



SANDFIRE RESOURCES NL

ABN 55 105 154 185

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2005

ACTIVITY REPORT

Sandfire Project

(Lead-Zinc; Sandfire 100%)

The larger capacity mud pump was mobilised to the drill site on Friday 13th January and installed. The driller was able to maintain the connection to the broken rod and successfully clear the hole of cuttings. However, attempts to rotate or move the drill string up or down were not successful. Drill hole SFMR 001 testing target T1 has therefore been abandoned at 1181m. Approximately 440m of the drill string was retrieved from the hole.

In view of the impending wet season, the drill rig and camp are being demobilised and a decision regarding the ongoing drilling schedule will be made once a review of the current program has been completed.

Mt Genoa

(Lead-Zinc and Copper; Sandfire 100%)

No significant base metal assays were returned from the core and RC cuttings from the drilling completed in the September quarter.

Doolgunna

(Gold, Copper; Sandfire 100%)

Preparations are underway for the RAB drilling program to test the geochemical anomalies delineated by the soil

sampling programs in 2005. An initial program of 4,000 metres is planned at five locations.

Yannarie

(Lead, Zinc, Copper and Gold; Sandfire 100%)

Follow up soil geochemistry confirmed earlier results and the data are being evaluated to determine whether drilling is required.

Mt Boggola

(Gold, Copper; Sandfire 100%)

A follow up drainage sampling program was completed. Several anomalous gold results were returned including two anomalous results from the Stadlers area in the western part of the project area. These results are being evaluated.

Urandy

(Gold, Copper; Sandfire 100%)

Modelling of the gravity survey results was completed. The main result of this phase of work was to support the concept of dolomite and volcanics below the Ashburton Fm rocks in the project area. This model places some of the magnetic targets in more favourable stratigraphy than originally thought. An induced polarisation survey is planned for drill target definition.



Greg Steemson

Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Greg Steemson who is a Fellow of the Australian Institute of Geoscientists. Greg Steemson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Greg Steemson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Corporate Information

Directors and executive management

P S Thomas: Non-Exec Chairman
 G H Steemson: Managing Director
 G Hutton: Executive Director
 M Smartt: Company Secretary

Issued Capital

As at the date of this report the issued capital of the company is comprised of:
 39,215,000 ordinary fully paid shares
 12,666,728 contributing shares with 15 cents to pay, not to be called before March 2007
 3m 31/12/08 \$0.25 opt
 1m 30/09/08 \$0.20 opt

Registered Office

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 Website: www.sandfire.com.au

Substantial Shareholders

Faustus Nominees 14.52%
 Resource Development Company 9.42%

Shareholder Enquiries

Matters related to shares held, change of address, tax file numbers and the like should be directed to the **Company's Registrar**: Security Transfer Registrars Pty Ltd
 Phone – 08 9315 0933

ASX CODE : SFR & SFRCA