



DEGRUSSA PROJECT PICTORIAL UPDATE

Sandfire Resources NL is pleased to provide a pictorial update on the ongoing progress of construction and infrastructure development at DeGrussa.

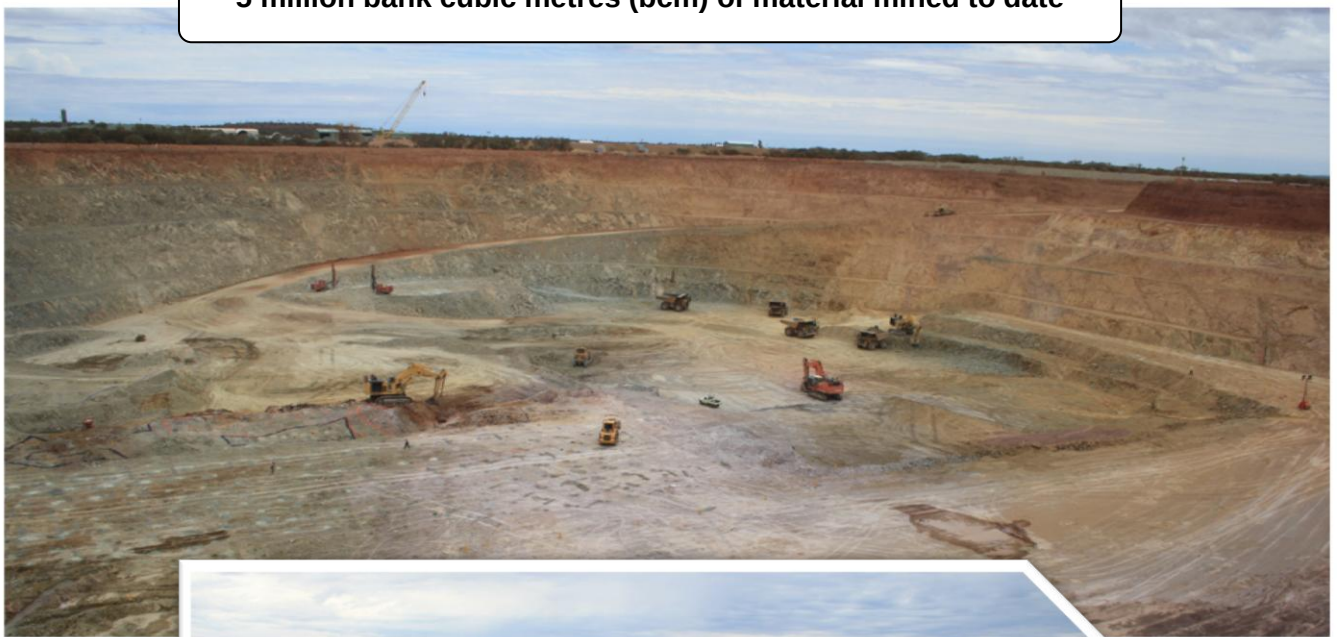
- Construction of DeGrussa mine and infrastructure progressing well, with the overall project now +60% complete.
- Underground mine development is progressing on schedule with the “Evans Decline” currently advanced 1,000 metres from the portal, with approximately 300 metres of decline development remaining before the first ore is accessed.
- Open pit mining is progressing on schedule with a total 5 million bank cubic metres (bcm) of material mined to date from the Stage 1 open pit, which is over 60 per cent complete. The open pit is currently at a depth of 45 metres below surface with oxide copper mineralisation now exposed and the floor is approximately 10 metres above Direct Shipping Ore (DSO).
- The Company remains on track to mine the first of the high-grade DSO from the open pit in March 2012.
- Installation of major infrastructure is progressing well with construction of the workshop and warehouse facilities well advanced and the power station expected to be commissioned in February.
- Construction of the 1.5Mtpa DeGrussa concentrator significantly progressed with construction of major concrete foundations for the SAG Mill, Ball Mill and crushed ore bin completed and first steel fabrication underway.
- The DeGrussa Aerodrome is well advanced, with earthworks completed and the aerodrome on schedule to be operational in February.

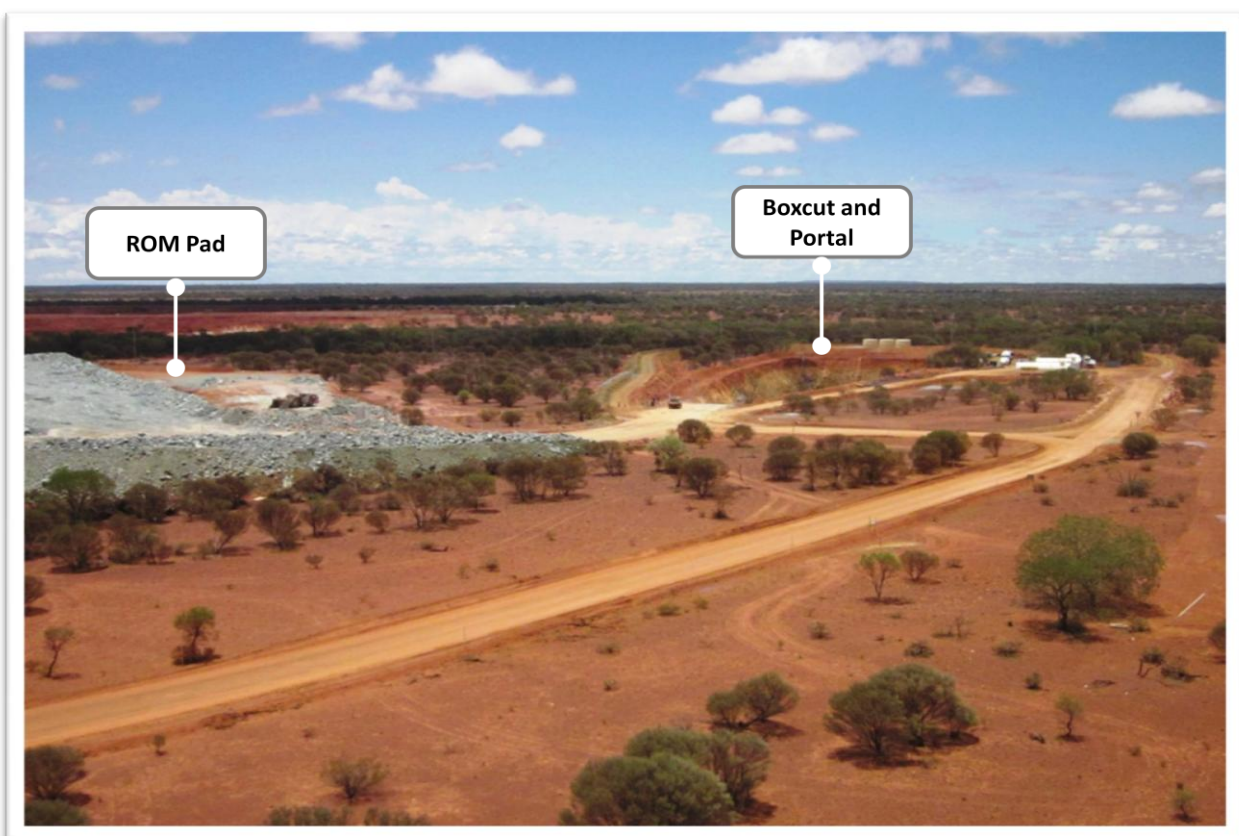
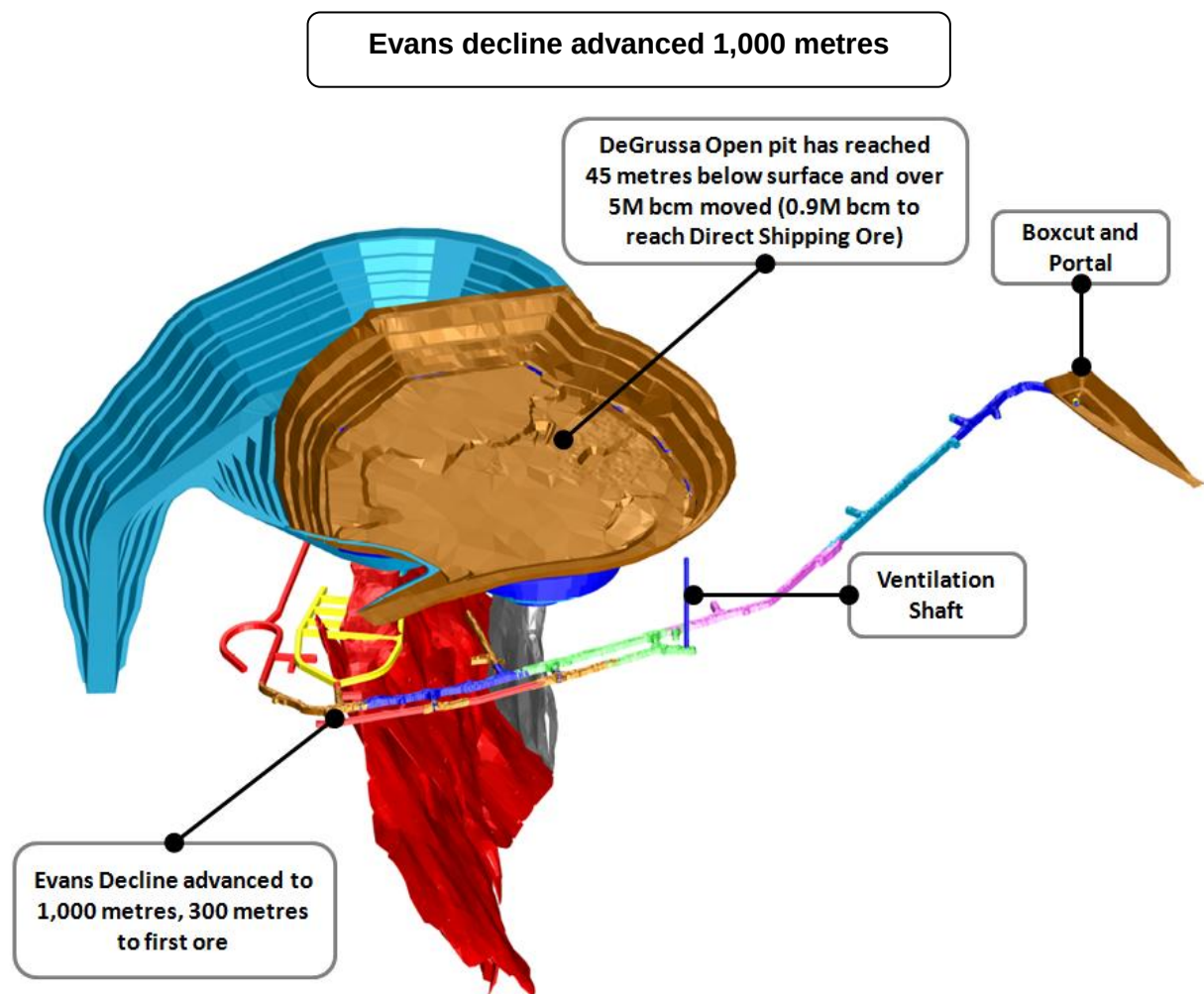


**Open pit 45m below surface
(approximately 10m above Direct Shipping Ore)**



5 million bank cubic metres (bcm) of material mined to date





Process plant equipment on site



SAG Mill Shell



Thickener

Jaw Crusher



Mill motors being prepared for transport



Sag Mill head enroute to Fremantle



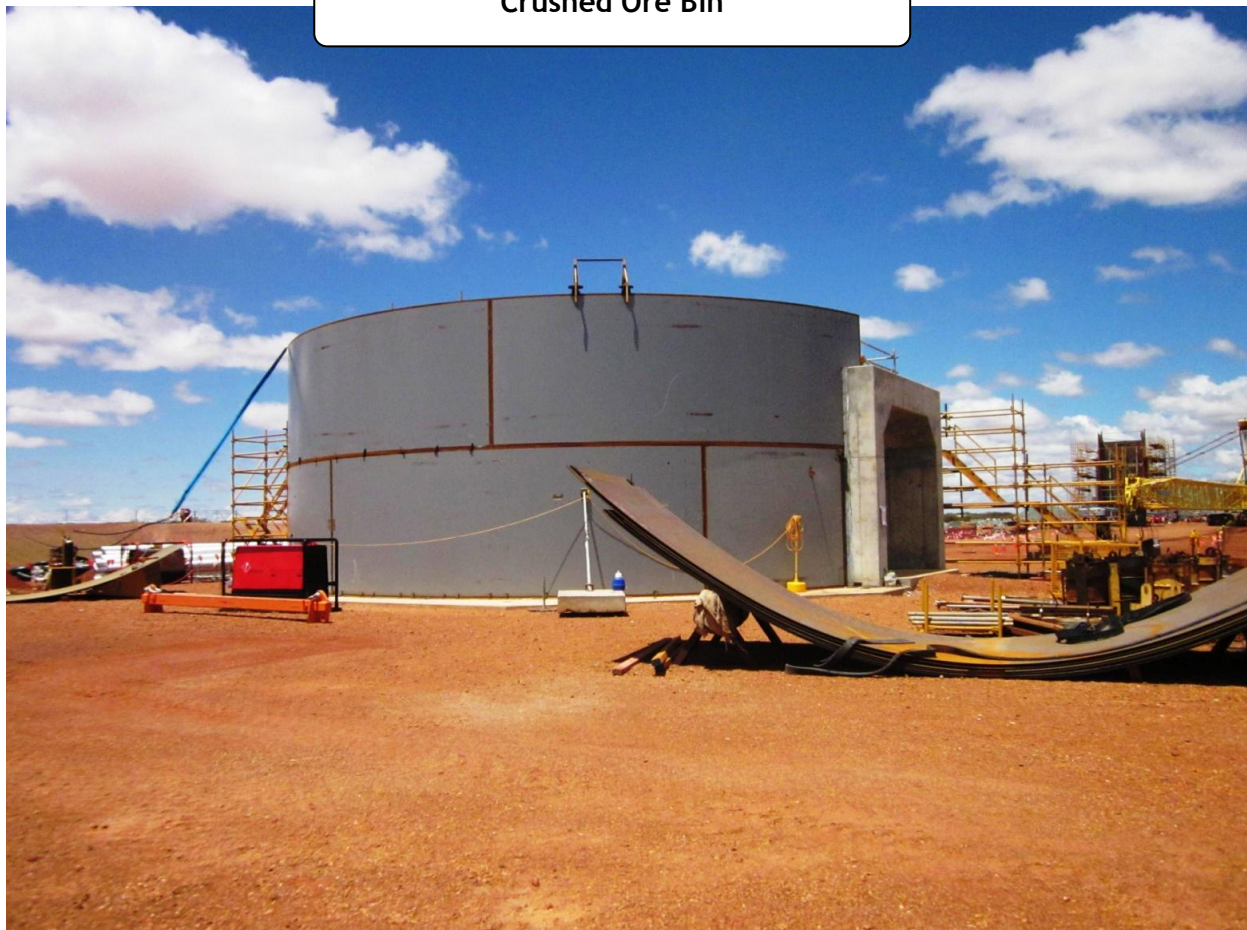
Filter parts being loaded onto the vessel Estraden for shipping from Bremerhaven to Fremantle



Crusher Vault construction



Crushed Ore Bin



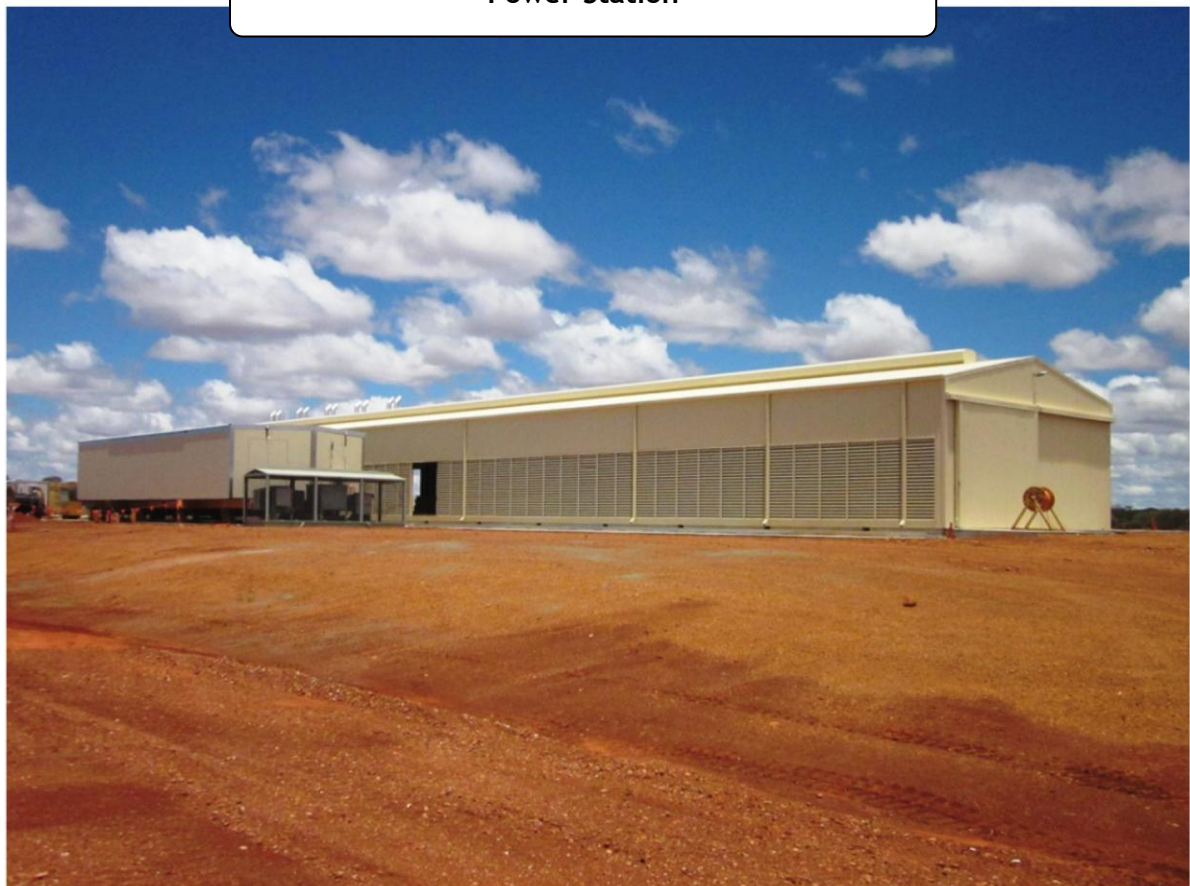


Generators delivered to site



Power House ready for the installation of Gensets

Power Station



**On site Laboratory office and shed
- operational in February 2012**



Emergency Response and Training Building



Heavy vehicle workshop - completion in February 2012

ENDS

For further information contact:

Sandfire Resources NL

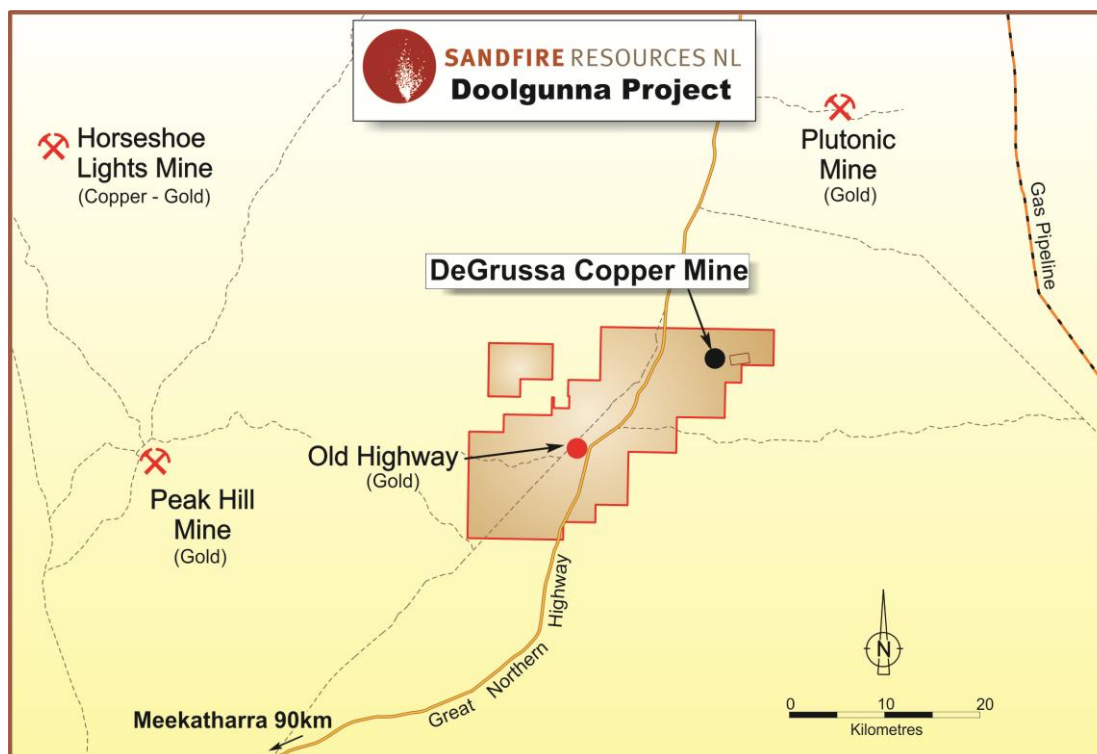
Karl Simich – Managing Director/CEO

Office: +61 8 6430 3800

Read Corporate

Mobile: +61 419 929 046 (Nicholas Read)

Mobile: +61 421 619 084 (Paul Armstrong)

**Figure 1 – DeGrussa Copper-Gold Project location****Forward-Looking Statements**

Certain statements made during or in connection with this statement contain or comprise certain forward-looking statements regarding Sandfire's Mineral Resources and Reserves, exploration operations, project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Sandfire believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statements and no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Except for statutory liability which cannot be excluded, each of Sandfire, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this statement and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this statement or any error or omission. Sandfire undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly you should not place undue reliance on any forward looking statement.