

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

<b>SANDFIRE RESOURCES NL</b>
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ABN

<b>55 105 154 185</b>
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Quarter ended ("current quarter")

<b>31 December 2011</b>
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from provision of services	-	-
1.2 Payments for (a) exploration and evaluation	(10,696)	(21,823)
(b) development	(27,912)	(52,101)
(c) production	-	-
(d) administration	(2,139)	(4,093)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	711	1,226
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Movement in Working Capital	-	-
<b>Net Operating Cash Flows</b>	<b>(40,036)</b>	<b>(76,791)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	(1,855)
(b) equity investments	-	-
(c) other fixed assets	(43,121)	(82,468)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (payments for security deposits/bonds)	4,349	3,157
<b>Net investing cash flows</b>	<b>(38,772)</b>	<b>(81,166)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(78,808)</b>	<b>(157,957)</b>

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(78,808)	(157,957)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	688	1,675
1.15	Share issue expenses	(2)	(73)
1.16	Proceeds from borrowings	160,000	190,000
1.17	Repayment of borrowings	(525)	(831)
1.18	Finance establishment costs	(9,355)	(9,798)
1.19	Interest and other costs of finance paid	(30)	(62)
1.20	Other	-	-
	<b>Net financing cash flows</b>	150,776	180,911
	<b>Net (decrease) increase in cash held</b>	71,968	22,954
1.21	Cash at beginning of quarter/year to date	25,027	74,041
1.22	Exchange rate adjustments to item 1.21	-	-
1.23	<b>Cash at end of quarter/year</b>	96,995	96,995

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1	992
1.25	Aggregate amount of loans to the parties included in item 1.10	-
1.26	Explanation necessary for an understanding of the transactions	
	Payment of director and consulting fees to directors and director related entities.	

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows  
None.
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest  
None.

**Financing facilities available**

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	380,000	190,000
3.2	Credit standby arrangements	-	-
<b>Note</b>	(i) The Company also has access to a \$10 million environmental bonding facility (non cash-backed).		

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### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	6,200
4.2 Development (including payments for purchases of other fixed assets)	100,689
4.3 Production	-
4.4 Administration	1,579
<b>Total</b>	<b>108,468</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	91,495	21,576
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Term Deposits	5,500	3,451
<b>Total: cash at end of quarter</b> (item 1.23)	<b>96,995</b>	<b>25,027</b>

\$24 million of the Company's cash balance as at 31 December 2011 is held in a debt service and cost overrun account, relating to the Company's financing facilities.

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	<u>WA Miscellaneous License</u> Application <u>NT Exploration License</u> EL28656 Granted EL28657 Granted EL28658 Granted EL28659 Granted <u>QLD Exploration Permit Minerals</u> EPM15498 Joint venture Farm-in EPM19418 Application EPM19453 Application	- 100% 100% 100% 100% - - -	100% 100% 100% 100% - 100% 100%

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**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 <b>Preference +securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	150,946,635	150,946,635		Fully paid
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through contributing shares paid up in full	66,666	66,666	\$3.80	Fully paid
7.5 <b>+Convertible debt securities</b> (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)			<b>Exercise price</b>	<b>Expiry date</b>
	411,000		\$1.40	6 Jul 2012
	200,000		\$3.00	30 Sep 2012
	1,010,000		\$0.60	12 Jul 2013
	980,000		\$0.80	12 Jul 2013
	1,600,000		\$1.00	12 Jul 2013
	990,000		\$4.66; \$5.44 and \$6.22	27 Nov 2014
	266,666		\$3.80	15 Jun 2015
	666,668		\$4.40 and \$5.00	15 Jun 2015
	3,250,000		\$9.00; \$10.30 and \$11.70	28 Feb 2016
7.8 Issued during quarter				
7.9 Exercised during quarter	66,666		\$3.80	15 Jun 2015
7.10 Expired during quarter				
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (totals only)				

+ See chapter 19 for defined terms.

## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:           Matthew Fitzgerald           Date: 31 January 2012  
  (Company Secretary)

## Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.