to build a workplace and company of which we can all be proud.

The strong cash flow generated by DeGrussa has enabled us to make significant inroads into our project debt facility during the year, while at the same time funding substantial underground capital development and successful exploration programs. This has allowed us to extend the life of the operation and put in place the necessary underground infrastructure to secure the long-term future of the mine.

The Company's position as a low-cost copper producer with a strong balance sheet also puts us in an advantageous position to take advantage of quality growth opportunities – whether these be projects or assets already within our portfolio or those that may be presented externally.

At DeGrussa, our operations team is applying some of the world's best technologies, strategies and methods to ensure we extract the maximum possible value from this quality asset. These include optimising mining methods, increasing plant recoveries and maintaining a focus on cost efficiency wherever possible.

The recent start of a major underground diamond drilling program at DeGrussa heralds the start of an exciting new chapter as we begin to probe the outer extremities of the DeGrussa mineralised system. We have already enjoyed some success in identifying extensions to the Conductor 4 deposit, and we will soon be testing for extensions to Conductor 1 and Conductor 5 as drilling positions become available.

Our exploration team continues to step up its efforts, both in the near-mine environment and regionally, bringing some of the world's most advanced thinking and exploration strategies to bear to help us find what we are all hoping for: our next major VMS copper-gold discovery.



We remain confident that their tireless efforts and disciplined, systematic approach will ultimately bring the breakthrough we all desire, creating a step-change in value for our shareholders.

We have also begun to broaden our strategic focus in the Bryah Basin beyond the DeGrussa-Doolgunna Project, recently taking our first significant growth step through a joint venture agreement with Ventnor Resources to evaluate, explore and potentially develop the Thaduna/Green Dragon Project, located 40km from DeGrussa.

This is the largest copper resource in the Doolgunna-Bryah Basin Region outside of DeGrussa, and presents a low-risk but potentially exciting organic growth opportunity to secure incremental feed for our mill, subject to completing exploration and technical studies.

We are pleased to have the opportunity to work with junior companies like Ventnor to unlock the value of other copper-gold deposits within the Bryah Basin. In doing so, we will leverage off our established infrastructure and treatment facility at DeGrussa, our strong balance sheet and the depth and capabilities of our strong and experienced technical team.

However this and other opportunities that may emerge regionally must be seen in the context of being secondary to our core and overriding focus on achieving organic growth at DeGrussa itself. We have no doubt that the best bang for buck for our shareholders will come from the money we are spending in the near-mine environment and along the DeGrussa Mine Corridor to find more of what we already have.

Looking further afield, our Business Development Team continues to actively evaluate a range of opportunities, both in Australia and offshore. These include asset-driven project, exploration and resource development assets which have the potential to contribute to our growth pipeline and ultimately diversify our operational base.

Our rapid growth over the past few years is now also being reflected at the corporate level, with the Company's Board of Directors expanding further during the year to reflect Sandfire's market capitalisation, asset base and profile.

We now have six directors on the Board, including our newest independent non-executive Director, Paul Hallam, who was appointed in May. Each of Sandfire's Directors brings a particular set of skills and experience to our Board, with the addition of Paul bringing additional independence to the Board's deliberations.

As I mentioned in my letter to shareholders in the Annual Report, we intend to give consideration over the coming year to the appointment of an additional Independent Director, which would create a majority of independent directors on the Board.

As I also mentioned in my letter to shareholders, the Board also intends to give some consideration to the introduction of a dividend policy at some point. I do not wish to pre-empt the Board's ultimate view on this matter, other than to say that we recognise that there is strong market sentiment favouring the return of cash to shareholders when it is appropriate to do so.

The introduction of a dividend policy will need to be weighed against the ongoing need to fund our capital development, exploration and business development programs while at the same time meeting our debt repayment schedule. I am confident that we will be able to strike the right balance between these important considerations as we move forward in 2014.

On 4 August this year, our teams at DeGrussa and the Perth office put in a huge effort to organise an official opening ceremony for the DeGrussa Copper Mine which was officiated by the Premier of Western Australia, the Hon. Colin Barnett MLA.

Before I hand over to Karl, who will provide a detailed update on our achievements and activities over the past 12 months, I would like to sincerely thank the entire Sandfire team – both staff and contractors – led by Karl and his hard-working executive management team, who continue to deliver this outstanding growth story.

I would also like to thank all our valued shareholders for their ongoing support.

Thank you for your attention.

Derek La Ferla  
Non-executive Chairman

**ENDS**

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#### **Forward-Looking Statements**

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