



SANDFIRE RESOURCES NL

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PROJECTS UPDATE – SIGNIFICANT IRON MINERALISATION DISCOVERED AT DOOLGUNNA

- Four extensive zones of outcropping iron mineralisation identified within Robinson Ranges at Doolgunna (WA).
- Each zone up to 800m long and extend under cover – surface samples submitted for analysis with mapping and drilling planned.
- Results awaited from recent drilling at Yalco Lead-Zinc Prospect (Borroloola Project, NT).
- Significant new manganese exploration targets identified from airborne EM data, 100km north of Yalcoo (Borroloola Project, NT).
- Additional exploration programs in preparation for Yannarie (lead) Project and Sandfire (lead-zinc) Project (WA).

Diversified explorer Sandfire Resources NL (ASX: **SFR**) is pleased to announce an update on recent exploration activities within its extensive Australian project portfolio, including the discovery of **extensive zones of outcropping iron ore mineralisation** at its **Doolgunna Project** in Western Australia.

The Company is also pleased to advise that it has identified a number of targets prospective for manganese mineralisation within its extensive **Borroloola Project** in the Northern Territory, where it has recently completed reconnaissance drilling at the Yalco lead-zinc prospect.

These projects – together with the **Yannarie** lead prospect and the **Sandfire** lead-zinc prospect, located near Kagara Zinc Limited's Admiral Bay Lead-Zinc Project in Western Australia – are expected to deliver a strong pipeline of drilling and exploration targets for Sandfire's 2008 exploration field season.

OFFICE AT:

1 VENTNOR AVENUE
WEST PERTH 6005
WESTERN AUSTRALIA

T: +61 8 9226 5833
F: +61 8 9226 5844
E: admin@sandfire.com.au
www.sandfire.com.au

CORRESPONDENCE:

PO BOX 1495
WEST PERTH 6872
WESTERN AUSTRALIA

DOOLGUNNA PROJECT: Western Australia, Sandfire 100%

Sandfire is pleased to advise that, in the course of recent reconnaissance gold geochemical exploration over the Robinson Ranges within E52/1715, part of its 100%-owned Doolgunna Project located 140km north of Meekatharra in WA, the Company has identified four substantial zones of outcropping iron mineralisation within banded iron formations (BIF).

Preliminary field reconnaissance indicates that the mineralisation is typically confined to a single 50-60 metre thick horizon and comprises hematite-goethite mineralisation similar to that which occurs within the major formations of the Pilbara region.

The four zones, each of which extend over a strike length of approximately 800 metres and continue under cover, lie along a section of the southern flank of the Robinson Range syncline, within Sandfire's tenement. Much of the banded iron formation sequence is covered by superficial cover and the identified mineralised outcrops also extend under cover.

Surface samples have been taken and submitted for analysis, with assay results to be released as soon as they are available.

Sandfire's geologists are very encouraged by the discovery, because of the extent of the outcropping mineralisation and the potential size of the BIF structures.

The project area is located near the world-class Pilbara iron ore mining region and, with the current very high level of interest in iron ore exploration, represents a priority exploration target for the Company. Subject to the results of the sampling, Sandfire plans to undertake detailed mapping of the area ahead of drilling programs to be undertaken next year.

All gold results from the recently completed program of RC drilling at the two gold prospects at Doolgunna are currently being reviewed with a further drill program planned for the March 2008 quarter.

BORROLOOLA PROJECT: Northern Territory, Sandfire 100%

The Company has recently completed wide-spaced reconnaissance drilling to test the **Yalco Lead-Zinc Prospect**, located some 30km north of the world-class McArthur River Mine within Sandfire's extensive 10,000km² tenement portfolio at the **Borroloola Project** in the Northern Territory.

The core is currently being split and submitted for analysis with assay results expected by the end of January 2008.

In addition, the Company has recently identified a number of significant new targets some 100km to the north of the Yalco Prospect from detailed processing and interpretation of data acquired during an extensive airborne electromagnetic survey completed over most of the Borroloola Project earlier this year.

Acquisition of this data was primarily directed towards discovery of stratabound lead-zinc mineralisation in the highly prospective Paleoproterozoic MacArthur Basin sediments. However, the recently completed interpretation has resulted in the

definition of a number of prospective manganese exploration targets within shallow, flat-lying conductors identified in areas where the Cretaceous sediments of the Carpentaria Basin on-lap basement topographic highs.

This setting is analogous to that of the manganese deposits of Groote Eylandt, where the shallow flat-lying manganese deposits of the Early to Middle Cretaceous sediments of Carpentaria Basin are readily detected by airborne electromagnetic surveying.

The targets within Sandfire's tenement holdings are close to one of the known occurrences of Early Cretaceous manganese mineralisation. In light of this, the Company's Board has committed to a planned drilling program during the 2008 field season to test the targets for manganese.

It is proposed that this work will be undertaken in parallel with the ongoing lead-zinc exploration program, which remains Sandfire's primary exploration target at Borrooloola.

YANNARIE: Western Australia, Sandfire 100%

Sandfire has completed a review of the Yannarie Project, located in the Pilbara region, where it has delineated an extensive lead-zinc anomaly.

The Company is planning to undertake a Reverse Circulation drilling programme to test the extensive lead geochemical anomaly at depth.

SANDFIRE PROJECT: Western Australia, Sandfire 100%

The Sandfire Project is located near Broome in the Kimberley region, near Kagara Zinc Ltd's Admiral Bay Project, currently subject to a \$15 million deep drilling program.

A recently completed review of the Sandfire Project has confirmed that the Company's ground holding is prospective for carbonate-hosted lead, zinc and silver mineralisation in the Middle Ordovician Nita Formation – the same formation that hosts the mineralisation at Admiral Bay.

Recent announcements by Kagara Zinc Ltd on the drilling results from the Admiral Bay program have highlighted the prospectivity of the Admiral Bay fault corridor for base metal mineralisation.

SUMMARY

Recent exploration activities have upgraded the prospectivity of several of Sandfire's prospects and delineated significant new exploration targets for iron ore (Doolgunna) and manganese (Borrooloola), alongside existing base metal and gold targets.

The Company is currently planning a significantly expanded exploration field season for 2008 to provide comprehensive drill testing and exploration coverage of all of these projects, all of which have the potential to significantly enhance shareholder value.

With 100% ownership of its entire project portfolio, Sandfire is strongly leveraged to a significant new discovery at any of these projects.

**MILES KENNEDY
CHAIRMAN
AND
JOHN EVANS
TECHNICAL DIRECTOR
SANDFIRE RESOURCES NL
TELEPHONE: (+61-8) 9226 5833**

The information in this report that relates to Exploration Results is based on information compiled by John Evans who is a Fellow of the Australasian Institute of Mining and Metallurgy. John Evans 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. John Evans consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.