



SANDFIRE RESOURCES NL

ABN 55 105 154 185

QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2005

HIGHLIGHTS

- SFR's mission of exploring under explored geological provinces from a conceptual basis to discover world class deposits is being implemented across its 10 projects consisting of 44 tenements with an area of approximately 6300 km².
- Results to date vindicate the conceptual models developed by the Company.
- Drilling at Sandfire to commence September.
- Infill IP survey at Mt Genoa to commence August.
- Drilling at Mt Genoa to commence September.
- Anomalous gold results from Mt Boggola.
- Anomalous gold and base metals results from Yannarie.
- Anomalous gold results from Urandy.
- Significant anomalous gold and copper results from Doolgunna.
- Reconnaissance airborne EM completed at Glen Ross.

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ACTIVITY REPORT

Sandfire Project

(Lead-Zinc; Sandfire 100%)

The Company has agreed the terms for and is in the final stage of letting a drilling contract for the drilling of up to 5,000 metres of rotary drilling at Sandfire. The objective of this program is to test inferred favourable structural targets associated with the Parada and Admiral Bay Faults. Initially, one hole will be drilled to test a target on each fault. These targets are designated T1 and T2 respectively. Dependent on the results of these holes, a third target associated with the Admiral Bay fault, designated T3, may be tested. T3 is located approximately 13 km west of T1 and T2. Each hole will take approximately 25 days to drill. Proposed hole depths are

| | |
|----|---------|
| T1 | 1,350m |
| T2 | 1,400m |
| T3 | 1,250m. |

In each case the target horizon is the Nita Formation which is considered to be the favourable host horizon and which is also host to the Admiral Bay lead-zinc mineralisation to the south-east.

The Company has lodged the required applications for the preparation of drill sites and is awaiting approval from the Department of Environment. The aboriginal heritage survey has been completed and formal advice regarding the result is due shortly.

Commencement of drilling is subject to receiving these approvals. Drilling should commence around mid September.

Mt Augustus

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

Further mapping has been undertaken to extend the Company's knowledge of the geology of the Mt Genoa area including investigating inferred structures that may be linked with mineralisation. Samples from this recent work are being analysed.

An IP crew has been contracted for the follow up survey which is planned for August. The objective of this work is to determine the extent of the anomalies located in the 2004 survey. The western most IP anomaly is located some 900m southwest and down dip of the mineralised outcrops of Irregularly Dolomite which carry ore grade lead, zinc and copper values. There is no coverage of this anomaly on the adjacent lines. The other IP anomaly is located in the footwall of the two mineralized outcrops in what is inferred to be Mt Augustus Sandstone. This anomaly is present on two lines separated by 400m.

A multi-purpose drilling rig has been contracted for September to test these anomalies. Targets depths for these drill holes are approximately 250 to 300m. The aboriginal heritage notices have been lodged and a heritage survey is planned for early August.

As part of the Company's ongoing regional exploration program, the Company has identified a new prospect north of Mt Genoa. A new exploration licence which adjoins the Company's existing tenements has been applied for to cover this ground.

Doolgunna

(Gold, Copper; Sandfire 100%)

The Company has tenure to approximately 40km of the Jenkin fault zone, a complex structural zone composed of several interconnecting structures in places over 5km wide. The western and eastern parts of the structure are amenable to soil sampling.



The central area is inferred to be covered by thick transported material and not suitable for soil sampling.

The first phase of soil sampling in the eastern part of the project area has been completed. Thirteen lines spaced at 800m were sampled across one of several inferred structural contacts. The results from this program have shown this contact to be associated with elevated values of gold and copper with peak values of 83 ppb and 505 ppm respectively. This contact is anomalous over a distance of approximately 5 km. The program also returned anomalous gold and copper values over a second structure to the north. However, due to the limited extent of the program, the full dimensions of this feature are unknown.

A follow up program of soil sampling has been completed over part of the anomalous area whereby gaps in the coverage have been in-filled, the line spacing in part of the area previously sampled has been closed up to 400m and the coverage has been extended to the east to close off the anomalies. Results received to date from this follow up have confirmed the original results outlining a group of anomalies covering an area measuring approximately 3 km by 1.5 km. Further sampling will be required to complete the assessment of the structure in this area.

In conjunction with the follow up sampling, some initial sampling was completed at two of the other areas defined by favourable structure.

Assays for this follow up work are expected by the end of July.

Soil sampling programs in the western part of the project area will commence in the near future.

Yannarie

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

The first pass stream sediment geochemical sampling program has been completed. One hundred and fifty samples were collected and analysed for gold and a suite of base metals. In general the Yannarie fold belt has a high zinc background with the maximum value being 300ppm. Anomalous gold values were returned from the area south east of Winning Hill and southeast of the Caraline prospect.

In the north eastern part of the project area, rock chip assays from a fault zone returned the following values:

| Sample No. | Au ppb | Bi ppm | Cu ppm | Pb ppm |
|------------|--------|--------|--------|--------|
| YN035 | 245 | 1,847 | 767 | 1,036 |
| YN059 | 130 | 632 | 2,706 | 452 |

Follow up of these geochemical sampling results will be completed in the near future.

Further mapping was completed at the Mt Tucker, Coria, Caraline and Two Peaks areas to assist with the understanding of the geology associated with anomalous magnetic responses defined from the airborne survey. Modelling of these anomalies has positioned the inferred sources at a range of depths but generally below 200m. The source of these anomalies is yet to be determined and further investigation is underway.

Mt Boggola

(Gold, Copper; Sandfire 100%)

A drainage sampling program infilling samples collected by previous explorers was completed. One hundred and twelve



samples were collected and analysed for gold and a suite of base metals.

Anomalous gold values to 6.5 ppb were returned from samples collected from the central part of the project area from a catchment of approximately 4 km². These results are supported by lower level gold results from adjacent catchments. A separate copper result of 138 ppm from a 9 km² catchment located on the east side of the Ashburton River was also returned. Follow up of these results will be completed in the near future.

Urandy

(Gold, Copper; Sandfire 100%)

Ninety four regional drainage samples were collected from the Urandy tenements. Anomalous gold values were returned from the south west part of the tenements, south of Mt Amy. The possible source of these anomalies is being investigated.

Weakly anomalous gold values were returned from two reconnaissance soil lines over the Minnie Creek Group/Ashburton Formation contact in the northern part of the project area. Further sampling of this contact to infill and extend the data coverage is planned.

Modelling of the magnetic anomalies defined by the airborne survey within the main structural zone has put the inferred sources at depths at around 200m or below. Further investigation of these

targets with ground geophysics is planned.

Glen Ross / Tangadee

(Lead, Zinc; Sandfire 100%)

A reconnaissance airborne electromagnetic survey using a line spacing of 5 km has been completed over the Glen Ross tenements and the western Tangadee tenements located immediately north of the Abra deposit. A total of approximately 320 km of data was collected. The objective of the survey was to test some of the structures inferred from regional data sets and to confirm the method's utility in the area generally. Based on the work completed with the data to date, both objectives have been achieved.

Borroloola

(Copper; Sandfire 100%)

In 2004 the Company completed an IP survey on wide spaced lines (nominally 500m) targeting the area around the Copper Mine Creek Fault. This survey located several IP and resistivity anomalies. Follow up drilling intersected several narrow high grade copper zones. Several IP targets remain to be drilled. However, prior to undertaking further drilling, infill IP is required to firm up the targets. Discussions are ongoing with contractors for the follow up IP survey.

A handwritten signature in black ink, appearing to read 'Greg Steemson'.

Greg Steemson
Managing Director
19 July 2005

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:

- 39,015,000 ofp shares (25.3m listed and 13.7m restricted)
- 4,015,000 contributing shares with \$0.15 to pay, no call before 3/3/07
- 12,714,420 30/9/05 \$0.10 opts to acquire contributing shares
- 3m 31/12/08 \$0.25 opts

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 Registry:

Security Transfer Registrars Pty Ltd

Phone – 08 9315 0933