SANDFIRE RESOURCES NL

ABN 55 105 154 185

DRILLING UPDATE FOR BORROLOOLA AND YANNARIE

HIGHLIGHTS

23 November 2006

- **Holes A, B and C at Borroloola completed. Chalcopyrite mineralisation intersected in all three holes indicating a possible strike length of >1.5km for this system.**
- **Drilling underway at Yannarie. Holes F and G completed.**

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BORROLOOLA (Sandfire 100%) (fig. 1, 2)

As at 23rd November, drill holes A (BRCD008), B (BRCD009) and C (BRCD011) have been completed (fig.1). The fourth drill hole D (BRCD010) is in progress at 145m. This hole is planned to go to 500m.

The current drilling program is testing geophysical targets (specifically induced polarisation - IP). Based on the IP response, the anticipated sulphide content of the target zone is between 1 and 3%. If all of the sulphide mineralisation was chalcopyrite, this would give copper grades in the range 0.3 and 1%.

The completion of hole C brings to four the number of drill holes both piercing the structure **and** intersecting chalcopyrite mineralisation. The strike length of the mineralised structure as defined by drilling is now inferred to be approximately 1.5km.

The structure as it is presently known from mapping extends from the Four Archers fault to the Lorella fault, a distance of approximately 7km. To date the western 1.5km has been investigated on a preliminary basis at wide drill spacings. The Company has granted tenure to the western 3km of the structure. The grant of the Company's tenement application covering remaining 4km of the structure to the east is pending (fig.2).

Assays for the pre-collars for BRCD008, 9 and 10 and **incomplete intervals** for the diamond sections of BRCD008 and 9 have been received. **Most of the diamond drill sections of these 2 holes (BRCD008 & 9) have yet to be sampled or assayed.** No material from hole BRCD011 has yet been sampled or assayed. The pre-collars have been sampled as 4m composites and the diamond core **where sampled** was generally in intervals of 1m.

Drill hole BRCD008 was completed at 373m. The hole intersected disseminated pyrite and chalcopyrite mineralisation in several zones between 232 and 297m (being 65 meters in all). Fifteen intervals (aggregating about 15 meters) within this zone have been assayed with the best result being 1m grading 0.1% copper between 235.5 and 236.5. Additional samples have been collected for analysis with present indications being that the copper grades will be less than 1.0%.

Drill hole BRCD009 was completed at 337m. The hole intersected disseminated and veinlet pyrite and chalcopyrite mineralisation between 160 and 166m with a second zone occurring at 175m. Several other zones of chalcopyrite mineralisation occur below 175m. Seven intervals from the section between 160 to 166m have been analysed with the best result being 0.4% copper from 161.9 to 162.5m. Additional samples have been selected from this hole and it is anticipated the results to date will be indicative of the copper content of these samples.

Drill hole BRCD011 was completed at 430m. Pyrite and chalcopyrite mineralisation was intersected in the interval 300 to 315m. Minor chalcopyrite mineralisation was encountered below 315m. No material from this hole has yet been sampled or assayed.

A second batch of samples was delivered to the laboratory in mid November. Sampling of the core from the completed holes is continuing and samples are being delivered to the laboratory progressively.

Based on the results to date, the correlation between the IP response and the mineralisation is high so there is a reasonable expectation that hole D will also intersect sulphide mineralisation. The Company is now considering drilling hole E. The scheduling of this drilling will depend on the completion date of hole D.

On the basis of the success of the programme, the Company is planning its 2007 programme which will include additional ground geophysical surveys following the structure to the east and further drilling

YANNARIE (Sandfire 100%) (fig. 3,4,5)

Drilling at Yannarie is underway. Holes F and G have been completed with hole C in progress.

The main targets at Yannarie are conceptual iron oxide copper gold (**IOCG**) type targets in the Coria and Two Peaks areas. Examples of IOCG type mineralisation are Ernest Henry and Osborne located in NW Queensland. IOCG type deposits are generally characterised by high levels of iron oxides (hematite/magnetite), base and precious metals and an association with rare earth elements and uranium.

The Coria and Two Peaks magnetic anomalies were located from an airborne geophysical survey (fig.5). The causative bodies have been modeled at around 200m vertical depth (ie. do not outcrop) and are characterized by large magnetic susceptibilities indicating significant (>10%) concentrations of magnetite. The combination of the tectonic setting and the range of anomalous elements over the top of the magnetic features fits the IOCG model.

A possible five holes (A, B, D, H and E) will drilled at Two Peaks and three holes (C, F and G) will be drilled at Coria (fig.3,4). The holes and their targets are:

A – Two Peaks IOCG target;
B – Two Peaks IOCG target;
C – Coria IOCG target;
D – Two Peaks U anomaly:
E – Copper Prospect (Two Peaks);
F – Coria U anomaly;
G – Coria base metal zone:
H – Two Peaks U anomaly (same site as B).

The Coria uranium and base metal targets are adjacent to the IOCG target and will be tested with RC drilling. The Two Peaks uranium and copper targets are similarly adjacent to the Two Peaks IOCG target and will be tested with RC drilling. The drill holes testing the Coria and Two Peaks IOCG targets will be diamond drill holes.

Two other magnetic features within the project but separate from the above targets have also been identified for follow up depending on the results from the current program.

G Steemson
Director
23rd November 2006

The information in this report that relates to Exploration Results is based on information compiled by Greg Steemson who is a Fellow of the Australasian Institute of Mining and Metallurgy. 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:

- 63,263,626 fp shares
- 11,460,652 contributing shares with $0.15 to pay, no call before 3/3/07
- 2.6m 31/12/08 $0.25 opts
- 0.725m 30/9/08 $0.20 opts
- 6.9m 30/6/07 $0.60 opts
- 3 m 30/9/11 $0.50 opts

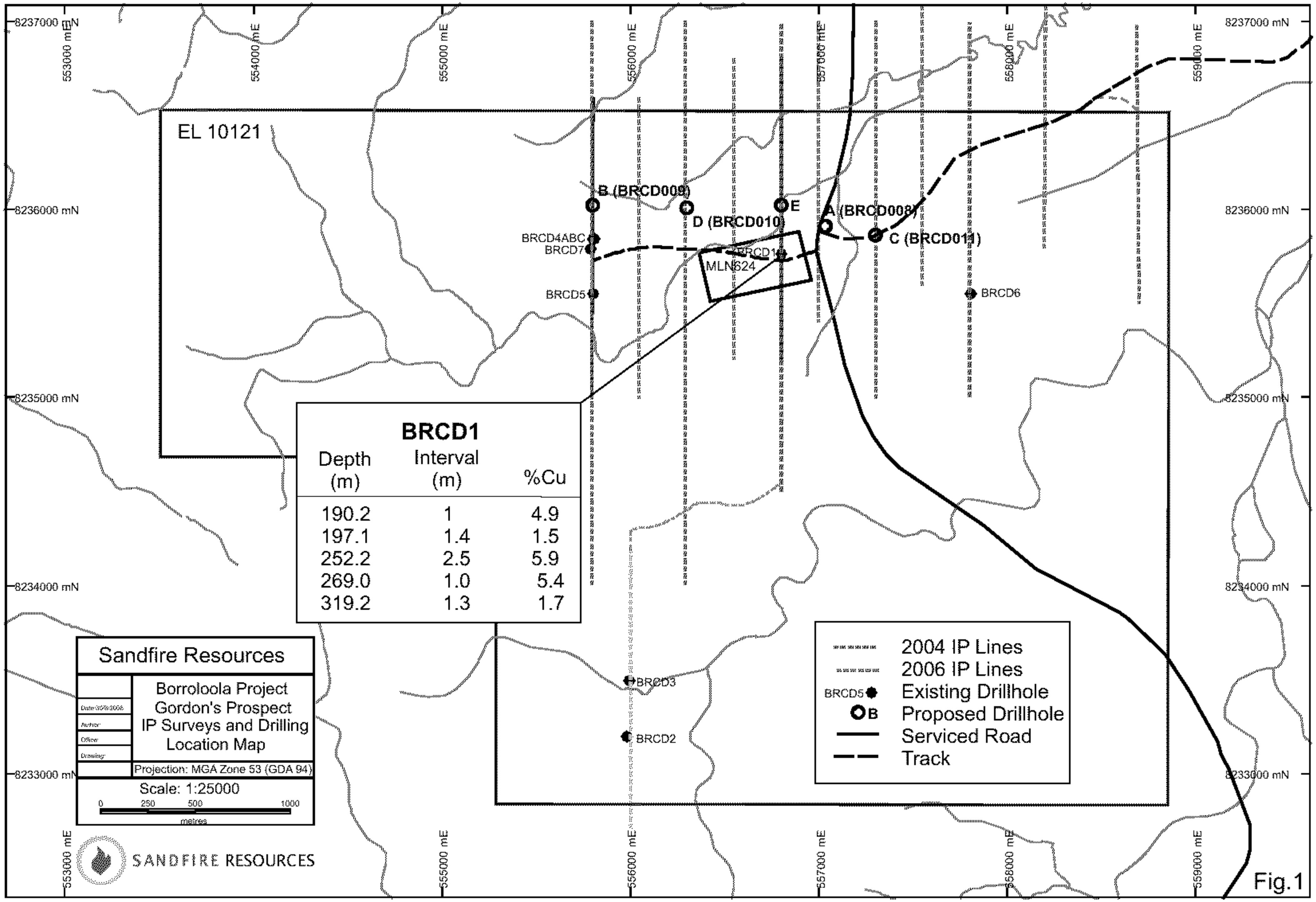
Substantial Shareholders

Faustus Nominees Pty Ltd 9.15%
Evolution Master Fund 6.72%
Resource Development Company 7.06%

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 2333

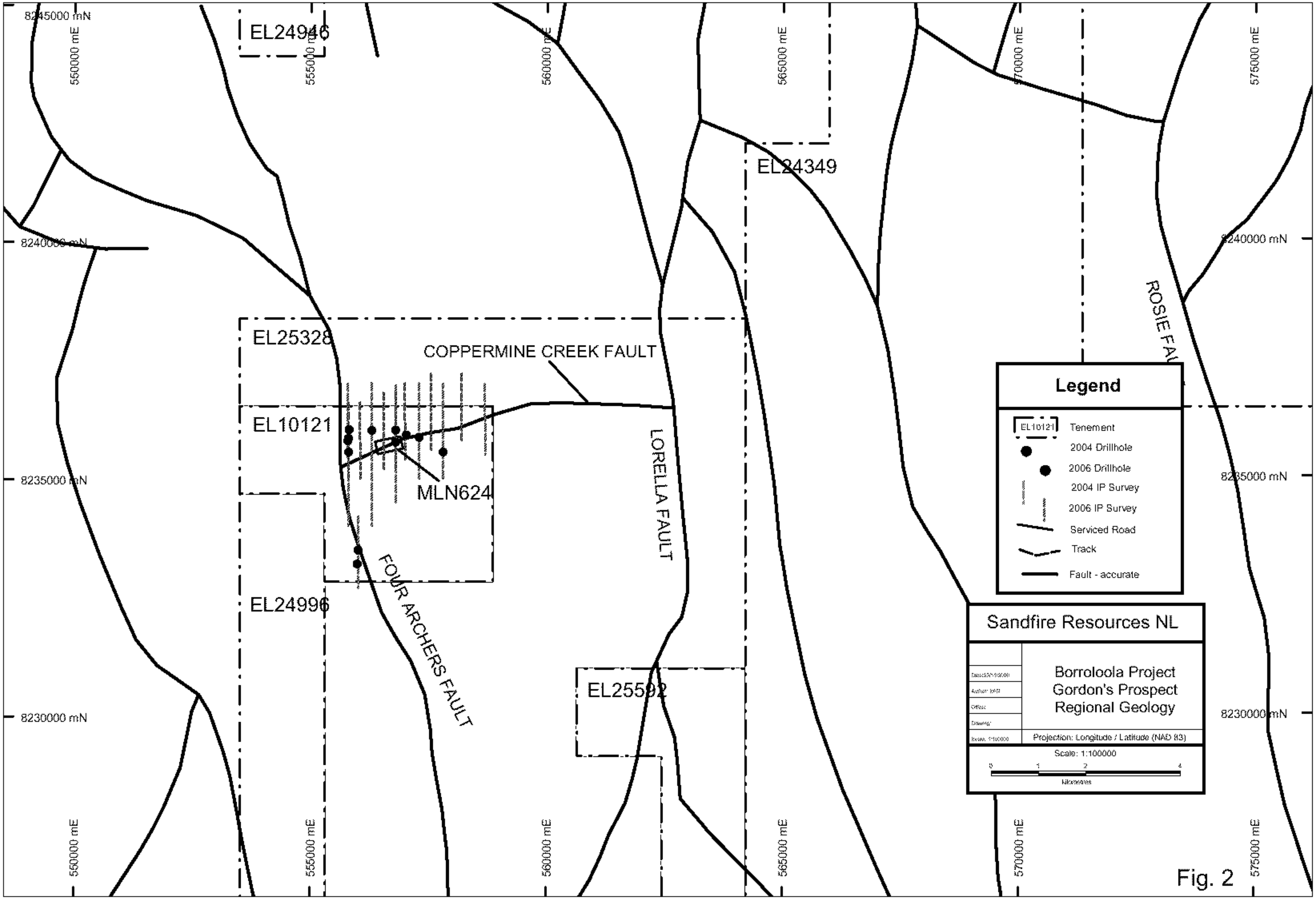
Investors interested in receiving copies of ASX announcements can register such interest on the Company's website www.sandfire.com.au.



BRCD1

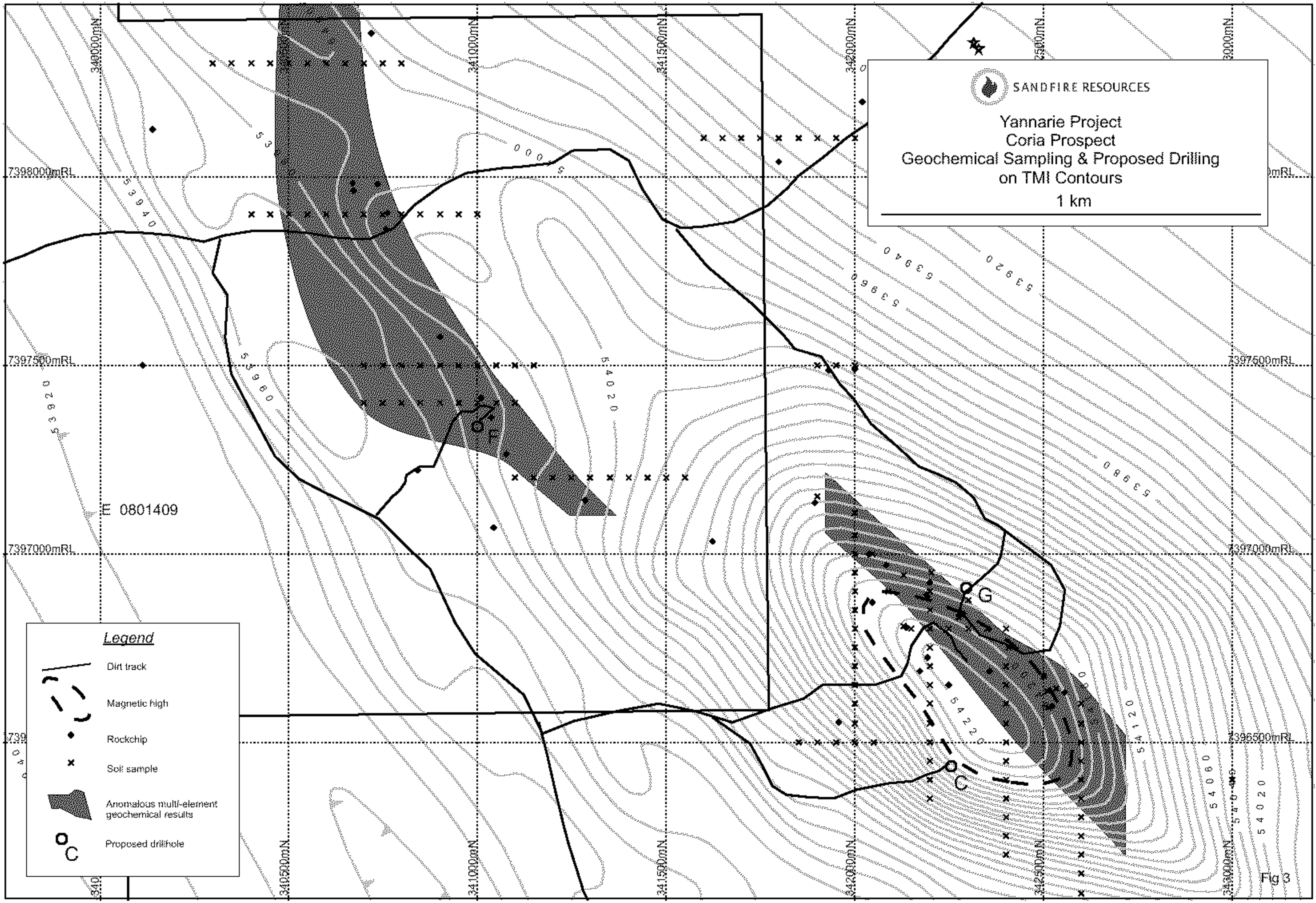
Depth (m)	Interval (m)	%Cu
190.2	1	4.9
197.1	1.4	1.5
252.2	2.5	5.9
269.0	1.0	5.4
319.2	1.3	1.7

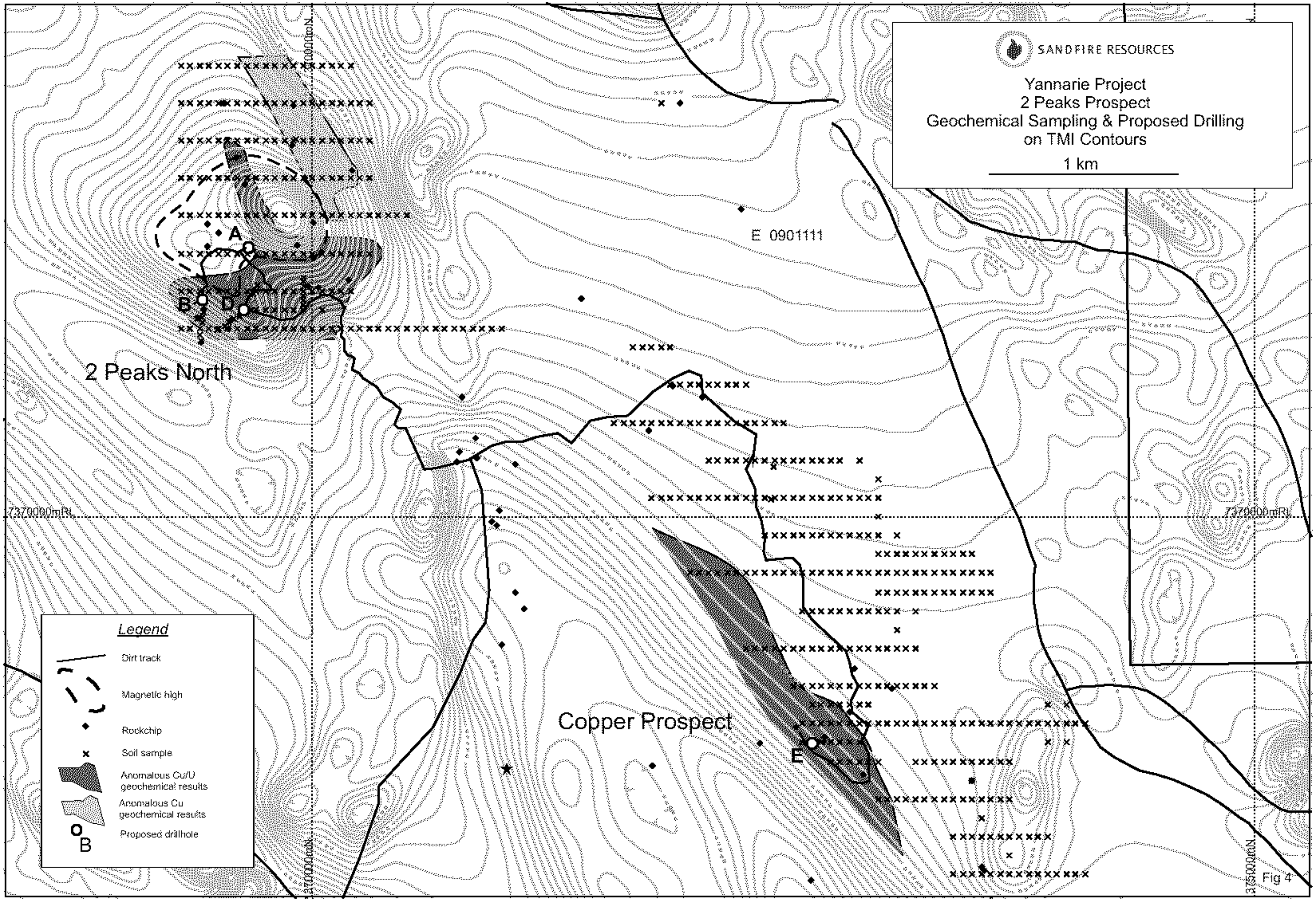
Fig.1

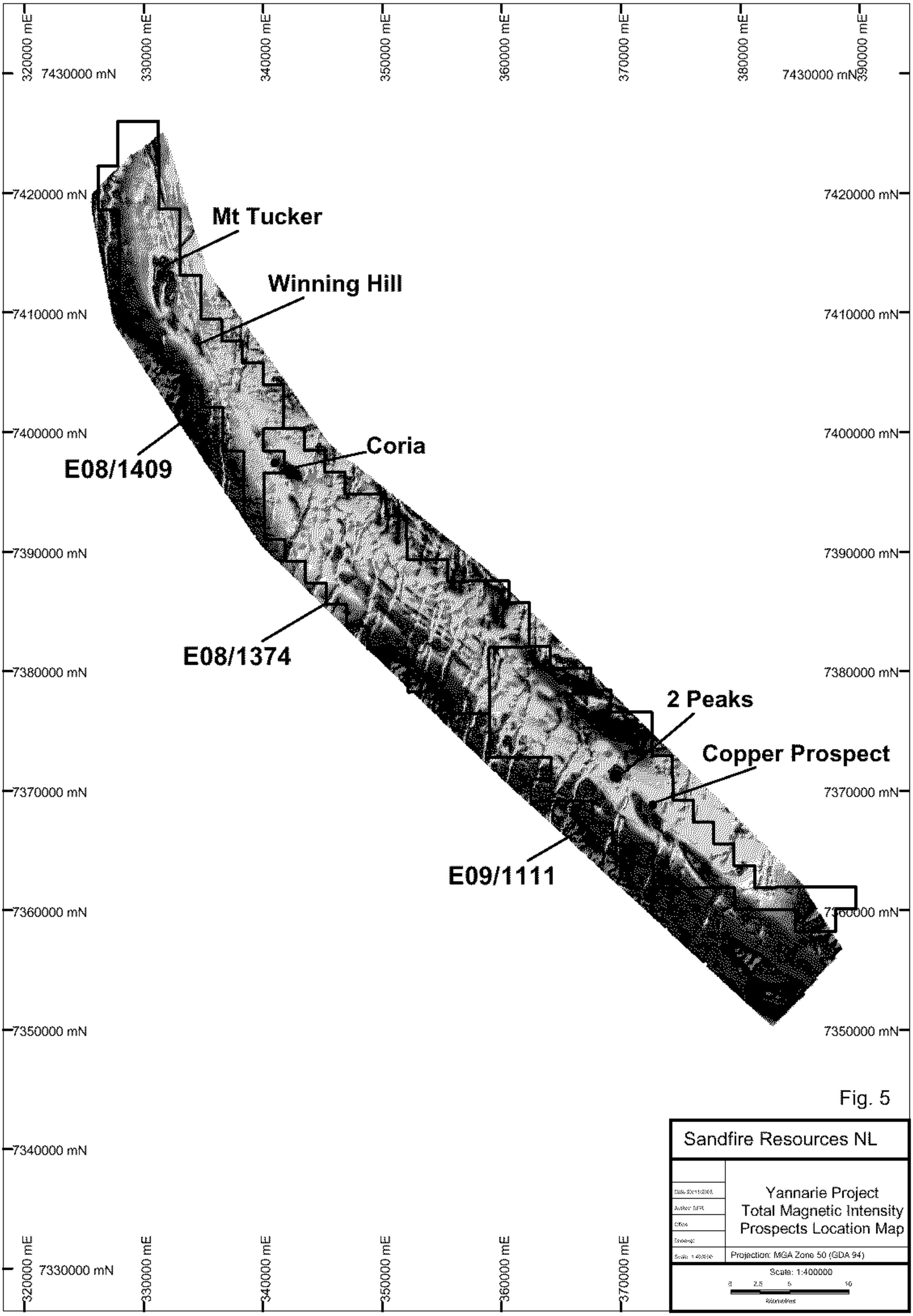


8245000 mN
8240000 mN
8235000 mN
8230000 mN
550000 mE
555000 mE
560000 mE
565000 mE
570000 mE
575000 mE
EL24946
EL24349
EL25328
EL10121
EL24996
EL25592
COPPERMINE CREEK FAULT
MLN624
FOUR ARCHERS FAULT
LORELLA FAULT
ROSIE FAU
Legend
EL10121
Tenement
2004 Drillhole
2006 Drillhole
2004 IP Survey
2006 IP Survey
Serviced Road
Track
Fault - accurate
Sandfire Resources NL
Borroloola Project
Gordon's Prospect
Regional Geology
Projection: Longitude / Latitude (NAD 83)
Scale: 1:100000

Fig. 2


SANDFIRE RESOURCES
Yannarie Project
Coria Prospect
Geochemical Sampling & Proposed Drilling
on TMI Contours
1 km
Legend
Dirt track
Magnetic high
Rockchip
Soil sample
Anomalous multi-element geochemical results
Proposed drillhole
E 0801409
340000mN
340500mN
341000mN
341500mN
342000mN
342500mN
343000mN
7398000mRL
7397500mRL
7397000mRL
7396500mRL
53940
53960
53920
54020
53980
54120
54060
F
G
C
Fig 3


SANDFIRE RESOURCES
Yannarie Project
2 Peaks Prospect
Geochemical Sampling & Proposed Drilling
on TMI Contours
1 km
E 0901111
2 Peaks North
Copper Prospect
A
B
D
E
7370000mRL
7370000mRL
Legend
Dirt track
Magnetic high
Rockchip
Soil sample
Anomalous Cu/U geochemical results
Anomalous Cu geochemical results
Proposed drillhole
Fig 4


320000 mE
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370000 mE
380000 mE
390000 mE
7430000 mN
7420000 mN
7410000 mN
7400000 mN
7390000 mN
7380000 mN
7370000 mN
7360000 mN
7350000 mN
7340000 mN
7330000 mN
Mt Tucker
Winning Hill
Coria
E08/1409
E08/1374
2 Peaks
Copper Prospect
E09/1111
Fig. 5
Sandfire Resources NL
Yannarie Project
Total Magnetic Intensity
Prospects Location Map
Projection: MGA Zone 50 (GDA 94)
Scale: 1:400000