



## QUARTERLY ACTIVITIES REPORT

For the period ended 30 June 2008

### HIGHLIGHTS

#### Mbalam Iron Ore Project, Cameroon

- ▶ Inferred Mineral Resource for DSO-quality hematite mineralisation at Mbarga and Mbarga South Deposits upgraded to **200 million tonnes at an average grade of 60.3% Fe, 0.06% P, 2.7% Al<sub>2</sub>O<sub>3</sub>, 7.6% SiO<sub>2</sub> and 2.0% LOI.**
- ▶ Inferred Mineral Resource announced for enriched Itabirite hematite mineralisation at Mbarga of **1.2 billion tonnes at 38% Fe.**
- ▶ Exploration Target for Itabirite hematite at Mbarga upgraded to a range from **1.6 to 1.8 billion tonnes at 38-39% Fe.** Overall project Itabirite Exploration Target remains at 2.0 to 2.5 billion tonnes.
- ▶ Latest drilling along the western flank of the Mbarga Deposit has identified a zone of massive hematite mineralisation below the supergene zone indicating the potential for significant extensions of high Fe grade material at depth. New additional Exploration Target defined at 40 to 60 million tonnes of hematite grading 55% - 60% Fe.
- ▶ Test work has confirmed the beneficiation potential of the Mbarga Itabirite with latest results producing a +66% Fe concentrate with ~44 % weight recovery.
- ▶ A total of 159 drill holes completed to end June 2008 (for 32,860 metres) including 92 new holes completed at Mbarga in the June quarter 2008.
- ▶ Drilling to continue to focus on the Mbarga Deposit but with drilling to commence on the Metzimevin Prospect in the September quarter 2008.
- ▶ Reconnaissance investigations on Mbalam East Exploration Permit No. 143 to continue in September 2008 quarter.
- ▶ Terms of Reference for ESIA approved by Minister for the Environment. Baseline ESIA data collection commenced on site.
- ▶ First site inspection completed by prospective product offtakers in June 2008 quarter with increased focus on introduction of strategic offtakers and project financing in the September quarter 2008.
- ▶ Cash balance at end June 2008 of A\$47 million.

## Mbalam Iron Ore Project, Cameroon

The Mbalam Iron Ore Project is based on Exploration Permit No. 92 (“EP92”) and Exploration Permit No. 143 (“EP143”) located approximately 400 km southeast of the capital city of Yaounde in the Republic of Cameroon. The permit areas form part of a larger iron ore province extending from Cameroon into neighbouring Gabon and Congo (Figure 1).

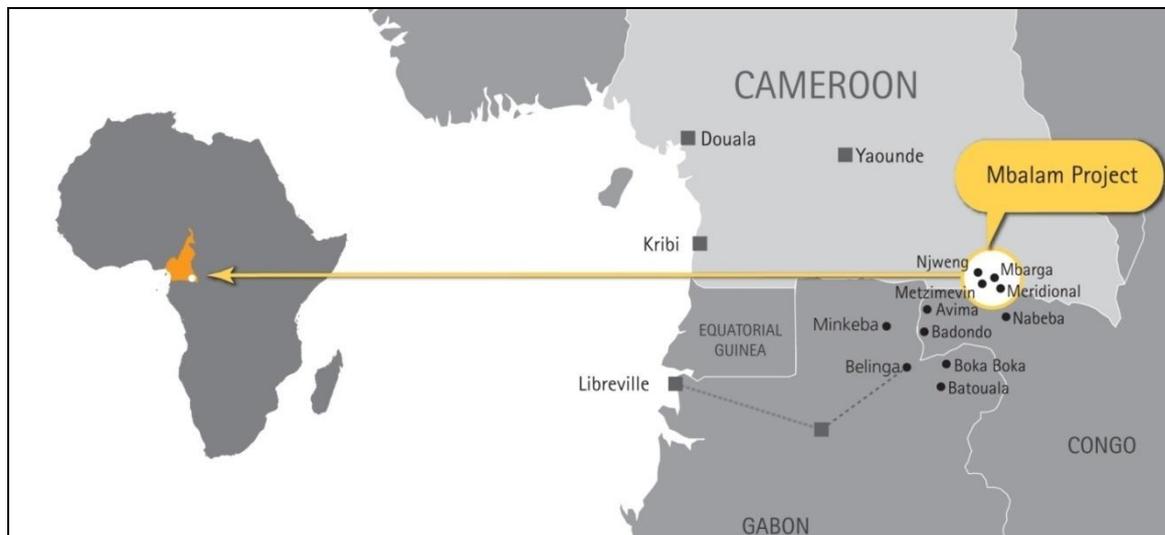


FIGURE 1 – LOCATION OF THE MBALAM IRON ORE PROJECT

Sundance Resources Ltd (“Sundance”) made significant progress in resource definition and feasibility studies on the Mbalam Iron Ore Project during the June 2008 quarter. Work focused on drilling of the Mbarga Deposit and resource modelling of the Mbarga and Mbarga South Deposits, including definition of initial JORC-Code compliant mineral resource tonnages for both DSO and Itabirite hematite mineralisation. Work also progressed on mine planning and phase 2 beneficiation testwork on the Mbarga itabirite. Feasibility studies continued on Project infrastructure, including rail and port site surveys, with commencement of baseline data collection for the ESIA. Negotiations continued with the Cameroon Government on proposed development terms for the Project.



FIGURE 2 - RC DRILLING AT THE MBALAM IRON ORE PROJECT, CAMEROON (JUNE 2008)

Figure 3 shows the location of EP92 and EP143 with aeromagnetic imagery of the EP92 permit area overlying topographic imagery of EP143. EP92 covers an area of 937 km<sup>2</sup> and encompasses significant iron mineralisation. EP143 covers an area of 877km<sup>2</sup> and lies immediately east of the mineralised zone on EP92. Reconnaissance investigations on EP143 commenced in the June 2008 quarter.

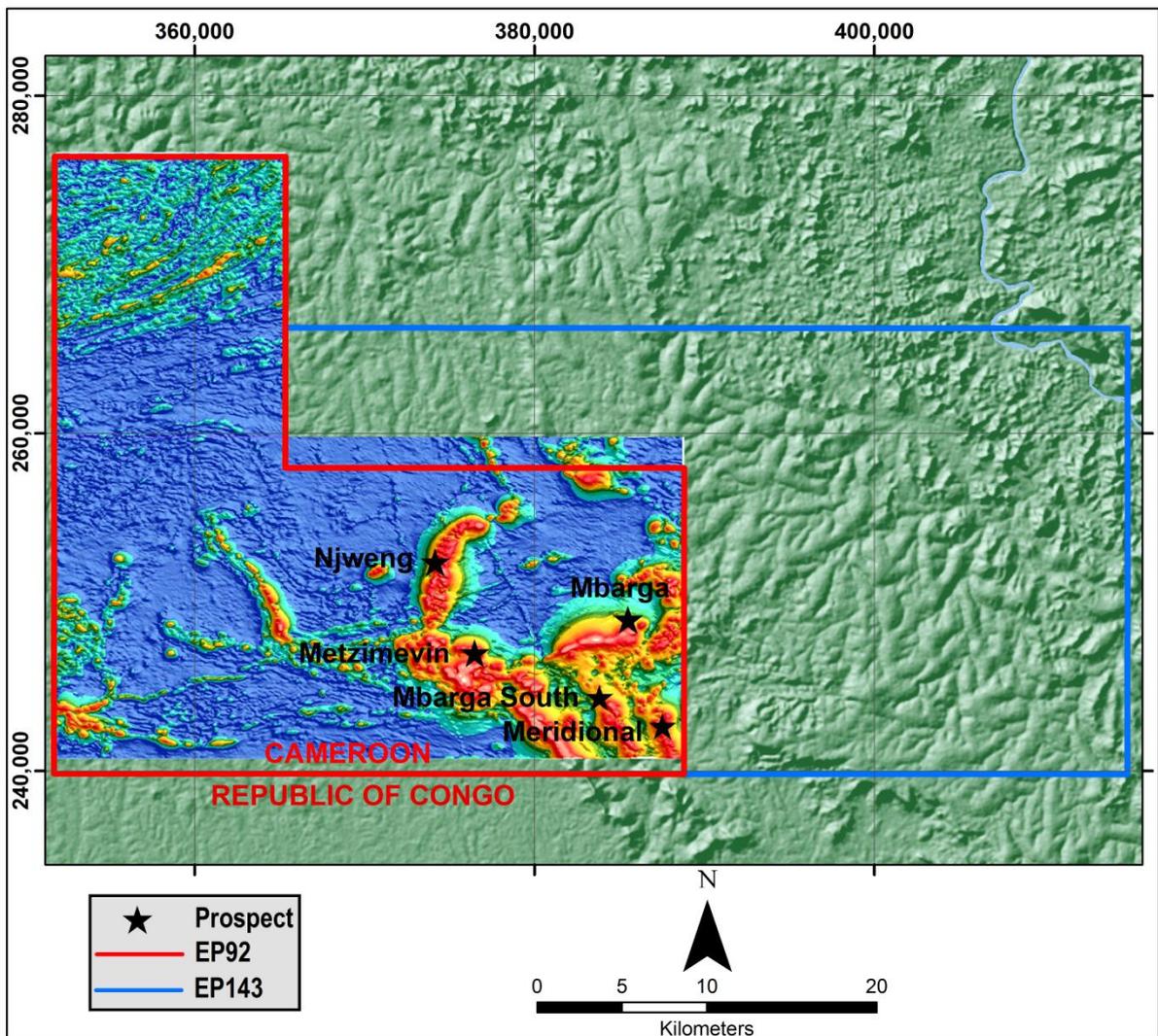


FIGURE 3 – LOCATION OF EP92 AND INCLUDES GEOPHYSICS AND TARGET PROSPECTS ON EP92

### Resource Definition Exploration Program

Resource definition drilling on EP92 continued in the June 2008 quarter. A total of 159 drill holes have been completed on the permit area to the end of June 2008 for a total of 32,860 metres drilled.

92 holes were completed in the June quarter, with drilling productivity significantly increased with 6 rigs operating on site (see Figure 4). The initial drill programme at Mbarga South was completed during May and all rigs are currently operating at the Mbarga Deposit for definition of JORC-Code compliant Mineral Resources.



*Wallis YDX Diamond Rig*



*Ausdrill Northwest UDR650 Diamond Rig*



*Wallis Thor RC Rig #1*



*Ausdrill Northwest RCD250 RC Rig #1*



*Wallis Thor RC Rig #2*



*Ausdrill Northwest RCD250 RC Rig #2*

**FIGURE 4 – SIX DRILL RIGS OPERATING AT THE MBALAM PROJECT**

Drilling on the Metzimevin Prospect will commence in the September 2008 quarter. Drill access roads, pads, fuel and water supply arrangements have been completed at Metzimevin to ensure readiness for drilling activities.

Figure 5 shows the location of all drill holes completed on the Mbarga Deposit to end June 2008. Figure 6 shows the location of all holes drilled on the Mbarga South Deposit.

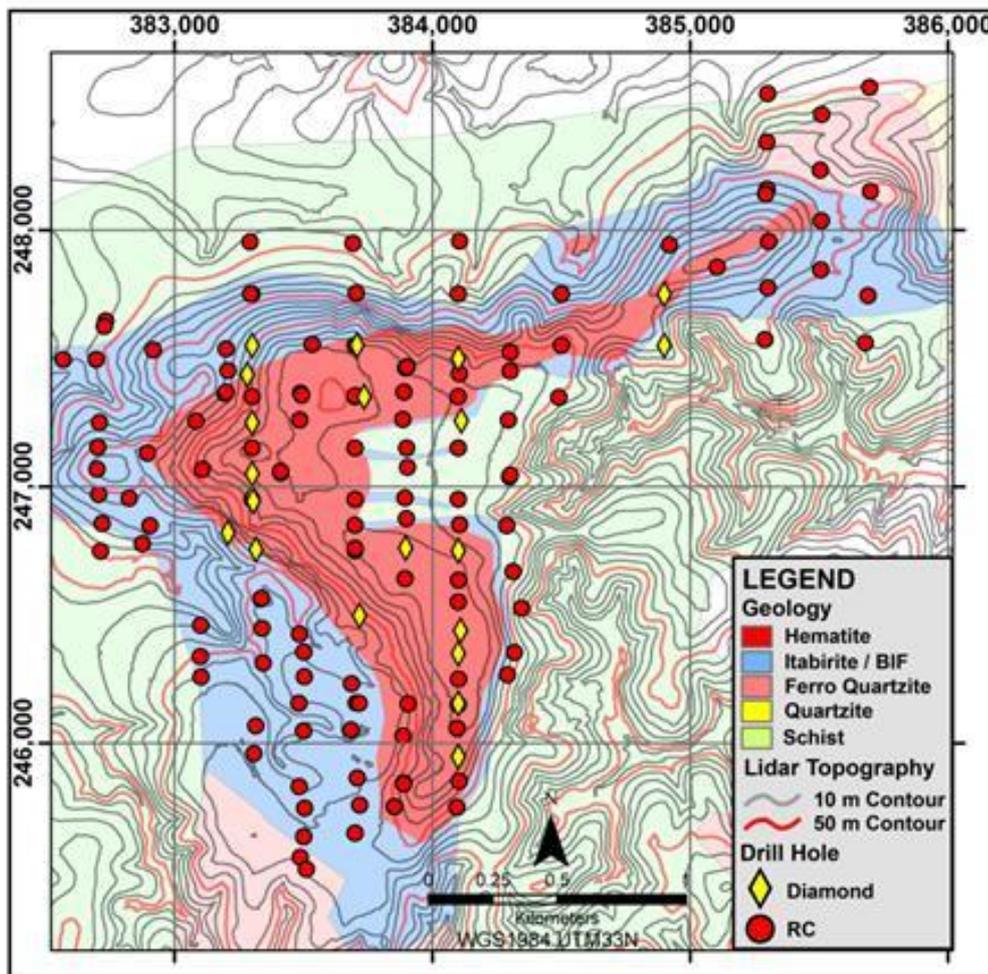


FIGURE 5 - DRILLHOLE LOCATIONS OVER THE MBARGA DEPOSIT

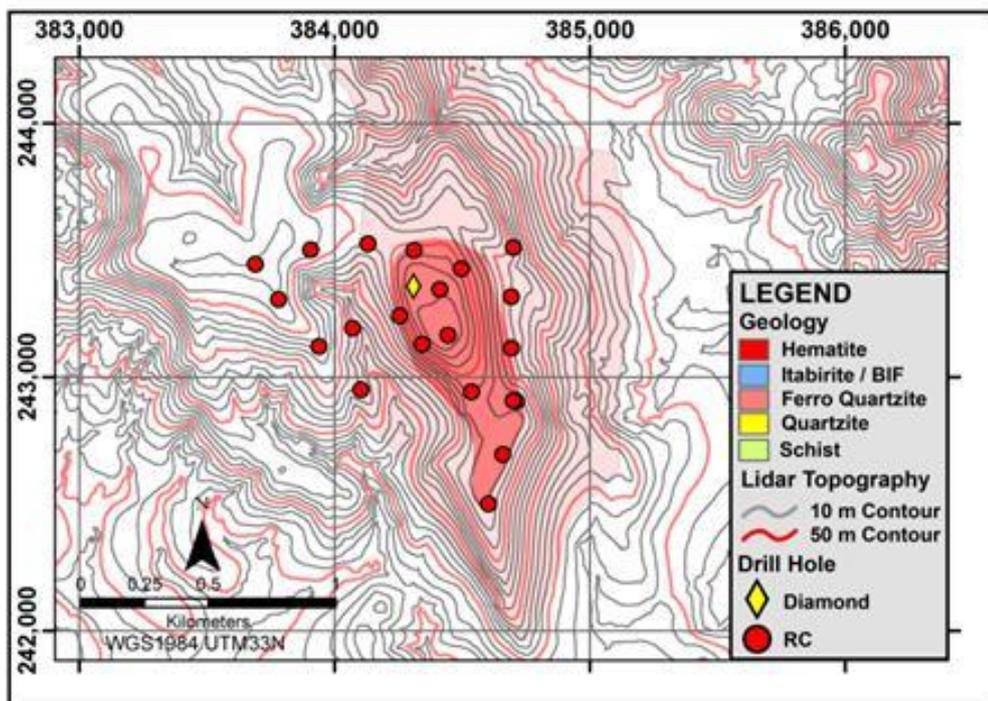


FIGURE 6 - DRILLHOLE LOCATIONS OVER THE MBARGA SOUTH DEPOSIT

### DSO Hematite Mineralisation - Mbarga and Mbarga South Deposits

Drilling at the Mbarga Deposit has defined extensive high grade supergene mineralisation from surface to drill depths of up to 86m depth, averaging around 50m depth at Mbarga and around 40m depth at Mbarga South. Figure 7 shows a typical cross-section of the Mbarga Deposit and its characteristic supergene DSO mineralisation from surface.

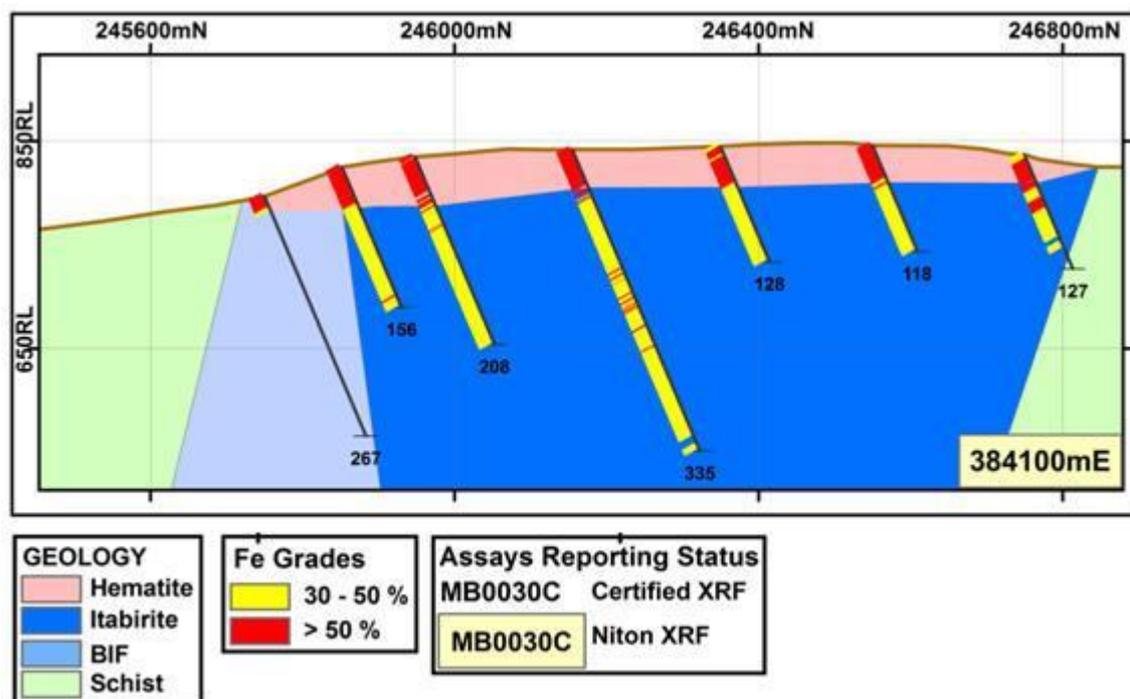


FIGURE 7 - MBARGA DEPOSIT DRILLHOLE CROSS SECTION

Modelling of latest drill results has increased the JORC-Code compliant Inferred Mineral Resource of DSO quality hematite at the Mbarga and Mbarga South Deposits to **200 million tonnes at an average grade of 60.3% Fe**. Table 1 summarises the DSO Inferred Resource inventory.

Deposit	Million Tonnes	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)
Mbarga	173.7	60.4	7.5	2.5	0.06	1.8
Mbarga South	27.2	59.4	7.7	3.5	0.06	3.2
<b>TOTAL</b>	<b>200.9</b>	<b>60.3</b>	<b>7.6</b>	<b>2.7</b>	<b>0.06</b>	<b>2.0</b>

*Note: Classification of resources is based on, and meets, the JORC Code (2004) standards of resource classification. Resources have been classified as Inferred based on a drilling density of predominately 200m along strike and 100m across strike of mineralization. Resource estimation has been carried out using Ordinary Kriging methodology with an assigned density value of 4.0t/m<sup>3</sup> and a cut-off value of 50% Fe*

TABLE 1 - DSO INFERRED MINERAL RESOURCE

Drilling is continuing on closer spaced centres with the objective to increase geological confidence and convert the Mineral Resource to Indicated/Measured status in the September 2008 quarter.

### Itabirite Hematite Mineralisation - Mbarga Deposit

Drilling below the supergene zone at Mbarga continues to define extensive enriched Itabirite hematite mineralisation to vertical depths of over 500m. Figure 8 shows a cross-section of the Mbarga Deposit and its Itabirite mineralisation to depth below the near-surface supergene DSO mineralisation.

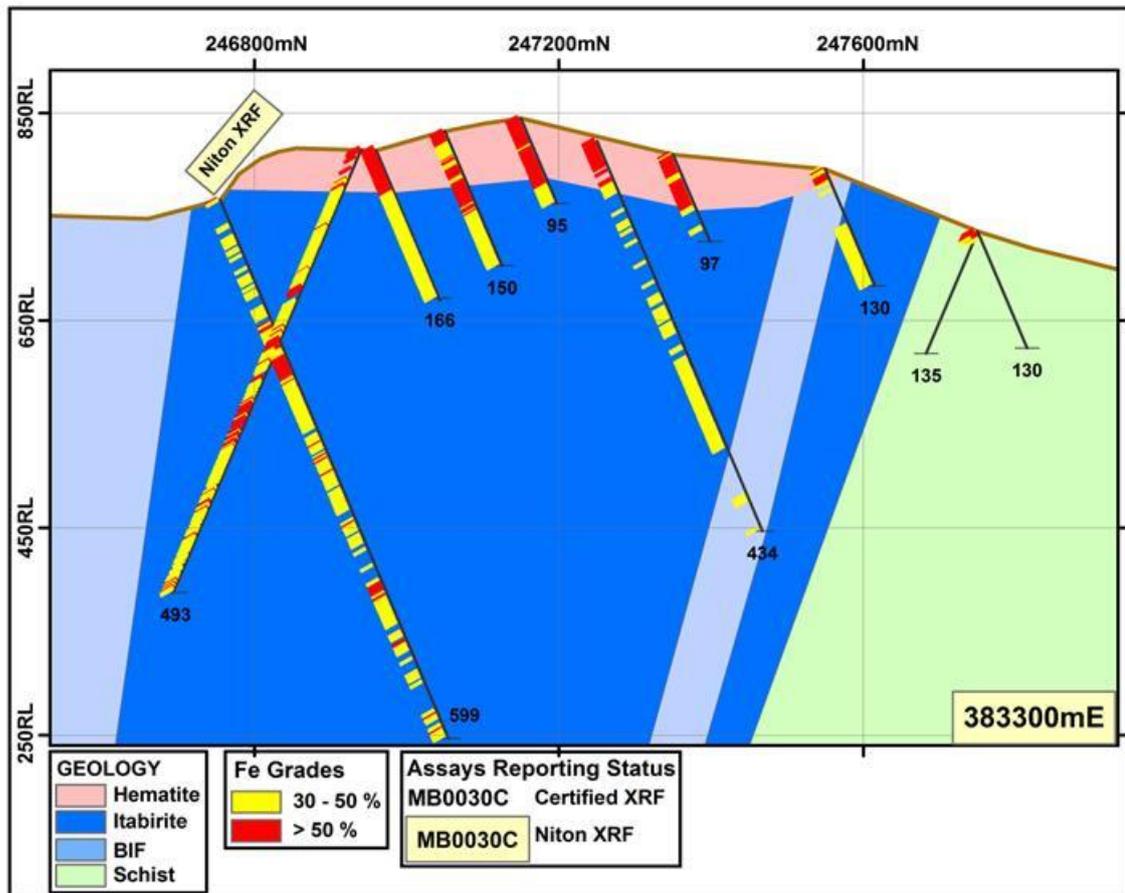


FIGURE 8 – MBARGA DEPOSIT DRILLHOLE CROSS SECTION 383300E

Drilling density was increased over the June 2008 quarter to provide sufficient geological confidence to define an initial JORC-Code compliant Itabirite Inferred Mineral Resource of **1.2 billion tonnes at an average grade of 38% Fe**.

Table 2 summarises the Itabirite Inferred Resource inventory. This is based on drilling completed over an area of 3km by 3km on the Mbarga Deposit to an average depth of 350 metres. This includes 106 reverse circulation drill holes and 19 diamond drill holes for a total of ~24,000 metres.

Deposit	Million Tonnes	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)
<b>Mbarga</b>	<b>1,190</b>	<b>38</b>	<b>44</b>	<b>0.6</b>	<b>0.04</b>	<b>0.3</b>

*Note: Classification of resources is based on, and meets, the JORC Code (2004) standards of resource classification. Resources have been classified as Inferred based on drilling density of predominantly 400m along strike and 200m across strike of mineralization. Resource estimation has been carried out using Inverse-distance squared methodology with an assigned density value of 3.35t/m<sup>3</sup> and a cut-off value of 33% Fe*

TABLE 2 – ITABIRITE INFERRED MINERAL RESOURCE

Drilling is continuing to define the extent and grade of mineralisation below and along strike of the area included within the Itabirite Inferred Resource. This drilling is targeting an upgraded **Itabirite Exploration Target at Mbarga of 1.6 to 1.8 billion tonnes at 38-39% Fe**. The Company's overall project Itabirite Exploration Target remains 2.0 to 2.5 billion tonnes over the EP92 permit area.

### *Deep 'Hypogene Style' Hematite Mineralisation - Mbarga Deposit*

Latest drilling has confirmed the presence of additional high Fe grade mineralisation at depth along the western flank of the Mbarga Deposit (refer Figure 9). Significant intersections reported to date include 16m at 64% Fe from 153m; 20m at 58% Fe from 204m; 53m at 58% Fe from 279m; and 24m at 60% Fe from 177m. Visual inspection and site based hand-held XRF sample analysis of drill core from this area indicates the presence of additional intersections of massive hematite.

These intersections are interpreted to potentially represent continuous sub-vertical enriched zones from surface. It is not clear whether this material is supergene in origin or hypogene, similar to the high Fe grade material identified in previous drilling of the Metzimevin Prospect funded by the United Nations Development Program ("UNDP"). Additional drilling is required to define the nature of this mineralisation.

Preliminary modelling of this area of the deposit supports an **additional new Exploration Target of between 40 and 60 million tonnes of hematite grading 55-60% Fe**. This area represents a priority exploration focus for the Company given its potential to increase its JORC-Code compliant resource inventory at Mbarga.

Drilling is also scheduled to commence this Quarter at the Metzimevin Prospect where the UNDP previously reported a non JORC-Code compliant tonnage estimate of up to 35 million tonnes of +60% Fe hematite within outcrop extending over a 600 metre strike length.



FIGURE 9 – SITE GEOLOGIST WITH MASSIVE HEMATITE DRILL CORE SAMPLE FROM DEEP 'HYPOGENE' STYLE MINERALISATION

## **Feasibility Study Program**

Feasibility assessment of the Mbalam Project continued in the June 2008 quarter. This work included:

- Phase 2 metallurgical testwork by Ammtec / Ultra Trace on selected core from the Mbarga Deposit and updating of the beneficiation strategy for Itabirite mineralisation;
- Continued Project infrastructure studies, including rail and port site surveys; and
- Commencement of baseline field studies for Environmental and Social Impact Assessment (“ESIA”).

Project planning and design is being progressed on the basis of staged DSO / Itabirite hematite production with total annual throughput of 35 Mtpa.

The Company’s development strategy is to maintain low cost DSO production for the maximum term possible. This is based on start-up DSO production, with conventional processing of feed ore to produce lump and fine DSO products. The Company’s current target is for DSO production for the first 7 to 8 years of operations, this being subject to definition of 305 million tonnes DSO reserves. Itabirite beneficiation will then be developed as DSO reserves are exhausted with Itabirite concentrate production for the balance of the life of the mine. The development strategy currently assumes rail transport of both DSO and Itabirite concentrate product from mine to port.

### ***Mine Planning***

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

Preliminary optimisation modelling of the Mbarga pit indicate low stripping ratios for both DSO and Itabirite development. The preliminary pit design assumes a 3 staged approach – a start up phase, full DSO production and full Itabirite production.

### ***DSO Process Plant Design***

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

The latest phase of testwork on the supergene DSO material is based on limited core samples, as the majority of the drilling to date has been RC drilling. The results indicate a relatively soft ore that is expected to result in low crushing and screening costs.

### ***Itabirite Beneficiation Plant Design***

The second phase of metallurgical test work has confirmed the beneficiation potential of the Mbarga Itabirite with latest results producing a +66% Fe concentrate with around 44% weight recovery.

This testwork has been based on Itabirite core sourced from 9 drill holes at drill depths ranging from 37m to 315m from the Mbarga Deposit. The ore grades from these samples averaged 39% Fe with a composite master sample assembled and used for comminution and flow sheet optimisation test work. The results confirm that reverse flotation is the most effective beneficiation method.

Testing has been completed over a range of grind sizes. Work is continuing on ore variability and staged regrinding to optimise the primary grind size. The next stage of test work, to commence in the September quarter, will be based on the optimised flow sheet using an expanded sample base.

The provisional plant design assumes conventional crushing, milling and separation processes to produce a high grade concentrate. High Pressure Grinding Roll (HPGR) units will be assessed during the next phase of test work.

### ***Product Transport and Export Infrastructure***

Rail route planning continued in the June 2008 quarter based on the preferred rail alignment from the mine at Mbalam to the proposed port site. Figure 10 shows the preferred Mid-Northern route. This route was selected after optimisation of capital and operating costs, schedule and socio-environmental issues. The route avoids all population centres and conservation reserves.

The route optimisation work was undertaken using satellite topographic mapping data. This has been supplemented by detailed mapping from airborne laser radar (LIDAR) survey data, which provides high resolution aerial imagery over the alignment. This data is to be used to progress detailed rail planning work and to refine costings for the preferred route. Some minor re-routing near the port will be undertaken to minimise impacts on existing agricultural plantations.

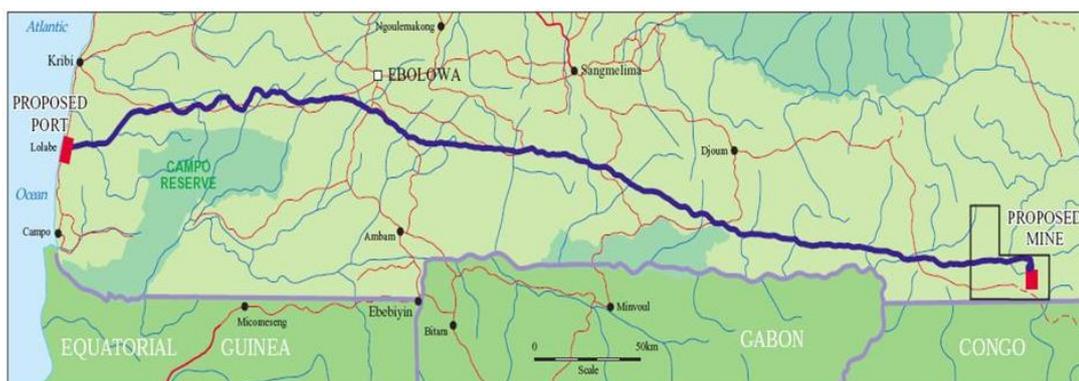


FIGURE 10 - OVERVIEW OF MID NORTHERN RAIL CORRIDOR

Data obtained from marine bathymetric and seismic reflection/refraction studies completed on site last quarter is being used to optimise the port layout. This new data has identified deeper water closer to shore and more favourable seabed geotechnical conditions than assumed in previous studies. This is expected to reduce previously reported cost estimates for port development.

### ***Environmental and Social Impact Assessment (ESIA)***

The Terms of Reference (ToR) for the ESIA of the project were approved by the Minister for the Environment in June 2008.

Scoping and scheduling of the ESIA work programme has been completed with the Company's international (Knight Piesold) and Cameroonian (Rainbow Environmental) consultants. Baseline data collection and the community consultation process commenced in the June 2008 quarter.

Interest within Cameroon regarding the Mbalam Iron Ore Project is intense. The Company has a high profile and the project is a Project of National Significance. During the quarter, Sundance hosted visits by several Government and NGO organisations and actively participated in National days of significance in the local villages, such as Labour Day (May 1<sup>st</sup>) and National Day (May 20<sup>th</sup>).

The Governor of the East Province of Cameroon was invited to site during June for a firsthand appraisal of the site and to discuss ongoing activities and the evolution of the Project.

The project now employs approximately 150 National workers engaged in all facets of work.

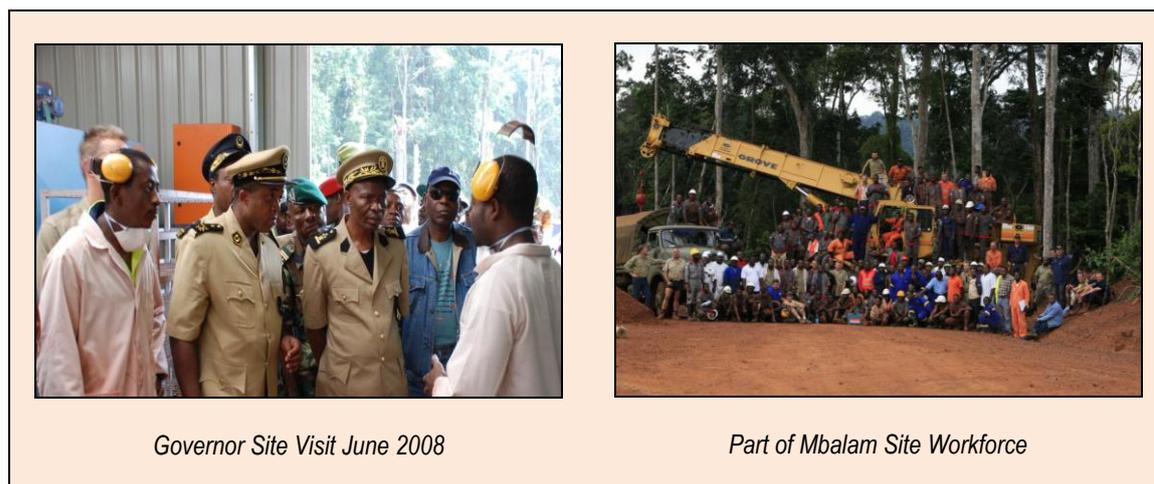


FIGURE 12 – SUNDANCE INVOLVEMENT WITH NATIONAL CELEBRATION AND DEVELOPMENT

### ***Government***

Pursuant to Order No. 216, negotiations continued in the June 2008 quarter in respect of the Framework Agreement (“MOU”) between Cam Iron and the Government.

The Agreement is intended to provide a framework for the key fiscal and governmental terms which will underpin the Project and form the basis of the Mbalam Convention. Once finalised, the Mbalam Convention is to be passed by an act of the Cameroon Parliament and will then have the force of law. CamIron has contributed towards the operating expenses of the Working Group established by Prime Minister in accordance with Order No. 216.

The Pre-Feasibility Study report was submitted to Government on 26 June 2008 as part of the permit renewal process for EP92. The Mining Code provides for progressive 2 year extensions of exploration permits in Cameroon prior to issue of a Mining Permit upon a decision to mine. This submission included an Expenditure Report to Government showing expenditure on development work on EP92 well in excess of the company’s minimum expenditure commitment for the full term of the permit.

### ***Project Financing***

The Company hosted its first inspection of the proposed mine site by prospective product offtakers in the June 2008 quarter. Product marketing and project financing work will be accelerated in the September 2008 quarter based on the JORC-Code compliant Mineral Resource statements released by the Company in July 2008.

## Corporate

### *Key Management and Operational Appointments*

A number of additional management and operational appointments were made during the period.

A full-time General Manager Corporate Services/Company Secretary has been appointed. He will be responsible for the company secretarial activities for Sundance Resources Limited, Cam Iron SA and all related companies, co-ordination of Board activities, management of all legal and commercial contract matters and the administrative functions of the Perth office.

A Business Development Exploration Geologist has been appointed and will be based in Yaounde. He will be responsible for researching Cameroon and adjoining areas for iron ore mineralisation, evaluating opportunities for other commodities and investigation of all sources of geological information in-country and internationally.

An experienced HSE Supervisor has been appointed to supervise the HSE and Emergency requirements including training and response preparedness for remote operations.

An expatriate Finance Manager has been appointed in the Yaounde office to develop the Yaounde based finance team in support of the Company's Perth-based finance team.

### *Issue of Shares on Exercise of Option*

During the quarter, the company allotted and issued 9,500,000 fully paid shares in the Company pursuant to the exercise of unlisted options as follows:

Security	Shares Issued	Amount \$
Options exercisable at 3 cents and expiring 30 June 2008	7,500,000	225,000
Options exercisable at 2 cents and expiring 31 May 2010	2,000,000	40,000

### *Shareholder Information*

As at 30 June 2008 the company had 16,860 shareholders and 1,880,915,241 ordinary fully paid shares on issue with the top 20 shareholders holding 53.64% of the total issued capital.

### *Cash Assets*

The company's cash balance at 30 June 2008 was \$47 million.

## Expenditure

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



Don Lewis  
 Managing Director

## **About Sundance Resources Limited**

Sundance Resources Ltd is an Australian exploration company focused on mining interests in the Republic of Cameroon, on the central west coast of Africa. Sundance has commenced feasibility study on its 90%-owned **Mbalam Iron Ore Project** in Cameroon as the basis for developing a global iron ore business.

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

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

### **Competent Persons Statement**

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

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

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

*The estimated quantity and grade of near-surface DSO quality supergene mineralisation and underlying Itabirite-style mineralisation has been restricted to the area currently covered by drilling on a 400m x 200m pattern at Mbarga, with partial infill to 200m x 100m. This is represented by an area approximately 3km (east-west) x 3km (north-south) on the Mbarga Deposit and by an area approximately 1.5km (east-west) x 1.0km (north-south) on the Mbarga South Deposit. Grade interpolation has been extrapolated using Ordinary Kriging on composited sample results and a nominal 50% Fe cutoff value for DSO and Inverse Distance Squared methodology and 33% cutoff value for Itabirite. A digital terrain surface (based on highly accurate topographic data), has been used to limit extrapolation of the mineralisation to the topographic hill at Mbarga. An internal waste zone (schist) cross-cutting the supergene and Itabirite zones and surficial cover has been modeled and removed from the quantity estimated as DSO quality and Itabirite mineralisation. Densities of 4.0t/m<sup>3</sup> and 3.35t/m<sup>3</sup> have been applied for evaluation of the DSO and Itabirite mineralisation respectively.*

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

### **Forward-Looking Statement**

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