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**QUARTERLY REPORT  
FOR THE 3 MONTHS TO  
31 MARCH 2006**

**ACTIVITIES**

**Cameroon**

- Completed agreement to acquire a 100% interest in Cam Iron SA ("Cam"), a company incorporated in the Republic of Cameroon in central west Africa. Cam is the beneficial owner of Exploration Permit No 92 which covers an area of 875 square kilometres over the Mbalam Iron Ore Province ("Mbalam") in Cameroon.

**Bolivia & Chile**

- Finalised the purchase of the royalty over the Chacarilla Copper Project in Bolivia for one million shares and two million options.
- Negotiations for the acquisition of 100% of the Chacarilla copper project in Bolivia. (Settled in late April).
- Continued review and compilation of data on the Mantos Grandes project.

**Australia**

- Completed sale of investment in Focus Minerals Ltd for 5.3 cents per share.

## SPECIFIC OBJECTIVES FOR NEXT QUARTER ARE:

### Cameroon

- Shareholder meeting called to approve the various transactions associated with the acquisition of Cam-Iron SA.
- Finalise all aspects of the acquisition of Cam-Iron SA.

### Bolivia & Chile

- Complete commercial negotiations for the ownership and consolidation of Sundance's other Latin American assets.
- Commission a new independent report on how best, in as short a time frame as possible, to maximise the Mantos Grandes potential.
- Receive Competent Persons Report ("CPR") from United Kingdom consultants.
- Present CPR to offshore and Australian parties who have expressed an interest in participating with Sundance in the Latin American projects.
- Appraise proposed exploration activities at Mantos Grandes in Chile.

### Australia

- Finalise transfer of one remaining Coolgardie tenement to Focus Minerals Ltd and recoupment of attaching bond.

### Cameroon

Sundance has concluded an agreement to acquire a 100% interest in Cam Iron SA ("Cam"), a company incorporated in the Republic of Cameroon in central west Africa. Cam is the beneficial owner of 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 exists within the Exploration Permit where previous work by the United Nations Development Fund ("UNDF") has identified iron ore occurrences which are poorly explored with considerable potential.

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 haematite enrichments from an Archean 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 is the Mbarga iron ore deposit which was identified by the UNDF in 1982 from a strong magnetic anomaly. The work undertaken by the UNDF indicated partially laterite and scree covered haematite mineralisation extending over 2,000m along strike at widths of up to 600m but more commonly at 400m. The UNDF work was based upon the known outcrops of haematite mineralisation and did not include

.../3

scree and laterite covered extensions which suggests a large mineralisation potential. The mapping also reveals another possible fold repetition of mineralisation one kilometre to the west.

The other main haematite occurrence evaluated by the UNDF at Metzimevin is poorly explored with just 6 diamond drill holes. Two haematite outcrops, both about 600m long are known and intercepts of 63.9m @ 65.7% Fe in S1 and 36.9m @ 64.6% Fe in S2 are recorded from poorly sited drill holes. Systematic angled drilling is required to determine the continuity of mineralisation at this deposit.

It is intended that once the acquisition of Cam is completed, Sundance will commence an initial drilling programme to evaluate the existing resources at Mbalam and to expand the regional exploration along about 50 km of unexplored iron formation with indications of haematite mineralisation.

An initial review of historical data indicates that Mbalam can be likely developed into a low cost producer of quality, low phosphorous, marketable grade iron ore. Mining costs, assisted by modest stripping ratios, should be low. The major capital costs associated with developing Mbalam will be the construction of a rail line and new port facilities. 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.

## Transactions

Sundance will acquire its interest in Cam for a consideration comprising of a cash payment of A\$250,000 (representing reimbursement of expenditure to date) and the issue of 140 million fully paid shares at an issue price of 2.5 cents per share. It will also grant to local shareholders in Cam a 5% free carried interest in Exploration Permit No 92 to the completion of a bankable feasibility study.

Other transaction costs include the payment of A\$150,000 and the issue of 80 million fully paid shares at an issue price of 2.5 cents per share, upon Sundance achieving a market capitalisation of A\$25 million within two years of settlement.

Pursuant to an engagement mandate entered into between Sundance and Mainglade Holdings Pty Ltd ("Mainglade") (a non-related entity) Mainglade is to be issued with 155 million Sundance shares for its corporate services, including engagement fee, facilitation and transaction fee in respect of organising and managing the Cam acquisition together with a total of 100 million options. 20 million of the options will be granted to Capital Investment Partners Pty Ltd ("CIP"), a company associated with Messrs John Corr and Steve Dobson, subject to required approvals. The 100 million options are exercisable at 3 cents on or before 30 June 2008. Messrs Corr and Dobson, or their nominees, will also be granted 10 million options each, exercisable at 3 cents each on or before 30 June 2008.

All the above payments and issue of shares and options are subject to shareholder and relevant statutory approvals.

.../4

## **Mantos Grandes Project- Chile**

Sundance sees the Mantos Grandes project as 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.

## **Bolivia**

### **Chacarilla Project – Bolivia**

Negotiations on the Chacarilla project continued during the period with the express intention of acquiring the remaining 50% of the project that Sundance does not already own.

Sundance Resources Ltd is pleased to announce that it has purchased the royalty over the Chacarilla Copper Project in Bolivia. Sundance currently owns 50% of Chacarilla and is pursuing 100% ownership. The royalty is a 3% gross royalty over the project and has been purchased for a total consideration of one million fully paid ordinary shares in Sundance Resources Ltd and two million options to acquire shares in Sundance Resources Ltd, exercisable at 2 cents and expiring on 29 November 2006. The Sundance Board acquired the royalty in order to consolidate its holding on the project.

## **Australia**

### **Focus Minerals Investment**

Sundance sold its 20.1 million fully paid shares in Focus Minerals Ltd for 5.3 cents per share.

### **Coolgardie Rehabilitation Program**

This program is now complete and the transfer of the tenements to Focus Minerals and recoupment of the bond are underway.

## **EXPENDITURE**

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

John Corr  
Director