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SANDFIRE RESOURCES NL

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QUARTERLY REPORT

FOR THE PERIOD ENDED 31 MARCH 2005

ASX CODE: SFR

HIGHLIGHTS

- Target selection process complete and drilling tenders called at Sandfire
- Three IP anomalies located at Mt Augustus
- Geochemical sampling programs underway at Doolgunna, Yannarie and Urandy
- Tenement holdings in the Bangemall Basin increased

Activity Report

Borrooloola (Copper)

The induced polarization (IP) survey undertaken in 2004 consisted of six lines separated by 500m. This survey identified several targets five of which were located along the Coppermine Creek Fault (CMCF). A selection of these targets was drill - tested in 2004 with the best results coming from BRCD1.

Of the anomalies tested, drilling did not adequately explain one anomaly (drill hole BRCD5) and was unsuccessful in getting to the target depth at another (drill holes BRCD4 and 7). Remodeling the IP data has confirmed the previous interpretation for the anomaly tested by BRCD4 and 7 but downgraded the feature tested by BRCD5.

From the 2004 survey, two anomalies along the CMCF were not drilled. To obtain better information on the anomalies along the CMCF including the anomalies tested by BRCD5 and BRCD4 and 7, a follow-up program of induced polarization is planned. Six lines of infill work will be undertaken. Subject to the availability of crews, this program is programmed for July/August.

Sandfire (Lead-Zinc)

Reprocessing of the publicly available seismic data has been completed and used as a framework for the interpretive phase of the project. The geological model developed has been successfully calibrated against existing drilling data.

The gravity data has been modeled using the seismic model to fix the various formation boundaries. The field data and modeled data fit well using this model except in the area of



the Admiral Bay Fault system. Here there is a mass of deficiency in the model that is difficult to explain with density variations in the basement. One model that does fit the field data ascribes a higher density to the Nita Formation in the area of the Admiral Bay fault. This model can be explained by extensive dolomite alteration along the fault system. This alteration is often associated with lead-zinc mineralisation.

Four drilling targets have been proposed along the Admiral Bay fault system. Three of these targets have been selected as being of interest. These holes have target depths of between 1100m and 1250m.

The company is in discussion with several drilling contractors who have the capability to complete the holes.

Mt Augustus (Lead-Zinc & Gold)

Since terminating the option agreement over E09/997, the Company and Lithos Exploration Services Pty Ltd have entered into a new deed terminating all of Lithos' rights under the previous option agreement for a consideration of 200,000 shares and one million contributing shares (in the same class as those already issued). The issue of these securities is dependent on the grant of two tenements, E09/1173 and E09/1186.

During the quarter the Company consolidated its holdings by entering into an agreement with JCO Investments for E09/1186. The consideration is \$2,500 on signing the agreement and \$7,500 upon transfer to Sandfire.

Interpretation of the IP data collected in 2004 has been completed. Three anomalies have been identified; one down dip and two in the footwall of the outcropping mineralisation. The latter anomalies are co-incident with a gravity anomaly located by the 2004 gravity program.

Further IP is planned for July / August to be followed by drilling.

Urandy (Copper-Gold)

A program of soil and drainage geochemistry is underway to further evaluate the various targets generated in 2004 and to enable further assessment of the structures inferred from the airborne survey.



Yannarie (Lead-Zinc)

Mapping and rock chip sampling is in progress to assess targets arising from the 2004 airborne survey. This phase of work has started at Mt Tucker in the northern part of the project area.

A drainage geochemical program is also planned and is due for completion by mid year. This program will provide additional information on the specific targets identified and some information on the prospectivity of the remaining parts of the tenements.

Doolqunna (Gold & Base Metals)

Surface geochemical sampling is underway targeting structures identified from the airborne magnetic data. A second phase of work consisting of auger drilling in areas unsuitable for surface sampling will follow.

Mt Boggola (Gold & Base Metals)

Initial reconnaissance work was completed during the quarter. Photo interpretation is in progress which will be used to plan a drainage sampling program due to be completed in May/June.

Tangadee and Glen Ross (Lead Zinc)

The Company's tenement holdings north of Abra were increased during the quarter. Six new ELs (E52/1840 – 1845) were applied for covering the lower parts of the Bangemall Basin stratigraphy.

GREG STEEMSON
MANAGING DIRECTOR
31st March 2005

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.