

SANDFIRE RESOURCES N L
ABN 55 105 154 185

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Sandfire Resources N L will be convened at 11.00 am on Friday, 18 November 2005, at the Celtic Club 48 Ord Street West Perth, Western Australia, to consider, and if thought fit, to pass the following resolutions.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form. The completed Proxy Form must be received by the Company at least 48 hours before the commencement of the meeting.

An Explanatory Statement is attached. Shareholders should read this in full.

GENERAL BUSINESS

Annual Accounts:

"To Receive and consider the annual Company financial statements and reports of the Directors and the Auditor for the year ended 30 June 2005."

ORDINARY BUSINESS

To consider, and if thought fit, to pass, with or without modification, the following ordinary resolutions:

RESOLUTION 1- Adoption of Remuneration Report

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

"That the Remuneration Report contained in the 2005 Annual Report be adopted by shareholders."

Note: This resolution is advisory only and does not bind the Directors or the Company

RESOLUTION 2

Re-Election of Peter S Thomas as a Director

"That Mr Peter S Thomas, being a Director of the Company who retires in accordance with the Company's Constitution and, being eligible, offered himself for re-election, be re-elected as a Director ."

NOTICE OF ANNUAL GENERAL MEETING

RESOLUTION 3 – Ratification of an Issue of Securities by Directors.

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

“That, pursuant to and in accordance with Listing Rule 7.4 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the Company ratifies the allotment and issue of 1) 575,000 partly paid shares paid to 0.0001 cents with 15 cents to paid and issued on 8 July 2005, and 2) 200,000 ordinary shares in the capital of the company at a zero issue price and 1,000,000 options to convert to ordinary shares at an exercise price of 20 cents on or before 30 September 2008 that were both issued on 4 October 2005 as part of an agreement and in accordance with the terms and conditions set out in the Explanatory Statement that forms part of this notice.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by any of the persons or an associate of that person who participated in the issue of the Shares the subject of Resolution 3 and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if:

- (i) the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- (ii) the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

Dated this 18th day of October 2005

BY ORDER OF THE BOARD

Malcolm K Smartt
COMPANY SECRETARY

SANDFIRE RESOURCES N L

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EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company. Amongst other things, this Explanatory Statement provides Shareholders with the information required to be provided to Shareholders by the Corporations Act 2001 and the Official Listing Rules of the Australian Stock Exchange Limited (ASX Listing Rules).

The Explanatory Statement sets out an explanation of each of the resolutions to be put to Shareholders.

General Business

Receiving Financial Statements & Reports

The Corporations Law 2001 requires that Shareholders view the Annual Company and Consolidated Financial Statements and reports of the Directors and the Auditor each and every year.

Shareholders will be given an opportunity to ask questions of the Directors and the Auditors in relation to the financial statements of the Company that have been provided to shareholders with this Notice and Explanatory Statement at the Annual General Meeting.

Ordinary Business

RESOLUTION 1 Adoption of the Remuneration Report

The Corporations Law 2001 requires that Directors put a resolution to shareholders each and every year that the Remuneration Report is adopted. This report is incorporated in the Directors' Report.

Shareholders will be given an opportunity to ask questions of the Directors in relation to the Remuneration Report of the Company

RESOLUTION 2 Re- election of Peter S Thomas as a Director.

Mr Thomas was appointed as a Director of the Company at the date of incorporation being 18 June, 2003.

The Company's Constitution requires that one third of all Directors be re-elected each year and that re-election be put to shareholders for approval.

Mr Thomas is a practicing solicitor with more than 20 years experience in the Resource Sector. Mr Thomas has substantial experience on Board of Public Companies.

RESOLUTION 3 Ratification of an Issue of Shares and Options by Directors

Resolution 3 seeks shareholder ratification pursuant to Listing Rule 7.4 for the placement of the following;

- 1) 575,000 partly paid shares to employees of the Company paid to 0.0001 cents with 15 cents to be paid; and
- 2) 200,000 fully paid shares and 1,000,000 options to convert to ordinary shares at an exercise price of 20 cents on or before 30 September 2008.

The Rights attached to the Partly Paid Shares at 1) and Material terms and Conditions for the Options at 2) are detailed as Annexure A and Annexure B to this statement.

The placement of these Shares and options were made by way of an excluded offer under the Corporations Act Section 708. The offer also complied with the Company's capacity to issue securities in accordance with ASX Listing Rule 7.1.

EXPLANATORY STATEMENT (Page 2)

RESOLUTION 3 Ratification of an Issue of Shares and Options by Directors. (Continued)

Listing Rule 7.4

Listing Rule 7.4 provides that an issue made within the 15% limit will be treated as having been made with the prior approval of shareholders for the purpose of Listing Rule 7.1, thereby "refreshing" the Company's ability to issue securities within the 15% limit, and restoring the Company's ability to make placements (if that is thought desirable) without the need for shareholder approval. The Company is requesting shareholders to ratify the issue of the Shares the subject of Resolution 3 for the purpose of Listing Rule 7.4, so that the Company will have flexibility to issue further securities under Listing Rule 7.1 without seeking shareholder approval, if the need or opportunity arises.

The partly paid shares were issued to four (4) employees of the Company as an incentive and the 200,000 fully paid shares and 1,000,000 options were issued to Lithos Exploration Services Pty Ltd for services provided in the application and granting of two strategic leases at Sandfire's Mt Genoa project.

Shareholder's ratification for the issue of these shares and options is now sought pursuant to ASX Listing Rule 7.4 to reinstate the Company's capacity to issue up to 15% of its issued capital, if required, in the next 12 months without shareholder approval.

Additional Information

In accordance with Listing Rule 7.5, the following information is provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

1. 200,000 ordinary shares, 1,000,000 options and 575,000 partly paid shares were issued;
2. the Ordinary Shares and Options were issued for no consideration and the partly paid shares were issued at 0.0001 cents each.
3. the Ordinary Shares issued will rank equally in all respects with, and are on the same terms as, the existing ordinary shares issued in the capital of the Company; and
4. the money raised from the issue of these shares and options was inconsequential - \$57.50, however should the partly paid shares be paid up and the options be exercised, then this would raise \$286,520.

Annexure 'A'

Rights Attaching to Contributing Shares

Contributing shares will rank pari passu with all Fully Paid Shares ("Shares") on issue, except that:

- a) each contributing Share:
 - i) is paid to 0.0001 cent;
 - ii) has an amount unpaid of 15 cents;
 - iii) carries the right to participate on new issues of securities to holders of Shares (except bonus issues) on the same basis as the holders of Shares;
 - iv) carries the right to participate in bonus issues of securities in the proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited); and
 - v) carries the right to vote in the proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).
- b) the Company shall not make a call in respect of any amount unpaid on a Contributing Share unless the day on which the call will be payable is on or after 3 March 2007 being 3 years from the date on which the Company was admitted to the official list of the ASX;
- c) holders of the Contributing Shares have no obligation to meet a call made by the Company, however, non payment of a call will result in the forfeiture of the relevant Contributing Share;
- d) holders of Contributing Shares are permitted to pay up to the full amount remaining unpaid at any time (without the Company first being required to make a call), in which case the Contributing Share will become a (fully paid) Share and will rank pari passu with all Shares on issue;
- e) if a holder of a Contributing Share tenders part of the amount remaining unpaid on the Contributing Share other than in satisfaction of a call:
 - i) the rights attaching to the Contributing Share will not change (including the amounts paid and unpaid); and
 - ii) the amount tendered will be returned.
- f) if there is a reorganization of the issued capital of the Company (including, but not limited to, a consolidation, subdivision, cancellation, reduction or return of capital):
 - i) the number of Contributing Shares must be reorganized in the same proportion as all other classes of shares on issue; and
 - ii) the reorganization must not involve a cancellation or reduction of the total amount payable and unpaid by holders of the Contributing Shares.

Annexure 'B'

Material Terms and Conditions of Options

The Options will entitle the holders to subscribe for Shares in the Company on the following terms:

- (a) each Option entitles the holder, when exercised, to one (1) Share in the Company;
- (b) the Options are exercisable at any time on or prior to 5.00pm (Western Standard Time) on 30 September 2008 (**Expiry Date**) by completing an Option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company;
- (c) each option may be exercised by notice in writing to the Company during the period referred to in condition (a), accompanied by payment of 20 cents per share;
- (d) an Option does not confer the right to a change in exercise price or a change in the number of underlying shares over which the Option can be exercised;
- (e) the options will be unlisted;
- (f) the Options are not transferable;
- (g) all Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply for the quotation on ASX of all Shares issued upon exercise of the Options;
- (h) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to and such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue; and
- (i) if at any time the issued capital of the Company is reorganised, the rights of an Option holder are to be changed to the extent necessary to company with the Listing Rules applying to the reorganisation of capital at the time of the reorganisation.

PROXY FORM

The Secretary
Sandfire Resources N L
Po Box 1495
West Perth, Western Australia 6872
Fax: (08) 9226 5844

SHAREHOLDER DETAILS

Name of Shareholder:

Address of Shareholder:

I/We being a member(s) of Sandfire Resources N L, hereby appoint the following person or failing him/her the Chairman of the Meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Celtic Club 48 Ord Street West Perth, Western Australia on Friday 18 November 2005 at 11 am. (and at any adjournment thereof) in the manner indicated below or as he/she thinks fit.

PROXY'S DETAILS:

Name of Proxy:
(Surname) (Given Names)

Address of Proxy:

INSTRUCTIONS AS TO VOTING – Refer attached Notes to the Proxy Form

If you wish to direct your proxy how to vote with respect to the proposed resolutions, please indicate the manner in which your proxy is to vote by placing a "X" in the appropriate box below, otherwise your proxy will vote or abstain from voting as he/she thinks fit.

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded of that interest.

PROXY'S VOTING INSTRUCTIONS (OPTIONAL)



Ordinary Resolutions

1. Receive the Remuneration Report.
2. Re-election of Peter S Thomas as a Director.
3. Ratification of an issue of shares and options made by Directors.

FOR

AGAINST

ABSTAIN

It is the Chairman's intention to vote in favour of all resolutions in relation to undirected proxies.

