



SANDFIRE RESOURCES NL

ACN 105 154 185

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Monday, 28 November 2016

Time of Meeting

2.30pm (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 Monday, 28 November 2016 at 2.30pm (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 2016, together with the Directors' Report and the Auditor's Report as set out in the Company's 2016 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 2016 as set out in the Company's 2016 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 – ELECTION OF MS MAREE ARNASON AS A DIRECTOR

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

"That, Ms Maree Arnason, who was appointed as a casual Director of the Company on 18 December 2015, retires in accordance with clause 7.1(e) of the Company's Constitution and, being eligible, offers herself for re-election, be re-elected a Director of the Company."

Recommendation:

The Board (other than Ms Maree Arnason who abstains from making a recommendation because of her interest in the resolution) unanimously recommend that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – RE-ELECTION OF MR ROBERT SCOTT AS A DIRECTOR

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

“That, Mr Robert Scott, 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 Robert Scott who abstains from making a recommendation because of his interest in the resolution) unanimously recommend that Shareholders vote in favour of Resolution 3.

4. RESOLUTION 4 – RE-ELECTION OF MR PAUL HALLAM AS A DIRECTOR

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

“That, Mr Paul Hallam, 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 Paul Hallam who abstains from making a recommendation because of his interest in the resolution) unanimously recommend that Shareholders vote in favour of Resolution 4.

5. RESOLUTION 5 – APPROVAL FOR 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 216,175 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 5:

- (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 5 if the vote is cast as proxy for a person who is entitled to vote on Resolution 5 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 5.

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 5.

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: 19 October 2016

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 2.30pm (Perth time) on 26 November 2016 (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 Australia 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 2.30pm (Perth time) on 26 November 2016. 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 or 5 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 or 5, 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 2.30pm (Perth time) on 26 November 2016. 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 Australia Pty Ltd
 Exchange Tower, Level 9, Suite 913
 530 Little Collins Street
 Melbourne VIC 3000 Australia
 or
 PO Box 52
 Collins Street West VIC 8007 Australia

- 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 2.30pm (Perth time) on 26 November 2016. 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 2.30pm (Perth time) 26 November 2016.

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 2016 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 2016 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 2016 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 2016 AGM, and then again at the 2017 AGM, the Company will be required to put a resolution to the 2017 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 2017 AGM. All of the Directors who were in office when the 2017 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 2015 did not receive a vote of more than 25% against its adoption at the Company's last general meeting held on 18 November 2015. 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 2017 AGM if the Remuneration Report at the 2016 AGM and the 2017 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 – ELECTION OF MS MAREE ARNASON AS A DIRECTOR

Resolution 2 seeks approval for the election of Mr Maree Arnason as a Director. Clause 7.1(d) of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy, or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Under clause 7.1(e) of the Constitution, any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for election, but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Pursuant to clause 7.1(e) of the Company's Constitution, Ms Maree Arnason, being a Director, retires and, being eligible, offers herself for re-election as a Director in accordance with clause 7.1(i) of the Constitution.

Ms Arnason was appointed to the position of Non-executive Director 18 December 2015. In addition to her role as Independent Non-executive Director, Ms Arnason is also a member of the Company's Audit and Risk Committee and Sustainability Committee.

Ms Arnason is an experienced Director and senior executive whose career has spanned 30 years in the resources, energy, transport and manufacturing sectors in remote, regional and corporate environments. Ms Arnason has significant leadership expertise working in complex corporate and project environments with a focus on risk and reputation, and following development of her senior executive career with ASX-listed companies including BHP Billiton and Wesfarmers, has broadened her work over the past 10 years to include directorships in listed and private companies, including her current role as a Non-executive Director of MZI Resources Ltd.

She is also a Non-executive Director of Juniper, one of Western Australia's largest aged care services organisations and a Co-Founder/Director of Energy Access Services, who operate an automated and independent energy trading platform focused on WA's domestic gas market. Ms Arnason is a member of CEDA's (Committee for Economic Development of Australia) WA State Advisory Council, a past National Director of the Australia China Business Council and a serving member of their WA Executive Committee.

RESOLUTION 3 – RE-ELECTION OF MR ROBERT SCOTT AS A DIRECTOR

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

Mr Scott is a Chartered Accountant with over 35 years of experience as an advisor on corporate services and taxation as a partner in major accounting firms. Mr Scott holds a Fellowship of the Australian Institute of Chartered Accountants and the Taxation Institute of Australia. He is a member of the Institute of Company Directors. Mr Scott is also currently the Non-executive Chairman of Homeloans Ltd a Non-executive Director of RTG Mining Ltd.

Mr Scott is the Chairman of the Company's Audit and Risk Committee and is also a member of the Remuneration and Nomination Committee and Sustainability Committee.

RESOLUTION 4 – RE-ELECTION OF MR PAUL HALLAM AS A DIRECTOR

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

Mr Hallam is an experienced resource industry executive with more than 35 years of experience working for a number of blue chip Australian and International mining companies. His experience spans a range of corporate and operating environments, both in Australia and overseas, covers a range of commodities (iron ore, bauxite, alumina, aluminium, gold, silver, copper, zinc and lead) and includes both surface and underground mining. His former roles include Director – Operations with Fortescue Metals Group, Executive General Manager – Development & Projects with Newcrest Mining Limited, Director Victorian Operations with Alcoa and Executive General Manager Base and Precious Metals with North Ltd. Mr Hallam retired from executive roles in 2011 to pursue a career as a professional non-executive director. Mr Hallam is a qualified mining engineer and holds a BE (Hons) from Melbourne University and a Certificate of Mineral Economics from Curtin University.

He is a Fellow of the Australian Institute of Company Directors and the Australasian Institute of Mining & Metallurgy. Mr Hallam is also currently a Non-executive Director of Altona Mining Ltd and Gindalbie Metals Ltd.

Mr Hallam is the Chairman of the Company's Remuneration and Nomination Committee and is also a member of the Audit and Risk Committee.

RESOLUTION 5 – APPROVAL FOR 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 (**Plan**) on the terms and conditions outlined below.

Overview of the Plan

The 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. A summary of the Plan is available on the Company's website.

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 216,175 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.

Further details of Mr Simich's total remuneration package can be found in the Company's Remuneration Report for the year ended 30 June 2016.

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 2016 Rights grant	The 2016 grant for Mr Simich is for 216,175 Rights. The grant represents the long term incentive component of the CEO remuneration package. 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 30 June 2016, being the date set by the Board for the grant of Rights under the Plan to executives other than Mr Simich.
Entitlements	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. The Rights do not carry any dividend or voting rights prior to vesting and exercise. The Rights are non-transferable, except in limited circumstances (including death) or with the consent of the Board.
Date of grant	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.
Performance period	The Rights will vest, subject to the satisfaction of the performance hurdle (described below) over the relevant performance period. The performance period is as follows: <ul style="list-style-type: none"> • 3 year performance period, commencing 1 July 2016 and ending on 30 June 2019.

Term	Detail															
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														
Testing of Rights	<p>Testing of the relative TSR Hurdle will occur shortly after the end of the applicable performance period (i.e. July 2019), 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 2017 financial year will be provided in the Remuneration Reports for the years ending 30 June 2017 to 2020 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 5 is approved by Shareholders is 216,175.
- 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.
- The Managing Director and Chief Executive Officer has been granted 251,684 Rights previously under the Plan. As for the Rights the subject of Resolution 5, no consideration was payable by Mr Simich on the grant of those Rights or on the allocation of ordinary shares on vesting of those Rights.
- No loans will be made by the Company in connection with the acquisition of the Rights or the ordinary shares on 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 2016 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.



«EFT_REFERENCE_NUMBER»

«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

SAMPLE

SHARE REGISTRY:

Security Transfer Australia Pty Ltd
All Correspondence to:
PO BOX 52
Collins Street West VIC 8007
Exchange Tower, Level 9, Suite 913
530 Little Collins Street
MELBOURNE VIC 3000 AUSTRALIA
T: +61 3 9628 2200 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

SFR

Holder Number:

«HOLDER_NUM

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

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

or failing the person named, or if no person is named, the Chairperson 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 2:30pm WST on Monday 28 November 2016 at Fraser's Function Centre, Fraser Avenue, Kings Park, West Perth WA and at any adjournment or postponement 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 and 5 (except where I/we have indicated a different voting intention) even though Resolutions 1 and 5 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 and 5 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 Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson 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
2. Election of Ms Maree Amason as a Director
3. Re-election of Mr Robert Scott as a Director
4. Re-election of Mr Paul Hallam as a Director
5. Approval for grant of performance rights to the Managing Director and CEO

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxies must be received by Security Transfer Australia Pty Ltd no later than 2:30pm WST on Saturday 26 November 2016.

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

Sole Director & Sole Company

Director

Director/Company Secretary



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 Australia 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 Australia Pty Ltd

Online www.securitytransfer.com.au

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Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia 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 Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

