SUNDANCE RESOURCES

Developing a global iron ore business

QUARTERLY ACTIVITIES REPORT

For the period ended 31 December 2008

HIGHLIGHTS

- **Framework Agreement** signed with the Cameroon Prime Minister on behalf of Government of Cameroon setting out equity and fiscal terms agreed with Government.
- **Cam Iron selected as preferred developer of the Iron Ore Export Terminal** as part of the Kribi Multi-user Port development proposed by the Cameroon Government.
- **Confidentiality Agreements** signed with twelve parties with potential interest in project off-take, equity participation and/or financing. Due diligence commenced by shortlisted parties with site visits undertaken in January 2009.
- **World-scale Inferred Resources totalling ~2.5 billion tonnes defined on the Mbarga Deposits** on EP92, comprising:
    - Inferred Resource of 2,255 million tonnes of itabirite hematite at 39% Fe; and
    - Inferred Resource of 220 million tonnes of supergene hematite at 60% Fe.
- **First stage of drilling on EP92 completed** after successfully achieving the Project Exploration Target of 2.0 to 2.5 billion tonnes of itabirite hematite. 383 RC and diamond holes drilled for 80,784m up to completion of drilling in December 2008.
- Beneficiation potential of the Mbarga itabirite confirmed, giving **66% Fe concentrate with 40% weight recovery**.
- **Significant intersections of DSO quality supergene hematite** identified from initial drilling on the Metzimevin Deposit.
- **Airborne geophysical survey completed** over selected areas of EP143 and EP2007 – 362 and EP2007 – 363 with new itabirite and DSO prospects identified.
- **Exploration Target of 25 to 100 million tonnes of supergene hematite** grading 60% to 65% Fe established for the Nabeba Prospect on EP2007-362. Project Exploration Target updated to 265 to 365 million tonnes of +60% Fe DSO quality hematite.
- **Baseline ESIA data collection and community consultation completed** at the proposed mine, transport corridor and port site.
- **Cash balance of A$19.0 million** at end December 2008. Exploration and development expenditure significantly reduced as from January 2009 following completion of drilling activities on site.

STRATEGIC ACTIVITIES

Framework Agreement

On 18 December 2008, a Framework Agreement was executed between Cam Iron SA, represented by the Chairman of Sundance, and the Government of Cameroon, represented by the Prime Minister.

This agreement represents a critical step in the Company's development program at Mbalam, with the next stage in the Government negotiation process being the completion of the Mbalam Convention (which will be based on the Framework Agreement) and the granting of a Mining Permit.

Pursuant to the Framework Agreement, the Government has committed to becoming a partner in the Mbalam Project by agreeing to acquire a 25% interest in Cam Iron SA at a purchase price equivalent to 50% of the costs incurred up to the date of purchase.

The Framework Agreement also sets out the commitment of Government to put in place tax concessions and fiscal incentives as required to ensure that the Mbalam Project is internationally competitive. The Agreement provides for a number of important tax concessions offered by the Government including:

- *during the Construction Phase*: total exoneration of business licence taxes; company tax; all registration, stamp duties and transfer taxes; VAT, including additional council taxes; customs and excise duties on all imports of equipment, spare parts, materials, inputs, capital equipment, supplies and fuel (excluding personal cars) destined for the construction and start-up of the Project and any other supporting Infrastructure; Special Tax on Revenue; and all taxes, charges and other State charges/imposts on imported fuel, reagents and lubricants.
- *during the Mining Phase*: the right to carry forward losses for 5 years; VAT at zero rate for exports and VAT exoneration for sales on the local market and the right to repatriate and re-export dividends, capital and equipment withholding tax free.

These concessions represent the outcome of the first stage of the negotiations in relation to the fiscal regime that will apply to the project. As set out above, the Framework Agreement envisages that further incentives and tax concessions will be agreed through the Mbalam Convention to be executed when the feasibility study has been completed.

Kribi Port Development

In November 2008, Cam Iron SA submitted a proposal to the Government of Cameroon for the development and operation of an Iron Ore Terminal as part of the Kribi Deepwater Port, a multi-user port development proposed by the Government near the location selected by CamIron for its iron ore export facilities.

Kribi is located on the southern Cameroon coast and lies near oil export facilities for the Chad-Cameroon pipeline. Kribi has an airfield and road connections with Edéa and Douala (north) and Ebolowa (east).

CamIron was shortlisted as one of 16 pre-qualified parties to proceed to bid for the Deepwater Port and, on 14 January 2009, the Government announced that Cam Iron had been selected as the preferred developer of the Iron Ore Terminal. Kick-off meetings with Government are scheduled for February 2009.

Strategic Partner Negotiations

An Information Memorandum has been distributed to selected international parties with interest in product off-take, equity participation and/or financing of the Mbalam Project.

Twelve confidentiality agreements have been signed with major international industry groups for review of the project. These companies include some of the world's largest iron ore and steel producers.

Site inspections have been completed by shortlisted parties in January 2009 with technical and commercial due diligence underway. Work will focus on these negotiations in the March 2009 Quarter.

Acquisition in Strategic Exploration Permits in the Republic of Congo

On 10 October 2008 Sundance announced that it had reached agreement to acquire an increased interest in Congo Iron SA ("Congo Iron"), the holder of Exploration Permits 2007 – 362 and 2007 – 363 in the Republic of Congo located immediately south of the Company's landholdings in Cameroon. These permits confer iron ore exploration rights over the Nabeba and Ibanga prospects.

As a result of this acquisition, Sundance increased its interest in Congo Iron from an indirect 63% interest to a direct 85% interest. The consideration for this acquisition is payable in three tranches, through the issue of SDL shares to Congo Mining Investments SA ("Cominvest"), as follows:

Tranche 1 – the issue of 5 million Sundance ordinary shares to Cominvest (these shares were issued on 23 January 2009);

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

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

This acquisition represents a significant opportunity as development activities gather momentum with the Company now controlling a total landholding of 3,752km^2 in this emerging iron ore province extending from Cameroon into neighbouring Gabon and the Republic of Congo (refer Figure 1).

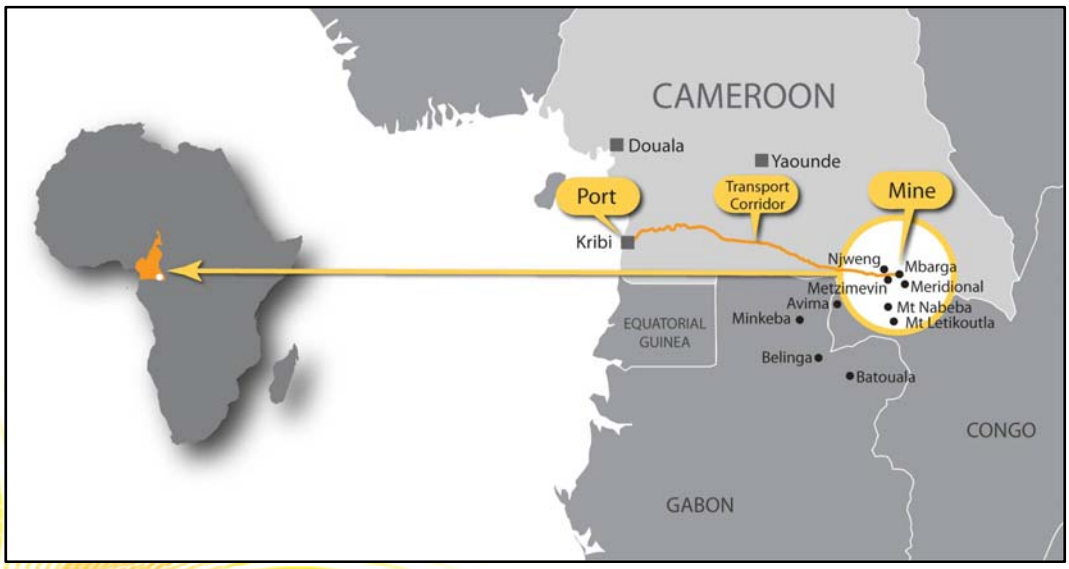

FIGURE 1 – LOCATION OF THE MBALAM IRON ORE PROJECT

PROJECT DEVELOPMENT ACTIVITIES

The Mbalam Iron Ore Project is based on Exploration Permit 92 ("EP92") and Exploration Permit 143 ("EP143"), located approximately 400 km southeast of the capital city of Yaounde in the Republic of Cameroon, and Exploration Permits 2007-362 and 2007-363, located in the Republic of Congo (refer Figure 2).

EP92 and EP143 are owned by CamIron SA, a company incorporated in the Republic of Cameroon. CamIron SA is a subsidiary of Sundance Resources Ltd ("Sundance").

Exploration Permits 2007 – 362 and 2007 – 363 are owned by Congo Iron SA, a company incorporated in the Republic of Congo. Sundance holds an 85% interest in Congo Iron SA.

Work in the reporting period focused on resource modelling of the Mbarga Deposit with significant increases announced in JORC-Code compliant mineral resource tonnages. The first stage of drilling was completed on EP92 after the Company successfully achieved its exploration target of 2.0 to 2.5 billion tonnes itabirite hematite solely from the Mbarga Deposit.

Feasibility studies continued on Project infrastructure, including rail site surveys and port design work. Work also progressed on mine planning and beneficiation testwork with a focus on definition of premium quality products. The baseline data collection for the Environmental and Social Impact Assessment ("ESIA") was completed together with community consultation and indigenous peoples programs.

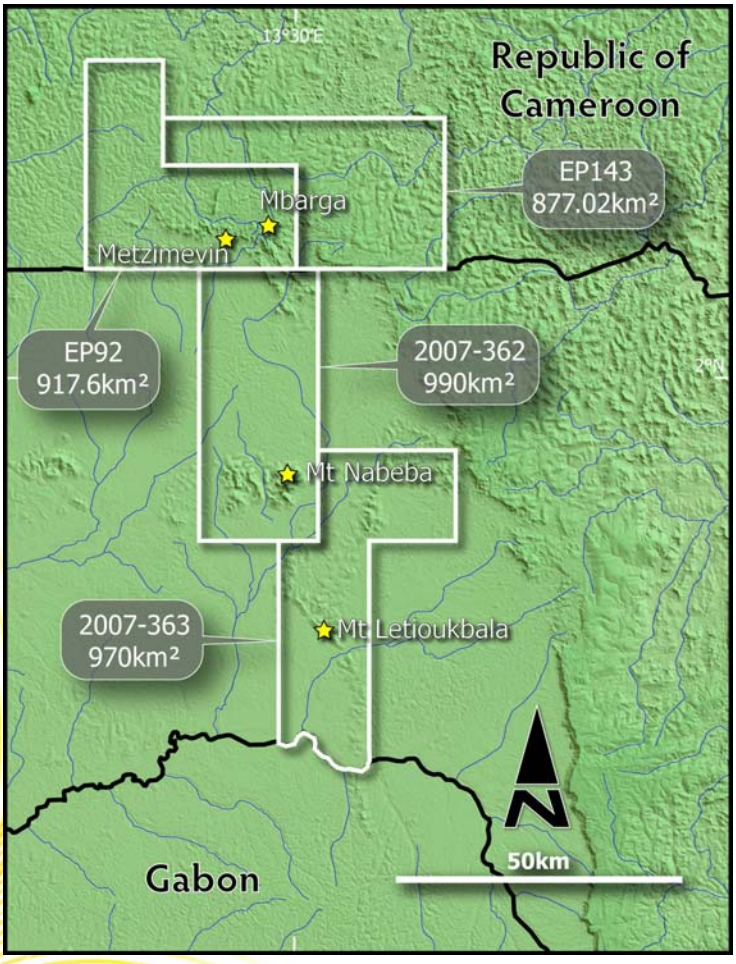

FIGURE 2 – EXPLORATION PERMITS CONTROLLED BY SUNDANCE

Resource Definition Exploration Program

The first stage of resource definition drilling was completed on EP92 on 9 December 2008. A total of 383 drill holes have been completed on the permit area for a total of 80,784 metres drilled.

Exploration drilling has focused on the Mbarga Deposit but initial drilling was also completed on the Metzimevin Deposit with 34 holes completed. Figure 3 shows the location of all drill holes completed on the Mbarga Deposit, together with the ultimate pit outline derived from pit optimisation modelling. Figure 4 shows the location of all drill holes completed on the Metzimevin Deposit.

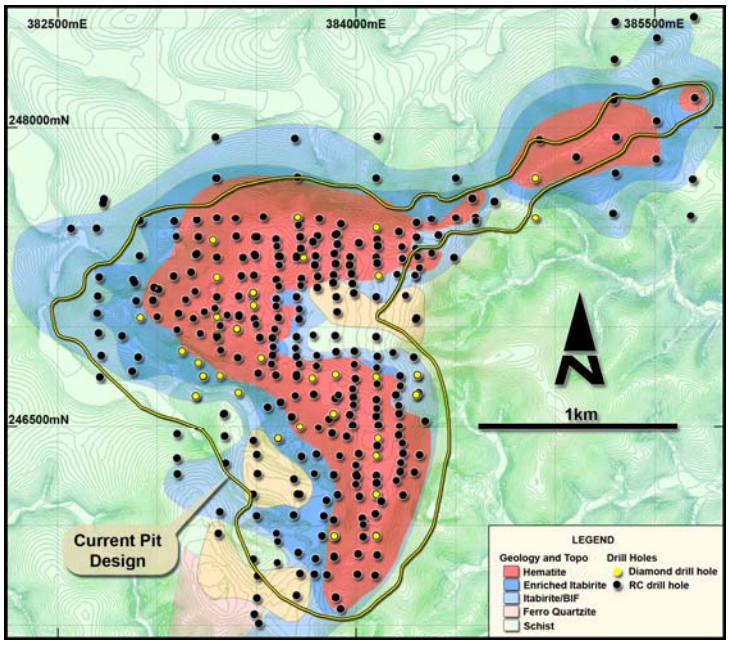

FIGURE 3 - DRILLHOLE LOCATIONS OVER THE MBARGA DEPOSIT

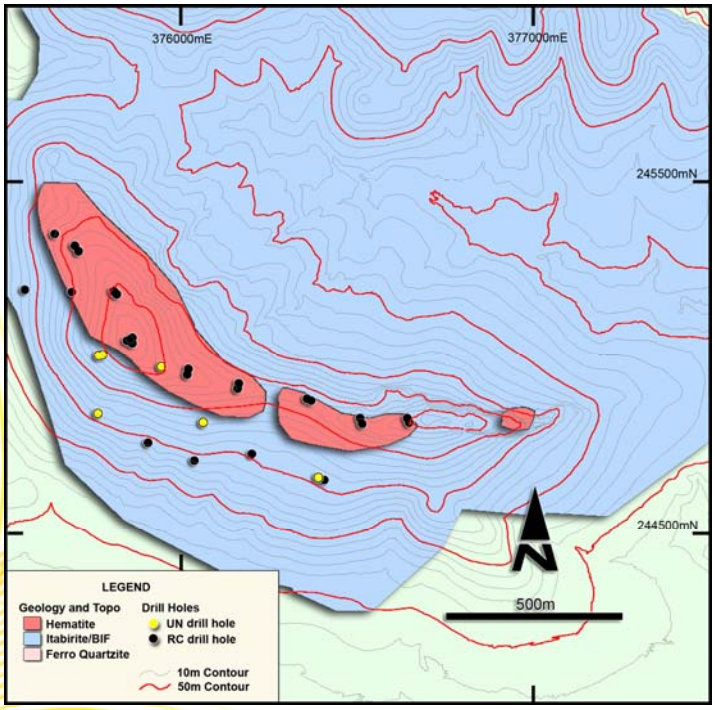

FIGURE 4 – DRILLHOLE LOCATIONS OVER THE METZIMEVIN DEPOSIT

Supergene Hematite Mineralisation

Latest drilling at the Mbarga Deposit has confirmed extensive supergene mineralisation from surface to drill depths averaging around 50m. Figure 5 shows a typical cross-section of the Mbarga Deposit and its characteristic supergene and itabirite hematite mineralisation.

The JORC-Code compliant Inferred Mineral Resource of DSO quality hematite at the Mbarga and Mbarga South Deposits has been updated to total 220 million tonnes at an average grade of 60.1% Fe (refer Table 1). This update reflects most recent assay results received.

Deposit	Million Tonnes	Fe (%)	SiO_2 (%)	$A1_2O_3$ (%)	P (%)	LOI (%)
Mbarga	195.6	60.3	8.8	2.6	0.09	1.9
Mbarga South	24.3	58.8	9.4	3.0	0.06	2.9
TOTAL	*219.9*	*60.1*	*8.9*	*2.6*	*0.09*	*2.0*

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

TABLE 1 – INFERRED MINERAL RESOURCE OF DSO QUALITY HEMATITE

Drilling on the Mbarga Deposit has also confirmed the presence of high Fe grade hematite mineralisation at depth along the western flank of the deposit (refer Figure 5). Modelling of this mineralisation gives an average grade of ~60% Fe, however, this zone is also high in silica (averaging ~15% SiO_2) and has therefore been attributed as itabirite hematite.

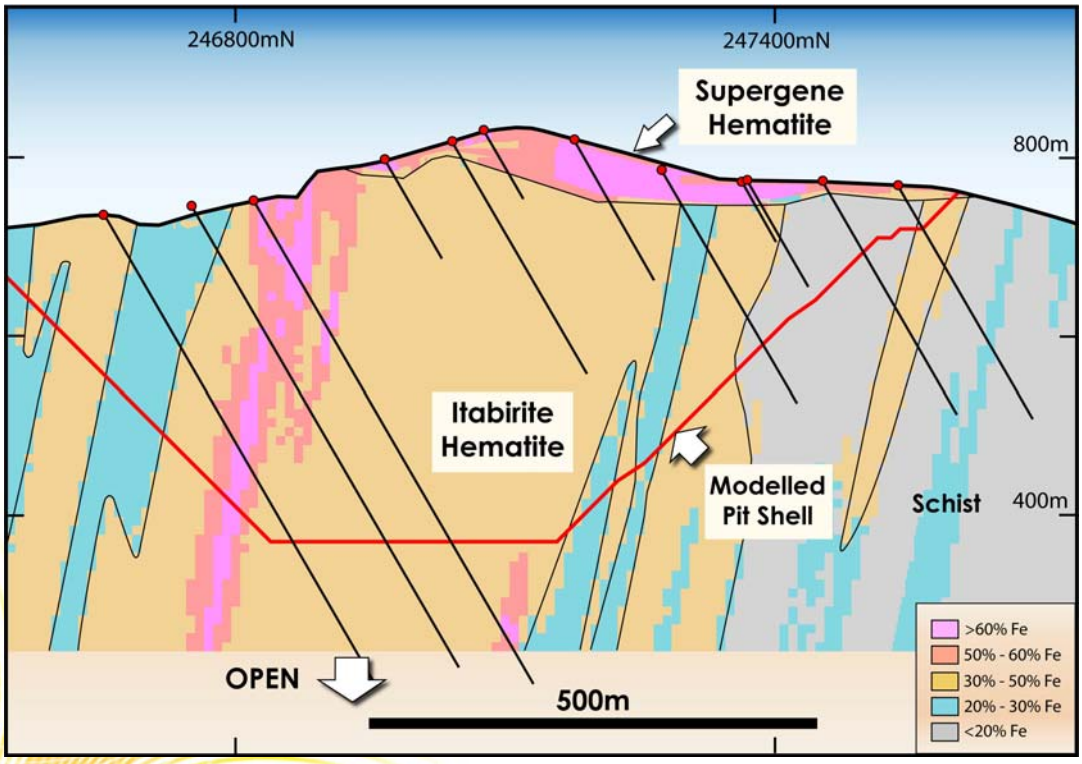

FIGURE 5 – SECTION LOOKING WEST OVER MBARGA DEPOSIT SHOWING DSO AND ITABIRITE MINERALISATION AND MINE PIT OUTLINE

Drilling at the Metzimevin Deposit has identified supergene mineralisation similar to the Mbarga Deposit but further drilling is required to complete a JORC-Code compliant resource estimate. Significant drill intersections received to date are summarised in Table 2.

Hole	From	To	Length	Fe%	SIO2%	AL203%	P%	LOI%
MZ0001C	0	18	18	63.5	8.5	0.3	0.04	0.2
MZ0009C	8	42	34	66.1	3.6	0.6	0.11	0.6
MZ0010C	0	36	36	64.5	5.2	1.5	0.05	1.0
MZ0011C	0	46	46	62.4	8.9	0.8	0.05	0.6
MZ0012C	0	24	24	63.6	1.8	4.2	0.12	2.5
MZ0013C	0	27	27	68.2	0.6	0.8	0.07	0.8
MZ0014C	0	42	42	67.6	1.0	1.2	0.08	0.9
MZ0014C	88	105	17	63.3	7.7	1.0	0.06	0.5

TABLE 2 – SIGNIFICANT DRILL INTERESECTIONS FROM THE METZIMEVIN DEPOSIT

Table 3 presents an updated Project Exploration Target for DSO quality mineralisation over the Company's landholdings. This now totals 265 to 360 million tonnes of 55% - 65% Fe hematite. This includes the Inferred Resource defined over the Mbarga and Mbarga South Deposits and exploration targets defined for the Metzimevin Deposit and the Nabeba Prospect in the Republic of Congo.

Deposit	**Category**	**Tonnage (Million Tonnes)**	**Grade (Fe %)**
Mbarga / Mbarga South	Inferred Resource	220 Mt	60%
Metzimevin	Exploration Target	20 - 40 Mt	55 – 62 %
Nabeba	Exploration Target	25 - 100 Mt	60 – 65 %

TABLE 3 – INFERRED RESOURCES AND EXPLORATION TARGETS FOR DSO QUALITY MINERALISATION

Itabirite Hematite Mineralisation

Drilling below the supergene zone at the Mbarga Deposit has defined extensive itabirite hematite to vertical depths of over 500m (see Figure 5).

Updated resource modelling during the Quarter increased the JORC-Code compliant Inferred Mineral Resource of itabirite hematite at the Mbarga Deposit to 2.255 billion tonnes at an average grade of 38.6% Fe. Table 3 summarises the Inferred Mineral Resource inventory of itabirite hematite at Mbarga with the Project Exploration Target for itabirite hematite mineralisation of 2.0 to 2.5 billion tonnes over the EP92 permit area now achieved solely from the Mbarga Deposit.

Mbarga Deposit	Million Tonnes	Fe (%)	SiO_2 (%)	$A1_2O_3$ (%)	P (%)	LOI (%)
Total	2,255	38.6	43.4	0.5	0.04	0.36

Note: Classification of resources is based on, and meets, the JORC Code (2004) standards of resource classification. Resources have been classified as Inferred based on a drilling density of 100 to 200m along strike and 100m across strike of mineralization. Resource estimation has been carried out using Ordinary Kriging methodology using an assigned density value of 3.35t/m3 and a cut-off value of 34% Fe

TABLE 4 – ITABIRITE INFERRED MINERAL RESOURCE INVENTORY

Regional Exploration

Sundance completed an airborne geophysical survey over the Company's extended exploration portfolio in December 2008 to delineate the magnetic response over significant topographic features considered to have potential to host iron ore mineralisation. The results of this survey, supported by historical drilling data recently obtained by the Company from the Nabeba Prospect in the Republic of Congo, are very encouraging. The Nabeba Prospect is located only 40km south of the Mbalam Project.

The survey was conducted by New Resolution Geophysics of South Africa over selected areas of Exploration Permits 2007-362 and 2007-363 in the Republic of Congo and EP 143 in Cameroon.

Initial processing of the survey data has confirmed that areas of high magnetic response extend immediately to the south of EP92 into the northern parts of the adjacent Congo permit (refer Figure 6). Preliminary field mapping of these areas indicates the presence of supergene iron as well as itabirite mineralisation. A field camp was set up to support mapping activities in this area in December and January with 88 surface samples collected over a 160km2 area of which 31 samples returned Niton site-XRF grades of +55% Fe .

The geophysical survey also confirmed the presence of a significant magnetic response over the Nabeba Prospect previously identified in exploration undertaken by Bureau de Recherches Géologiques et Minières (BRGM) in 1986. A 15km linear magnetic anomaly was also delineated in the Mt Letioukbala locality, to the south of Mt Nabeba. Both areas have been identified as priority exploration targets (refer Figure 6).

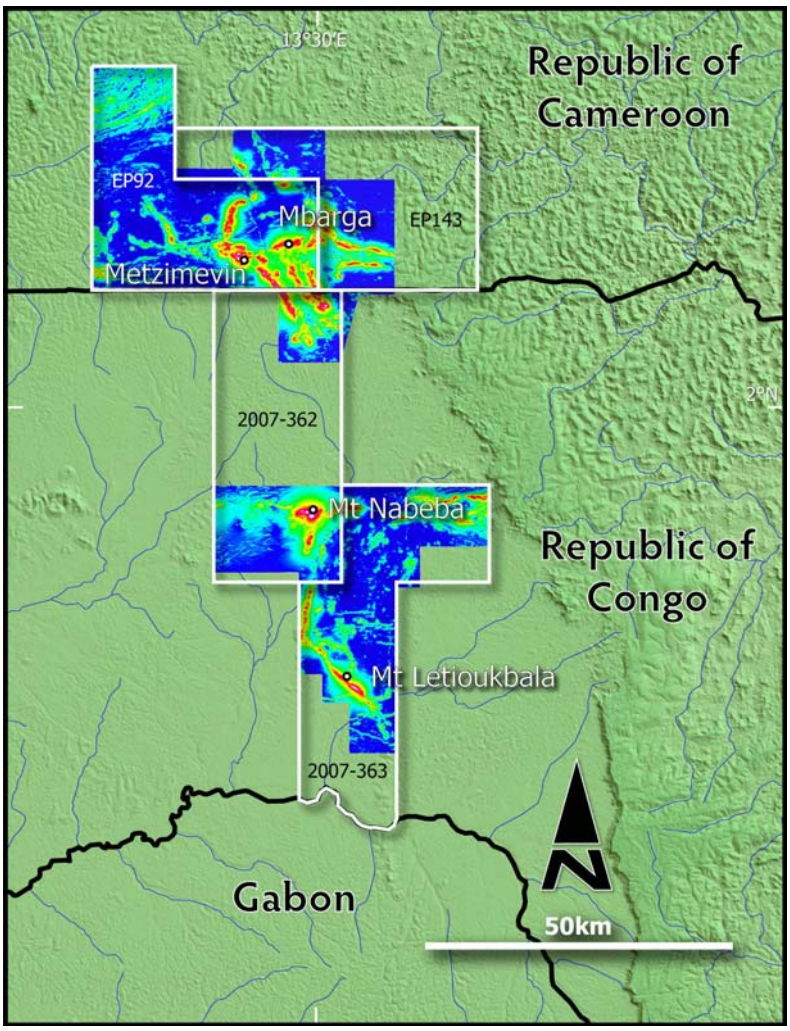

FIGURE 6 – PROCESSED ANALYTICAL SIGNAL FROM GEOPHYSICAL SURVEYS COMPLETED IN 2008 MERGED WITH 2006 SURVEY RESULTS OVER EP92

The BRGM assessment of the Nabeba Prospect identified the presence of high grade iron mineralisation with iron rich weathered material overlying supergene iron mineralisation. BRGM mapping of the potential surface extent of supergene mineralisation is reproduced in Figure 7. This shows the potential extent of supergene mineralisation over two areas of the prospect with a strike length of around 2 - 3 km.

BRGM also completed four diamond holes drilled to depths ranging from approximately 54m to 100m. Table 5 summarises the BRGM assay results from significant drill hole intersections within the supergene zone of the Nabeba Prospect.

Hole	From	To	Interval	Fe%	SiO2%	Al2O3%	P%	LOI%
SN01	60.10	85.00	24.90	65.16	1.13	3.42	0.060	1.62
SN02	9.90	45.20	35.30	62.19	1.98	1.95	0.099	6.69
SN03	14.26	99.62	85.36	63.28	1.25	3.77	0.089	3.71
SN04	16.20	75.40	59.20	63.31	1.15	3.30	0.105	4.36

TABLE 5 – SIGNIFICANT DRILL HOLE INTERSECTIONS REPORTED BY BRGM

The Company has assigned an Exploration Target of 25 to 100 million tonnes of DSO quality mineralisation with a grade range of 60% to 65% Fe at the Nabeba Prospect.

While the Company is optimistic that it will report additional resources in the future, any discussion in relation to the potential quantity and grade of Exploration Targets described in this report are only conceptual in nature. There has been insufficient exploration to define a Mineral Resource over the referenced prospects and it is uncertain if further exploration will result in determination of a Mineral Resource.

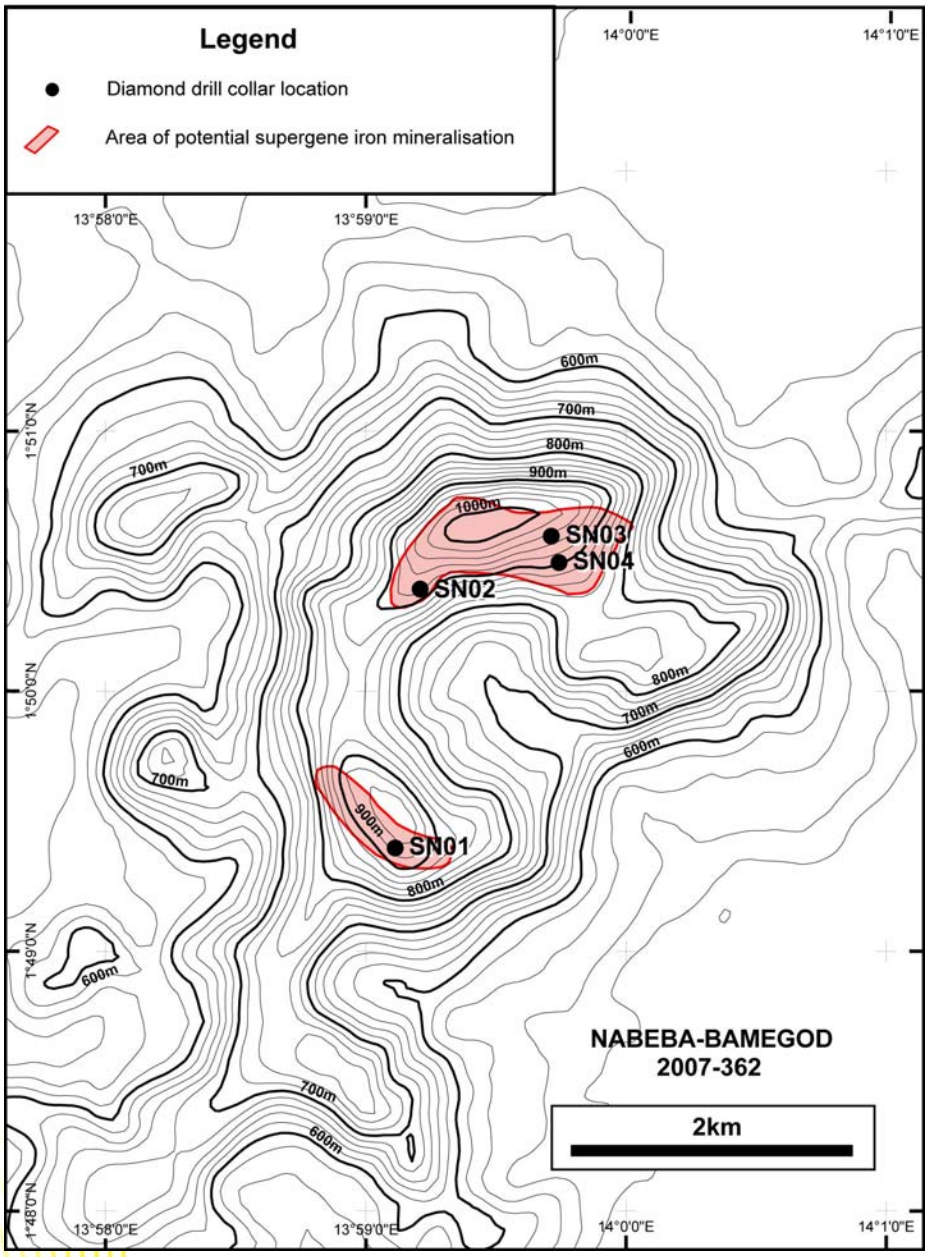

FIGURE 7 – MAPPING OF EXTENT OF POTENTIAL SUPERGENE IRON MINERALISATION ON NABEBA PROSPECT
(sourced from Bureau de Recherches Géologiques et Minières (BRGM) 1986)

Feasibility Study Program

Feasibility assessment of the project continued in the December 2008 Quarter. This work included:

- Receipt of final reports on the Stage 2 metallurgical testwork by Ammtec / Ultra Trace, confirming the beneficiation strategy for itabirite mineralisation at Mbarga;
- Completion of comminution tests as part of the Stage 3 metallurgical testwork programme;
- Ongoing project infrastructure studies, including a preliminary seismic survey of the rail corridor and port design work;
- Submission and acceptance of a proposal for development of an Iron Ore Terminal as part of the Kribi Deep Sea Port being facilitated by the Government of Cameroon; and
- Completion of baseline studies for the ESIA.

Project planning continues to be progressed on the basis of staged DSO / itabirite hematite production.

Mine Planning

Mine planning is being managed in-house by Sundance. Pit optimisation work for the Mbarga Deposit is being conducted on the basis of start-up mining of near-surface DSO material followed by deeper pit development for mining of the underlying itabirite ore.

Figures 3 and 5 show the preliminary pit outline for the Mbarga Deposit. The Mbarga pit model currently includes approximately 1.5 billion tonnes of itabirite grading 39% Fe plus 195 million tonnes of DSO hematite material.

The pit model contains sufficient material to support 20 years of proposed mine operations at a production rate of 35 million tonnes of ore products per annum. This excludes potential satellite deposits at Metzimevin, Meridional and Nabeba) which provide the potential for the Mbalam Project to produce in excess of 35 million tonnes of ore products per annum for the proposed 20 year mine life. Options are currently being considered which may increase annual throughput up to 50 Mtpa of product.

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

DSO Process Plant Design

The DSO process plant scope is based on processing and handling of 35 Mtpa of supergene DSO quality hematite.

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

Itabirite Beneficiation Plant Design

The latest metallurgical test work continues to demonstrate that the Mbarga itabirite may be upgraded to produce a high-grade hematite concentrate using conventional flotation beneficiation.

The second stage of metallurgical test work was based on itabirite core sourced from nine drill holes at drill depths ranging from 37m to 315m from the Mbarga Deposit. The ore grades from these samples averaged 39% Fe with a composite master sample assembled and used for comminution and flow

sheet optimisation test work. This work has defined optimised testwork flowsheets and confirmed the beneficiation potential of the Mbarga itabirite with results producing a +66% Fe concentrate with around 40% weight recovery.

The optimised flowsheets form the basis of the Stage 3 testwork programme. Reverse flotation has been shown to be the most effective primary recovery method for the itabirite hematite. The Stage 2 results indicate that optimal recovery and product quality may be achieved by utilising a medium primary grind and float followed by selective re-grind and re-float of the middling products. A primary grind of 75µm, with a 38µm re-grind for the middlings products gives a Blast Furnace (BF) feed grade concentrate of 66% to 67% Fe.

The Stage 2 results also indicate that a finer primary grind of 53µm can provide both a Direct Reduction (DR) grade concentrate of 68% Fe (with approximately 2% combined SiO_2 and Al_2O_3) and a BF grade concentrate in the order of 65% Fe with a similar gross weight recovery. The Stage 3 testwork programme has been designed to confirm and optimise these process flowsheets.

The third stage of metallurgical test work is based on itabirite core sourced from nine drill holes at drill depths ranging from 50m to 450m from across the Mbarga Deposit.

Product Suite

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

- DSO Lump and Fines grading +60% Fe; and
- BF grade itabirite concentrate grading 66% Fe; or
- A combination of DR grade itabirite concentrate grading 68% Fe and BF grade itabirite concentrate grading 65% Fe.

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

Product Transport and Export Infrastructure

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

The port layout has been refined on the basis of marine bathymetric and seismic reflection/refraction studies completed on site (refer Figure 8). This has reduced the length of the approaches to the berth with deeper water located closer to shore and more favourable seabed geotechnical conditions identified on site than assumed in the Pre-Feasibility design. This has reduced previously reported cost estimates for the marine scope of the port development.

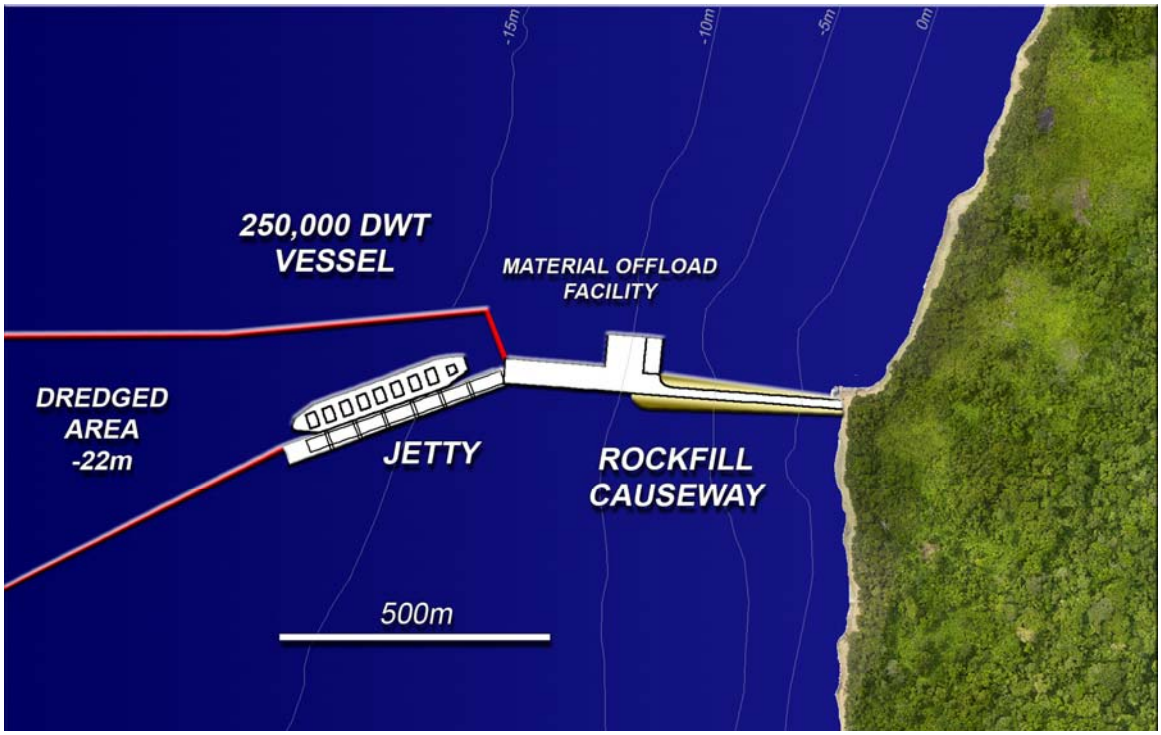

FIGURE 8 – PROPOSED PORT LAYOUT

Environmental and Social Impact Assessment (ESIA)

The collection of baseline data for the project ESIA was completed in the December 2008 Quarter by the Company's Cameroon based consultant, Rainbow Environmental Consulting, in collaboration with CamIron and with the support of NGO's including WWF (World Wildlife Fund) and CED (Centre for Environment and Development). The preparation of the ESIA documentation and associated Management Plans is expected to be completed by the second quarter 2009. The submission of these documents to the Cameroon Government will be followed by a 4-6 month public review process convened by the Ministry of Environment and Nature Protection (MINEP).

There is overwhelming public support for the Project in all potential areas of impact with the primary concern being the capacity of the Project to deliver improved services and opportunities.

CORPORATE

Shares Issued in relation to Services provided

On 5 December, 2008, Sundance issued 17,111,317 shares to a contractor that had been providing it with services. This issue was made as part of Sundance's cash management strategy.

Shareholder Information

As at 31 December 2008, the Company had 16,784 shareholders and 1,880,915,241 ordinary fully paid shares on issue with the top 20 shareholders holding 53.71% of the total issued capital.

Cash Assets

The Company's cash balance at 31 December 2008 was $19.0 million. Exploration expenditure will be significantly reduced as from January 2009 following completion of drilling activities in December 2008.

Expenditure

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

Don Lewis
Managing Director

About Sundance Resources Limited

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

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

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

Competent Persons Statement

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

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

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

The estimated quantity and grade of DSO quality supergene mineralisation and underlying itabirite-style mineralisation has been restricted to the area currently covered by drilling on a 200m x 100m pattern at Mbarga, with partial infill to 100m x 100m. This is represented by an area approximately 3km (east-west) x 3km (north-south) on the Mbarga Deposit and by an area approximately 1.5km (east-west) x 1.0km (north-south) on the Mbarga South Deposit. Grade interpolation has been extrapolated using Ordinary Kriging on composited sample results and a nominal 50% Fe cutoff value for DSO and Inverse Distance Squared methodology and 34% cutoff values for itabirite. A digital terrain surface (based on highly accurate topographic data), has been used to limit extrapolation of the mineralisation to the topographic hill at Mbarga. An internal waste zone (schist) cross-cutting the supergene and itabirite zones and surficial cover has been modeled and removed from the quantity estimated as DSO quality and itabirite mineralisation. Densities of 4.0t/m3 and 3.35t/m3 have been applied for evaluation of the DSO and itabirite mineralisation respectively.

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

Forward-Looking Statement

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

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Sundance Resources Limited

ABN

19 055 719 394

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(9,975)	(21,579)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(3,594)	(6,535)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	265	697
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	**(13,304)**	**(27,417)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(314)	(574)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	**(314)**	**(574)**
1.13	Total operating and investing cash flows (carried forward)	**(13,618)**	**(27,991)**

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	**(13,618)**	**(27,991)**
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue expenses)	-	-
	Net financing cash flows	**-**	**-**
	Net increase (decrease) in cash held	**(13,618)**	**(27,991)**
1.20	Cash at beginning of quarter/year to date	32,659	47,032
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**19,041**	**32,659**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(271)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Not Applicable.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	(2,816)
4.2	Development	-
	Total	**(2,816)**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	2,566	3,840
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)		
	- Term Deposits	10,000	17,000
	- Bank Bills	6,475	11,819
	Total: cash at end of quarter (item 1.22)	**19,041**	**32,659**

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2	Interests in mining tenements acquired or increased	2007-362 2007-363	Interest in two Republic of Congo exploration permits was increased from an effective 63% interest held through Cam Iron SA to a direct interest of 85% held by Sundance	63% 63%	85% 85%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- -	- -	- -	- -
7.3	**+Ordinary securities**	**1,898,026,558**	**1,898,026,558**	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	17,111,317 -	17,111,317 -	- -	- -
7.5	**+Convertible debt securities** (*description)*	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7	**Options** *(description and conversion factor)*			*Exercise Price*	*Expiry Date*
		2,000,000	**-**	**2 cents**	**31 May 2010**
		22,000,000	**-**	**10 cents**	**4 January 2012**
		2,000,000	**-**	**15 cents**	**4 January 2012**
		40,000,000	**-**	**20 cents**	**3 January 2012**
		2,000,000	**-**	**40 cents**	**8 October 2012**
		1,000,000	**-**	**50 cents**	**8 November 2012**
		1,000,000	**-**	**70 cents**	**8 November 2012**
		1,000,000	**-**	**50 cents**	**18 February 2013**
		1,000,000	**-**	**70 cents**	**18 February 2013**
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	**20,000,000**	-	-	-

+ See chapter 19 for defined terms.

7.11	**Debentures** *(totals only)*	-	-
7.12	**Unsecured notes** *(totals only)*	-	-

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30/01/2009

(Chief Financial Officer)

Print name: Peter Canterbury

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==