

ASX/Media Release

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## SANDFIRE ESTABLISHES LONG TERM INCENTIVE PLAN

Sandfire Resources NL (ASX:SFR; “**Sandfire**”) is pleased to announce that it has established a long term incentive plan (**LTIP**) aimed at incentivising its senior executives to drive the next phase of Sandfire’s growth.

Under the LTIP each executive will be granted performance rights to receive fully paid ordinary shares in Sandfire. The rights will be able to be converted into shares if Sandfire satisfies various performance conditions relating to total shareholder return (**TSR**) tested at the end of two years (for 50% of the initial tranche of rights) and then on a rolling three year period for the remaining rights (**Performance Condition**).

The quantum of the rights that each executive will receive under the 2015 LTIP offer will be calculated by dividing the LTIP Grant Opportunity by the 5 day VWAP of Sandfire’s shares immediately prior to the date of grant of the rights to the executives other than the Managing Director. The same VWAP will be used to calculate the quantum of rights to be granted to the Managing Director – however, those rights will only be granted subject to shareholder approval at Sandfire’s 2015 AGM. The LTIP Grant Opportunity will be calculated as 0.6 of each executive’s total fixed remuneration except for the Managing Director for whom the LTIP Grant Opportunity will be 1.0 times total fixed remuneration.

TSR is a method of calculating the return shareholders would earn if they held a notional number of shares over a period of time. TSR measures the growth in Sandfire’s share price together with the value of dividends during the period, assuming that all those dividends are re-invested into new shares. The percentage of rights in each tranche that vest, if any, will be determined by reference to the relative TSR of Sandfire achieved over the applicable Performance Period compared to the TSR comparator group of companies in the ASX200 Resources Index (XFR.ASX), as follows:

Relative TSR achieved over the relevant Performance Period		Rights in each tranche that vest (%)
Maximum % or above	75 <sup>th</sup> percentile or greater	100%
Between threshold % and maximum %	Greater than 50 <sup>th</sup> percentile and less than 75 <sup>th</sup> percentile	Progressive pro rate vesting between 50% to 100% (i.e. on a straight line basis)
Threshold %	50 <sup>th</sup> percentile	50%
Less than the threshold %	Less than 50 <sup>th</sup> percentile	Nil

Rights are expected to be granted to the executives other than the Managing Director shortly. As noted above, rights will only be granted to the Managing Director under the 2015 LTIP following shareholder approval at Sandfire’s 2015 AGM in November 2015.

From July 2015, participation in the LTIP will exclude these senior executives from participation in the quarterly component of the short-term bonus plan that is available to other employees.



The following information is provided in accordance with Listing Rule 3.10.3 of the ASX Listing Rules:

- Class of securities to be issued – performance rights;
- Number of securities to be issued (excluding Managing Director) – the precise number will depend on the applicable 5-day VWAP (as set out above). Based on a 5-day VWAP of \$4.34, the number to be issued (excluding to the Managing Director) would be 296,533;
- Number of securities to be issued to Managing Director if shareholder approval is granted at Sandfire’s 2015 AGM – the precise number will depend on the applicable 5-day VWAP (as set out above). Based on a 5-day VWAP of \$4.34, the number to be issued would be 253,456;
- Principal terms – the executives will be granted performance rights as set above. Each performance right will entitle the holder, for nil cash consideration, to one fully paid ordinary share in Sandfire on vesting on satisfaction of the Performance Condition and otherwise subject to the rules of the LTIP (which will be put to shareholders for approval at Sandfire’s 2015 AGM). Rights that do not vest will lapse. Performance rights will not carry the right to vote, receive dividends or any other rights of an ordinary shareholder;
- Issue price – the executives have been invited to participate in the LTIP on the basis of their roles at Sandfire. No consideration is payable by the executives at the time of grant of the performance rights or upon the issue of shares on vesting of the performance rights;
- Purpose of the issue – incentivise the executives to grow Sandfire on a long term basis;
- Will shareholder approval be sought – shareholder approval will not be sought for the grant of rights to the executives but, in accordance with the Listing Rules, shareholder approval will be sought for the grant of rights proposed to the Managing Director; and
- Will the issue be to a class of security holders – no.

**ENDS**

For further information contact:

Sandfire Resources NL

**Karl Simich – Managing Director/CEO**

**Matthew Fitzgerald – CFO**

Office: +61 8 6430 3800

Read Corporate

Mobile: +61 419 929 046 (Nicholas Read)

Mobile: +61 421 619 084 (Paul Armstrong)