



SUNDANCE RESOURCES LIMITED

ABN 19 055 719 394

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Wednesday 24 November 2010

Time of Meeting

2.00pm WST

Place of Meeting

Swan Room, Parmelia Hilton Hotel
Mill Street Perth
WESTERN AUSTRALIA WA

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

SUNDANCE RESOURCES LIMITED ABN 19 055 719 394

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Sundance Resources Limited ABN 19 055 719 394 ("Company") will be held at 2.00pm WST on Wednesday 24 November 2010 at the Swan Room, Parmelia Hilton Hotel, Mill Street Perth for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

ITEMS OF BUSINESS

Financial Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2010, together with the Directors Report and the Auditor's Report as set out in the Annual Report.

1. Resolution 1 - Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following as an **ordinary resolution**.

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2010 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

2. Resolution 2 - Increase in Directors' Fees

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 10.17 and for all other purposes, the maximum aggregate Directors' fees payable to non-executive Directors be increased from \$600,000 per annum to \$1,000,000 per annum."

The Company will disregard any votes cast on Resolution 2 by a Director of the Company and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.

3. Resolution 3 - Re-election of Ms Fiona Harris as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Ms Fiona Harris, who retires in accordance with clause 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director."

4. Resolution 4 – Re-election of Mr Barry Eldridge as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Mr Barry Eldridge, who retires in accordance with clause 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director."

5. Resolution 5 – Election of Andrew Robin Marshall as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Andrew Robin Marshall, who ceases to hold office in accordance with clause 13.5 of the Company's Constitution and, being eligible, offers himself for election, be elected a Director of the Company."

6. Resolution 6 – Employee Share Option Plan

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 and for all other purposes, the Company approves the issue of securities under the employee incentive option scheme for employees and directors known as "Sundance Resources Limited Employee Share Option Plan", as an exception to Listing Rule 7.1."

The Company will disregard any votes cast on Resolution 6 by a director of the Company and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Resolution 7 – Approval to amendment of Option terms

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 6.23.4, approval is given for the Company to amend the terms of 7,665,000 unlisted Options in the manner as set out in the Explanatory Memorandum accompanying this Notice of Meeting."

The Company will disregard any votes cast on Resolution 7 by the holders of the Options the subject of Resolution 7 and any of their associates, however the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the discretion on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a director on the proxy form to vote as the proxy decides.

8. Resolution 8 – Performance Rights Plan

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 7.2 Exception 9(b) of the Listing Rules and for all other purposes, the Company approves the future grant of Performance Rights and the issue of Shares under the Performance Rights Plan to Eligible Persons, the rules of which are set out in Annexure A to the Explanatory Memorandum accompanying this Notice."

The Company will disregard any votes cast on Resolution 8 by a director of the Company and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Resolution 9 – Grant of Performance Rights to Giulio Casello

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 8, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to offer and, subject to acceptance, grant a total of 7,950,000 Performance Rights for no consideration under the Performance Rights Plan, to Mr Giulio Casello or his nominee, on the terms and conditions set out in the Explanatory Memorandum."

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 9 by Mr Giulio Casello and any associate of Mr Giulio Casello. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Giulio Casello or an associate of Mr Giulio Casello.

10. Resolution 10 – Grant of Shares and Options to Mr George Jones

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rules 10.11 and 10.14 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue:

- (a) 1,000,000 Shares; and*
- (b) 2,500,000 Options for no consideration, each Option having an exercise price of \$0.30 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue; and*
- (c) 2,500,000 Options for no consideration, each Option having an exercise price of \$0.40 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue,*

to George Jones or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum)."

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 10 by Mr George Jones and any associate of Mr George Jones. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr George Jones or an associate of Mr George Jones.

11. Resolution 11 – Grant of Options to Mr Michael Blakiston

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue:

- (a) 1,000,000 Options for no consideration, each Option having an exercise price of \$0.30 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue; and*
- (b) 1,000,000 Options for no consideration, each Option having an exercise price of \$0.40 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue,*

to Mr Michael Blakiston or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum)."

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 11 by Mr Michael Blakiston and any associate of Mr Michael Blakiston. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Michael Blakiston or an associate of Mr Michael Blakiston.

12. Resolution 12 – Grant of Options to Mr Andrew Robin Marshall

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue:

- (a) 1,000,000 Options for no consideration, each Option having an exercise price of \$0.30 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue; and*
- (b) 1,000,000 Options for no consideration, each Option having an exercise price of \$0.40 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue,*

to Mr Andrew Robin Marshall or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum)."

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 12 by Mr Andrew Robin Marshall and any associate of Mr Andrew Robin Marshall. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Andrew Robin Marshall or an associate of Mr Andrew Robin Marshall.

13. Resolution 13 – Grant of Options to Ms Fiona Harris

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue:

- (a) 1,000,000 Options for no consideration, each Option having an exercise price of \$0.30 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue; and*
- (b) 1,000,000 Options for no consideration, each Option having an exercise price of \$0.40 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue,*

to Ms Fiona Harris or her nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum)."

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 13 by Ms Fiona Harris and any associate of Ms Fiona Harris. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Ms Fiona Harris or an associate of Ms Fiona Harris.

14. Resolution 14 – Grant of Options to Mr Barry Eldridge

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue:

- (a) 1,000,000 Options for no consideration, each Option having an exercise price of \$0.30 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue; and*
- (b) 1,000,000 Options for no consideration, each Option having an exercise price of \$0.40 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue,*

to Mr Barry Eldridge or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum)."

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 14 by Mr Barry Eldridge and any associate of Mr Barry Eldridge. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Barry Eldridge or an associate of Mr Barry Eldridge.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

For the purposes of Resolutions 1 - 14, the following definitions contained in the glossary to the Explanatory Memorandum apply to this Notice.

By order of the Board

A handwritten signature in black ink, appearing to read "Barry Eldridge". The signature is stylized with a large initial 'B' and a long horizontal stroke at the end.

Barry Eldridge
Director
Dated: 5 October 2010

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice.
- To be effective, proxies must be lodged by 2.00pm (WST) on 22 November 2010. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - by returning a completed proxy form in person Level 2, 45 St Georges Tce, Perth WA 6000 or by post to GPO Box 242, Melbourne VIC 3001; or
 - by faxing a completed proxy form to (within Australia) 1800 783 447 or (outside Australia) 63 3 9473 2555.

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 2.00pm (WST) on 22 November 2010. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5.00pm (WST) on 22 November 2010.

SUNDANCE RESOURCES LIMITED

ABN 19 055 719 394

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of Sundance Resources Limited ("**Sundance**" or the "**Company**").

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

FINANCIAL REPORTS

The first item of the Notice of Annual General Meeting deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2010 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its shareholders the Remuneration Report as disclosed in the Company's 2010 Annual Report. The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Report and is also available on the Company's website (www.sundanceresources.com.au).

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

RESOLUTION 2 - INCREASE IN DIRECTORS' FEES

Resolution 2 seeks shareholder approval for the purposes of Listing Rule 10.17 and for all other purposes, for the Company to be authorised to increase the aggregate amount of fees paid to Directors by \$400,000 from \$600,000 per annum to an aggregate amount of \$1,000,000 per annum.

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for Non-Executive Directors for the following reasons:

- (a) to remunerate Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates;
- (b) to allow a continual re-building of the Board with recruitment of non-executive Directors following the air tragedy in Congo in June 2010; and
- (c) to take into account the expected growth of the Company and increased responsibilities for non-executive Directors as the Company moves into the development and production phases

The maximum aggregate fees payable to Directors have not been increased since 28 November 2008.

It is not intended to fully utilise the increased aggregate fees in the immediate future.

The remuneration of each Director for the year ended 2010 is detailed in the Company's Annual Report.

RESOLUTION 3 - RE-ELECTION OF MS FIONA HARRIS AS A DIRECTOR

Pursuant to Clause 13.2 of the Company's Constitution, Ms Fiona Harris, being a Director, retires by way of rotation and, being eligible, offers herself for re-election as a Director.

Ms Harris has extensive experience as a Non-executive Director over the past 15 years, including with ASX listed iron ore companies, Portman Mining Limited and Territory Resources Limited (current), as well as Alinta Limited, Burswood Limited, and Evans & Tate Limited, and a variety of other organisations.

Ms Harris is also currently a member of the Australian Institute of Company Directors (AICD) National Board (and a former Western Australian State President of AICD) and a Non-executive Director of listed mining companies Altona Mining Ltd and Aurora Oil & Gas Ltd.

Ms Harris spent 14 years with chartered accountants KPMG and was a partner in their Sydney Office, having also worked in Perth and San Francisco offices, where she specialised in financial services and superannuation, and was involved in capital raisings, due diligence, IPOs, capital structuring of transactions and litigation support.

RESOLUTION 4 - RE-ELECTION OF MR BARRY ELDRIDGE AS A DIRECTOR

Pursuant to Clause 13.2 of the Company's Constitution, Mr Barry Eldridge, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Eldridge has over 40 years experience as a geologist and mining engineer in the resource industry both in Australia and overseas. Following a 20 year career in the coal industry in Queensland and New South Wales, Mr Eldridge moved to Western Australia in 1988 where he has been involved in a number of management roles in the mining industry. Most notable of these have been Project Manager for the Super Pit in Kalgoorlie, Project Manager for the development of Kanowna Belle gold mine, Managing Director of Forrestania Gold NL, Project Director for the West Angelas iron ore development, Director - Major Projects for North Ltd, Managing Director of Griffin Coal Pty Ltd, Managing Director, CEO of Portman Ltd and Chairman of SNC-Lavalin Australia Pty Ltd. He is

currently a director of the largest iron ore company in North America, Cliffs Natural Resources Inc and is Chairman of Perth based gold producer Mundo Minerals Ltd.

RESOLUTION 5 - ELECTION OF ANDREW ROBIN MARSHALL AS A DIRECTOR

Resolution 5 seeks approval for the election of Andrew Robin Marshall as a Director with effect from the end of the Meeting.

Clause 13.5 of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Andrew Robin Marshall retires from office in accordance with the requirements of clause 13.5 of the Constitution and submits himself for election in accordance with clause 13.3.

Mr Marshall has held senior positions with several global mining groups including Project Director for Vale Inco at its world-class Goro Nickel Project, Vice-President – Asset Development Projects for BHP Billiton Iron Ore, Project Manager for the West Angelas Iron Ore Project with North Limited, Project Director with Iron Ore Company of Canada, Manager Projects for Forrestania Gold/LionOre Australia, Manager Engineering & Project Services for Western Mining Corporation and Project Manager for Nedpac (Signet Engineering). Mr. Marshall has also spent a number of years in Africa in senior positions in both project and operational areas.

At Vale Inco, Mr Marshall was responsible for delivery of the Goro Nickel Project in New Caledonia through to its commissioning in early 2009. At BHP Billiton Iron Ore, he was responsible for the development of a number of projects in the first wave of expansion in the iron ore business sector. These included a new greenfields mine and processing facility, railway, brownfields upgrade to an existing mine and processing plant and major capacity expansion to its rail system and port facility.

RESOLUTION 6 - EMPLOYEE SHARE OPTION PLAN

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for Options to acquire Shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and accordingly adopted the Sundance Resources Limited Employee Share Option Plan ("**Plan**") on 10 October 2007.

The Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Shareholder approval is required if any issue of Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Prior shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

A summary of the terms of the Plan are set out below. A copy of the rules for the Plan, which sets out the full terms and conditions of the Plan, is available from the Company's website at www.sundanceresources.com.au, or the Company will send a copy free to a shareholder on request.

The Plan is limited to employees of the Company or of an associated body corporate of the Company (including salaried Directors) ("**Eligible Employee**"). Contractors and consultants will not be eligible to participate in the Plan. An employee's eligibility to participate in the Plan will be determined by the Board based on the seniority of the employee, their length of service with the Company, their record of employment, the potential contribution of that person to the growth of the Company, the employee's level of existing participation under the Plan (if any) and any other matters which the Board considers relevant. An Eligible Employee may renounce an offer of Options made by the Board under the Plan in favour of a nominee approved by the Board.

Options under the Plan will be granted for no monetary consideration. The exercise price of an Option under the Plan will be determined by the Board with regard to the market value of Shares at the time it resolves to offer the Options to Eligible Employees. For these purposes, the market value of Shares will be the average closing sale price of the Shares as recorded on the ASX over the five trading days immediately proceeding the date the Board resolves to offer the Option.

The total number of Options that may be offered under the Plan to employees that are not executive officers (including any Options previously issued under the Plan, any Options issued and exercised in the 5 years prior to the date of the offer and any Share or Options issued under any other employee share schemes but disregarding any offer made, or Option acquired or Share issued by way of or as a result of: (i) an offer to a person situated at the time of receipt of the offer outside Australia; or (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or (iii) an offer made under a disclosure document) must not exceed 5% of the total number of issued Shares in the Company as at the time any offer under the Plan is made.

If an Eligible Employee ceases to be an Eligible Employee due to Retirement, Total and Permanent Disablement, Redundancy or death (a "**Specified Reason**"):

- (a) if the relevant Option is capable of exercise, it may be exercised at any time prior to the expiry date; or
- (b) if the relevant Option is not yet capable of exercise, it may be exercised within 3 months of the date of cessation as an Eligible Employee, or such longer period as the Board determines.

If an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason:

- (a) if the relevant Option is capable of exercise, it may be exercised within 2 months of the date of cessation as an Eligible Employee, or such longer period as the Board determines; or
- (b) if the relevant Option is not yet capable of exercise, it will lapse.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) a copy of the rules of the Plan is available at www.sundanceresources.com.au and is summarised above in this Explanatory Memorandum;
- (b) this is the second approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan. The following Options have been issued under the Plan since its last approval at the 2007 annual general meeting:

Number	Expiry Date	Exercise Price
2,000,000	08/10/2012	\$0.40
1,000,000	08/11/2012	\$0.50
1,000,000	08/11/2012	\$0.70
500,000	18/02/2013	\$0.50
500,000	18/02/2013	\$0.70
1,000,000	18/02/2013	\$0.50
1,000,000	18/02/2013	\$0.70
6,535,000	31/03/2013	\$0.35
666,666	31/03/2013	\$0.35
9,045,000	30/01/2012	\$0.20
9,045,000	30/01/2013	\$0.225
9,045,000	30/01/2014	\$0.25
1,250,000	29/01/2012	\$0.25
1,250,000	29/01/2013	\$0.25
250,000	29/01/2014	\$0.25

(c) a voting exclusion statement has been included for the purposes of Resolution 6.

RESOLUTION 7 - AMENDMENT TO OPTION TERMS

Mr Don Lewis, former Managing Director of Sundance and Mr John Carr-Gregg, former Company Secretary of Sundance were previously issued Options during their employment with Sundance. Both Mr Lewis and Mr Carr-Gregg passed away during the tragic air crash in the Republic of Congo in June of this year.

The following Options (among others) were issued to Mr Lewis:

Number	Price	Expiry Date	Category*
1,340,000	\$0.20	30/01/2012	A
1,340,000	\$0.225	30/01/2013	B
1,340,000	\$0.25	30/01/2014	C

* Please note "Category" is used for the purposes of this Explanatory Memorandum only and does not relate to any terms of the Options.

The following Options were issued to Mr Carr-Gregg:

Number	Price	Expiry Date	Category*
670,000	\$0.20	30/01/2012	A
670,000	\$0.225	30/01/2013	B
670,000	\$0.25	30/01/2014	C
545,000	\$0.35	31/03/2013	D
545,000	\$0.35	31/03/2013	D
545,000	\$0.35	31/03/2013	D

* Please note "Category" is used for the purposes of this Explanatory Memorandum only and does not relate to any terms of the Options.

The Options noted above have been issued pursuant to the Company's ESOP and are unvested. The vesting conditions to the Options are noted below:

The terms and conditions of Options in category A provide:

*"The Options shall vest from 30th January 2011 subject to (i) the **continuing provision of the services of the Nominated Person** to the satisfaction of Sundance up to the vesting date and (ii) **the achievement of the key performance criteria** referred to in the Offer provided, prior to the vesting date."* [emphasis added]

The terms and conditions of Options in category B provide:

*"The Options shall vest from 30th January 2012 subject to (i) the **continuing provision of the services of the Nominated Person** to the satisfaction of Sundance up to the vesting date and (ii) **the achievement of the key performance criteria** referred to in the Offer provided, prior to the vesting date."* [emphasis added]

The terms and conditions of Options in category C provide:

*"The Options shall vest from 30th January 2013 subject to (i) the **continuing provision of the services of the Nominated Person** to the satisfaction of Sundance up to the vesting date and (ii) **the achievement of the key performance criteria** referred to in the Offer provided, prior to the vesting date."* [emphasis added]

The terms and conditions of Options in category D provide:

*"The Options shall vest from 31st March 2011 subject to (i) the **continuing provision of the service of the Nominated Person** to the satisfaction of Sundance up to the vesting date."* [emphasis added]

Clause 14.2(b) of the ESOP provides:

"Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and, prior to satisfaction of the Exercise Conditions (such that the Options are not exercisable), an Eligible Person ceases to be an Eligible Person then:

(b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason [which includes death], such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:

(i) 3 months of the date of (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or

(ii) such longer period as the Board determines,

subject to the Board, in its absolute discretion, reducing, waiving or varying the Exercise Conditions applying to those Options in accordance with clause 12.5 so that those Options may be exercised. Options the subject of clause 14.2(b) not exercised within 3 months or the longer period determined by the Board, will automatically lapse." [emphasis added]

Subject to receipt of shareholder approval pursuant to this resolution, the Board proposes to exercise its discretion pursuant to clause 14.2(b) of the ESOP in relation to the Options as follows:

- (a) waiving all of the conditions to vesting other than the date of vesting; and
- (b) determine that the period for the purposes of clause 14.2(b)(ii) of the ESOP is a period ending on the expiry date of the Options.

ASX Listing Rule 6.23.3 provides that a change which has the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise cannot be made. The proposed removal of the vesting conditions other than the vesting date attaching to the Options will have the effect of increasing the exercise period of the Options.

ASX Listing Rule 6.23.4 allows variation to option terms which are not otherwise permitted by ASX Listing Rule 6.23.3, provided shareholder approval is obtained. ASX has confirmed that the proposed variations are acceptable to ASX subject to the Company receiving Shareholder approval, and has granted the Company a waiver of ASX Listing Rule 6.23.3.

The Board considers in the circumstances, it is appropriate for the estates of Messrs Lewis and Carr-Gregg to retain the Options previously issued to Messrs Lewis and Carr-Gregg and to permit those Options to be exercisable.

The Directors of the Company unanimously recommend that Shareholders vote to approve Resolution 7.

RESOLUTION 8 - APPROVAL OF SECURITIES UNDER PERFORMANCE RIGHTS PLAN

Introduction

The PRP was designed and drafted during 2010 and was adopted by the Board on 4 October 2010. The PRP is an incentive plan which is designed to increase the motivation of staff and create a stronger link between increasing shareholder value and employee reward.

The Company wishes to exempt issues of securities under the PRP from contributing towards the rolling annual limit of 15% of issued ordinary shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without shareholder approval. Shareholder approval of the PRP is sought under Listing Rule 7.2 Exception 9(b) whereby shareholders may approve in advance the issue of securities made under an employee incentive scheme as an exception to the limit under Listing Rule 7.1.

No Performance Rights have been issued under the PRP pursuant to the Company's 15% placement capacity in Listing Rule 7.1. The PRP has not previously been approved by shareholders. A copy of the rules of the PRP is attached as Annexure A.

Reasons for the PRP

To achieve its corporate objectives, the Company needs to attract and retain its key staff in a highly competitive environment.

Your Board believes that grants made to eligible persons (as define in the PRP "**Eligible Persons**") under the PRP will provide a powerful tool to underpin the Company's employment strategy, and that the implementation of the PRP will:

- (a) enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the PRP with those of shareholders of the Company; and
- (d) provide incentives to participants of the PRP to focus on superior performance that creates shareholder value.

Outline of the PRP

Participation

The Board may from time to time in its absolute discretion issue invitations to Eligible Persons to participate in the PRP. However, it is the current intention of the Board that the PRP will only be offered to senior employees of the Company who are able to influence the achievement of the strategic objectives.

Offers to participate

An offer ("**Offer**") to Eligible Persons to participate in the PRP must set out:

- (a) the date of the Offer;
- (b) the name of the Eligible Person to whom the Offer is made;
- (c) the number of Performance Rights which are capable of vesting (resulting in the issue of Shares) if specific Performance Conditions are met;
- (d) the Performance Conditions and Performance Period in relation to the Performance Rights;
- (e) the approximate date or dates on which the Performance Conditions are to be measured (in respect of the Performance Rights) in order to determine whether the Eligible Person will be issued with Shares;
- (f) the expiry date; and
- (g) the time period in which the Eligible Person may accept the Offer.

Rules of the PRP

Under the PRP, Performance Rights may be offered to Eligible Persons as determined by the Board. The vesting of Performance Rights will be subject to certain criteria. Upon vesting of the Performance Rights, Shares will automatically be issued to the participant, unless the Company is in a "Blackout Period" (as defined in the Company's Share Trading Policy) or the Company determines in good faith that the issue of Shares at that time may breach the insider trading provisions of the Corporations Act, in which case the Company will issue the Shares as soon as reasonably practical thereafter. A copy of the rules of the PRP is annexed as Annexure A to this Explanatory Memorandum.

The following is a summary of the key terms of the PRP:

- (a) **Participation:** The Board retains complete discretion to make offers of Performance Rights to any Eligible Person;
- (b) **No Assignment:** Except on the death of a Participant, Performance Rights may not be transferred, assigned or novated except with the approval of the Board. Offers of Performance Rights under the PRP to Eligible Persons are personal offers and are not capable of being assigned;
- (c) **Vesting:** Performance Rights may vest in the following ways:
 - i) if the applicable Performance Conditions in relation to a Performance Period are met as at the relevant test date as set out in the Offer, the Board will determine the number of Performance Rights which will become vested Performance Rights;
 - ii) if the Eligible Person ceases to be an Eligible Person because of retirement, total or permanent disability, redundancy or death, the Board may determine the extent to which Performance Rights become vested Performance Rights; and
 - iii) in the event a takeover bid for the Company is declared unconditional, there is a change in control in the Company, or if a merger by way of scheme of arrangement has been approved by a court, than the Board will determine an alternate test date to determine whether the Performance Conditions as set out in the Offer have been met and the extent to which Performance Rights will vest;
- (d) **Automatic Issue of Shares:** As noted above, upon vesting of Performance Rights, Shares will automatically be issued to the participant, unless the Company is in a "Blackout Period" (as defined in the Company's Share Trading Policy) or the Company determines in good faith that the

issue of Shares at that time may breach the insider trading provisions of the Corporations Act, in which case the Company will issue the Shares as soon as reasonably practical thereafter;

- (e) **Lapse:** Offers of Performance Rights under the PRP will be open for the period and as otherwise specified in the Offer. If an application for Performance Rights is not returned within the time specified or otherwise in accordance with the requirements set out in the Offer, the Board may nevertheless in its sole discretion treat any application received from an Eligible Person (or their nominee) as being validly returned;
- (f) **Issue Limitations:** The Board is not entitled to make an Offer to an Eligible Person if offers of Performance Rights (or other securities of the Company) under the PRP or under similar plans (excluding offers that do not require the use of a disclosure document) in the previous 5 years would exceed 5% of the issued capital of the Company;
- (g) **Nature of Performance Rights:** A Performance Right is a right to receive a Share on the terms set out in the PRP for the relevant Performance Period subject to satisfaction of the applicable Performance Conditions. The Performance Conditions applicable to any Performance Period relating to Performance Rights shall be as set out in the Offer, including the measurement date, and may be as determined by the Board in its absolute discretion from time to time; and; and
- (h) **Amendment of PRP:** The Board retains the discretion to amend the rules of the PRP or to suspend or terminate it at any time.

RESOLUTION 9 - GRANT OF PERFORMANCE RIGHTS TO MR GIULIO CASELLO

Pursuant to the PRP described above, the Company proposes to offer a total of 7,950,000 Performance Rights to Mr Giulio Casello.

The grant of Performance Rights encourages Mr Giulio Casello to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances the Directors consider (in the absence of Mr Giulio Casello) that the incentives intended for Mr Giulio Casello represented by the grant of these Performance Rights are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

Overview of grant of Performance Rights

It is proposed that Mr Giulio Casello be granted the following performance rights as soon as practicable after the Meeting:

- (a) 2,650,000 Performance Rights vesting 3 November 2011 ("**Tranche 1 Performance Rights**");
- (b) 2,650,000 Performance Rights vesting 3 November 2012 ("**Tranche 2 Performance Rights**");
and
- (c) 2,650,000 Performance Rights vesting 3 November 2013 ("**Tranche 3 Performance Rights**").

Performance Conditions

The Performance Rights will vest only if Mr Giulio Casello continues to be employed by the Company as at the vesting dates. Subject to achievement of this condition, one Share will be issued for each Performance Right that has vested.

All Performance Rights lapse if the performance conditions are not satisfied or upon the termination of employment in accordance with Rule 7 of the PRP.

Related Party Transactions

The issue of performance rights to a Director constitutes a grant of a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party unless either:

- (a) prior shareholder approval is obtained and the benefit is given within 15 months after obtaining such approval; or
- (b) the giving of the financial benefit falls within one of the nominated exceptions to the provision.

For the purposes of section 219 of the Corporations Act, the following information is provided in relation to the issue of these Performance Rights to Mr Giulio Casello.

Related parties to whom the proposed resolution would permit financial benefits to be given

The related party to whom Resolution 9 would permit the financial benefit to be given is Mr Giulio Casello, a Director of the Company.

Nature of the financial benefits

The financial benefit to be provided to Mr Giulio Casello is Performance Rights under the PRP. A copy of the rules of the PRP is annexed as Annexure A.

Mr Giulio Casello will not be required to make any payment for the grant of the Performance Rights or on the automatic exercise of a vested Performance Right. The maximum number of Performance Rights that could vest, and hence be automatically exercised under Resolution 9 is 7,950,000.

Directors' recommendations to members and reasons

Messrs Jones, Blakiston, Rankine-Wilson, Marshall and Eldridge and Ms Harris (who have no interest in the outcome of Resolution 9) recommend that Shareholders vote in favour of Resolution 9 as they believe the granting of these Performance Rights to Mr Giulio Casello will align his rewards with the long-term creation of value for shareholders.

Mr Giulio Casello declines to make a recommendation about Resolution 9 as he has a material personal interest in the outcome of that particular Resolution as it relates to the grant of Performance Rights to him.

Directors' interests in the outcome of the Resolutions

If Resolution 9 is passed, Mr Giulio Casello will become entitled to accept an offer of Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights.

None of the other Directors (apart from Mr Giulio Casello) have a relevant interest in the outcome of Resolution 9.

Valuation of the performance rights

The Performance Rights to be granted under the PRP to Mr Giulio Casello will only vest if Mr Casello continues in the employment of the Company as Managing Director at each vesting date. In determining the value of the Performance Rights to be granted to Mr Casello, a risked statistical analysis will be used that takes into account, as at the grant date, the following variables and assumptions:

- (a) (expected life of the instrument) – 1.75 years for Tranche 1 Performance Rights, 2.75 years for Tranche 2 Performance Rights and 3.75 years for Tranche 3 Performance Rights;

- (b) (current price of the underlying Share) – the Share price as at 28 September 2010 is \$0.235, based on the closing price of Shares on the ASX on that date;
- (c) (expected volatility) – the price volatility of the Shares is approximately 89% for Tranche 1 Performance Rights, 91% for Tranche 2 Performance Rights and 95% for Tranche 3 Performance Rights;
- (d) (expected dividends) – there are no dividends presently expected to be paid in respect of the underlying Shares; and
- (e) (the risk-free interest rate for the expected life of the instrument) – based on the implied yield on zero coupon Australian government bonds, the average current risk free interest rate is approximately 4.79% for Tranche 1 Performance Rights, 4.84% for Tranche 2 Performance Rights and 4.90% for Tranche 3 Performance Rights.

On this basis, each of the Performance Rights has an implied value as at the date of this Notice of:

Tranche 1 Performance Rights vesting 3 November 2011	Tranche 2 Performance Rights vesting 3 November 2012	Tranche 3 Performance Rights vesting 3 November 2013
\$0.235	\$0.235	\$0.235

The aggregate implied value of the market-based Performance Rights as at the date of this Notice is therefore \$1,868,250.

The value of the Performance Rights referred to above for the Performance Rights to be granted to Giulio Casello will be expensed in the financial statements of the Company over the applicable vesting period of the Performance Rights.

Other remuneration currently provided to the Directors and current holdings in the Company's securities

Salary per annum (including superannuation) and the total financial benefit to be received by Mr Giulio Casello is as follows (note the value of the Performance Rights relates to all Performance Rights to be issued however each third of the Performance Rights to be issued will vest annually beginning 3 November 2011):

	Salary p.a. (\$)	Value of Performance Rights (\$)	Total Financial Benefit (\$)
Mr Giulio Casello	525,000	1,868,250	2,393,250

As at the date of this Explanatory Memorandum, Mr Giulio Casello holds no Shares or Options in the Company.

Other information known to the Company

If Resolution 9 is approved by shareholders it will have the effect of giving power to the Directors to grant up to 7,950,000 Performance Rights to Mr Giulio Casello.

The Company currently has 2,709,995,932 listed Shares and the following unlisted Options on issue:

Number	Exercise Price	Expiry Date
12,000,000	\$0.10	04/01/2012
20,000,000	\$0.20	03/01/2012
2,000,000	\$0.15	05/01/2012
2,000,000	\$0.40	08/01/2012

500,000	\$0.50	18/02/2013
500,000	\$0.70	18/02/2013
6,601,666	\$0.35	31/03/2013
1,000,000	\$0.45	06/01/2012
2,000,000	\$0.35	01/06/2013
1,250,000	\$0.25	29/01/2012
1,250,000	\$0.25	29/01/2013
250,000	\$0.25	29/01/2013
9,045,000	\$0.20	30/01/2012
9,045,000	\$0.225	30/01/2013
9,045,000	\$0.25	30/01/2014

At the date of this Explanatory Statement Mr Giulio Casello holds no Performance Rights or other securities in the Company.

If all of the Performance Rights granted as proposed above vest and are exercised and the Company issues new Shares to the Mr Giulio Casello upon exercise, the effect would be to dilute the shareholding of existing Shareholders by up to a maximum of 0.3% (assuming all of the Company's existing Options remain unexercised).

The highest and lowest market price of the Shares during the 12 months to 4 October 2010 is set out below:

Highest Price (cents) / Date	Lowest Price (cents) / Date	Latest Price / Date
\$0.265 14/09/10	\$0.12 19/07/10 and 09/02/10	\$0.24 cents 04/10/10

There will be no cash cost component to the Company as a result of the grant of the Performance Rights if new shares are issued upon exercise.

Listing Rule 10.14

Listing Rule 10.14 broadly requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party under an employee incentive scheme. Accordingly, Listing Rule 10.14 requires shareholders to approve the issue of Performance Rights under the PRP to Mr Giulio Casello.

For the purposes of Listing Rule 10.15A, the following information is provided to shareholders with respect to Resolution 9:

- (a) the Performance Rights will be granted to Mr Giulio Casello, or his nominees, as noted above;
- (b) the maximum number of Performance Rights to be granted is 7,950,000;
- (c) the Performance Rights will be granted for no consideration. In addition, once vested, the Shares will be automatically issued for no consideration;
- (d) no funds will be raised by the grant of the Performance Rights;
- (e) Messrs Jones, Blakiston, Rankine-Wilson, Marshall, Eldridge and Casello and Ms Harris , or their permitted nominees, are entitled to participate in the PRP;
- (f) None of Messrs Jones, Blakiston, Rankine-Wilson, Marshall, Eldridge and Casello and Ms Harris, or their permitted nominees, have received any Performance Rights under the PRP;
- (g) details of the Performance Rights issued under the PRP will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued, and that approval for the issue of Performance Rights was obtained under Listing Rule 10.14;
- (h) any persons who become entitled to participate in the PRP after this Resolution is approved and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;

- (i) the Performance Rights will be issued as soon as practicable after the Meeting, but in any event no later than 3 years after the meeting; and
- (j) no loan will be offered to Mr Casello in relation to the acquisition of the Performance Rights or Shares resultant from the exercise of the Performance Rights.

RESOLUTIONS 10 - 14 - ISSUE OF SHARES AND OPTIONS

The Company proposes to issue:

- (a) 6,500,000 Options (each with an exercise price of \$0.30 vesting two years from the date of issue and an expiry date three years from the date of issue); and
- (b) 6,500,000 Options (each with an exercise price of \$0.40 vesting two years from the date of issue and an expiry date three years from the date of issue);

to Mr George Jones, Mr Michael Blakiston, Mr Andrew Robin Marshall, Ms Fiona Harris and Mr Barry Eldridge ("**Participating Directors**"), or their nominees. The Options will vest on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue.

The Company also proposes to issue 1,000,000 Shares to Mr George Jones in recognition of his active involvement with the Company since 19 June 2010, the date of the air crash tragedy in the Republic of Congo.

The proposed issue of Options to the Participating Directors will be subject to the terms of the Company's Employee Share Option Plan ("**Plan**"). If, however, there is any inconsistency between the terms of the Options as set out in Annexure B and the Plan, the terms as set out in Annexure B prevail to the extent of the inconsistency.

The Shares and Options will be issued as follows:

Director	Number of Shares	Number of Options (exercisable at \$0.30)	Number of Options (exercisable at \$0.40)
Mr George Jones, or his nominee(s)	1,000,000	2,500,000	2,500,000
Mr Michael Blakiston, or his nominee(s)	Nil	1,000,000	1,000,000
Mr Andrew Robin Marshall, or his nominee(s)	Nil	1,000,000	1,000,000
Ms Fiona Harris, or her nominee(s)	Nil	1,000,000	1,000,000
Mr Barry Eldridge, or his nominee(s)	Nil	1,000,000	1,000,000
Total	1,000,000	6,500,000	6,500,000

The issue of Options encourages the Participating Directors to have a greater involvement in the achievement of the Company's objectives and provides an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. It aligns the interests of the Directors with those of the shareholders and also recognises the difficulty that Directors have in buying shares on market due to the ongoing activities being undertaken by the Company and the insider trading provisions of the Corporations Act.

Under the Company's current circumstances the Directors consider (in the absence of the Participating Directors) that the incentives intended for the Participating Directors represented by the issue of these Options are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

Shareholders should note that for the reasons set out above, it is proposed to issue Options to non-executive Directors notwithstanding the guidelines contained in Box 8.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* ("**Principles**") which states that non-executive directors should not receive options.

The number of Options to be issued to each of the Participating Directors has been determined based upon a consideration of:

- the workload and responsibilities of the Directors during the period since the air crash in June 2010, and the expected workload for the forthcoming period;
- the remuneration of the Directors;
- the Directors' wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Options to be issued will ensure that the Participating Directors' overall remuneration is in line with market standards; and
- incentives to attract and ensure continuity of service of Directors who have appropriate knowledge and expertise.

In the event the Options are exercised, the following amounts will need to be paid to the Company by the Participating Directors:

Director	\$ (Options exercisable at \$0.30)	\$ (Options exercisable at \$0.40)
Mr George Jones, or his nominee(s)	750,000	1,000,000
Mr Michael Blakiston, or his nominee(s)	300,000	400,000
Mr Andrew Robin Marshall, or his nominee(s)	300,000	400,000
Ms Fiona Harris, or her nominee(s)	300,000	400,000
Mr Barry Eldridge, or his nominee(s)	300,000	400,000
Total	1,950,000	2,600,000

The Company will therefore receive \$4,550,000 from the Participating Directors should all the Options be exercised.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
2. shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, each of the Participating Directors is considered to be a related party of the Company.

Resolution 10 provides for the issue of Shares to Mr George Jones which is a financial benefit which requires shareholder approval. Resolutions 10 to 14 provide for the issue Options to the Participating Directors which is a financial benefit which requires shareholder approval.

Current Holdings

Set out below are details of each of the Participating Directors' relevant interest in Shares of the Company as at the date of this Notice:

Director	Number of Shares
Mr George Jones, or his nominee(s)	15,062,500 ⁽¹⁾
Mr Michael Blakiston, or his nominee(s)	Nil
Mr Andrew Robin Marshall, or his nominee(s)	Nil
Ms Fiona Harris, or her nominee(s)	Nil
Mr Barry Eldridge, or his nominee(s)	Nil
Total	15,062,500

Notes:

1. Shares are held by Connemara Investments Pty Ltd, a company in which Mr Jones is a director and shareholder, being a trustee of funds in which Mr Jones has a beneficial interest.

Set out below are details of each of the Participating Directors' relevant interest in Options of the Company as at the date of this Notice:

Director	Number of Options
Mr George Jones, or his nominee(s)	Nil
Mr Michael Blakiston, or his nominee(s)	Nil
Mr Andrew Robin Marshall, or his nominee(s)	Nil
Ms Fiona Harris, or her nominee(s)	Nil
Mr Barry Eldridge, or his nominee(s)	Nil
Total	Nil

INFORMATION REQUIREMENTS

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related parties to whom the proposed resolutions would permit the financial benefit to be given:

Subject to shareholder approval, the following maximum number of Shares and Options will be issue to the following related parties, or their respective nominees:

Director	Number of Shares	Number of Options (exercisable at \$0.30)	Number of Options (exercisable at \$0.40)
Mr George Jones, or his nominee(s)	1,000,000	2,500,000	2,500,000
Mr Michael Blakiston, or his nominee(s)	Nil	1,000,000	1,000,000
Mr Andrew Robin Marshall, or his nominee(s)	Nil	1,000,000	1,000,000
Ms Fiona Harris, or her nominee(s)	Nil	1,000,000	1,000,000
Mr Barry Eldridge, or his nominee(s)	Nil	1,000,000	1,000,000
Total	1,000,000	6,500,000	6,500,000

The nature of the financial benefit

The proposed financial benefit to be given is the issue of Shares to Mr George Jones and issue of Options for no consideration to the Participating Directors as noted above.

Directors' recommendation

All the Directors were available to make a recommendation. For the reasons noted above:

Messrs Casello, Blakiston, Rankine-Wilson, Marshall and Eldridge and Ms Harris (who have no interest in the outcome of Resolution 10) recommend that shareholders vote in favour of Resolution

10. Mr George Jones declines to make a recommendation about Resolution 10 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Shares and Options to him or his nominee(s).

Messrs Jones, Casello, Rankine-Wilson, Marshall and Eldridge and Ms Harris (who have no interest in the outcome of Resolution 11) recommend that shareholders vote in favour of Resolution 11. Mr Michael Blakiston declines to make a recommendation about Resolution 11 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him or his nominee(s).

Messrs Jones, Casello, Blakiston, Rankine-Wilson and Eldridge and Ms Harris (who have no interest in the outcome of Resolution 12) recommend that shareholders vote in favour of Resolution 12. Mr Andrew Robin Marshall declines to make a recommendation about Resolution 12 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him or his nominee(s).

Messrs Jones, Casello, Blakiston, Rankine-Wilson, Marshall and Eldridge (who have no interest in the outcome of Resolution 13) recommend that shareholders vote in favour of Resolution 13. Ms Fiona Harris declines to make a recommendation about Resolution 13 as she has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to her or her nominee(s).

Messrs Jones, Casello, Blakiston, Rankine-Wilson and Marshall and Ms Harris (who have no interest in the outcome of Resolution 14) recommend that shareholders vote in favour of Resolution 14. Mr Barry Eldridge declines to make a recommendation about Resolution 14 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him or his nominee(s).

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.

The proposed ordinary Resolutions 10 to 14 would have the effect of giving power to the Directors to issue a total of 1,000,000 Shares and 13,000,000 Options on the terms and conditions as set out in Annexure B to this Explanatory Memorandum and as otherwise mentioned above.

The Company currently has 2,709,995,932 listed Shares and the following unlisted Options on issue:

Number	Exercise Price	Expiry Date
12,000,000	\$0.10	04/01/2012
20,000,000	\$0.20	03/01/2012
2,000,000	\$0.15	05/01/2012
2,000,000	\$0.40	08/01/2012
500,000	\$0.50	18/02/2013
500,000	\$0.70	18/02/2013
6,601,666	\$0.35	31/03/2013
1,000,000	\$0.45	06/01/2012
2,000,000	\$0.35	01/06/2013
1,250,000	\$0.25	29/01/2012
1,250,000	\$0.25	29/01/2013
250,000	\$0.25	29/01/2013
9,045,000	\$0.20	30/01/2012
9,045,000	\$0.225	30/01/2013
9,045,000	\$0.25	30/01/2014

If the Shares the subject of Resolution 10 are issued to George Jones, and assuming all existing Options on issue have been exercised, the effect would be to dilute the share holding of existing shareholders by 0.04%.

If all Options issued as proposed above are exercised, and assuming all existing Options on issue have been exercised, the effect would be to dilute the share holding of existing shareholders by 0.2%. The market price of the Company's Shares during the period of the Options will normally determine whether or not the Participating Directors exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.

The Participating Directors' fees per annum (including superannuation) and the total financial benefit to be received by them in this current period as a result of the issue of the Options the subject of Resolutions 10 to 14 are as follows:

Director	Fees p.a. (\$)	Value of Shares/Options (\$)	Total Financial Benefit (\$)
Mr George Jones	240,000	861,500	1,101,500
Mr Michael Blakiston	90,000	248,600	338,600
Mr Andrew Robin Marshall	90,000	248,600	338,600
Ms Fiona Harris	105,000	248,600	353,600
Mr Barry Eldridge	105,000	248,600	353,600

Valuation of Shares

The Shares are listed on ASX. The market value of the Shares may increase or decrease in the future. The Company's advisers have valued the Shares on the basis of the market price of \$0.24 per Share on the date of valuation (being 4 October 2010).

Valuation of Options - Options with an exercise price of \$0.30

The indicative option valuation of \$0.1319 is a theoretical valuation of each option using the Black and Scholes Option Pricing Model.

The Company's advisers have valued the Options to be issued to the Participating Directors using the Black & Scholes Model. The value of an option calculated by the Black & Scholes Model is a function of a number of variables. The valuation of the Options has been prepared using the following assumptions:

Variable	Input
Share price	\$0.24
Exercise price	\$0.30
Risk Free Interest Rate	4.81%
Volatility	95%
Time (years to expiry)	2.75

The Company's advisers have calculated the value of each option based on the following assumptions:

1. They have based the underlying value of each share in the Company on the Australian Securities Exchange closing price of \$0.24 on 4 October 2010;
2. Risk free rate of return - 4.81% (estimated, based on based on the implied yield on zero coupon Australian government bonds);
3. They used a volatility of the share price of 95% as determined from the daily movements in share price over the last 2.75 years.
4. There are no dividends presently expected to be paid in respect of the underlying Shares

Based on the assumptions, it is considered that the estimated average value of the Options to be issued to the Participating Directors is \$0.1319 per Option.

Valuation of Options - Options with an exercise price of \$0.40

The indicative option valuation of \$0.1167 is a theoretical valuation of each option using the Black and Scholes Option Pricing Model.

The Company's advisers have valued the Options to be issued to the Participating Directors using the Black & Scholes Model. The value of an option calculated by the Black & Scholes Model is a function of a number of variables. The valuation of the Options has been prepared using the following assumptions:

Variable	Input
Share price	\$0.24
Exercise price	\$0.40
Risk Free Interest Rate	4.81%
Volatility	95%
Time (years to expiry)	2.75

The Company's advisers have calculated the value of each option based on the following assumptions:

1. They have based the underlying value of each share in the Company on the Australian Securities Exchange closing price of \$0.24 on 4 October 2010;
2. Risk free rate of return - 4.81% (estimated, based on based on the implied yield on zero coupon Australian government bonds);
3. They used a volatility of the share price of 95% as determined from the daily movements in share price over the last 2.75 years.
4. There are no dividends presently expected to be paid in respect of the underlying Shares

Based on the assumptions, it is considered that the estimated average value of the Options to be issued to the Participating Directors is \$0.1167 per Option. Any change in the variables applied in the Black & Scholes calculation between the date of the valuation and the date the Options are issued would have an impact on their value.

The highest and lowest market price of the Shares during the 12 months to 4 October is set out below:

Highest Price (cents) / Date	Lowest Price (cents) / Date	Latest Price / Date
\$0.265 - 14/09/10	\$0.12 - 19/07/10 and 09/02/10	\$0.24 - 04/10/10

Other Information

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Options pursuant to Resolutions 10 to 14.

Neither the Directors not the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolutions.

Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires shareholders to approve the issue of Options to Mr George Jones.

Additional Information

The following information in relation to the Shares to be issued pursuant to Resolution 10 is provided to shareholders for the purposes of Listing Rule 10.13:

- (a) the Shares will be issued to Mr George Jones, or his nominees, as noted above;
- (b) the maximum number of Shares to be issued is 1,000,000;
- (c) the Shares will be allotted and issued on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (d) the Shares will be issued for no consideration;
- (e) no funds will be raised by the issue of the Shares;
- (f) the Shares are fully paid ordinary shares of the Company; and
- (g) no loan will be offered to Mr Jones in relation to the acquisition of the Shares.

If approval is given for the issue of the Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Listing Rule 10.14

Listing Rule 10.14 broadly requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party under an employee incentive scheme. Accordingly, Listing Rule 10.14 requires shareholders to approve the issue of Options under the Plan to the Participating Directors.

For the purposes of Listing Rule 10.15, the following information is provided to shareholders with respect to Resolutions 10 to 14:

- (a) the Options will be issued to the Participating Directors, or their nominees, as noted above;
- (b) the maximum number of Options to be issued is 13,000,000;
- (c) under Resolution 10, Mr George Jones will be issued (i) 2,500,000 Options (each with an exercise price of \$0.30 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue); and (ii) 2,500,000 Options (each with an exercise price of \$0.40 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue). Under Resolutions 11 to 14, each of Mr Michael Blakiston, Mr Andrew Robin Marshall, Ms Fiona Harris and Mr Barry Eldridge will each be issued (i) 1,000,000 Options (each with an exercise price of \$0.30 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue); and (ii) 1,000,000 Options (each with an exercise price of \$0.40 vesting on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue and an expiry date three years from the date of issue);
- (d) the Options will be issued for no consideration;
- (e) no funds will be raised by the issue of the Options;
- (f) Messrs Jones, Blakiston, Rankine-Wilson, Marshall, Eldridge and Casello and Ms Harris, or their permitted nominees, are entitled to participate in the Plan but for the purposes of Resolutions 10 to 14 at this time the Company is only seeking to issue Options to the Participating Directors;
- (g) no Participating Directors, or their permitted nominees, have received any Options under the Plan; and
- (h) the Options will be issued on a date, being no later than 12 months after the date shareholder approval is obtained for Resolutions 10 to 14; and
- (i) no loans will be offered to the Participating Directors, or their permitted nominees in relation to the acquisition of the Options or the Shares resultant from the exercise of the Options.

GLOSSARY

"**Annual Report**" means the annual report of the Company for the year ended 30 June 2010.

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

"**Board**" means the board of Directors of the Company.

"**Company**" means Sundance Resources Limited ABN 19 055 719 394.

"**Constitution**" means the constitution of the Company.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Director**" means a director of the Company.

"**ESOP**" or "**Plan**" means the Sundance Resources Limited employee share option plan approved by the Company's shareholders on 29 November 2007.

"**Explanatory Memorandum**" means this explanatory memorandum accompanying the Notice.

"**Listing Rules**" means the Listing Rules of the ASX.

"**Meeting**" means the annual general meeting the subject of the Notice.

"**Notice**" means the notice of annual general meeting which accompanies this Explanatory Memorandum.

"**Option**" means an option to acquire a Share.

"**Performance Conditions**" means conditions relating to the performance of the Company and subsidiaries of the Company for the purpose of determining the number of Performance Rights that will become vested (resulting in the issue of Shares);

"**Performance Period**" means the period set out in the offer for the purpose of determining the extent (if any) to which the Performance Conditions have been met;

"**Performance Right**" means a right granted under the PRP to acquire Shares on terms, and subject to conditions, set out in the PRP;

"**PRP**" or "**Performance Rights Plan**" means the performance rights plan titled "Sundance Resources Limited Performance Rights Plan" the subject of Resolution 8, a copy of which is attached at Annexure A.

"**Resolution**" means a resolution proposed pursuant to the Notice.

"**Share**" means a fully paid ordinary share in the capital of the Company.

ANNEXURE A

SUNDANCE RESOURCES LIMITED

PERFORMANCE RIGHTS PLAN
(Adopted by the Board on 4 October 2010)

TABLE OF CONTENTS

1.	PURPOSE	24
2.	DEFINITIONS AND INTERPRETATION	24
	2.1 Definitions	24
	2.2 Interpretation	26
3.	OFFER TO PARTICIPATE	27
	3.1 Offers	27
	3.2 Application Form	27
	3.3 Participants	27
4.	GRANT OF PERFORMANCE RIGHTS	28
	4.1 Grant	28
	4.2 Not transferable	28
	4.3 Security Interest	28
	4.4 New issues	28
	4.5 Dividend and Voting Rights	28
5.	VESTING AND EXERCISE OF PERFORMANCE RIGHTS	29
	5.1 Performance Conditions	29
	5.2 Determination of number of Vested Performance Rights	29
	5.3 Automatic Exercise of Performance Rights	29
	5.4 Performance Rights and Trading of Shares	29
6.	TIME OF LAPSE OF PERFORMANCE RIGHTS	30
7.	CESSATION OF EMPLOYMENT OR OFFICE	30
	7.1 Unvested Performance Rights	30
	Unless otherwise determined by the Board:	30
	7.2 Secretary's Certificate	30
	7.3 Death of a Participant	31
8.	BREACH, FRAUD OR DISHONESTY	31
9.	CHANGE OF CONTROL	31
	9.1 Vesting upon change of control	31
	9.2 Notification to Participants	31
10.	ADMINISTRATION OF THE PLAN	31
11.	CAPITAL EVENTS	32
	11.1 Variation of Capital	32
	11.2 Adjustments	32
	11.3 Notice of Variation	32
12.	RIGHTS OF PARTICIPANTS	32
13.	AMENDMENT, TERMINATION AND SUSPENSION	33

14.	GENERAL	33
14.1	Law, Listing Rules and the Constitution	33
14.2	Compliance with the Income Tax Assessment Act	33
14.3	Issue limitations	33
14.4	Costs and Expenses	34
14.5	Withholding	34
14.6	Data protection	35
14.7	Error in Allocation	35
14.8	Dispute	35
14.9	Notices	35
14.10	Governing Law	35

1. PURPOSE

The Performance Rights Plan is a long term incentive aimed at creating a stronger link between employee performance and reward and increasing shareholder value by enabling Participants to have a greater involvement with, and share in the future growth and profitability of, the Company.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Rules the following terms have the following meanings:

"**Application Form**" means an application form by which an Eligible Person or a Permitted Nominee can accept an Offer in such form as the Board may approve from time to time;

"**Allocate**" means granting a right to acquire unissued Shares, or if there is no such grant, the issue and allotment of Shares;

"**ASIC**" means Australian Securities and Investments Commission;

"**ASX**" means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Blackout Period**" has the meaning given to that term in the Share Trading Policy;

"**Board**" means the board of directors of the Company from time to time;

"**Change of Control Event**" means a shareholder, or a group of associated shareholders:

- (a) becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board; or
- (b) gaining the ability to control more than 50% of the voting power (as defined in the Corporations Act) in the Company;

"**Company**" means Sundance Resources Limited ACN 055 719 394 whose registered office is at Level 35, Exchange Plaza, 2 The Esplanade, Perth, Western Australia 6000;

"**Constitution**" means the constitution of the Company;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Eligible Person**" means a director or a full time or permanent part-time employee of a Group Company whom the Board determines in its absolute discretion is to participate in the Plan;

"**Expiry Date**" means the day ending at 5.00 pm Perth time on the date 3 years after the date of grant of the Performance Right, or such other date as determined by the Board in its absolute discretion and specified in the Offer;

"**Group**" means the Company and its Subsidiaries (if any) from time to time and a "**Group Company**" means any one of them;

"**Law**" means the laws of Australia;

"**Legal Personal Representative**" means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

"**Listing Rules**" means the listing rules of the ASX as amended from time to time;

"**Measurement Date**" in relation to a Performance Right means the date at which Performance Conditions are to be measured to determine whether that Performance Right becomes a Vested Performance Right;

"**Offer**" means an offer to participate in the Plan in respect of a Performance Period in accordance with clause 3.1;

"**Participant**" means an Eligible Person or their Permitted Nominee, as the case may be, who returns a duly completed Application Form and to whom Performance Rights are granted under the Plan;

"**Performance Conditions**" means the conditions relating to the performance of the Group (and the manner in which those conditions will be tested) for the purposes of determining the number of a Participant's Performance Rights which may be exercised, as set out in the Offer;

"**Performance Period**" means the period set out in the Offer for the purpose of determining the extent (if any) to which the Performance Conditions have been met;

"**Performance Right**" means a right granted under clause 4.1(a) to acquire a Share on the terms set out in the Plan for the relevant Performance Period, subject to the Performance Conditions;

"**Permitted Nominee**" has the meaning given to it under clause 3.3(b);

"**Plan**" means the Performance Rights Plan of the Company;

"**Redundancy**" means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

"**Retirement**" means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at a date greater than 6 months from the grant of the Performance Right, who is age 55 or over;

"**Security Interest**" means a mortgage, charge, pledge, lien or other encumbrance of any nature;

"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Share Trading Policy**" means the Company's share trading policy pursuant to its corporate governance system as published on the Company's website;

"**Subsidiary**" means a body corporate which is a subsidiary of the Company within the meaning of section 9 of the Corporations Act;

"**Specified Reason**" means Retirement, Total and Permanent Disablement, Redundancy or death;

"**Total and Permanent Disablement**" means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience;

"**Trading Window**" has the meaning given to that term in the Share Trading Policy;

"**Unvested Performance Rights**" means Performance Rights which have not yet vested in accordance with the Plan; and

"**Vested Performance Rights**" means Performance Rights which are determined to have vested in accordance with the Plan.

2.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules of interpretation apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (e) A reference to a clause is to a clause of the Plan.
- (f) A reference to any agreement or document is to that agreement or document as amended, novated, supplemented, varied or replaced from time to time, except to the extent prohibited by the Plan.
- (g) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (h) A reference to conduct includes any omission and any statement or undertaking, whether or not in writing.
- (i) A reference to writing includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- (j) Mentioning anything after include, includes or including does not limit what else might be included.

3. OFFER TO PARTICIPATE

3.1 Offers

- (a) The Board may from time to time in its absolute discretion issue or cause to be issued Offers on behalf of the Company to Eligible Persons. That Offer will be in such form as the Board determines from time to time and will include the following information:
 - (i) the date of the Offer;
 - (ii) the name of the Eligible Person to whom the Offer is made;
 - (iii) the number of Performance Rights which are capable of vesting if Performance Conditions are met;
 - (iv) the Performance Conditions and Performance Period;
 - (v) the approximate Measurement Date(s) in respect of the Performance Rights;
 - (vi) the Expiry Date; and
 - (vii) the time period in which to accept the Offer by returning a duly completed Application Form.
- (b) Offers may be made by the Board on a differential basis to Eligible Persons, different classes of Eligible Persons or to Eligible Persons within the same class, as the case may be.

3.2 Application Form

- (a) An Eligible Person who receives an Offer can only participate in the Plan by returning a duly completed Application Form within the time period and as otherwise specified in the Offer.
- (b) An Eligible Person may nominate a person to whom the Eligible Person wishes to be granted all the Performance Rights as specified in the Offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow the grant of the Performance Rights to the nominee without giving any reason for such decision.
- (c) If an Application Form is not returned within the time specified or otherwise in accordance with the requirements set out in the Offer, the Board may nevertheless in its sole discretion treat any Application Form received from an Eligible Person (or their nominee) as being returned in accordance with clause 3.2(a).
- (d) For the avoidance of doubt, the Board in its sole discretion can refuse to allow an Eligible Person (or their nominee) to participate in the Plan even though a duly completed Application Form is received from the Eligible Person (or their nominee) in accordance with clause 3.2(a).

3.3 Participants

Subject to clause 3.2(d), following:

- (a) receipt of a duly completed Application Form by an Eligible Person; or
- (b) the Board approving the grant of Performance Rights to an eligible person's nominee ("**Permitted Nominee**") and the Permitted Nominee giving the Company a duly completed Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by rules of this Plan and will be granted Performance Rights subject to these rules. On the grant of Performance Rights following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

4. GRANT OF PERFORMANCE RIGHTS

4.1 Grant

- (a) As soon as practicable after the receipt of a duly completed Application Form, the Company will grant to each Participant the number of Performance Rights as set out in the Offer.
- (b) A Participant will not pay anything for the grant of Performance Rights.
- (c) An Eligible Person has no entitlement to be granted any Performance Rights unless and until such Performance Rights are granted.
- (d) None of the Performance Rights will be listed for quotation on any stock exchange.

4.2 Not transferable

Except on the death of a Participant, Performance Rights may not be transferred, assigned or novated except with the approval of the Board.

4.3 Security Interest

Subject to clause 4.2, Participants will not grant any Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the relevant Shares are either issued or transferred to that Participant, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company.

4.4 New issues

A Performance Right does not confer on a Participant the right to participate in new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise.

4.5 Dividend and Voting Rights

Performance Rights will not give any right to participate in dividends or any voting rights until Shares are issued or transferred to a Participant pursuant to the exercise of Vested Performance Rights.

5. VESTING OF PERFORMANCE RIGHTS

5.1 Performance Conditions

The Performance Conditions applicable to any Performance Period relating to Performance Rights shall be as set out in the Offer, including the Measurement Date, and shall be as determined by the Board in its absolute discretion from time to time.

5.2 Determination of number of Vested Performance Rights

(a) Subject to 5.2(b), as soon as reasonably practicable after each Measurement Date applicable to any Performance Period, the Board shall determine in respect of each Participant as at that Measurement Date:

- (i) whether, and to what extent, the Performance Conditions applicable up to the Measurement Date have been satisfied;
- (ii) the number of Performance Rights (if any) that will become Vested Performance Rights as at the Measurement Date; and
- (iii) the number of Performance Rights (if any) that will lapse as a result of the non-satisfaction of Performance Conditions as at the Measurement Date,

and shall provide written notification to each Participant as to that determination.

(b) The Measurement Date and any determination of any vesting of the Performance Rights under clause 5.2(a) can only occur at such time which is:

- (i) within a Trading Window; and
- (ii) at such time as that the issue or transfer of Shares to a Participant would not be likely to lead to a breach by the Participant of the insider trading provisions in the Corporations Act.

(c) Until the Board has made a determination which is in accordance with both clauses 5.2(a) and 5.2(b) above all Performance Rights remain at all times Unvested Performance Rights.

5.3 Automatic Issue of Shares for Vested Performance Rights

Upon determination of the Vested Performance Rights in accordance with clauses 5.2 and 7.1(b), Shares will automatically be issued to the Participant or their Nominee unless the Company is in a Blackout Period, or the Company determines in good faith that to issue the shares may breach the Corporations Act in respect of insider trading, in which case the Company will issue the Shares as soon as reasonably practicable thereafter.

5.4 Performance Rights and Trading of Shares

(a) Unless and until Performance Rights have vested and the relevant Shares are either issued or transferred to that Participant as a result of that exercise, a Participant has no interest in those Shares.

- (b) All Shares issued or transferred to a Participant under this Plan, will, from the date of issue or transfer, rank equally with all other issued Shares. The Company will apply for official quotation of these Shares on each stock exchange on which Shares are quoted.
- (c) A Participant who wishes to trade any Shares issued or transferred under this Plan must do so in accordance with the Share Trading Policy.

6. TIME OF LAPSE OF PERFORMANCE RIGHTS

Unless otherwise determined by the Board, a Performance Right lapses on the earlier to occur of:

- (a) where Performance Conditions have not been satisfied on the Measurement Date - the date the Board makes a determination under clause 5.2(a)(iii) that the Performance Right will lapse;
- (b) if an Eligible Person ceases to be an Eligible Person because of a Specified Reason - the date of lapse under clause 7.1(b);
- (c) if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason - the date of lapse either under clause 7.1(a);
- (d) the day the Board makes a determination that the Performance Rights lapse under clause 8; and
- (e) the day the Board makes a determination that the Performance Rights lapse under clause 9.1.

7. CESSATION OF EMPLOYMENT OR OFFICE

7.1 Unvested Performance Rights

Unless otherwise determined by the Board:

- (a) if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any Unvested Performance Rights held by such Eligible Person, or if appropriate, their Permitted Nominee, will automatically lapse; and
- (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, the Board, subject to the Listing Rules, in its absolute discretion, will determine the extent to which Unvested Performance Rights will become Vested Performance Rights.

7.2 Secretary's Certificate

A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.

7.3 **Death of a Participant**

Subject to clause 7.1(b), if at any time prior to the Expiry Date of any Performance Rights a Participant dies, the deceased Participant's Legal Personal Representative may:

- (a) elect to be registered as the new holder of the deceased Participant's Performance Rights; and
- (b) whether or not the deceased Participant's Legal Personal Representative becomes so registered, participate in accordance with and subject to the rules of this Plan as if they were the holder of such Performance Rights.

8. **BREACH, FRAUD OR DISHONESTY**

If in the opinion of the Board a Participant acts fraudulently or dishonestly or is in material breach of his or her obligations to any Group Company then the Board may in its absolute discretion determine that all the Participant's Performance Rights will lapse and the Board's decision will be final and binding.

9. **CHANGE OF CONTROL**

9.1 **Vesting upon change of control**

In the following circumstances:

- (a) in the event a takeover bid (as defined in the Corporations Act) to acquire any Shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not;
- (b) at any time after a Change of Control Event has occurred; or
- (c) if a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court under section 411(4)(b) of the Corporations Act,

(each a "**Notification Event**"), the Board will determine an alternate Measurement Date and will, in its absolute discretion, determine the extent to which the Performance Conditions had been met at the alternate Measurement Date, and what proportion, if any, of the Unvested Performance Rights should become Vested Performance Rights.

9.2 **Notification to Participants**

Upon a Notification Event and determination occurring, the Company must, subject to the Listing Rules, as soon as reasonably practicable, issue (or procure the transfer) to that Participant of, the number of Shares in respect of which the Performance Rights have vested (as adjusted under clause 11.2, if relevant), credited as fully paid.

10. **ADMINISTRATION OF THE PLAN**

- (a) The Plan will be administered by the Board. The Board will have power to delegate the exercise of its powers or discretions arising under the Plan to any one or more persons (including, but not restricted to, a committee or sub-

committee of the Board) for such period and on such conditions as the Board may determine.

- (b) The Board may at any time appoint or engage specialist service providers for the operation and administration of the Plan.
- (c) The Board will ensure a complete register of Participants is maintained to facilitate efficient management and administration and to comply with regulatory reporting requirements.
- (d) Shares to be provided under the Plan may either be satisfied by the issue of new Shares or by the transfer of existing Shares.
- (e) Where the Board is required to make a determination or is entitled to exercise discretion in respect of the Plan, that determination or discretion shall be exercised reasonably and in good faith, unless provided otherwise.

11. CAPITAL EVENTS

11.1 Variation of Capital

If there are certain variations of the share capital of the Company including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital, a demerger (in whatever form) or other distribution in specie, the Board may make such adjustments as it considers appropriate under clause 11.2 in accordance with the provisions of the Listing Rules.

11.2 Adjustments

An adjustment made under this clause will be to one of the following:

- (a) the number of Shares which may be issued or transferred upon vesting of any Performance Rights; or
- (b) where Performance Rights have become Vested Performance Rights but no Shares have been issued or transferred, the number of Shares which may be issued or transferred.

11.3 Notice of Variation

As soon as reasonably practicable after making any adjustment under clause 11.2, the Board will give notice in writing of the adjustment to any Participant affected by it.

12. RIGHTS OF PARTICIPANTS

Nothing in this Plan or participation in the Plan:

- (a) confers on any Eligible Person or Participant the right to continue as an employee or officer of any Group Company;
- (b) confers on any Eligible Person the right to become or remain an Eligible Person or Participant or to participate under the Plan;
- (c) will be taken into account in determining an Eligible Person's salary or remuneration for the purposes of superannuation or other pension arrangements;

- (d) affects the rights and obligations of any Eligible Person or Participant under the terms of their office or employment with any Group Company;
- (e) affects any rights which a Group Company may have to terminate the employment or office of an Eligible Person or Participant or will be taken into account in determining an Eligible Person or Participant's termination or severance pay;
- (f) may be used to increase damages in any action brought against any Group Company in respect of any such termination; and
- (g) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Person or Participant.

13. AMENDMENT, TERMINATION AND SUSPENSION

- (a) Grants of Performance Rights under this Plan may only be made for a period of 3 years commencing on the date on which the Plan is approved by the Company's shareholders.
- (b) Subject to clause 13(c), the Board may at any time and from time to time by resolution alter the Plan.
- (c) Any amendment to the Plan is subject to any restrictions or procedural requirements relating to the amendment of the rules of an employee incentive scheme imposed by the Listing Rules.
- (d) The Board may at any time, and at its complete discretion, suspend or terminate the Plan without notice to Participants. The suspension or termination of the Plan will not affect any existing grants of Performance Rights already made under the Plan and the terms of the Plan will continue to apply to such grants.

14. GENERAL

14.1 Law, Listing Rules and the Constitution

The Plan and all offers and issues of Performance Rights under the Plan are subject to the Law, the Listing Rules and the Constitution, each as in force from time to time.

14.2 Compliance with the Income Tax Assessment Act

The Plan and all offers and issues of Performance Rights under the Plan must at all times be compliant with subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth).

14.3 Issue limitations

- (a) The number of Shares to be received on vesting of the Performance Rights the subject of an Offer when aggregated with:
 - (i) the number of Shares which would be issued were each outstanding offer or Performance Right, being an offer made or Performance Rights granted pursuant to the Plan or any other employee incentive

scheme extended only to employees or directors of the Company, to vest; and

- (ii) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee incentive scheme extended only to employees or directors of the Company;

but disregarding any offer made, or Performance Rights acquired or Share issued by way of or as a result of:

- (iii) an offer to a person situated at the time of receipt of the offer outside Australia; or
- (iv) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (v) an offer made under a disclosure document,

must not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares as at the time of the Offer.

- (b) Where the Performance Right lapses without vesting, the Shares concerned are ignored when calculating the limits in this clause.

14.4 **Costs and Expenses**

The Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the issue or purchase of Shares (except for taxes which are payable by Participants for the Performance Rights) for the purposes of the Plan. Each Group Company will, if required by the Board, reimburse the Company for any such costs and charges to the extent that they relate to its employees officers or former employees or officers.

14.5 **Withholding**

- (a) If any person (not being the Participant) is obliged as a result of or in connection with the grant or vesting, of any Performance Rights to account for income tax or employment taxes under any wage, withholding or other arrangements or for any other tax, social security contributions or levy or charge of a similar nature, then that person is entitled to be reimbursed by the Participant for the amounts so paid or payable.
- (b) Where clause 14.5(a) applies, the Company is not obliged to pay the relevant amount or issue or transfer the relevant Shares to the Participant, unless the relevant person is satisfied that arrangements have been made for reimbursement. Those arrangements may include, without limitation, the sale, on behalf of the Participant, of Shares issued or transferred or otherwise to be issued or transferred to the Participant and, where this happens, the Participant will also reimburse the costs of any such sale (e.g. stamp duty, brokerage, etc.)

14.6 **Data protection**

By returning an Application Form, each Participant consents to the holding and processing of personal data provided by the Participant to any Group Company for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participants' records;
- (b) providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;
- (c) providing information to future purchasers of the Company or the business in which the Participant works;
- (d) transferring information about the Participant to a country or territory outside Australia.

14.7 **Error in Allocation**

If any Performance Right is provided under this Plan in error or by mistake to a person ("**Mistaken Recipient**") who is not the intended recipient, the Mistaken Recipient shall have no right or interest, and shall be taken never to have had any right or interest, in that Performance Right and those Performance Rights will immediately lapse.

14.8 **Dispute**

Any disputes or differences of any nature arising under the Plan will be referred to the Board and its decision will be final and binding in all respects.

14.9 **Notices**

Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending it by post or fax or email, in the case of a company to its registered office (or any other address notified by that company from time to time ("**Notified Address**")) or the fax number (if any) of that registered office (or Notified Address), and in the case of an individual to their last known address, fax number, email address or, if they are a director or employee of a Group Company, either to their last known address, fax number or to the address of the place of business at which they carry out all or most of their duties, or to the fax number or email address relating to that address.

14.10 **Governing Law**

- (a) This Plan and the rights of Eligible Persons and Participants under the Plan are governed by the laws in force in the State of Western Australia, Australia.
- (b) Each Participant and the Company irrevocably and unconditionally submit to the non-exclusive jurisdiction of the Courts of Western Australia, the Commonwealth of Australia and Court entitled to hear appeals from those Courts.

ANNEXURE B

Terms and Conditions of Options (Resolutions 10 to 14)

- (a) each Option entitles the holder, when exercised to one Share;
- (b) the exercise price of the Options at [30 cents] / [40 cents] each;
- (c) the Options are exercisable on or before the date that is three years from the date of issue ("**Expiry Date**"): PROVIDED THAT in the event the option holder resigns or is terminated by the Company in accordance **with an** employment agreement with the Company or is removed as a director of the Company, the Options which have not been exercised in accordance with these terms will automatically lapse 30 days after the termination of employment or date of removal from office (as the case may be). HOWEVER if the employment is terminated on the basis of misconduct then, in this case the options which have not vested will lapse immediately;
- (d) the Options shall vest on the earlier the achievement of financing on the Mbalam Iron Ore Project or two years from the date of issue;
- (e) in the event of corporate merger or acquisition which results in a material change of control of the Company (involving the acquisition of control of not less than 50% the shares in Sundance by a single shareholder or group of shareholders acting together), Options which have not already vested will vest at the time of such merger or acquisition being completed.
- (f) in the event of a takeover bid for the Company, Options which have not already vested will vest at the commencement of the Bid Period (being the time determined under the Corporations Act or the date of announcement of a public bid);
- (g) all Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options;
- (h) the Options granted are not transferable for any purpose and will not be listed;
- (i) there are no participating rights or entitlements inherent in the Options and option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of the proposed issue notice of the new issue will be given to option holders at least seven (7) business days before the record date. This will give option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue; and
- (j) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of the option holders will be varied in accordance with the ASX Listing Rules.