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**QUARTERLY ACTIVITIES REPORT  
FOR THREE MONTHS  
TO 30 JUNE 2006**

**HIGHLIGHTS**

**Cameroon**

- Settlement of the Cam Iron (SA) acquisition was finalised. Sundance paid \$400,000 in cash, issued 295,000,000 ordinary shares and 80,000,000 options exercisable at 3 cents each expiring on 30 June 2008 pursuant to the acquisition.
- ProMet Engineers completed a scoping study on the Mbalam Iron Ore Project to now lead to the commissioning of a pre feasibility study to examine developing a project with potential production of up to 35 million tonne per annum.

**Bolivia & Chile**

- Acquisition of the outstanding interest in the Chacarilla Copper Project in Bolivia entitling Sundance to 100% ownership of the project without any contractual encumbrances or royalties beyond the normal regulatory and governmental requirements.
- Appointment of a consultant to provide Sundance with local representation in Bolivia and Chile, with project evaluation & management capabilities to evaluate and advise the Company on the Chacarilla Project located in Bolivia and the Mantos Grandes Project located in Chile.

**Corporate**

- Completion of a share placement to sophisticated investors approved by shareholders which raised a total of \$3.6 million.

## **Cameroon - Mbalam Iron Ore Project**

During the quarter, Sundance completed the acquisition of Cam Iron SA ("Cam"), a company incorporated in the Republic of Cameroon in central west Africa. Cam is the owner of a 95% interest in Exploration Permit No. 92 which covers an area of 875 square kilometres over the Mbalam Iron Ore Province ("Mbalam") in Cameroon. Significant iron ore mineralisation is known to exist within the Exploration Permit where previous work by the United Nations Development Fund ("UNDF") has identified iron ore occurrences which although poorly explored hold considerable potential to host further iron mineralisation.

Mbalam is located about 300 km east-southeast of the capital city of Yaounde in the southern part of the country. The deposits are typical supergene hematite enrichments from an Archaean banded iron formation protore which has been recrystallised to ferruginous quartzite or itabirite. In this way, they occur in a similar geological setting to large iron ore deposits mined in the past in Liberia and currently being evaluated in Guinea and in the neighbouring country of Gabon.

The main deposit at Mbarga, is partly covered hematite mineralisation extending over 2,000 metres along strike at width of up to 600 metres.

Exploration conducted by the UNDF and the Canadian International Development Agency between 1976 to 1984, and evaluated by reputable organisations including the Bureau de Recherche Geologique et Minières BRGM (France) and Paterson Grant Watson Ltd, Consulting Geophysicists (Canada), estimated the project to contain an initial Inferred Resource of +800 million tonnes of iron mineralisation which includes 587 million tonnes at 29.5% Fe plus 218 million tonnes above 60% Fe.

Within the project area there is 36.5 km of prospective banded iron formation that warrants extensive exploration.

A second hematite occurrence at Metzimevin was poorly explored with just six diamond drill holes with intersections of 63.9 metres at 65.7% Fe in S1 and 36.9 metres at 64.6% Fe in S2 at an hematite outcrop that is some 600metres long.

During the quarter, Mr John Corr, a Director of Sundance and several consultants visited Cameroon to assess options to progress development of the project and also to meet with high ranking officials. Following this visit Sundance subsequently announced the results of a scoping study completed by Promet Engineers.

The scoping study has now led to the implementation and commissioning of a pre-feasibility study to be completed over the next 9 to 12 months.

The scoping study indicated that Mbalam has the potential to be developed into a low cost producer where extraction costs will be assisted by modest stripping ratios.

The major capital costs will be the construction of a rail line and new port facilities given a full scale development, but other development scenarios will also be evaluated during the pre feasibility study.

It is anticipated that development funds from agencies such as the World Bank, IMF and African Development Bank may be available for such an important project for the economy of Cameroon.

During the quarter Sundance also commissioned an airborne magnetic survey to identify the extent of hematite mineralisation in the area over 50km of unexplored iron formation within and around the Exploration Permit No 92 to identify potential exploration targets. The Company anticipates that the results of the airborne survey will be available shortly.

Sundance intends to undertake a recommended drilling program designed to elevate the status of the hematite iron from Inferred to both Indicated and Measured Resources.

It is anticipated this definition drilling will take from 15 to 18 months. This time frame includes building new roads and access tracks and suitable infrastructure such as accommodation and office requirements in Cameroon.

### **Bolivia – Chacarilla Copper Project**

During the quarter, Sundance acquired the remaining 50% of the Chacarilla Copper Project in Bolivia that it did not already own for consideration of US\$1,025,460 in cash. Sundance now owns 100% of the project without any contractual encumbrances or royalties beyond the normal regulatory and governmental requirements. The acquisition will allow Sundance to finalise an exploration and development plan.

Sundance has been involved in exploration in Bolivia since 1997, but has kept the project on care and maintenance since 1999 when copper prices were depressed. Sentiment and commodity prices have since dramatically improved and Sundance has been negotiating to consolidate the project which covers a large prospective area which hosted profitable mining operations more than 30 years ago.

Sundance agreed to the appointment of a consultant to provide local representation in Bolivia and Chile. The consultant has project evaluation & management capabilities which will be utilised to evaluate and advise the Company on the Chacarilla Copper Project located and the Mantos Grandes Project located in Chile.

### **Chile – Mantos Grandes Project**

The Mantos Grandes Project is an exceptional opportunity in the highly rated Chilean mining industry. Copper prices continue to remain at historically high levels with global stockpiles dwindling.

Sundance will continue to evaluate options with regard to determining the most appropriate way to move this project forward.

There were no other significant activities undertaken during the quarter on the Mantos Grandes Project.

### **Corporate**

During the quarter, Sundance raised \$3,600,000 by placement for the issue of 120,000,000 shares at 3 cents each.

## **Expenditure**

The Proforma Statement of Consolidated Cash Flows is in a separate report.

Alec Pismiris  
Director

*The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard (BAppSc(Geol), who is a Member of The Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. Mr Maynard is a principal of Al Maynard & Associates Consulting Geologists.*

*Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 1999 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Maynard consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.*