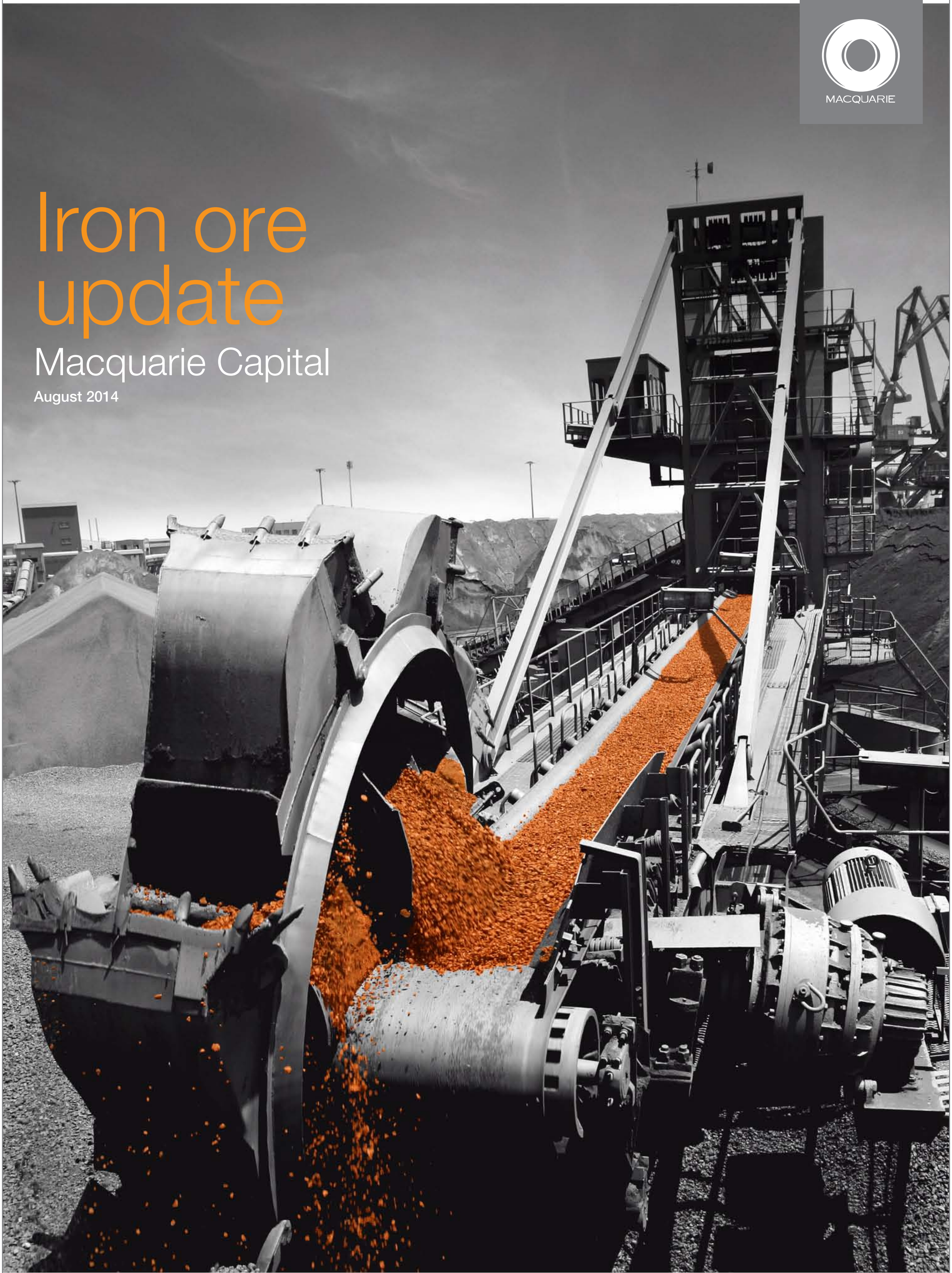
Iron ore update

Macquarie Capital

August 2014



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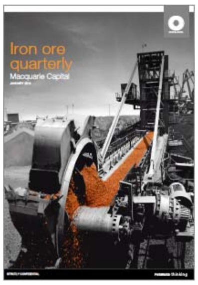

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3. Central and West African iron ore region

Is Africa the next significant supply source?

Potential to add significant supply to the seaborne iron ore market

There are many potential iron ore projects in Central and Western Africa – key challenges remain

— There are a significant number of development stage iron ore projects in Central and West Africa however challenges surrounding funding and access to infrastructure have prevented many projects from being developed
— The region has an estimated 690mtpa of production potential – equivalent to ~60% of the current seaborne market
— Given the large infrastructure requirements of many African iron ore projects, a number of junior companies have sought to form strategic partnerships with the major miners
— Some projects may never be developed and investors will decide which ones are developed based on product quality, infrastructure requirements, capital intensity, position on the cost curve, political and other strategic factors
— This region is expected to become increasingly relevant as high cost Chinese ore is displaced by lower cost mines outside of China
— Participation from Chinese companies looking to diversify their supply of iron ore is also expected to be an important factor in the development of large scale greenfields iron ore projects in West and Central-West Africa

Potential for four significant iron ore hubs

1 Mauritania

— Number of potential projects: ~9
— Key projects (owner): Zouérate (Société Nationale Industrielle de Minière), Guelb el Rhein (SNIM), El Agareb (SNIM)
— Potential regional production: up to 78mtpa
— Resources: +8 billion tonnes, predominantly magnetite

2 Guinea

— Number of potential projects: ~7
— Key projects (owner): Simandou South (Rio Tinto, Chinalco), Simandou North (under tender), Nimba (ArcelorMittal, Newmont, Areva)
— Potential regional production: up to 265mtpa
— Resources: +7 billion tonnes, predominantly DSO

3 Sierra Leone / Liberia

— Number of potential projects: ~8
— Key projects: Western Ranges (ArcelorMittal, Liberian govt.), Tonkolili (African Minerals, Shandong Iron & Steel), Marampa (London Mining)
— Potential regional production: up to 327mtpa
— Resources: +23 billion tonnes, predominantly magnetite

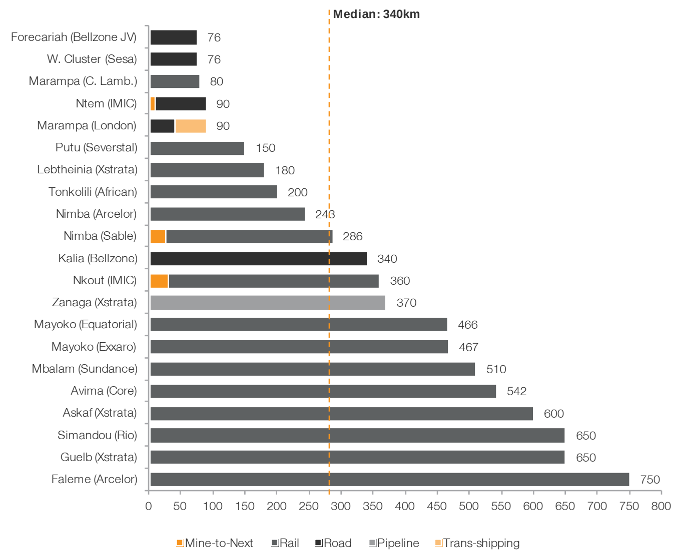
4 Cameroon/Congo/Gabon

— Number of potential projects: ~11
— Key projects: Mbalam-Nabeba (Sundance Resources), Nkout (IMIC), Avima (Core Mining), Belinga (China Machinery Engineering, Gabon Govt., Panzhihua Iron & Steel)
— Potential regional production: up to 180mtpa
— Resources: +15 billion tonnes, mix of DSO, magnetite and Itabirite

Source: Macquarie Research, company reports

Potential West/Central iron ore hubs

Project distance from port (km)



3. Industry and market insights

Giulio Casello, Managing Director, Sundance Resources

Q Giulio you are the CEO of Sundance Resources, can you please provide us with some background on the company and its key project?

A Sundance Resources is an ASX listed iron ore company with a market capitalisation of ~A$270 million and is focussed on developing the Mbalam-Nabeba iron ore project in Central Africa. Mbalam-Nabeba straddles the border of the Republic of Cameroon and the Republic of Congo and will see the development of mines on either side of the border. Project development will include the construction of a 510km rail line and a 70km spur line joining the two deposits and a new private mineral terminal facility (port) at Lolabe on the west coast of Cameroon.

Stage one of Mbalam-Nabeba is set to deliver 35mtpa of DSO-quality sinter fines product averaging 62.6% for at least 10 years from an Australian JORC Reserve of 436Mt with low impurities. Average operating costs for Stage one are expected to be US$21.20/t (FOB) and sit at the lower end of the overall industry cost curve. Stage two of development is targeting mining continue at the rate of 35mtpa beyond the initial DSO resource with mining of the substantial Itabirite resource which currently stands at over 4 billion tonnes.

Q Many people associate greenfields iron ore projects in Africa with complex political and regulatory regimes. What has been your experience so far of doing business in Central Africa?

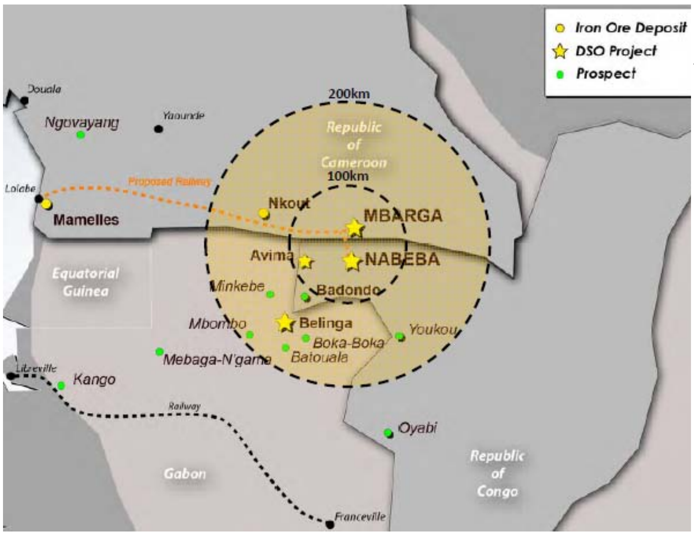
A We have worked very well with both the Cameroon and Congo Governments for several years now as they see the Mbalam-Nabeba Project as extremely important for the developing economies of their respective countries. The project will create valuable job and training opportunities, as well as significant government and export revenues, for the people of both countries. Throughout the project development process, both Governments have remained very supportive and are eager to see the development of the project as quickly as possible. Just recently our Chairman was invited to attend alongside the Presidents of both countries a congress in USA hosted by President Obama to promote the future benefits the project will bring and the successful working experience we have in these countries. We now have conventions approved in both countries and they recognise the need for both countries to work together to successfully implement this project.

Q Sundance has achieved several significant milestones in relation to the Mbalam-Nabeba project in the last 12 months. What are the key steps remaining for project development?

A Sundance continues to significantly de-risk the Mbalam-Nabeba project with a number of key milestones recently achieved. These include the signing of an offtake agreement with Noble, signed EPC contract with Mota-Engil Africa for the construction of the port and rail infrastructure, the mining conventions and port and rail concession agreements now secured with the Governments of the Congo and Cameroon and the commencement of preliminary site works including trial mining and bulk materials testing is underway.

In regard to next steps, we will award the contract for the Front End Engineering and Design (FEED) study in line with receiving indicative prices for the development of the mine plants and associated infrastructure. Additionally, we are well progressed with discussions surrounding project debt and equity funding. We have received interest from export credit agencies, development funds and commercial banks in relation to debt funding with Standard Bank, Africa's largest bank, being appointed in June as our Lead Arranger for project level funding. Likely sources of equity funding include partial mine equity sale, partial project-level port and/or rail equity sale, or potentially the complete sale of port and rail infrastructure as well as strategic investment from third parties. We are targeting financial close in mid 2015 which would allow Mota-Engil to commence construction in 2H 2015. Mota-Engil's contract stipulates 3.5 years for the construction to commissioning of the project which would mean production of the DSO would commence in early 2019.

Sundance's Mbalam-Nabeba Project Location Map



Source: Sundance, 2014

Q What are the key themes you see emerging in the iron ore sector over the next 12 months?

A The softer iron ore price environment in the first half of CY2014 appears to have stabilised. Sundance is more focussed on the medium term iron ore outlook which is more aligned with our project. Consensus forecasts show that demand will exceed supply from 2017 due to demand continuing to grow as committed supply flattens. Furthermore we would expect existing production grades to go down and by the time we come on stream with a product grade of 62.6% Fe we will be one of the lowest cost, high grade producers. Going forward, I expect the market to remain focussed on ore quality and margins. When it comes to greenfields projects, only the 'right' projects are likely to be built and this will be characterised by projects that are higher-grade, lower cost, capital efficient and in jurisdictions supportive of mining – Mbalama-Nabeba ticks all of these boxes.

Market insights – Feedback from Macquarie's London iron ore conference

1	**Iron ore price expectations**	— Conference attendees were polled for their iron ore price forecasts for 1 December 2014 — Consensus forecast was US$100/t (62% CFR China) with the vast majority of attendees expecting the iron ore price to rest between US$90 and US$110/t by year end
2	**Companies remain focussed on managing what they can control**	— The conference featured presentations from AcelorMittal, Alderon, BHP Billiton, Ferrexpo, Fortescue Metals Group, London Mining, Rio Tinto, Samarco, Sundance resources and Vale — Every mining company that presented, regardless of maturity or stage of development, emphasised that they remained focussed on the business drivers that they can control, namely: production, cost and product quality — In an uncertain pricing environment, companies are eager to move down the cost curve while maintaining consistent product quality in a market where customers are becoming increasingly more selective
3	**Cautious optimism**	— Macquarie would describe the overall mood at the conference as cautiously optimistic — Pricing is expected to be range bound around current levels for the rest of the year — Whilst there remains scepticism around the viability of some undeveloped, Greenfield projects, there was a sense that existing operators have been excessively penalised in an unforgiving market

	Recent investor and equity market feedback	— Iron ore equities are being treated increasingly as a macro play — Macquarie's desk has seen greater offshore fund interest in ASX listed iron ore equities over the last few weeks — Preference for quality – some investors reluctant to play the most exposed producers that will suffer from ore discounting — Investors continue to look for producers to squeeze their operations for margin improvements