



QUARTERLY ACTIVITIES REPORT

For the period ended 30 September 2008

HIGHLIGHTS

Mbalam Iron Ore Project

- ▶ **World-scale Inferred Mineral Resources** totalling ~2 billion tonnes defined on EP92 comprising:
 - Inferred Resource of 1,750 million tonnes of itabirite hematite at 40% Fe at the Mbarga deposit; and
 - Inferred Resource of 223 million tonnes of DSO quality hematite at 62% Fe at the Mbarga and Mbarga South deposits.
- ▶ **Exploration Target of 2.0 to 2.5 billion tonnes of itabirite hematite** on EP92 may be achieved by the end of 2008, potentially from the Mbarga deposit alone.
- ▶ **Exploration Target of 280 to 320 million tonnes of DSO quality hematite** with two priority targets currently being drilled.
- ▶ **Potential to identify new itabirite and DSO targets** given extent of untested area within EP92 and EP143. The Company controls a total landholding of ~1,800 km² in Cameroon, of which only 10 km² has been drilled.
- ▶ Regional exploration footprint expanded through acquisition of an increased 85% interest in **two exploration permits in the Republic of Congo**, located immediately south of EP92 and EP143, giving an additional landholding of 1,960 km².
- ▶ Drilling productivity increased with **266 holes completed for 58,304m** to end September 2008. Aeromagnetic survey commissioned of selected areas of the two Congo exploration permits and EP143.
- ▶ Testwork has confirmed the beneficiation potential of the Mbarga itabirite with current results indicating a **66% Fe concentrate with approximately 40% weight recovery**.
- ▶ Testwork also indicates that a finer primary grind has the potential to produce dual products comprising a **Direct Reduction (DR) grade concentrate at 68% Fe** and a **Blast Furnace (BF) grade concentrate at 65% Fe**.
- ▶ Baseline ESIA data collection continuing at the mine, along the rail corridor and at the proposed port site. **Community consultation program commenced**.
- ▶ **EP92 extended** by the Cameroon Minister for Mines until 27 September 2010.
- ▶ **Negotiations continuing on the Framework Agreement** with the Government of the Republic of Cameroon to define the key fiscal and governmental terms for the Project.
- ▶ Information Memorandum issued to a number of **prospective strategic off-take and financing partners**.
- ▶ **Cash balance of A\$32.7 million** at end September 2008.

Mbalam Iron Ore Project

The Mbalam Iron Ore Project is based on Exploration Permit 92 ("EP92") and Exploration Permit 143 ("EP143"), located approximately 400 km southeast of the capital city of Yaounde in the Republic of Cameroon. EP92 and EP143 are owned by Camlron SA, a company incorporated in the Republic of Cameroon. Camlron SA is a 90%-owned subsidiary of Sundance Resources Ltd ("Sundance").

EP92 and EP143 are located within a larger iron ore province extending from Cameroon into neighbouring Gabon and the Republic of Congo (refer Figure 1). EP92 covers an area of 917.6 km². EP143 covers an area of 877km² and lies immediately east of the mineralised zone on EP92.

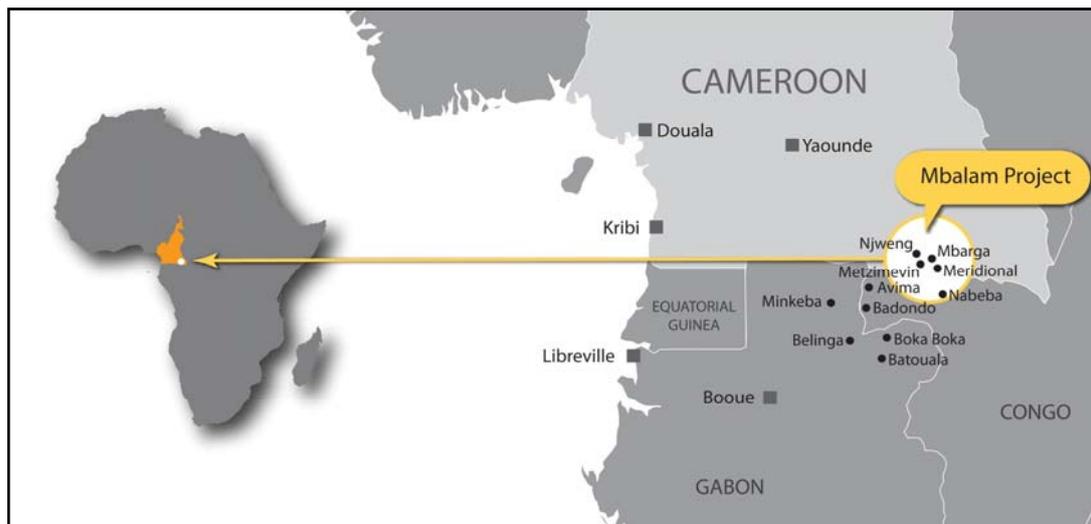


FIGURE 1 – LOCATION OF THE MBALAM IRON ORE PROJECT

On 10 October 2008, Sundance announced that it had acquired an 85% interest in Congo Iron SA, a company incorporated in the Republic of Congo. Congo Iron SA owns Exploration Permits 2007 – 362 and 2007 – 363 located immediately south of EP92 and EP143 (refer Figure 2). These permits confer iron ore exploration rights over the Nabeba and Ibanga prospects in the Republic of Congo. This acquisition consolidates Sundance's strategic foothold in this emerging West African iron ore province, increasing the total permit area under Sundance's control to 3,752km².

Sundance continued to make excellent progress in resource definition and feasibility studies on the Mbalam Iron Ore Project during the September 2008 Quarter.

Work focused on drilling and resource modelling of the Mbaraga deposit, with significant increases announced in JORC-Code compliant mineral resource tonnages for both Direct Shipping Ore (DSO) quality and itabirite hematite mineralisation.

Work also progressed on mine planning and beneficiation testwork on the Mbaraga itabirite. Feasibility studies continued on Project infrastructure, including rail site surveys and port design work, in parallel with the commencement of baseline data collection and community consultation programs for the Environmental and Social Impact Assessment ("ESIA").

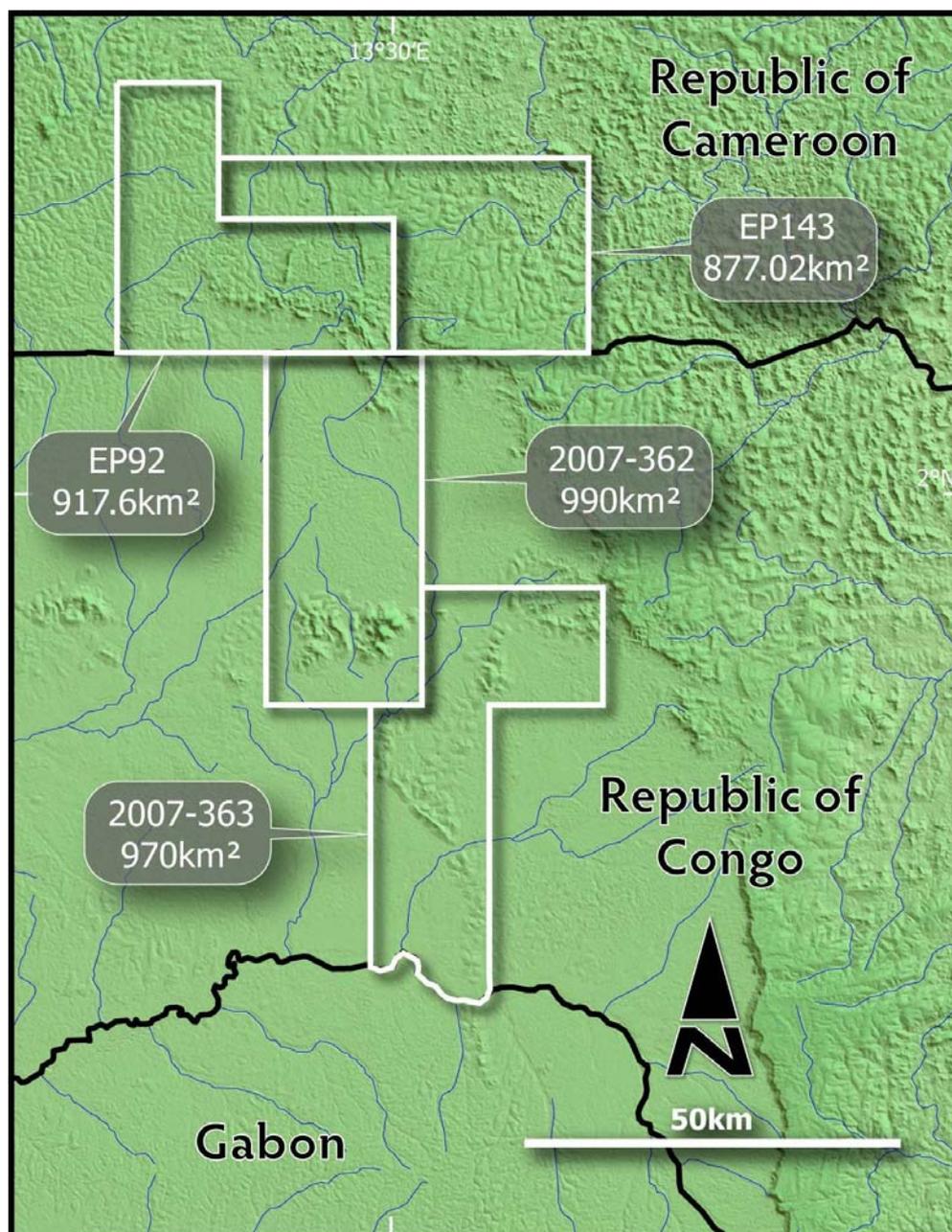


FIGURE 2 – EXPLORATION PERMITS CONTROLLED BY SUNDANCE

RESOURCE DEFINITION EXPLORATION PROGRAM

Resource definition drilling continued on EP92 in the September 2008 Quarter. A total of 266 drill holes have been completed on the permit area to the end of September 2008 for a total of 58,304 metres drilled.

113 holes were completed on the Mbarga deposit in the September Quarter. Exploration work focused on Mbarga but drilling also commenced on the Metzimevin deposit with 9 holes completed during the Quarter. Figure 3 below shows the location of all drill holes completed on the Mbarga deposit to the end of September 2008, together with the ultimate mine pit outline derived from pit optimisation modeling. Figure 4 below shows the location of holes drilled on the Metzimevin deposit.

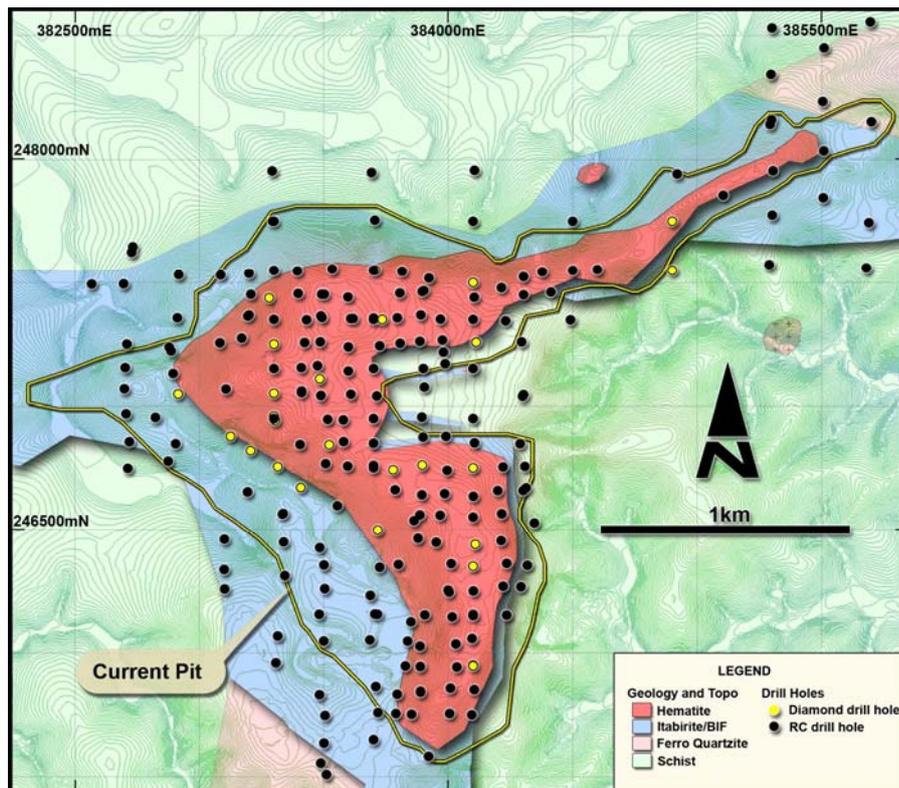


FIGURE 3 - DRILLHOLE LOCATIONS OVER THE MBARGA DEPOSIT

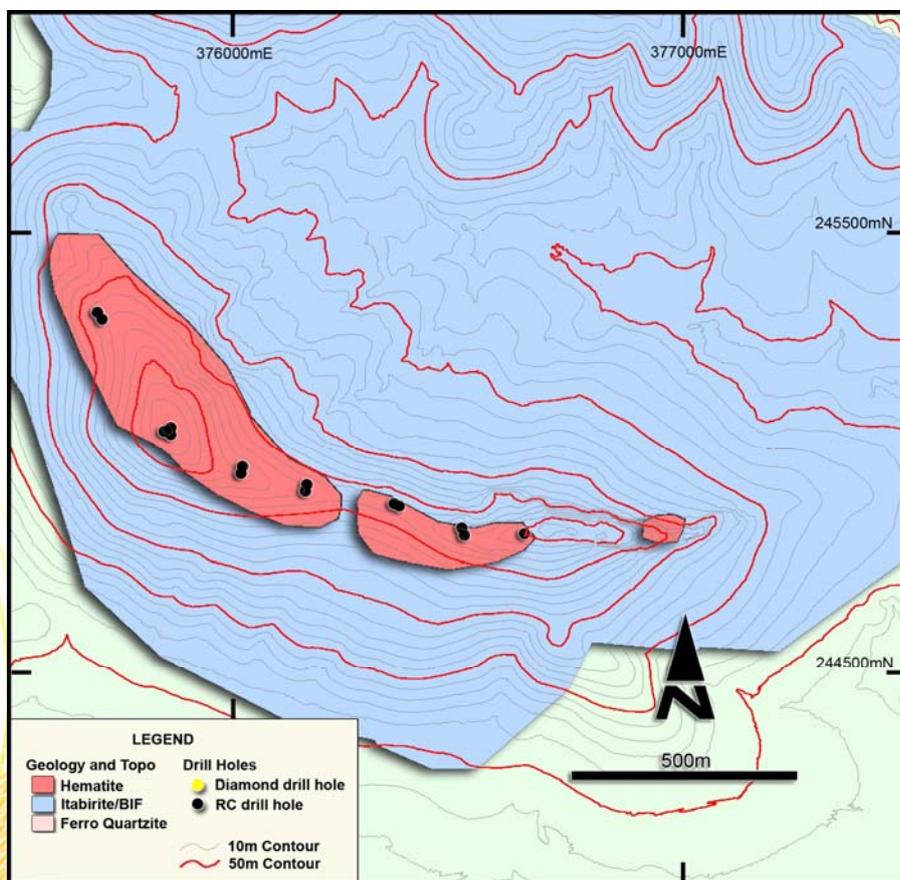


FIGURE 4 - DRILLHOLE LOCATIONS ON THE METZIMEVIN DEPOSIT

DSO Hematite Mineralisation

Drilling at the Mbarga deposit has continued to confirm extensive supergene mineralisation from surface to drill depths averaging around 50m at Mbarga and around 40m at Mbarga South. Figure 5 below shows a typical cross-section of the Mbarga deposit and its characteristic supergene DSO mineralisation:

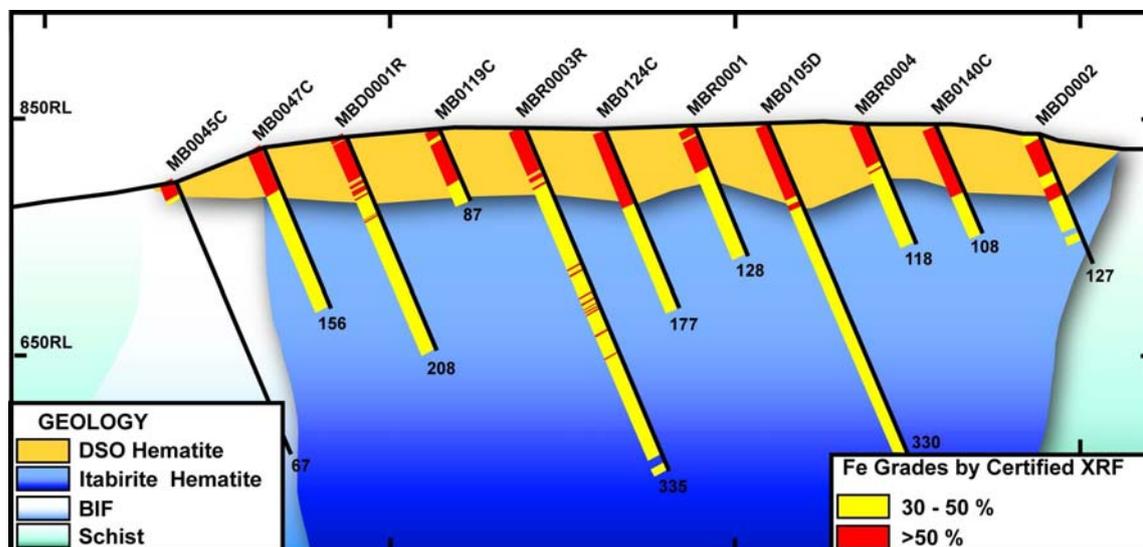


FIGURE 5 – MBARGA DEPOSIT DRILLHOLE CROSS SECTION LOOKING WEST

The JORC-Code compliant Inferred Mineral Resource of DSO quality hematite at the Mbarga and Mbarga South Deposits was increased to 223 million tonnes at an average grade of 61.6% Fe during the Quarter. Table 1 below summarises the current DSO Inferred Resource inventory:

Deposit	Million Tonnes	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Mbarga	198.3	61.9	9.1	2.7	0.08	2.0
Mbarga South	24.3	58.8	9.4	3.0	0.06	2.9
TOTAL	222.6	61.6	9.2	2.7	0.08	2.1

Note: Classification of resources is based on, and meets, the JORC Code (2004) standards of resource classification. Resources have been classified as Inferred based on a drilling density of 100 to 200m along strike and 100m across strike of mineralization. Resource estimation has been carried out using Ordinary Kriging methodology using an assigned density value of 4.0t/m³ and a cut-off value of 50% Fe

TABLE 1 – DSO INFERRED MINERAL RESOURCE

Drilling is continuing on the Mbarga deposit at closer spaced centres with the objective of progressively converting the Inferred Mineral Resource to Indicated/Measured status.

Latest drilling on Mbarga has also confirmed the presence of additional high Fe grade mineralisation at depth along the western flank of the deposit (refer Figure 6 below). Significant intersections reported from recent drilling in this area from diamond drill hole 114D included 122m at 62.15% Fe from surface and 25m at 61.5% Fe from 150m. Visual inspection of drill core from this area indicates the presence of additional intersections of massive hematite.

Drilling also commenced during the September Quarter at the Metzimevin deposit, where previous work reported +60% Fe hematite within outcrop extending over a 600 metre strike length.

To date, the Company has completed nine RC drill holes at the eastern end of the deposit (refer Figure 5 above) with supergene material intersected at up to 40 metres drill depth from surface. No assay data are yet available from this drilling.

Itabirite Hematite Mineralisation

Drilling below the supergene zone at Mbarga continues to define extensive itabirite hematite to vertical depths of over 500m. Figure 6 below shows a cross-section of the itabirite mineralisation at Mbarga:

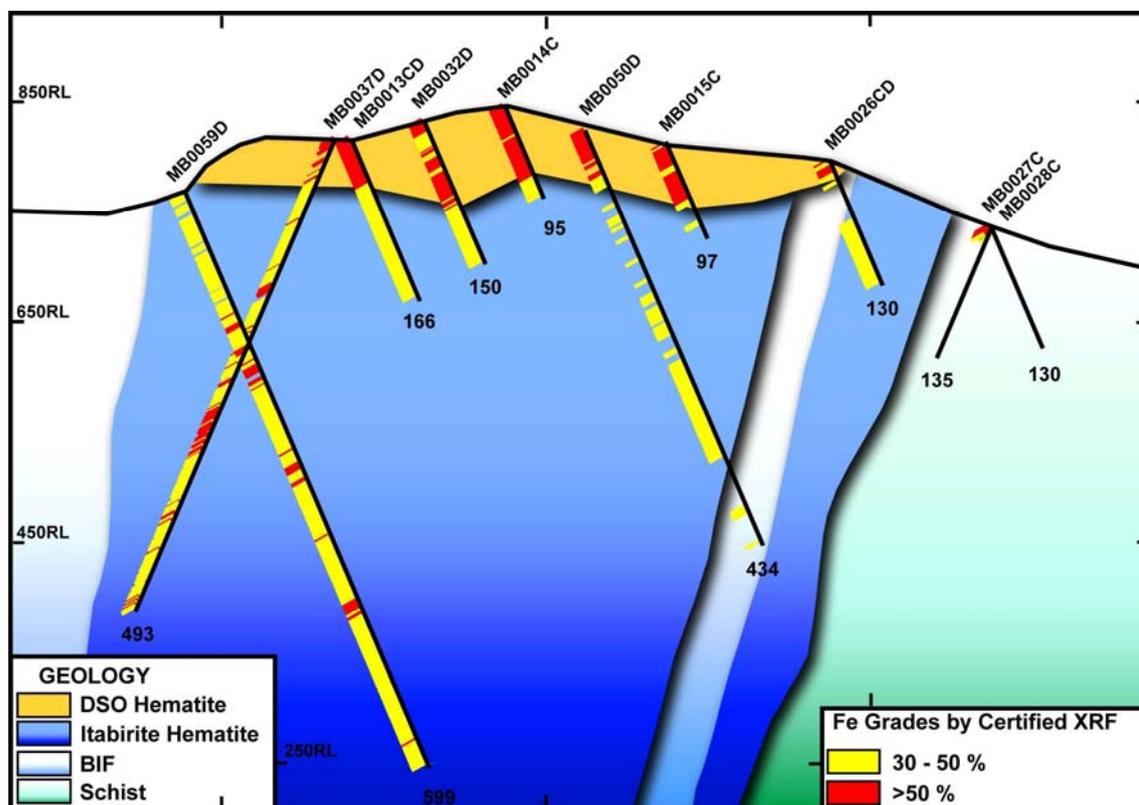


FIGURE 6 – MBARGA DEPOSIT DRILLHOLE CROSS SECTION 383300E

Resource modelling during the Quarter resulted in an increased JORC-Code compliant Inferred Mineral Resource of itabirite hematite at the Mbarga deposit of 1.75 billion tonnes at an average grade of 40% Fe. Table 2 summarises the current itabirite Inferred Resource inventory at Mbarga:

Mbarga Deposit	Million Tonnes	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	Cut-off (%Fe)
	790	43.2	42.0	0.8	0.04	0.4	+40%
	960	36.5	47.5	1.8	0.04	0.8	32% - 40%
Total	1,750	39.6	45.0	1.4	0.04	0.6	+32%

Note: Classification of resources is based on, and meets, the JORC Code (2004) standards of resource classification. Resources have been classified as Inferred based on a drilling density of 100 to 200m along strike and 100m across strike of mineralization. Resource estimation has been carried out using Ordinary Kriging methodology using an assigned density value of 3.35t/m³ and a cut-off value of 32% Fe

TABLE 2 – ITABIRITE INFERRED MINERAL RESOURCE

Drilling is continuing to define the extent and grade of itabirite mineralisation below and along strike of the area included within the itabirite Inferred Resource. The overall project Exploration Target for

itabirite hematite mineralisation remains at **2.0 to 2.5 billion tonnes** over the EP92 permit area but with realistic prospects for this target to be achieved solely from the Mbarga deposit.

Feasibility Study Program

Feasibility assessment of the Mbalam Project continued in the September 2008 Quarter. This work included:

- Continuation of Phase 2 metallurgical testwork by Ammtec / Ultra Trace on selected core from the Mbarga deposit and refinement of the beneficiation strategy for itabirite mineralisation;
- Selection and delivery of core samples for the Phase 3 metallurgical testwork programme;
- Project infrastructure studies, including further rail surveys and port design work; and
- Continuation of baseline field studies for the ESIA.

Project planning and design continues to be progressed on the basis of staged DSO / itabirite hematite production with total annual throughput of 35 Mtpa.

Mine Planning

Mine planning is being managed in-house by Sundance. Pit optimisation work continued during the September 2008 quarter for the Mbarga deposit on the basis of start-up mining of near-surface DSO material followed by deeper pit development for mining of the underlying itabirite material. More detailed mine design will commence during the December 2008 Quarter based on latest testwork results and ongoing resource definition drill results.

Figure 3 above showed the preliminary pit outline for the Mbarga deposit. The Inferred Resources identified at the Mbarga deposit contain sufficient material to support +20 years of proposed mine operations at a production rate of 35 million tonnes per annum. The pit model currently includes approximately 1.5 billion tonnes of itabirite grading 40.7% Fe plus 205 million tonnes of DSO quality material. The itabirite grade may increase as the mine pit model is optimised to maximise use of higher grade itabirite.

The latest pit modelling has confirmed the very low strip ratio for the Mbarga pit of approximately 0.3:1 (including the DSO supergene material).

DSO Process Plant Design

The DSO process plant scope is based on processing and handling of 35 Mtpa of supergene DSO quality hematite. The preliminary work scope was completed by Worley Parsons with capital and operating cost estimates as previously reported.

The testwork to date on the supergene DSO material is based on limited core samples, as the majority of the drilling has been RC drilling. The results indicate a relatively soft ore that is expected to result in low crushing and screening costs but low lump yield (<30%).

Itabirite Beneficiation Plant Design

The latest metallurgical test work continues to demonstrate that the Mbarga itabirite may be upgraded to produce a high-grade hematite concentrate using conventional beneficiation technology. This testwork underpins the Company's business model for staged development of DSO/itabirite mining operations producing 35Mtpa of high-grade product over a +20 year mine life.

The second phase of metallurgical test work has confirmed the beneficiation potential of the Mbarga itabirite with results producing a **+66% Fe concentrate with around 40% weight recovery**.

This testwork has been based on itabirite core sourced from nine drill holes at drill depths ranging from 37m to 315m from the Mbarga deposit. The ore grades from these samples averaged 39% Fe with a composite master sample assembled and used for comminution and flow sheet optimisation test work.

Reverse flotation has been shown to be the most effective primary recovery method for the itabirite hematite. The latest results indicate that optimal recovery and product quality may be achieved by utilising a medium primary grind and float followed by selective re-grind and re-float of the middling products. A primary grind of 75 μ m, with a 38 μ m re-grind for the middlings products gives a Blast Furnace (BF) feed grade concentrate of 66% to 67% Fe.

The test results also indicate that a finer primary grind of 53 μ m can provide both a Direct Reduction (DR) grade concentrate of 68% Fe (with approximately 2% combined SiO₂ and Al₂O₃) and a BF grade concentrate in the order of 65% Fe with a similar gross weight recovery. Further work needs to be completed to confirm and optimise these process flowsheets.

Product Suite

Resource definition work and metallurgical testing completed to date indicates that the Mbalam Project can deliver the following products:

- DSO Lump and Fines grading 62% Fe; and
- BF grade itabirite concentrate grading 66% Fe; or
- A combination of DR grade itabirite concentrate grading 68% Fe and BF grade itabirite concentrate grading 65% Fe.

The product suite has not yet been finalized as the Company is still considering process options to optimize the mix of products. At this stage of project development, a conservative approach has been modelled and the beneficiation flowsheet is based on a 75 μ m primary grind of the Mbarga itabirite with selective 38 μ m re-grind with the aim of maximising recovery of a BF grade product. The Company will continue to optimise the beneficiation testing to enable production of a DR grade concentrate and, given the potential availability of competitively priced gas near Kribi, the Company will also evaluate the potential for developing a DR grade pellet plant adjacent to the port.

Product Transport and Export Infrastructure

Infrastructure planning continued in the September 2008 Quarter based on the preferred rail alignment from the mine at Mbalam to the proposed port site south of Kribi.

A preliminary seismic survey was conducted in selected areas along the preferred rail corridor to improve geotechnical understanding and confidence in the rail design work and costings. The results of this survey are pending with route optimisation work to be progressed upon receipt of this new data. Some minor re-routing will be undertaken near the port to minimise impacts on existing agricultural plantations.

The port layout has been refined on the basis of data obtained from marine bathymetric and seismic reflection/refraction studies completed on site (refer Figure 7). This has reduced the length of the approaches to the berth with deeper water located closer to shore and more favourable seabed geotechnical conditions identified on site than assumed in the Pre-Feasibility design. This has reduced previously reported cost estimates for the marine scope of the port development.

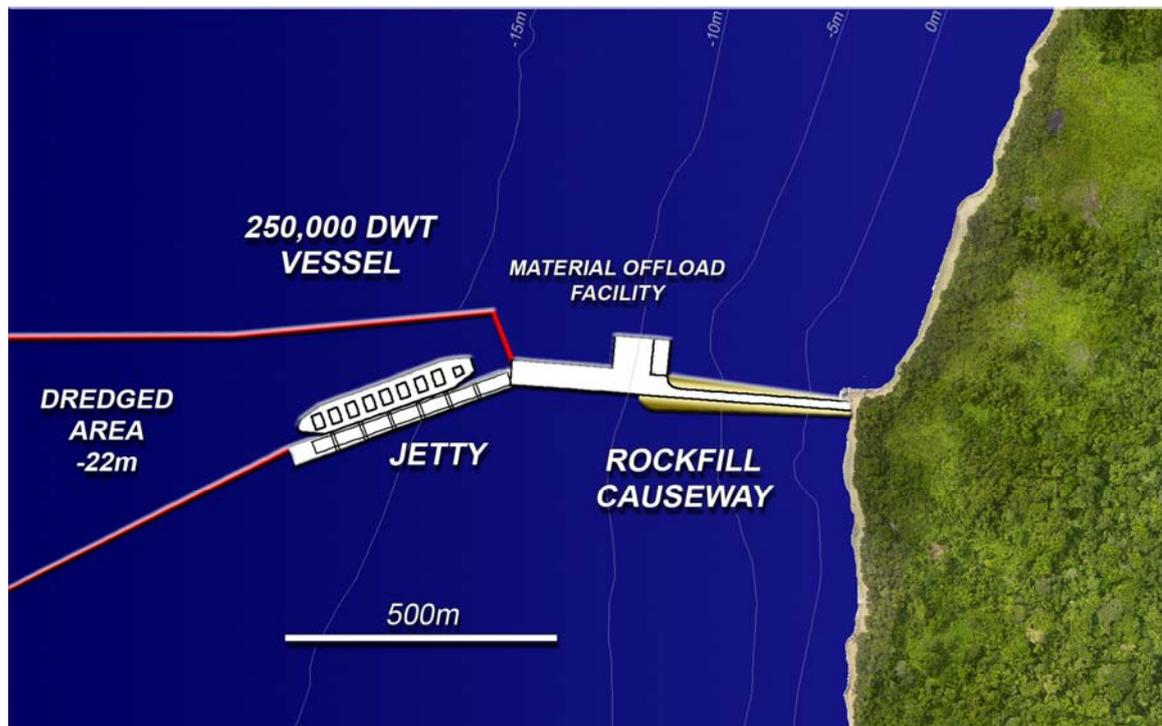


FIGURE 7 – Port Layout

Environmental and Social Impact Assessment (ESIA)

The Terms of Reference (ToR) for the Project ESIA were approved by the Cameroon Minister for the Environment in May 2008. This allowed formal commencement of the ESIA programme including community consultation meetings and the collection of baseline social and biophysical data.

There is overwhelming public support for the Project in all potential areas of impact with the primary concern being the capacity of the Project to deliver improved services and opportunities. Most baseline data had been collected by Rainbow Environmental Consulting (REC) by the end of the September 2008 Quarter supplementing internal data collection programmes. A number of high profile NGO's have been involved in the data collection programme with REC. These include WWF (World Wildlife Fund) – wildlife surveys and CED (Centre for Environment and Development) – indigenous peoples program. Impact assessment will commence in the December 2008 quarter with compilation of associated management plans expected to be complete in the March 2009 quarter.

The project currently employs approximately 150 National workers engaged in all facets of work on site and in Yaounde.

Government

On 16 October 2008, the Cameroon Minister for Mines advised Camlron that the term of EP92 had been extended to 27 September 2010. This extension represents an important step in the Company's development program at Mbalam as it provides continuity of tenure while Camlron completes Resource Definition and Feasibility Studies prior to the grant of a Mining Permit upon a Decision to Mine (and satisfaction of legal and regulatory requirements). The Mining Code in Cameroon provides for up to four separate two year extensions of exploration permits.

The Minister approved this extension on the basis of a Pre-Feasibility Study submitted to the Government in June 2008. This confirmed the significance of the Mbarga iron ore deposit with Inferred Mineral Resources now totalling a combined ~2 billion tonnes of DSO quality and itabirite hematite mineralisation.

In July 2008, the Government of Cameroon called for Expressions of Interest in the funding, development and operation of the Kribi Deep Sea Port, a multi-user port development proposed by the Government near the location selected by Camlron for development of its iron ore export facilities. Camlron was shortlisted as one of 16 pre-qualified parties to proceed to the next phase of tender development. Camlron lodged its interest solely in respect of the iron ore terminal.

Negotiations continued during the September 2008 Quarter in respect of the Framework Agreement between Camlron and the Government.

Project Financing

The Company commenced discussions with prospective product off-takers and financing partners during the September 2008 Quarter. In September 2008, an Information Memorandum was distributed to selected international parties who have expressed interest in the project. This work will accelerate in the December 2008 Quarter with preferred off-takers and financing partners.

Corporate

Acquisition in Strategic Exploration Permits in the Republic of Congo

On 10 October 2008 Sundance announced that it had reached agreement to acquire an increased direct interest in Congo Iron SA ("Congo Iron"), the holder of two exploration permits in the Republic of Congo located immediately south of the Mbalam Iron Ore Project in Cameroon (refer Figure 2 above).

Congo Iron holds a 100% interest in Exploration Permits 2007 – 362 and 2007 – 363. These permits confer iron ore exploration rights over the Nabeba and Ibanga prospects. Congo Iron is incorporated in the Republic of Congo.

Sundance agreed to acquire an 85% interest in Congo Iron through purchase of 70% of Congo Iron held by Camlron, and 15% held by Olivier Fabrice-Sil, the representative of Congo Mining Investments SA ("Cominvest"). As a result of this acquisition, Sundance will increase its interest in Congo Iron from an indirect 63% interest to a direct 85% interest.

The consideration for this acquisition is payable in three tranches, through the issue of SDL shares, as follows:

Tranche 1 – the issue of 5 million Sundance ordinary shares to Cominvest as follows:

- (i) 1,000,000 Sundance ordinary shares upon receipt of any necessary shareholder approval, upon receipt of any Government approvals as required under Congo and Cameroon law and completion of legal due diligence;
- (ii) 4,000,000 Sundance ordinary shares upon completion of an airborne aeromagnetic survey and exploration report and completion of a number of administrative tasks;

Tranche 2 – the issue of 14 million ordinary Sundance shares to Cominvest on the definition of 200 million tonnes of hematite reserves (as defined by the JORC Code) grading +60% Fe;

Tranche 3 – the issue of a further 14 million ordinary Sundance shares to Cominvest on the definition of 400 million tonnes of hematite reserves (as defined by the JORC Code) grading +60% Fe.

Importantly, other than the issue of the first five million Sundance shares, payment of the consideration is conditional on the definition of more than 200 million tonnes of JORC-Code compliant hematite reserves grading +60% Fe.

This agreement represents a significant new opportunity as Sundance's development activities gather momentum in the iron ore province which is emerging in this part of West Africa.

The Republic of Congo is relatively under-explored and this area in particular, in the country's north-western region, has seen very little exploration due to lack of infrastructure. The development of the Mbalam Project, located immediately to the north, offers a potential opportunity to leverage off our current and proposed operations in Cameroon. In the event that economic iron ore deposits are identified on the Congo Exploration Permits, it is expected that any such deposits would be developed in conjunction with the Mbalam Project, subject to appropriate agreements being concluded with the Governments of Congo and Cameroon and between the two subsidiary companies.

Sundance has commissioned an aeromagnetic survey over selected areas of the Congo Exploration Permits. This survey will also cover selected areas of EP143 in Cameroon.

Anti-Corruption Policy

The Company's launched an upgraded Anti-Corruption Policy during the September 2008 Quarter (refer Company website). An Anti-Corruption training session was attended by staff in Yaounde on 4 September, 2008. Certificates of attendance were issued to all staff who attended the presentation and are recorded on employee files. The Company's Anti-Corruption Policy focuses on the requirements of Australian legislation and ensures that staff are made aware of the key elements of this legislation and their obligations. The system for recording approvals mandated by the Policy has been established.

Shareholder Information

As at 30 September 2008, the Company had 16,784 shareholders and 1,880,915,241 ordinary fully paid shares on issue with the top 20 shareholders holding 53.71% of the total issued capital.

Cash Assets

The Company's cash balance at 30 September 2008 was \$32.7 million.

Expenditure

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



Don Lewis
Managing Director

About Sundance Resources Limited

Sundance Resources Ltd is an Australian exploration company focused on mining interests in the Republic of Cameroon and the Republic of Congo, on the central west coast of Africa. Sundance has commenced feasibility study on its **Mbalam Iron Ore Project** as the basis for developing a global iron ore business.

Central West Africa is considered to have the potential to develop into a significant new iron province, underpinned by the Mbalam Project and the nearby Belinga Project in Gabon, under development by the China National Machinery and Equipment Import and Export Corporation.

WA-based Sundance has been listed on the Australian Stock Exchange since 1993 and is also traded on over-the-counter markets in Frankfurt, Berlin, Hamburg, Stuttgart and Munich.

Competent Persons Statement

The information in this release that relates to Exploration Results is based on information compiled by Mr Robin Longley, a Member of the Australian Institute of Geoscientists, and Mr Lynn Widenbar, a member of the Australasian Institute of Mining and Metallurgy.

Mr Longley is a consultant to the Company and has sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Longley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Widenbar is a consultant to the Company and has sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Widenbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The estimated quantity and grade of near-surface DSO quality supergene mineralisation and underlying itabirite-style mineralisation has been restricted to the area currently covered by drilling on a 200m x 100m pattern at Mbarga, with partial infill to 100m x 100m. This is represented by an area approximately 3km (east-west) x 3km (north-south) on the Mbarga Deposit and by an area approximately 1.5km (east-west) x 1.0km (north-south) on the Mbarga South Deposit. Grade interpolation has been extrapolated using Ordinary Kriging on composited sample results and a nominal 50% Fe cutoff value for DSO and Inverse Distance Squared methodology and 32% and 40% cutoff values for itabirite. A digital terrain surface (based on highly accurate topographic data), has been used to limit extrapolation of the mineralisation to the topographic hill at Mbarga. An internal waste zone (schist) cross-cutting the supergene and itabirite zones and surficial cover has been modeled and removed from the quantity estimated as DSO quality and itabirite mineralisation. Densities of 4.0t/m³ and 3.35t/m³ have been applied for evaluation of the DSO and itabirite mineralisation respectively.

While the Company is optimistic that it will report additional resources in the future, any discussion in relation to Exploration Targets, over and above the stated Inferred Resources of is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource over and above the Inferred Resource and it is uncertain if further exploration will result in determination of a Mineral Resource.

Forward-Looking Statement

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the iron ore mining industry, expectations regarding iron ore prices, production, cash costs and other operating results, growth prospects and the outlook of SDL's operations including the likely commencement of commercial operations of the Mbalam Project and its liquidity and capital resources and expenditure, contain or comprise certain forward-looking statements regarding SDL's exploration operations, economic performance and financial condition. Although SDL believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in iron ore prices and exchange rates and business and operational risk management. For a discussion of such factors, refer to SDL's most recent annual report and half year report. SDL undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.