

Copper commodity costs lead to a less than lustrous year for Sandfire

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| Company/ASX Code | Sandfire Resources NL/SFR |
| AGM date | 27 November 2019 |
| Time and location | 11.00 AM Frasers Function Centre, Kings Park, West Perth WA |
| Registry | Security Transfer Australia Pty Ltd |
| Webcast | No |
| Poll or show of hands | Poll on all items |
| Monitor | Len Roy assisted by Stephen Weston |
| Pre AGM Meeting? | Yes, with Chair Derek La Ferla, Chair Remuneration & Nomination Committee Paul Hallam and GM Finance & Assistant Company Secretary, Sash Trpkoski |

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| Item 1 | Financial Statements for FY19 (YE 30 June 2019) |
| ASA Vote | No vote required |

Summary of ASA Position

Whilst the SFR Annual Report headlined cumulative positive performance data over 7 years, shareholders will have noted the FY19 financial headlines showed a pullback compared to FY18.

Net profit after tax (NPAT) \$106.5m pcp \$123.0m. EPS 65.23cps pcp 77.85cps. Net cash inflow from operating activities \$210.4m pcp \$245.0m. Dividend declared (fully franked) 23cps pcp 27cps. Overall payout ratio for FY19 was approximately 35% of earnings for the full year. The slide in profit is largely reflecting the LME copper price which had peaked around mid-June 2018 when SFR share price was \$9.60 per share and subsequently the share price has been in a downward trend. Currently \$5.80 per share.

On the positive side, SFR recorded cash & deposits YE FY19 \$247.4m pcp \$243.4m, was debt free and had no material financing facilities in place or available to be drawn.

Also, we noted SFR expensed \$48.7m (pcp\$32m). Acquired Exploration & Evaluation (E & E) costs capitalised to the balance sheet to the year ended FY19 was \$26m (pcp \$24.4m).

SFR continues to be a high-grade low-cost copper producer with payable metal sales FY19 of 65,074 tonnes of payable copper (24.1% Cu) and 39,265 ozs of payable gold (4.8g/t Au). Production guidance for FY20 is 70-75k tonnes of contained copper and 38-42k ozs of contained gold with C1 cash cost USD90-95c lb.

The Monty Mine about 10km from the Degruusa mine is now in production and the plant & equipment at DeGrussa is handling feed from both mines.

Current data suggests a Life of Mine 2022 and SFR have been active in trying to identify viable incremental deposits. In this regard, SFR is continuing its commitment to the Black Butte copper deposit in Montana USA. SFR has a 85.45% interest in Sandfire Resources

America (TSX-V:SFR) and the indicative annual production is forecast to be approximately 30k tpa of Cu (copper) with Life of Mine about 11 years. The Feasibility Study is scheduled for completion Q2 2020. The draft Environmental Impact Statement was tabled early 2019 and the 60 day comment period has closed. SFR is awaiting final approvals from the Montana authorities before proceeding with funding & developing the underground mine.

In FY19 Sandfire Resources America contributed \$14.2m losses (pcp \$10.3m) to the SFR Group FY19 results.

Subsequent to June 30 year end FY19 SFR entered into a Scheme of Arrangement with ASX listed MOD Resources Ltd the Near Term T3 copper development project in Botswana. The Scheme of Arrangement also included the acquisition of MOD's 11,700km square holding of exploration interests in the Kalahari copper belt. Subject to further studies the T3 development is forecast to provide an average copper production of 28k tpa. Successful implementation of the scheme was announced October 23 2019.

The company also has an active & disciplined E & E program in several locations around Australia.

Summary

| (As at FYE) | 2019 | 2018 | 2017 | 2016 | 2015 |
|--------------------------------------|---------|---------|--------|--------|--------|
| NPAT (\$m) | 104.013 | 120.753 | 75.016 | 46.370 | 68.955 |
| Share price (\$) | 6.88 | 9.16 | 5.65 | 5.23 | 5.75 |
| Dividend (cents) | 23 | 27 | 18 | 11 | 13 |
| TSR (%) | -22.4 | 66.9 | 11.5 | -7.1 | -1.5 |
| EPS (cents) | 65.23 | 77.85 | 49.16 | 30.54 | 44.13 |
| CEO total remuneration, actual (\$m) | 2.149 | 2.822 | 1.36 | 1.45 | 1.45 |

The CEO total remuneration represents the executive's actual (cash realised) remuneration earned for the FY19 financial year.

For 2019, the CEO's total remuneration awarded was 24 times the full-time adult average weekly total earnings based on May 2019 data from the Australian Bureau of Statistics.

ASA 2019 focus issues

The 14-page remuneration report outlines the SFR incentivised remuneration details. The remuneration structure has not materially changed since it was last approved by shareholders at the 2018 AGM.

Equity holdings by directors as at 30 June 2019 were:

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|------------------|-----|-------------------------|-------------------------------|
| Derek Le Ferla | NED | appointed 17 May '10 | 21,668 shares |
| Karl Simich | MD | appointed MD 1 July '09 | 4,799,751 shares |
| Robert Scott | NED | appointed 30 July '10 | |
| Paul Hallam | NED | appointed 21 May '13 | 6,000 shares acquired 29/8/19 |
| Ms Maree Arnason | NED | appointed 18 Dec '15 | NIL |
| Dr Roric Smith | NED | appointed 31 Dec '16 | NIL |

Board Composition

The SFR board is made up of 5 independent NEDs plus the MD/CEO. There are three board committees each headed up by an Independent NED. The six-member board has only one female member amounting to a 16% representation of women on the board and 83% representation of men. ASA guidelines (as well as ASX Corporate Governance guidelines) find that a board with at least 30% female and 30% male representation is more sustainable and presents better outcomes for shareholders. ASA would prefer the SFR board to address this and create a more sustainable and diverse board.

The committees are Sustainability, Audit & Risk, Remuneration & Nomination. All committee meetings had 100% attendance.

The board has a good mix of professional qualifications & relevant experience plus diversity. No loans had been provided by the company to board members or KMP.

Capital Management & Shareholder participation

No capital raising or share buyback occurred in FY19. The company is debt free.

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| Item 1 Resolution 1 | Adoption of the remuneration report |
| ASA Vote | For |

Summary of ASA Position

SFR have stated that their remuneration structure is tailored to company requirements. Key Performance Indicators (KPIs) and weightings are stated in the report. LTI Performance Rights / share allocations are based on market price of shares using Volume Weighted Average Price (VWAP). Prior to vesting and exercise, the LTI Performance Rights do not carry dividend or voting rights.

Areas of misalignment with ASA Voting & Engagement Guidelines include:

STI award where applicable paid in cash with no deferral

LTI Performance period is three years compared to ASA's preferred position of 4 years

Singular LTI performance hurdle of RTSR (with comparator group ASX200 Resources Index) is considered a soft hurdle. EPS growth is a suggested secondary hurdle to RTSR.

LTI vesting conditions are softer compared to ASA.

Given that (1) the remuneration report and structure has not materially changed and was supported by shareholders at the FY18 AGM; and that (2) SFR has stated a significant review will be undertaken in 2020, we will support the resolution despite its misalignment with ASA guidelines.

A summary of Sandfire's business performance as measured by a range of financial and other indicators, including disclosure required by the *Corporations Act 2001*, is outlined in the table below.

Company performance over 5 years ^A

| Measure | 30 Jun 15 | 30 Jun 16 | 30 Jun 17 | 30 Jun 18 | 30 Jun 19 |
|--|-----------|-----------|-----------|-----------|-----------|
| Net profit (\$'000) | 68,955 | 46,370 | 75,016 | 120,753 | 104,013 |
| Net profit attributable to equity holders of the parent (\$'000) | 68,955 | 47,978 | 77,510 | 123,024 | 106,456 |
| Cash and cash equivalents at year end (\$'000) | 107,154 | 66,223 | 126,743 | 243,367 | 247,449 |
| Secured bank loan balance at year end (\$000) | (120,000) | (50,000) | - | - | - |
| Net cash inflow from operating activities (\$'000) | 224,045 | 133,896 | 216,138 | 244,965 | 210,420 |
| Basic earnings per share (cents) | 44.18 | 30.54 | 49.16 | 77.85 | 65.23 |
| ASX share price at the end of the year (\$) | 5.75 | 5.23 | 5.65 | 9.16 | 6.69 |
| Dividends per share (cents) | 13 | 11 | 18 | 27 | 23 |

A - Refer to the Operational and Financial Review for commentary on the Group's results, including underlying performance. The comparative information has not been restated following the adoption of AASB 15 and AASB 9 and continues to be reported under the previous accounting policy.

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| Item 2 Resolution 2 | Re-election of Independent NED Paul Hallam |
| ASA Vote | For |

Summary of ASA Position

Mr Hallam was appointed Ind NED May 2013. He holds 6,000 SFR ordinary shares at the time of this VI. This does not align with ASA's policy of minimum shareholding requirements which requires that a director hold at least one year's fees worth of shares in the company within three years of being appointed to the board. Based on the current share price, Mr Hallam's holdings fall very short of this target and we hope that he will address this if supported for this term.

He is a professionally qualified Mining Engineer. Holds BE from Melbourne University. Is a Fellow of AICD and a member of AIM&M. Mr Hallam has 40 years relevant mining experience both within Australia & globally. He chairs the Remuneration & Nomination Committee. We believe he is a strong contributor to the SFR board and support the resolution.

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| Items 3 Resolution 3. | Re-election of Independent NED Maree Arnason |
| ASA Vote | For |

Summary of ASA Position

Ms Arnason B.Arts GAICD, was appointed Ind NED December 2015. Her 30 year executive career spanned across commodities, mineral sands and natural gas. She has had high level experience in complex corporate & project environments focusing on risk, strategy & regulatory compliance.

Ms Arnason is a member of the ASIC Director Advisory Panel, serves on CEDA –Committee for Economic Development of Australia, is a member of WA State Advisory Council, is a Life Member of Australian China Business Council and member of AICD WA Divisional Council.

Ms Arnason chairs the Sustainability Committee

ASA acknowledges her contribution & supports the resolution.

Ms Arnason has not declared any shareholdings in the company and ASA would hope for her to do address this after her re-election.

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| Items 4 Resolution 4. | Grant of Rights under the SFR LTI Plan to the MD / CEO Mr Simich or his nominee(s). |
| ASA Vote | For |

In accordance with Chapter 2E of the Corporations Act shareholders are asked to vote on the issuance of 164,866 Performance Rights under the SFR LTI Plan. A comprehensive overview of the Key Terms of the proposed Performance Rights is included in the Notice of Meeting explanatory notes. Vesting of the Rights is subject to the performance hurdles outlined in the documentation.

We support the resolution.

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| Items 5 Resolution 5. | Increase in maximum aggregate NED Fee Pool. |
| ASA Vote | For |

We considered the level of NED annual remuneration, the actual aggregate in FY19 and the strong possibility of incremental skills & experience required with the planned development of the company.

The current level of \$750,000 was approved in 2013 & the resolution seeks approval to increase this level by \$250,000 to \$1.0 million.

We support the resolution. We hope that the Board will take the chance to increase diversity and hope that the next person to be appointed to the board be mindful of minimum shareholding guidelines to ensure alignment with retail and other shareholders.

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| Items 6 Resolution 6. | Change of company type from public no liability to a public company limited by shares. |
| ASA Vote | For |

The Notice of Meeting provides supporting information including principal differences. Section 162 of the Corporations Act permits the change provided all of the issued company shares are paid up. The change in type will not create a new legal entity.

We had raised the possibility of changing from a public No Liability company to a public company limited by shares a few years ago but SFR indicated the justification did not warrant change at that time.

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| Items 7 Resolution 7. | Change of company name from Sandfire Resources NL to Sandfire Resources Limited. |
| ASA Vote | For |

If Resolution 6 is passed, the Corporations Act allows the company to change its name subject to shareholder approval. We support the resolution.

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| Items 8 Resolution 8. | Repeal & Replacement of Company Constitution. |
| ASA Vote | For |

SFR had placed copies of its existing & new constitution on its website and made the documents accessible at the company's registered address. The new constitution complies with all requirements of the Corporations Act and the ASX Listing Rules as they apply to a Limited company.

Notable differences are listed under the headings;

Objectives of the company

Calls on shares

Forfeiture of shares

Restricted Securities.

Individuals (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

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