

SUMMARY

Sandfire Resources completed during the October to November 2004 period a limited drilling program on EL 10121 and MLN 624 at Borroloola to test six of the targets generated by the previous gravity and IP surveys. The present report summarizes the drilling data, including the petrographic and mineragraphic work undertaken on the mineralised sections.

An authority certificate for exploration works within EL 10121 and MLN 624 on PPL 1069 (Billengarah) was issued by the Aboriginal Areas Protection Authority on September 30, 2004.

Seven holes totalling 1,664.5m, being 834.6m of RC and 829.9m of diamond drilling, were undertaken. Of this, 405.5m, being 132.0m of RC and 273.5m of diamond drilling, were completed in BRCD1 on MLN 624. The drilling contractor encountered drilling difficulties resulting in a less than satisfactory outcome. Two of the holes were abandoned and a number of the holes were terminated prematurely.

BRCD1, which was drilled to test an IP anomaly south of the Coppermine Creek Fault, intersected copper sulphide mineralisation in two zones. This appears to be shear-hosted, being located at the contact between the Amelia Dolomite and Mallapunyah Formation. Significant intersections returned were: 190.2 – 191.2, 1.0m @ 4.95% Cu, and 252.5 – 255.0, 2.5m @ 5.93% Cu.

Two holes, BRCD2 and BRCD3, were drilled within the gravity low on EL 10121 adjacent to the Four Archers Fault. BRCD3 intersected Tawallah Group and McArthur Group sediments through a faulted contact, but with only minor sulphide mineralisation.

BRDC4 (three attempts) and BRCD7 were drilled to test a shallow IP anomaly near the intersection of the Four Archers and Coppermine Creek Faults, but were abandoned before the core of the anomaly was tested.

BRCD5 and BRCD6 were designed to test IP anomalies; both intersected McArthur Group sediments with minor pyrite in the lower Amelia Dolomite in both holes, but no anomalous base metals values.

During the drilling period, two inspectors from the Department of Mines and Energy, Darwin visited the site and were pleased with the rehabilitation work undertaken by Sandfire Resources, which included the capping of previous exploration drill holes.

Both the original gravity and IP surveys were re-modeled on selected lines. The gravity low was re-modelled along the line 8233500N; this indicated a shallow rootless body with a depth extent of approximately 300m. The 555800E line of IP was re-modeled and re-interpreted by taking into consideration the geology and mineralisation intersected in the drilling. BRCD5 appears to have sufficiently targeted the targeted anomaly, while BRCD7 was terminated before testing the central region of the targeted anomaly due to the unavailability of bits to continue drilling.

Exploration proposed for 2006 is detailed geological mapping, and an infill IP survey. Estimated expenditure is \$50,000 on EL 10121 and \$10,000 on MLN 624.