

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

| |
|------------------------------|
| SANDFIRE RESOURCES NL |
|------------------------------|

ABN

| |
|-----------------------|
| 55 105 154 185 |
|-----------------------|

Quarter ended ("current quarter")

| |
|-------------------------|
| 31 December 2010 |
|-------------------------|

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from provision of services | - | - |
| 1.2 Payments for (a) exploration and evaluation | (16,043) | (29,423) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (1,402) | (3,024) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 1,235 | 1,604 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other - Movement in Working Capital | - | - |
| Net Operating Cash Flows | (16,210) | (30,843) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects | - | - |
| (b) equity investments | (866) | (1,191) |
| (c) other fixed assets | - | - |
| 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) | (347) | (834) |
| Net investing cash flows | (1,213) | (2,025) |
| 1.13 Total operating and investing cash flows (carried forward) | (17,423) | (32,868) |

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|------|--|----------|----------|
| 1.13 | Total operating and investing cash flows (brought forward) | (17,423) | (32,868) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 105,168 | 106,213 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | (19) | (38) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Share issue expenses | (4,252) | (4,792) |
| 1.20 | Other | - | - |
| | Net financing cash flows | 100,897 | 101,383 |
| | Net increase in cash held | 83,474 | 68,515 |
| 1.21 | Cash at beginning of quarter/year to date | 40,875 | 55,834 |
| 1.22 | Exchange rate adjustments to item 1.21 | - | - |
| 1.23 | Cash at end of quarter/year | 124,349 | 124,349 |

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 | 713 |
| 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.

+ See chapter 19 for defined terms.

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 | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|---------------|
| 4.1 Exploration and evaluation | 9,107 |
| 4.2 Development | 20,686 |
| 4.3 Production | - |
| 4.4 Administration | 1,516 |
| Total | 31,309 |

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 | 13,700 | 2,536 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Term Deposits | 110,649 | 38,339 |
| Total: cash at end of quarter (item 1.23) | 124,349 | 40,875 |

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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 | | <u>NT Exploration License</u> | | |
| | SEL26831 | Reduction in area (blocks) | 100% | 100% |
| | SEL26833 | Reduction in area (blocks) | 100% | 100% |
| | SEL26835 | Reduction in area (blocks) | 100% | 100% |
| | SEL26836 | Reduction in area (blocks) | 100% | 100% |
| | SEL26837 | Reduction in area (blocks) | 100% | 100% |
| | SEL26938 | Reduction in area (blocks) | 100% | 100% |
| 6.2 Interests in mining tenements acquired or increased | SEL26939 | Reduction in area (blocks) | 100% | 100% |
| | | <u>NT Exploration License</u> | | |
| | EL28508 | Application | - | 100% |
| | EL28534 | Application | - | 100% |
| | EL28540 | Application | - | 100% |
| | EL28541 | Application | - | 100% |
| | | <u>WA Miscellaneous Licence</u> | | |
| | L52/125 | Application | - | 100% |
| | L52/126 | Application | - | 100% |
| | L52/127 | Application | - | 100% |
| | | <u>WA Mining Lease</u> | | |
| | M52/1046 | Granted | 100% | 100% |
| | | <u>WA Miscellaneous Licence</u> | | |
| L52/122 | Granted | 100% | 100% | |
| L52/120 | Granted | 100% | 100% | |

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 Preference securities <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |

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|------|---|-------------|-------------|---------------------------|--------------------|
| 7.3 | *Ordinary securities | 148,167,539 | 148,167,539 | | Fully paid |
| 7.4 | Changes during quarter | | | | |
| | (a) Increases through issues | 4,827,027 | 4,827,027 | \$7.00 | Fully paid |
| | | 10,525,752 | 10,525,752 | \$6.60 | Fully paid |
| | | 50,000 | 50,000 | \$0.40 | Fully paid |
| | | 210,000 | 210,000 | \$1.40 | Fully paid |
| | | 380,000 | 380,000 | \$0.60 | Fully paid |
| | | 360,000 | 360,000 | \$0.80 | Fully paid |
| | | 100,000 | 100,000 | \$1.00 | Fully paid |
| | | 60,000 | 60,000 | \$4.66 | Fully paid |
| | | 60,000 | 60,000 | \$5.44 | Fully paid |
| | | 60,000 | 60,000 | \$6.22 | Fully paid |
| | (b) Decreases through contributing shares paid up in full | | | | |
| 7.5 | *Convertible debt securities | | | | |
| | <i>(description)</i> | | | | |
| 7.6 | Changes during quarter | | | | |
| | (a) Increases through issues | | | | |
| | (b) Decreases through securities matured, converted | | | | |
| 7.7 | Options <i>(description and conversion factor)</i> | | | Exercise price | Expiry date |
| | | 141,430 | | \$0.35 | 7 Feb 2011 |
| | | 425,000 | | \$0.40 | 8 Aug 2011 |
| | | 1,600,000 | | \$0.50 | 30 Sep 2011 |
| | | 597,000 | | \$1.40 | 6 Jul 2012 |
| | | 200,000 | | \$3.00 | 30 Sep 2012 |
| | | 1,010,000 | | \$0.60 | 12 Jul 2013 |
| | | 1,340,000 | | \$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 |
| | | 1,000,000 | | \$3.80; \$4.40 and \$5.00 | 15 Jun 2015 |
| 7.8 | Issued during quarter | | | | |
| 7.9 | Exercised during quarter | | | | |
| | | 50,000 | | \$0.40 | 8 Aug 2011 |
| | | 210,000 | | \$1.40 | 6 Jul 2012 |
| | | 380,000 | | \$0.60 | 12 Jul 2013 |
| | | 360,000 | | \$0.80 | 12 Jul 2013 |
| | | 100,000 | | \$1.00 | 12 Jul 2013 |
| | | 60,000 | | \$4.66 | 27 Nov 2014 |
| | | 60,000 | | \$5.44 | 27 Nov 2014 |
| | | 60,000 | | \$6.22 | 27 Nov 2014 |
| 7.10 | Expired during quarter | | | | |
| 7.11 | Debentures | | | | |
| | <i>(totals only)</i> | | | | |
| 7.12 | Unsecured notes | | | | |
| | <i>(totals only)</i> | | | | |

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