SANDFIRE RESOURCES NL

ABN 55 105 154 185

FINANCIAL REPORT AND STATEMENTS FOR HALF YEAR ENDED 31 DECEMBER 2007

ASX: **SFR (ordinary shares fully paid)**
SFRCA (ordinary contributing shares)

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FOR HALF YEAR ENDED 31 DECEMBER 2007

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SANDFIRE RESOURCES NL

DIRECTORS' REPORT

The directors present their report, together with the financial statements, for the half year ended 31 December 2007 and the audit review report thereon.

DIRECTORS

The names of the directors of Sandfire Resources NL who held office during or since the end of the half year are:

Miles Kennedy	Non-executive Chairman Appointed 3 August 2007
William John Evans	Executive Director Appointed 2 October 2007
Karl Simich	Non-executive Director Appointed 27 September 2007
John Hutton	Non-executive Director Appointed 17 July 2007
Brian Coppin	Non-executive Chairman Resigned 27 September 2007
Greg Steemson	Executive Director Resigned 3 August 2007
Graeme Hutton	Technical Director Deceased 16 July 2007

RESULTS OF OPERATIONS

Sandfire Resources NL made an operating loss for the period of $2,531,727. This loss included $2,459,715 of exploration and new project assessment expenditure which was written off for the period.

REVIEW OF OPERATIONS

During the six months to 31 December 2007, Sandfire Resources NL (**Sandfire** or **the Company**) carried out intensive exploration programs on the Doolgunna and Borroloola Projects, in Western Australia and the Northern Territory, respectively.

At Doolgunna, the Company has focused on the gold potential of the property, carrying out programs of regional exploration geochemistry, vacuum and RAB drilling. This work has located five new zones of gold mineralisation, three of which have been confirmed by RAB drilling. The best result of this regional exploration drilling was a 10 metre intersection assaying 5.6 grams per tonne gold at the Degrussa Prospect. Detailed test work on the established Prospects, including programs of reverse circulation drilling on the Old Highway deposit and East Shed Well Prospect, have continued to report wide intersections of high grade gold mineralisation. These intersections, however, have not been readily correlated with nearby gold intersections. Sandfire has, since year end, carried out a program of close-spaced RC drilling together with a trial of an ultra-detailed ground geophysical survey aimed at understanding the detailed control of the gold-bearing quartz veins within the Old Highway deposit.

Late in the period Sandfire undertook reconnaissance exploration for iron ore on the 26 kilometre strike length of the Robinson Range Formation present within the Doolgunna Project. Seven separate deposits of hematite-goethite mineralisation were identified. Preliminary surface rock chip samples have indicated the potential for high iron grades and low phosphorus. The reconnaissance mapping is ongoing with approximately half of the BIF sequence still to be reconnoitred.

In the large Borroloola Project tenement holding, the Company's principal objective is the discovery of lead-zinc mineralisation northerly from the giant McArthur River mine. At the Yalco Prospect, some 30 kilometres north of the McArthur Mine, 7 deep diamond core holes were drilled, testing an extensive zone of conductive rocks close to the Emu Fault Zone. This drilling has intersected pyritic black shales within the Barney Creek Formation, host to the McArthur Mine mineralisation, and in one hole an interval of talus breccia was reported. These rock types are characteristic of the near-mine rock sequences at McArthur River.

The Borroloola Project contains four known prospects of stratiform manganese mineralisation hosted in the sediments overlying the basement rocks. In addition the Company's airborne electromagnetic survey data identifies a number of shallow flat-lying conductors that warrant drill testing for manganese. This test work is planned for late in the 2008 northern dry season.

During the second half, Sandfire will be concentrating on evaluating the gold and iron mineralisation at Doolgunna and continuing the Borroloola diamond drilling at the Yalco Prospect on commencement of the northern field season. Work on the Urandy, Yannarie and Sandfire Projects will continue during the current six months.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 3.

Dated at Perth this 12th day of March 2008

Signed in accordance with a resolution of the Directors.

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MILES KENNEDY
CHAIRMAN

SomesandCooke

Auditor's Independence Declaration to the Directors of Sandfire Resources NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Sandfire Resources NL.

As audit partner for the review of the financial statements of Sandfire Resources NL for the period ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Somes Cooke

SOMES and COOKE

K C Somes

K. C. Somes
Partner
1304 Hay Street
West Perth WA 6005

13 March 2008

Liability Limited by a scheme approved under Professional Standards Legislation

SANDFIRE RESOURCES NL

CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	Half year ended 31 Dec 07 $	Half year ended 31 Dec 06 $
Revenue	2	145,637	196,340
Administration Costs		159,223	208,095
Exploration and new project assessment expenses		2,459,715	1,794,626
Depreciation		36,926	23,032
Share Based Payments	3	21,500	1,341,000
Total Costs		2,677,364	3,366,753
Loss from ordinary activities before related income tax expense		(2,531,727)	(3,170,413)
Income tax expense		-	-
Net Loss for period		(2,531,727)	(3,170,413)
Basic loss – cents per share		3.84	4.96

A diluted earnings per share has not been included, as it results in a more favourable loss per share than the basic loss per share.

The Condensed Income Statement should be read in conjunction with the accompanying notes.

SANDFIRE RESOURCES NL

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	Half year ended 31 Dec 07 $	Half year ended 31 Dec 06 $
CURRENT ASSETS			
Cash and Equivalent Assets		3,305,955	5,811,669
Receivables and Prepayments		14,465	308,339
TOTAL CURRENT ASSETS		3,320,420	6,120,008
NON-CURRENT ASSETS			
Other Financial Assets		36,161	29,220
Plant and Equipment		196,302	250,745
TOTAL NON-CURRENT ASSETS		232,463	279,965
TOTAL ASSETS		3,552,883	6,339,973
CURRENT LIABILITIES			
Payables		239,833	722,007
Provisions		21,206	24,145
TOTAL CURRENT LIABILITIES		261,039	746,152
NET ASSETS		**3,291,844**	**5,653,821**
EQUITY			
Contributed Equity	4	15,242,910	15,094,660
Share Based Payments Reserve		1,385,063	1,363,563
Accumulated Losses		(13,336,129)	(10,804,402)
TOTAL EQUITY		**3,291,844**	**5,653,821**

The Condensed Balance Sheet should be read in conjunction with the accompanying notes.

SANDFIRE RESOURCES NL

CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	Half year ended 31 Dec 07 $	Half year ended 31 Dec 06 $
Cash flows from operating activities			
Cash payments in the course of operations		(125,988)	(242,194)
Payments for exploration and evaluation expenditure		(2,899,963)	(1,789,546)
GST refunds		205,098	-
Sundry cash receipts in the course of operations		15,876	-
Interest received		140,437	210,600
Net cash flows (used in) operating activities		(2,664,540)	(1,821,140)
Cash flows from investing activities			
Payments for tenement bonds and security deposits		(6,941)	(1,000)
Payments to acquire plant and equipment		(17,049)	(43,804)
Proceeds from sale of motor vehicle		34,566	-
Net cash flows (used in) investing activities		10,576	(44,804)
Cash flows from financing activities			
Proceeds from issue of shares, exercise of options and conversion of contributory shares		148,250	4,769,250
Share issuance expenses		-	(290,950)
Net cash flows from financing activities		148,250	4,478,300
Net increase(decrease) in cash and cash equivalents		(2,505,714)	2,612,356
Cash and cash equivalents at beginning of period		5,811,669	4,608,470
Cash and cash equivalents at end of period		3,305,955	7,220,826

The Condensed Cash Flow Statement should be read in conjunction with the accompanying notes.

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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Share Capital $	Share Based Payments Reserve $	Accumulated Losses $	TOTAL $
Balance at 1.7.2006	10,108,660	22,563	(5,439,230)	4,691,993
Share placement	4,400,000			4,400,000
Exercise of options	157,000			157,000
Contributing shares paid up	212,250			212,250
Share based payment		1,341,000		1,341,000
Share issuance costs	(290,950)			(290,950)
Loss for Period			(3,170,413)	(3,170,413)
Balance at 31.12.2006	**14,586,960**	**1,363,563**	**(8,609,643)**	**7,340,880**
Balance at 1.7.2007	15,094,660	1,363,563	(10,804,402)	5,653,821
Exercise of options	5,000			5,000
Contributing shares paid up	143,250			143,250
Share based payment		21,500		21,500
Loss for Period			(2,531,727)	(2,531,727)
Balance at 31.12.2007	**15,242,910**	**1,385,063**	**(13,336,129)**	**3,291,844**

The Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1. Basis of Preparation

The condensed financial report for the half year ended 31 December 2007 has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this condensed financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Sandfire Resources NL during the half year ended 31 December 2007 in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The condensed half year report does not include full disclosures of the type normally included in an annual financial report.

The accounting policies and methods applied in the preparation of this condensed financial report are the same as those applied in the annual financial report for the year ended 30 June 2007.

	Half Year Ended 31 Dec 07 $	Half Year Ended 31 Dec 06 $
2. Revenue		
Interest Received	140,437	184,308
Other	5,200	12,032
	145,637	196,340
3. Share Based Payments		
Contributory Shares issued to employees (2006 – options issued to directors)	21,500	1,341,000
4. Contributed Equity	Number	$
Ordinary Fully Paid Shares		
Balance 1 July 2007	65,059,626	15,094,660
Options exercised at $0.25 each	20,000	5,000
Contributing shares paid up at $0.15 each	955,000	143,250
Balance at 31 December 2007	66,034,626	15,242,910
Contributing Shares		
Balance at 1 July 2007	10,672,652	-
Issues to employees as share based payments	430,000	-
Contributing shares paid up	(955,000)	-
Balance at 31 December 2007	10,147,652	-
Unlisted Options to acquire Fully Paid Ordinary Shares exercisable at $0.20		
Balance at 1 July 2007 and **31 December 2007**	525,000	-
Unlisted Options to acquire Fully Paid Ordinary Shares exercisable at $0.25		
Balance at 1 July 2007	2,392,000	-
Options exercised during the period	(20,000)	-
Balance at 31 December 2007	2,372,000	-
Unlisted Options to acquire Fully Paid Ordinary Shares exercisable at $0.50		
Balance at 1 July 2007 and **31 December 2007**	3,000,000	-

5. Segment Information

The Company operates predominantly in one business and one geographical segment, being the exploration and evaluation of mineral resources in Australia.

6. Contingent Liabilities and Contingent Assets

The Company does not have any contingent assets or liabilities.

7. Events Subsequent to Reporting Date

There has been no matters or circumstances that have arisen since 31 December 2007 that has significantly affected or may significantly affect:

(a) the Company's operations in future years; or
(b) the results of those operations in future years; or
(c) the Company's state of affairs in future years.

SANDFIRE RESOURCES NL

DIRECTORS' DECLARATION

In the opinion of the Directors of Sandfire Resources NL:

1. the financial statements and notes set out on pages 4 to 9:

   (a) give a true and fair view of the financial position of the Company as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and

   (b) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated at Perth this 12TH day of March 2008.

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MILES KENNEDY
CHAIRMAN

SomesandCooke

Independent review report to the members of
Sandfire Resources NL

Scope

We have reviewed the accompanying half-year financial report of Sandfire Resources NL (the Company), which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001.* This responsibility includes designing, implementing and, maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor' of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.* As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 13 March 2008, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Somes & Cooke

Somes & Cooke
Chartered Accountants

K Somes

Kevin Clarence Somes
Partner
Perth

12 March 2008