



SANDFIRE RESOURCES NL

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22 February 2010

Mr Wade Baggott
Advisor, Issuers (Perth)
ASX Limited
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Wade

Sandfire Resources NL ("the Company")

We refer to your letter of 22 February 2010 regarding the announcement lodged by the Company, Phase 1 DeGrussa Resource.

The Company provides the following answers to your numbered questions:

1. No; the Company does not believe that the results of the Phase 1 Resource Estimate enlivened a disclosure obligation in terms of LR 3.1.
2. The competent person's report from Coffey Mining Pty Ltd is dated 19 February 2010 and was received by the Company around 1.00pm on that date.
3. Not applicable.
4. The Company regards the information to be in line with market perceptions having regard to the information already available to the market from previous announcements made by the Company. Thus, in the judgement of the Board, the release of confirmatory information could not be expected to have a material effect on the price or value of the Company's securities and hence the receipt of the information did not enliven the obligation of immediate disclosure under LR 3.1.
5. The Company believes that it is in compliance with LR 3.1.

Yours sincerely

Karl Simich
Chief Executive Officer



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Perth WA 6000

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Internet <http://www.asx.com.au>

22 February 2010

Karl Simich
Managing Director
Sandfire Resources NL
1 Ventnor Avenue
WEST PERTH WA 6005

By facsimile: 9321 5884

Dear Karl,

Sandfire Resources NL (the "Company")

We refer to the following;

- (i) The announcement lodged by the Company on 22 February 2010 to ASX Limited ("ASX") at 1:40 PM (E.D.S.T) ("Announcement") regarding the Phase 1 Degruusa resource estimate, being 7.13 million tonnes at 5.2% copper, 1.9g/t gold and 15g/t silver for Degruusa and Conductor 1 lenses ("Phase 1 Resource Estimate").
- (ii) The competent person's report from Coffey Mining Pty Ltd dated 19 February 2010, attached to the Announcement.
- (iii) The article on page 20 of the Australian Financial Review indicating that a resource estimate of between 7-8 million tonnes at a grade of about 5 per cent copper and 2 grams per tonne of gold is likely to be released by Sandfire Resources NL this week ("Article").

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity"

Further, we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A. Please note that for disclosure not to be required under this listing rule all of the exceptions must apply.

Having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company believe that the Phase 1 Resource Estimate is material to the Company pursuant to listing rule 3.1?
2. When did the Company become aware of the Phase 1 Resource Estimate? In your response to this question please indicate the date and approximate time the Company became aware.
3. If the answer to any part of question 1 is "yes" and the Company became aware of the Phase 1 Resource Estimate prior to the release of the Announcement being, please advise the following:
 - 2.1 Why was the information not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1; and
 - 2.2 Why, if the Company was not able to announce the Phase 1 Resource Estimate at that time, did the Company not request a trading halt at that time, pending the release of an announcement concerning the Phase 1 Resource Estimate?
4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Phase 1 Resource Estimate to be material.
5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5:00pm W.S.T Wednesday 24 February 2010**.

Your response should be sent to ASX by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on the number below.

Yours sincerely,



Wade Baggott
Adviser, Issuers (Perth)