



ASX RELEASE

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Sandfire Launches ~\$50 Million Placement Plus SPP

Proceeds to Underpin Feasibility Study on DeGrussa Copper-Gold Project and Aggressive Exploration Program

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Sandfire Resources NL ("Sandfire") (ASX: SFR) today announced an equity raising comprising a fully underwritten share placement to raise approximately \$50 million ("Placement") and a non-underwritten share purchase plan ("SPP") capped at \$15 million.

Sandfire will use the proceeds of the capital raising to:

- Complete a Feasibility Study, approvals and other pre-development activities for a copper-gold mine at the DeGrussa Project, part of its 100%-owned Doolgunna Project in Western Australia;
- Continue an aggressive exploration at Doolgunna and other regional exploration targets within this emerging copper-gold mineralised province; and
- Progress exploration across its high quality portfolio of base metal and gold projects in the Northern Territory and Western Australia.

Sandfire's Managing Director, Karl Simich said the funds would enable the Company to build on the strong foundations already established at Doolgunna through the recent delineation of an exciting new high-grade copper-gold resource at DeGrussa.

"Following spectacular drilling results throughout 2009, Sandfire's maiden JORC resource, released this week, of over 7.13 million tonnes at 5.2% copper and 1.9g/t gold has confirmed DeGrussa as one of the most significant global copper discoveries of 2009,"¹ Mr Simich said.

"DeGrussa is one of the highest-grade copper deposits in the Asia-Pacific region and one of the most significant new mineral discoveries in Western Australia in over a decade," he said.

"Its discovery has also been the catalyst for a major regional exploration effort planned for this year within Western Australia's Bryah Basin, which we believe has the potential to host other similar VMS deposits."

"Work is already underway to move the DeGrussa Project towards production, with Scoping Study activities well advanced and preparations underway to commence a Feasibility Study by mid calendar 2010."

¹ Refer to the company's announcement dated 22 February 2010.

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“In addition, we are conducting an aggressive drilling program at several key regional targets within our 400 square kilometre tenement holding at Doolgunna, targeting high priority VTEM conductors identified by regional airborne surveys. This work will test the potential for Doolgunna to emerge as a new VMS Camp with multiple deposits.”

Placement and SPP

The Placement will comprise a ~\$41 million placement to institutional and sophisticated investors (“Institutional Placement”) and a ~\$9 million conditional placement to Sandfire’s major shareholder Posco Australia (“Posco Placement”).

The Institutional Placement price will be set by way of an institutional bookbuild. The new shares issued pursuant to the Institutional Placement are expected to be allotted and issued on 5 March 2010 and will rank equally with existing Sandfire ordinary shares.

The Posco Placement will be conditional upon:

- FIRB approval; and
- Confirmation by ASX that it will not exercise its discretion under Listing Rule 10.11.2 (or, if this confirmation is not forthcoming, shareholder approval).

A waiver is also being sought from ASX for Listing Rule 6.18 in relation to the Posco Australia Share Subscription Agreement, however if this waiver is not granted the Sandfire board intends to exercise its discretion to conduct the Posco Placement pursuant to its Listing Rule 7.1 capacity.

The Posco Placement price will be equal to the final placement price for the Institutional Placement.

Trading in Sandfire shares will be halted while the Placement is undertaken. Trading is expected to recommence on Friday, 26 February 2010 following the announcement of the outcome of the Placement.

Following the Placement, Sandfire intends to offer eligible shareholders the opportunity to participate in a non-underwritten SPP. The SPP will provide eligible shareholders the opportunity, without incurring brokerage or other transaction costs, to subscribe for up to \$15,000 of new Sandfire ordinary shares. Proceeds from the SPP will be capped at \$15 million and Sandfire will scale back applications if they exceed \$15 million in aggregate.

In addition to the Placement to raise approximately \$50 million, Sandfire also intends to make a ~\$2.5 million non-underwritten conditional placement to allow interests associated with Non-Executive Director and 5% shareholder, John Hutton, to maintain their percentage shareholding in Sandfire. This conditional placement will be subject to shareholder approval at a general meeting to be scheduled following settlement of the Institutional Placement.

For further information, please contact:

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