



SANDFIRE RESOURCES NL

ACN 105 154 185

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Wednesday, 18 November 2015

Time of Meeting

2.00 pm (Perth time)

Place of Meeting

Fraser's Function Centre, Ground Floor
Fraser Avenue, Kings Park
West Perth, Western Australia 6005

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

Sandfire Resources NL

ACN 105 154 185

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Sandfire Resources NL ACN 105 154 185 ("Company") will be held at the Fraser's Function Centre, Ground Floor, Fraser Avenue, Kings Park, West Perth, Western Australia on Wednesday, 18 November 2015 at 2.00pm (Perth time) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

ITEMS OF BUSINESS

Financial Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2015, together with the Directors' Report and the Auditor's Report as set out in the Company's 2015 Annual Report.

1. RESOLUTION 1 – NON BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

To consider and, if thought fit, pass the following as a **non-binding ordinary resolution**:

"That the Remuneration Report for the year ended 30 June 2015 as set out in the Company's 2015 Annual Report be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1:

- (a) by or on behalf of a member of the Key Management Personnel of the Company (**KMP**) whose remuneration details are included in the Remuneration Report or a Closely Related Party of a member of the KMP (such as close family members and any companies the person controls); or
- (b) as a proxy by a member of the KMP or a Closely Related Party of a member of the KMP.

However, the Company need not disregard a vote if it is cast as proxy for a person entitled to vote on Resolution 1 and:

- (a) it is cast in accordance with the directions on the proxy form; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected, directly or indirectly, with the remuneration of the KMP.

Shareholders should note that the Chair intends to vote any undirected and available proxies in favour of Resolution 1.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

2. RESOLUTION 2 – RE-ELECTION OF MR DEREK LA FERLA AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Mr Derek La Ferla, who retires in accordance with clause 7.1(f) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected a Director of the Company."

Recommendation:

The Board (other than Mr La Ferla who abstains from making a recommendation because of his interest in the resolution) unanimously recommend that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – ADOPTION OF SANDFIRE RESOURCES NL LONG TERM INCENTIVE PLAN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That approval be given for adoption of the Sandfire Resources NL Long Term Incentive Plan, and that any equity securities issued under the Plan be approved, for the purposes of Exception 9 of ASX Listing Rule 7.2 and for all other purposes, on the terms which are described in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3:

- (a) by any Director of the Company who is eligible to participate in any employee incentive scheme in relation to the Company, and any associates of such a Director; and
- (b) as a proxy by a member of the KMP or a Closely Related Party of a member of the KMP.

However, the Company need not disregard a vote on Resolution 3 if the vote is cast as proxy for a person entitled to vote on Resolution 3 and:

- (a) it is cast in accordance with the directions on the proxy form; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected, directly or indirectly, with the remuneration of the KMP.

Shareholders should note that the Chair intends to vote all undirected and available proxies in favour of Resolution 3.

4. RESOLUTION 4 – GRANT OF RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the issue of 251,684 Rights to the Managing Director and Chief Executive Officer, Mr Karl M Simich, under the Sandfire Resources NL Long Term Incentive Plan, on the terms summarised in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4:

- (a) by the Managing Director and Chief Executive Officer (being the only Director who is eligible to participate in the Sandfire Resources NL Long Term Incentive Plan), and any of his associates, or
- (b) as a proxy by a member of the KMP or a Closely Related Party of a member of the KMP

However, the Company need not disregard a vote on Resolution 4 if the vote is cast as proxy for a person who is entitled to vote on Resolution 4 and:

- (a) the vote is cast in accordance with the directions on the proxy form, or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected, directly or indirectly, with the remuneration of the KMP.

Shareholders should note that the Chair intends to vote all undirected and available proxies in favour of Resolution 4.

Recommendation:

The Board (other than Mr Karl M Simich who abstains from making a recommendation because of his interest in the resolution) unanimously recommend that Shareholders vote in favour of Resolution 4.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

EXPLANATORY MEMORANDUM

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Annual General Meeting. Capitalised terms used in this Notice of Annual General Meeting are defined in the glossary to the Explanatory Memorandum.

By order of the Board

Matthew Fitzgerald
Joint Company Secretary

Dated: 20 October 2015

How to vote

Shareholders can vote by:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote;
- voting online at www.securitytransfer.com.au. To log in you will need your Online Proxy ID and either your Holder Identification Number (**HIN**) or your Securityholder Reference Number (**SRN**); or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice and by submitting their proxy appointment and voting instructions in person, by post, electronically via the internet or by email or facsimile.

Further details are set out below.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. A properly executed original (or certified copy) of the power of attorney under which they have been authorised to attend and vote at the meeting must be lodged with the Company's share registry by 2.00pm (Perth time) on 16 November 2015 (48 hours before commencement of the meeting).

Voting by a corporate Shareholder

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

Online voting

Shareholders are encouraged to use the online voting facility that can be accessed at www.securitytransfer.com.au. Log into the Investor Centre and click on 'Online Voting'. You will need your Online Proxy ID and either your Holder Identification Number (**HIN**) or your Securityholder Reference Number (**SRN**).

Online voting enables Shareholders to vote directly on resolutions considered at the Meeting without attending the Meeting or appointing a proxy.

If you cast an online vote, you are still entitled to attend the Meeting. However, your attendance will cancel your online vote unless you instruct the Company or Security Transfer Registrars Pty Ltd otherwise.

The Chair's decision as to whether an online vote is valid is conclusive.

To be effective, online voting must be completed by 2.00pm (Perth time) on 16 November 2015. Voting after this time will be invalid.

Voting by proxy

- A Shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the Shareholder's votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- However if a Shareholder appoints a member of the KMP (which includes each of the Directors) as proxy, the member of the KMP will not be able to cast the Shareholder's votes on Resolutions 1, 3 or 4 unless the Shareholder directs the member of the KMP how to vote or the Chair of the Meeting is the Shareholder's proxy. If a Shareholder appoints the Chair of the Meeting as their proxy or the Chair of the Meeting is appointed as the Shareholder's proxy by default, and the Shareholder does not direct the Chair how to vote on Resolutions 1, 3 or 4, then by completing and submitting the proxy form the Shareholder will be expressly authorising the Chair of the Meeting to exercise the proxy in respect of the relevant Resolution even though it is connected, directly or indirectly, with the remuneration of the KMP.

- Should any resolution, other than those specified in this Notice, be validly proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, subject to the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.
- The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 2.00pm (Perth time) on 16 November 2015. If facsimile or email transmission is used, the power of attorney must be certified.
- Proxies may be lodged using any of the following methods:

- by returning a completed proxy form in person or by post to:

The share registry:
 Security Transfer Registrars Pty Ltd
 770 Canning Highway
 Applecross WA 6153
 or
 PO Box 535
 Applecross WA 6953

- by faxing or emailing a completed proxy form to:

The share registry:
 +61-8 9315 2233
 registrar@securitytransfer.com.au

- by recording the proxy appointment and voting instructions via the internet at www.securitytransfer.com.au. Log into the Investor Centre and click on 'Online Voting'. Only registered Shareholders may access this facility and will need their Online Proxy ID and either their Holder Identification Number (**HIN**) or Securityholder Reference Number (**SRN**). To be effective, online voting must be completed by 2.00pm (Perth time) on 16 November 2015. Voting after this time will be invalid.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 4.00pm (Perth time) 16 November 2015.

SANDFIRE RESOURCES NL

ACN 105 154 185

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of Sandfire Resources NL (**Sandfire** or the **Company**).

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

FINANCIAL REPORTS

The first item of the Notice deals with the presentation of the Annual Financial Report of the Company for the financial year ended 30 June 2015 together with the Directors' declaration and report in relation to that financial year and the Auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the AGM to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chair will also provide Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

RESOLUTION 1 – NON BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report for the year ended 30 June 2015 be adopted.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Report for the year ended 30 June 2015 and is also available on the Company's website (www.sandfire.com.au).

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2015 AGM, and then again at the 2016 AGM, the Company will be required to put a resolution to the 2016 AGM, to approve calling a general meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene a general meeting (**spill meeting**) within 90 days of the 2016 AGM. All of the Directors who were in office when the 2016 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

The Remuneration Report for the financial year ended 30 June 2014 did not receive a vote of more than 25% against its adoption at the Company's last general meeting held on 20 November 2014. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report it will not result in the Company putting a spill resolution to Shareholders at this Meeting. However, a spill resolution will be required at the 2016 AGM if the Remuneration Report at the 2015 AGM and the 2016 AGM receives a vote of more than 25% against its adoption.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors and other Key Management Personnel, sets out remuneration details for each Director and other Key Management Personnel and any service agreements and sets out the details of any equity based compensation.

The Chair will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

RESOLUTION 2 - RE-ELECTION OF MR DEREK LA FERLA AS A DIRECTOR

Pursuant to clause 7.1(f) of the Company's Constitution, Mr Derek La Ferla, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr La Ferla is an experienced corporate lawyer and company director with more than 30 years' experience. He has held senior positions with some of Australia's leading law firms, and is currently a Partner with Western Australian firm, Lavan Legal, in the firm's Corporate Advisory Group (which includes mining and resources). He is also a member of the firm's Advisory Board and previously served on the Norton Rose Australia National Board (while the firm was Deacons). Mr La Ferla also serves as the Chairman of OTOC Limited, Cashmere Iron Limited and Threat Protect Australia Limited and was previously a director of the listed company, Katana Capital Limited. He is a fellow of the Australian Institute of Company Directors and is a member of the AICD Council (WA Division).

Mr La Ferla was appointed to the position of Non-executive Chairman 17 May 2010 and has overseen the transition of the Company to a successful mid-tier producer. In addition to his role as independent Non-executive Chairman, Mr La Ferla is also a member of the Company's Remuneration and Nomination Committee, Audit and Risk Committee and Sustainability Committee.

RESOLUTION 3 – ADOPTION OF SANDFIRE RESOURCES NL LONG TERM INCENTIVE PLAN

Background

During 2015, the Company undertook a review of long term incentive arrangements for executives and selected senior management and agreed to implement a new long term incentive plan. The Board has since approved the adoption of the Sandfire Resources NL Long Term Incentive Plan (**Plan**).

The new Plan is the Company's principal vehicle to grant long term incentive awards and forms what the Board considers to be a key element of the Company's total remuneration strategy for executive key management personnel and other eligible senior executives. Awards under the Plan may be in the form of performance rights and / or options (together, **Rights**) over Company shares.

Details on the Plan can be found below under "Key terms of the Plan".

The primary objectives of the Plan are to:

- assist in the attraction, retention and motivation of key individuals;
- reward key individuals and other participants for strong individual and Company performance; and
- align the interests of participating individuals with those of Shareholders by providing opportunities to build their equity holding in the Company and providing the ability to share in future growth in value.

Why is Shareholder approval being sought?

Shareholders are asked to approve the adoption of the Company's new Plan, which is summarised below. Shareholder approval is not required under ASX Listing Rules to adopt the Plan. However, approval is being sought as a matter of good and transparent governance and to allow the Company flexibility to issue new securities in the future.

ASX Listing Rule 7.1 provides that an ASX listed entity must not issue equity securities that total more than 15% of its fully paid ordinary securities in a 12 month period without Shareholder approval.

Under ASX Listing Rule 7.2, Shareholders may approve the issue of equity securities under an employee incentive scheme as an exception to ASX Listing Rules 7.1 and 7.1A (if applicable to the Company). If such approval is obtained, any Rights granted under the Plan after the AGM would not be counted towards the Company's capacity to issue equity securities under the applicable issue limit.

This approval continues for three years, at which time it must be renewed, or it will expire. In the absence of such an approval, issues of Rights under the Plan may still be made, but must fall within the applicable issue limit at the time of issue.

The Company will seek specific Shareholder approval for participation of any executive directors in the Plan (refer Resolution 4 for approval to grant Rights to the Managing Director and Chief Executive Officer) as required by the ASX Listing Rules.

In the Board's opinion, the resolution will assist the Company in managing its capital requirements efficiently by ensuring that the Company's issue limit is not diminished by issues under the Plan and capacity is available for capital management initiatives and acquisitions, if necessary and appropriate.

Key terms of the Plan

A summary of the key terms of the Plan are set out below.

Term	Detail
Purpose	The Plan will operate to allow the Board to grant equity awards in the form of Rights as part of delivering the long term incentive component of remuneration, as determined by the Board from time to time.
Rights	<p>Each Right is a right to acquire one ordinary share in the Company upon satisfaction of the vesting conditions, as determined by the Board, and valid exercise of the Right.</p> <p>For Rights in the form of performance rights, no exercise price will apply in respect of a grant of performance rights and the Board may specify circumstances or an event upon which a performance right may be automatically exercised.</p> <p>For Rights in the form of options, an exercise price will apply, as determined by the Board and, ordinarily, automatic exercise will not apply.</p> <p>Each grant will specify the minimum and maximum number or value of shares in the Company that the participant may receive upon vesting and exercise of Rights.</p> <p>Unless the Board determines otherwise, no consideration is payable by the participant for the grant of Rights.</p>
Eligible Participants	<p>The Board may grant Rights to executives and other selected eligible employees of the Company. In general, the Board will select those executives and employees who are considered to have capacity to impact the long term performance of the Company.</p> <p>Eligible employees may include executive directors, full-time and part-time employees, and any other person the Board considers eligible, as determined appropriate by the Board.</p> <p>The Company will seek Shareholder approval for participation of any executive directors in the Plan (refer Resolution 4 for approval to grant Rights to the Managing Director and Chief Executive Officer) as required by the ASX Listing Rules.</p>
Allocation of shares upon vesting	<p>The Company may issue new shares or procure the acquisition of shares on-market to satisfy vested Rights that have been exercised.</p> <p>The Company may also operate an employee share trust to acquire, hold or provide shares for the purposes of the Plan.</p> <p>Unless the Board determines otherwise, no trading restriction will be placed on shares allocated following vesting and exercise of Rights, subject to the Company's Share Trading Policy.</p>
Vesting conditions and performance period	<p>The Board may determine vesting conditions, which may include performance and/or service conditions that must be satisfied before the Rights vest. The vesting conditions will be measured and tested over a vesting period determined by the Board.</p> <p>Note that the Plan provides the Board with the ability to review and adjust the vesting conditions, targets and vesting schedules (as applicable) on a grant-by-grant basis, ensuring they remain appropriate for the particular grant.</p>
Other terms	The Board may determine the terms of the Rights, including the exercise price (for options), any exercise restrictions as well as any other vesting or lapsing conditions.
Entitlements	<p>Unless the Board determines otherwise, Rights do not carry any dividend or voting rights prior to vesting and exercise.</p> <p>Rights under the Plan are non-transferable, except in limited circumstances (including death) or with the consent of the Board.</p>

Term	Detail
Cessation of employment	<p>Where a participant ceases to be employed (or otherwise engagement) with the Company (or any subsidiary of the Company) prior to the end of the applicable performance period, the treatment will generally depend on the circumstances of cessation.</p> <p>Where cessation is due to resignation, fraudulent or dishonest conduct, or termination for cause (including gross misconduct), all unvested Rights will lapse at cessation.</p> <p>Where cessation for any other reason prior to the end of the relevant performance period, a pro-rata number of the unvested Rights (based on the proportion of the performance period that has elapsed at the time of cessation in that tranche) will continue "on-foot" and will be tested at the end of the applicable performance period vesting only to the extent that the relevant performance conditions have been satisfied (ignoring any service related conditions).</p> <p>However, the Board has a broader discretion to apply any other treatment it deems appropriate in the circumstances (including that another number of Rights may vest and be exercised either at cessation or at the end of the original vesting date, or that some or all of the Rights will be forfeited).</p> <p>In making this determination, the Board may have regard to any factors the Board considers relevant, including the portion of the vesting period elapsed and the extent to which the vesting conditions have been satisfied.</p>
Change in control	<p>Where a change of control event occurs prior to vesting of Rights, unless the Board determines otherwise, a pro-rata number of the Rights will vest based on the vesting period elapsed and the extent to which the vesting conditions have been met at the time of the event.</p> <p>However, the Board has a broader discretion to make a different determination, including that another number of unvested Rights or Options should vest or be subject to substitute or varied vesting conditions and/or periods.</p> <p>The Company also has specific rules in relation to divestments of a "material" part of the business or asset, with the Board having the discretion to determine an appropriate treatment for participants in the event of such a divestment.</p>
Clawback	<p>In the event of fraud, dishonesty or material misstatement of financial statements, the Board may make any determination in respect of the Rights granted, including forfeiture of unvested Rights, to ensure that no unfair benefit is obtained by a participant.</p>
Adjustment of number of Rights granted	<p>The Board has discretion to adjust the number of Rights granted in the event of a variation of capital or other corporate transaction, to ensure participants do not enjoy a windfall gain or suffer a material detriment as a result of the variation. Any adjustment will be made in accordance with the ASX Listing Rules.</p>
Administration of Plan	<p>The Plan may be administered either by the Board or an external party, including using a trust to acquire, hold, or provide shares to satisfy the Rights.</p> <p>The Board is given the power to make all required determinations under the Plan and to waive or modify the application of the terms of the Plan and the Rights granted under it as it considers appropriate, subject to applicable laws and the ASX Listing Rules.</p>
Other information	<p>No director of the Company, other than the Managing Director and Chief Executive Officer, is eligible to participate in the Plan or any other employee incentive scheme of the Company.</p> <p>Separate Shareholder approval is being sought for the grant of Rights to the Managing Director and Chief Executive Officer (refer to Explanatory Notes for Resolution 4 below).</p> <p>The Board has granted 294,458 Rights under the Plan since it was adopted on 21 April 2015. These Rights were granted to senior executives other than Mr Simich.</p>

RESOLUTION 4 – GRANT OF RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Company has agreed, subject to receiving Shareholder approval, to grant performance rights (**Rights**) to the Managing Director and Chief Executive Officer, Mr Karl M Simich, under the Sandfire Resources NL Long Term Incentive Plan on the terms and conditions outlined below.

Overview of the Plan

A summary of the Plan can be found in the explanatory notes to Resolution 3 above.

Why is Shareholder approval being sought?

ASX Listing Rule 10.14 requires Shareholder approval in order for a Director to be issued equity securities in the Company under an employee incentive scheme.

Shareholders are therefore being asked to approve the grant of Rights, up to a maximum of 251,684 instruments, to Mr Karl M Simich under the Sandfire Resources NL Long Term Incentive Plan, on the terms and conditions set out below.

Approval of this resolution will also result in the Rights granted to Mr Karl M Simich being an exception to ASX Listing Rule 7.1 (refer Resolution 3 above).

Further details of Mr Simich's total remuneration package can be found on pages 51 to 67 of the Annual Report.

Key terms of the grant to Mr Karl M Simich

A brief overview of the key terms of the proposed Rights grant to Mr Karl M Simich is set out below.

Term	Detail															
Details of the proposed 2015 Rights grant	<p>The 2015 grant for Mr Simich is for 251,684 Rights.</p> <p>The grant represents the long term incentive component of the CEO remuneration package.</p> <p>The number of Rights has been calculated based on 100% of the CEO's current annual fixed remuneration. The grant value has then been divided by the volume weighted average market price ("VWAP") of the Company's shares over the 5 day period immediately preceding the 20 April 2015, being the date set by the Board for the grant of Rights under the Plan to executives other than Mr Simich (as announced on 21 April 2015).</p>															
Entitlements	<p>Each Right is a right to acquire one ordinary share in the Company, subject to the achievement of the performance conditions set out below, and valid exercise of the Right. No exercise price is payable in respect of the Rights, and the Rights are exercisable by Mr Simich upon vesting and prior to expiry, in accordance with the exercise procedure specified in the terms of grant.</p> <p>The Rights do not carry any dividend or voting rights prior to vesting and exercise.</p> <p>The Rights are non-transferable, except in limited circumstances (including death) or with the consent of the Board.</p>															
Date of grant	<p>If Shareholder approval is obtained, the Rights will be granted to Mr Karl M Simich as soon as practicable after the AGM, but in any event, within 12 months of the AGM.</p>															
Performance period	<p>The Rights will vest in two tranches, subject to the satisfaction of the performance hurdle (described below) over the relevant performance period for each tranche.</p> <p>The performance period for each tranche is as follows:</p> <ul style="list-style-type: none"> Tranche 1 (50%) – 2 year performance period, commencing 1 July 2015 and ending on 30 June 2017. Tranche 2 (50%) – 3 year performance period, commencing 1 July 2015 and ending on 30 June 2018. <p>Note: The performance period noted above only applies for this grant only. This represents an introductory grant with a shorter vesting period and recognises no LTI awards have been granted since October 2013. It is intended that subsequent LTI grants will be made using a single tranche (100%) with performance testing after 3 years.</p>															
Performance hurdles	<p>The Rights are subject to a Relative Total Shareholder Return (TSR) performance hurdle, to be tested in two equal tranches.</p> <p>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 the Company's share price together with the value of dividends during the period, assuming that all those dividends are re-invested into new shares.</p> <p>The percentage of Rights in each tranche that vest, if any, will be determined by reference to the relative TSR of the Company achieved over the applicable performance period compared to the TSR comparator group of companies in the ASX200 Resources Index (XJR.ASX), as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Relative TSR achieved over the relevant performance period</th> <th>Rights in each tranche that vest (%)</th> </tr> </thead> <tbody> <tr> <td>Maximum % or above</td> <td>75th percentile or greater</td> <td>100%</td> </tr> <tr> <td>Between threshold % and maximum %</td> <td>Greater than 51st percentile and less than 75th percentile</td> <td>Progressive pro rata vesting between 50% to 100% (i.e. on a straight line basis)</td> </tr> <tr> <td>Threshold %</td> <td>51st percentile</td> <td>50%</td> </tr> <tr> <td>Less than the threshold %</td> <td>Less than 51st percentile</td> <td>Nil</td> </tr> </tbody> </table> <p>The Board retains discretion to adjust the TSR hurdle in exceptional circumstances to ensure that Mr Simich neither advantaged nor disadvantaged by matters outside management's control that materially affect TSR performance.</p>	Relative TSR achieved over the relevant performance period		Rights in each tranche that vest (%)	Maximum % or above	75 th percentile or greater	100%	Between threshold % and maximum %	Greater than 51 st percentile and less than 75 th percentile	Progressive pro rata vesting between 50% to 100% (i.e. on a straight line basis)	Threshold %	51 st percentile	50%	Less than the threshold %	Less than 51 st percentile	Nil
Relative TSR achieved over the relevant performance period		Rights in each tranche that vest (%)														
Maximum % or above	75 th percentile or greater	100%														
Between threshold % and maximum %	Greater than 51 st percentile and less than 75 th percentile	Progressive pro rata vesting between 50% to 100% (i.e. on a straight line basis)														
Threshold %	51 st percentile	50%														
Less than the threshold %	Less than 51 st percentile	Nil														

Term	Detail
Testing of Rights	<p>Testing of the relative TSR Hurdle will occur shortly after the end of the applicable performance periods (i.e. July 2017 for tranche 1, and July 2018 for tranche 2), and based on the testing results, the number of Rights that vest (if any) will be determined by the Board.</p> <p>Any Rights that do not vest will lapse immediately.</p>
Allocation of shares upon vesting and exercise	<p>Following testing of the applicable performance conditions and determination of the level of vesting of Rights, one fully paid share in the Company will be allocated in relation to each Right which vests and is validly exercised.</p> <p>The Company's obligation to allocate shares on vesting and exercise may be satisfied by issuing new shares, acquiring shares on market or transferring shares from an employee share trust.</p>
Trading restrictions	<p>Shares allocated on vesting of Rights will not be subject to any further trading restrictions, subject to complying with the Company's Share Trading Policy.</p>
Price payable for securities	<p>No amount will be payable neither in respect of the allocation of Rights, nor in respect of any shares granted upon vesting and exercise of the Rights.</p>
Cessation of engagement	<p>Where Mr Karl M Simich ceases engagement with the Group prior to the end of the applicable performance period, the treatment will generally depend on the circumstances of his cessation.</p> <p>Where engagement ceases due to his resignation, fraudulent or dishonest conduct, or termination for cause (including gross misconduct), all unvested Rights will lapse at cessation.</p> <p>Where engagement ceases for any other reason prior to the end of the applicable performance period, a pro-rata number of the unvested Rights (based on the proportion of the performance period that has elapsed at the time of cessation in that tranche) will continue "on-foot" and will be tested at the end of the applicable performance period vesting only to the extent that the relevant performance condition has been satisfied (ignoring any service related conditions).</p> <p>However, the Board has a broader discretion to apply any other treatment it deems appropriate in the circumstances (including that another number of Rights may vest and be exercised either at cessation or at the end of the original vesting date, or that some or all of the Rights will be forfeited).</p>
Other information	<p>No director of the Company, other than the Managing Director and Chief Executive Officer, is eligible to participate in the Plan or any other employee incentive scheme of the Company.</p> <p>There is no loan scheme in relation to the grant of Rights.</p> <p>Mr Simich is prohibited from hedging the share price exposure in respect of Rights during the performance period applicable to those Rights.</p> <p>If Shareholder approval is obtained, further details of the Rights granted to Mr Simich under the LTI Plan in the 2016 financial year will be provided in the Remuneration Reports for the years ending 30 June 2016 to 2019 respectively.</p>

Information provided under ASX Listing Rule 10.15

The following information is provided in accordance with Listing Rule ASX 10.15:

- The maximum number of Rights (and so ordinary shares) that Mr Simich will acquire if Resolution 4 is approved by Shareholders is 251,684.
- No consideration is payable by Mr Simich on the grant of the Rights or on the allocation of ordinary shares on vesting of the Rights.
- No Director of the Company, other than the Managing Director and Chief Executive Officer, is eligible to participate in the Plan or any other employee incentive scheme of the Company.
- As the Plan was only adopted by the Board this year, the Managing Director and Chief Executive Officer has not previously been granted any securities under the Plan.
- No loans will be made by the Company in connection with the acquisition of the Rights or the ordinary shares the vesting of Rights by Mr Simich.
- If Shareholder approval is obtained, the Rights will be granted to Mr Simich as soon as practicable after the AGM, but in any event, within 12 months of the AGM.

GLOSSARY

Accounting Standards has the meaning given to that term in the Corporations Act.

AGM or **Meeting** means the 2015 Annual General Meeting of the Company convened by the Notice.

ASX means ASX Limited.

Board means the board of Directors of the Company.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company or **Sandfire** means Sandfire Resources NL ACN 105 154 185.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Key Management Personnel or **KMP** has the meaning given to that term in the Accounting Standards.

Listing Rules means the official listing rules of ASX as amended from time to time.

Notice means the notice of annual general meeting which accompanies this Explanatory Memorandum.

Related Body Corporate has the meaning given in section 9 of the Corporations Act.

Restricted Voter means the Key Management Personnel and their Closely Related Parties.

Resolution means a resolution proposed pursuant to the Notice.

Shareholder means a shareholder of the Company.



SANDFIRE RESOURCES NL

ACN: 105 154 185

REGISTERED OFFICE:

LEVEL 1
31 VENTNOR AVENUE
WEST PERTH WA 6005



«EFT_REFERENCE_NUMBER»

«HOLDER_NAME»
«ADDRESS_LINE_1»
«ADDRESS_LINE_2»
«ADDRESS_LINE_3»
«ADDRESS_LINE_4»
«ADDRESS_LINE_5»

SAMPLE

SHARE REGISTRY:

Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
AUSTRALIA
770 Canning Highway, APPLECROSS WA 6153
AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

SFR

Holder Number:

«HOLDER_NUMB

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE
ONLINE

Lodge your proxy vote securely at www.securitytransfer.com.au

- 1. Log into the Investor Centre using your holding details.
- 2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE PRX

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote, hereby appoint:

The meeting chairperson

OR

[Empty box for proxy appointment]

or failing the person named, or if no person is named, the Chair of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 2:00pm WST on Wednesday 18 November 2015 at Fraser's Function Centre, Fraser Avenue, Kings Park, West Perth WA and at any adjournment of that meeting.

Chair authorised to exercise undirected proxies on remuneration related resolutions.

Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 3 and 4 (except where I/we have indicated a different voting intention) even though Resolutions 1, 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel. If the Chair of the Meeting is (or becomes) your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1, 3 and 4 by marking the appropriate box/es in Section B below.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy.

The Chair of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION

1. Non Binding Resolution to adopt Remuneration Report

For Against Abstain

2. Re-election of Mr Derek La Ferla as a Director

3. Approval of Sandfire Resources NL Long Term Incentive Plan

4. Approval for grant of an issue of performance rights to the Managing Director and CEO

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 2:00pm WST on Monday 16 November 2015.

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

[Signature box]

[Signature box]

[Signature box]

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

+ SFRPX1181115

1

1

SFR

SFRPX1181115





My/Our contact details in case of enquiries are:

Name:

Number:

()

1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Registrars Pty Ltd

Online www.securitytransfer.com.au

Postal Address PO BOX 535
Applecross WA 6953 AUSTRALIA

Street Address Alexandria House
Suite 1, 770 Canning Highway
Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

