



ASX RELEASE

15 September 2008

SANDFIRE COMMENCES DRILLING ON THE BORROLOOLA PROJECT, NORTHERN TERRITORY

Sandfire Resources NL (ASX: **SFR**) (**Sandfire** or the **Company**) is pleased to announce that drilling operations have commenced on its Borroloola Project in the Northern Territory.

MANGANESE PROJECT

Aircore drilling of the manganese targets is underway. Drilling at the Rosie Creek South Prospect has confirmed the widespread existence of manganese mineralisation at the base of the shallow Cretaceous sequence and also at the southerly extensions in the southwest reconnaissance target. Encouraging intercepts of up to 5 metres of mineralisation have been intersected in the widely spaced traverse lines. No assay results are available. The drilling campaign is continuing.

ZINC AND LEAD PROJECT

A large diamond coring drilling rig has commenced testing a variety of targets for zinc and lead mineralisation. Initial drilling has commenced at the Yalco Prospect with three targets scheduled for drilling. Thereafter, the drilling rig will move some 35 kilometres along the Emu Fault Corridor to the Warramana Project. At Warramana, drilling will test a number of large gravity anomalies close to the Emu Fault for basemetal.

The first mineralisation target at Yalco was the deepening of hole BD16, drilled to completion in 2007. Subsequent re-interpretation suggested a deeper target zone, which has been tested by the first hole of the 2008 campaign without intersecting basemetal mineralisation. The first of two holes planned at the second target was terminated short of the target depth following hole and stratigraphy deviation that resulted in the hole drilling down-dip. Drilling has commenced on the second of the two planned holes for this locality.

DIAMONDS PROJECT

Heritage clearance for the seven to eight targets, identified by regional reconnaissance, has been received and a small campaign of aircore drilling is planned before the onset of the 2008/2009 wet season.

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