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SANDFIRE RESOURCES

QUARTERLY REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2004

ASX CODE: SFR

HIGHLIGHTS

- Geophysical survey locates anomalies at Borroloola.
- Drilling to start at Borroloola in October.
- Gravity survey completed at Sandfire.
- Acquisition of airborne data at Urandy complete.
- Agreements concluded with all Native Title Parties.

ACTIVITY REPORT

Borroloola Project (Sandfire 100%)

Based on the Company's original geological assessment and the work done by explorers, it was the Company's conclusion that any ore deposit within the Borroloola tenements would be "blind". Therefore the work program for 2004 was designed accordingly. This year we have completed a structural mapping program and geophysical programs of gravity and induced polarisation (IP).

The structural mapping showed the Coppermine Creek and Four Archers Faults to be thrust structures post dating the mineralisation at the Gordons copper prospect. Such a structural model could easily account for blind mineralisation thus confirming our earlier ideas.

During the mapping program, rock samples were collected from various sites within the project area and in particular along the Coppermine Creek Fault where anomalous copper values were returned over the length of the fault within the Company's tenement.

The gravity survey was completed in June. This survey defined the main structural elements of the area. In addition, a well defined gravity low of 1.2 mgal was outlined in the southern part of the project area adjacent to the Four Archers Fault. The source of the feature is obscured by Cretaceous rocks and a variety of other regolith types.

Following the gravity program an IP/resistivity survey was undertaken using the MIMDAS system. The benefit of using this system is that it has the capability of obtaining data from depths beyond that of most other systems. A total of seven lines were surveyed; six lines were surveyed across the Coppermine Creek fault and one line across the gravity low located on the Four Archers Fault. A detailed description of the results from this survey was released to the ASX in August, 2004.

Five of the six lines across the Coppermine Creek Fault produced an IP anomaly. Notwithstanding the wide line separation, it is reasonable to postulate that these anomalies all relate to the same mineralising system which, if found to be correct, could extend over a length of 2,000m.

The remaining targets comprise features that are ascribed to base metal type targets within the McArthur Group rocks.

The Company has signed a drilling contract to test three of the IP anomalies on the Coppermine Creek Fault, the gravity anomaly, and two of the IP anomalies within the McArthur Group rocks south of Gordons.

The Company has completed the appropriate Aboriginal heritage survey ahead of site works for the drilling activity and has been given authorisation by the relevant authorities to undertake the work.

The drilling program is due to commence in October.

Sandfire Project (Sandfire 100%)

During the quarter the Company completed the planned gravity survey covering the tenement area east of the Great Northern Highway. Final data is yet to be received. However, the survey has provided greater detail of the gravity feature underlying the tenements. Modelling of the data will start once all of the data are received.

Mt Augustus (Sandfire 100%)

Activity during the quarter was restricted to data compilation.

Mt Genoa (Option Agreement)

The option agreement was signed on 13th July 2004 for an initial term of 6 months. The Company has during this first term of the option agreement completed a program of mapping, gravity and induced polarisation.

The area around the outcropping base metal occurrences within the Irregully Formation is devoid of outcrop so the results of the mapping were limited.

The gravity survey delineated the inferred contact of the Mt Augustus Sandstone with the Irregully Formation and two anomalous features; one at the contact between the Mt Augustus Sandstone and one within the area inferred to be underlain by Mt Augutus Sandstone.

The IP survey consisted of seven lines across the Mt Augustus Sandstone contact. Shallow IP anomalies were defined south of both the contact and the outcrops of mineralisation. Interpretation of the data is in progress.

Yannarie Project (Sandfire 100%)

The airborne magnetometer and spectrometer survey will be undertaken in October, 2004.

Urandy Project (Sandfire 100%)

The airborne magnetometer and spectrometer survey covering the tenements has been completed and the Company is awaiting delivery of the data.

Tangadee Project (Sandfire 100%)

Eight exploration licence applications were lodged during the quarter. These applications cover ground immediately to the north of the Abra deposit. The Abra deposit is the most significant base metal discovery in the Bangemall Basin to date.

Doolgunna Project (Sandfire 100%)

The Company is awaiting the grant of the tenements.

Heritage Protection Agreements

The Company has concluded Heritage Protection Agreements with all of the Native Title Parties having an interest in land affected by the Company's tenements thus clearing the way for the ungranted tenements to proceed to grant.

Corporate

The Annual Report was completed and mailed to shareholders. The Annual General Meeting is set down for 12th November at the Celtic Club in Perth.

Ausmex Conference

The Company presented at the Australian Mining and Exploration Conference held in Hong Kong on 6th October.

GREG STEEMSON
MANAGING DIRECTOR

15 October 2004

The geological information in this report is based on data compiled by Greg Steemson. Mr Steemson is a fellow of the Australasian Institute of Mining and Metallurgy. He has consented to the inclusion of this information in the form and context in which it appears in this report.

The Australian Stock Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.