



QUARTERLY ACTIVITIES REPORT

For the period ended 31 March 2010

HIGHLIGHTS

- ▶ **Definitive Feasibility Study (“DFS”)** on schedule for completion by end of 2010 in accordance with plan presented during the Company’s capital raising in late 2009.
- ▶ **Drilling commenced at the Nabeba Deposit with very encouraging initial results** showing significant depth of High Grade Hematite over 1–2 km strike length on the northern ridge of the Deposit. Results to date consistent with defined Exploration Target.
- ▶ **Best intersection of 144 metres, from surface, at ~64% Fe** with the majority of holes completed to date intersecting significant thicknesses of hematite at +60% Fe.
- ▶ **3 drill rigs currently operating on site** with a fourth drill rig purchased and scheduled to commence drilling in June 2010 to complete definition of DFS Reserves by end 2010.
- ▶ **Significant enhancement in product quality (+62% Fe sinter fines product)** targeted on the basis of recent drilling results, metallurgical testwork and process design.
- ▶ **Rail route optimisation progressing on schedule** with site geotechnical investigations commenced utilising auger drilling and manual test pits along the corridor from mine to port.
- ▶ **Port design update in progress** with offshore geotechnical drilling program completed at Lolabe port site in March 2010.
- ▶ **Final stage of public consultation process in progress** for the Environmental and Social Assessment of the Project mine, rail and port works in Cameroon.
- ▶ **Start of construction on target for 2011** on the basis of successful completion of the DFS and associated Project financing.
- ▶ **Meeting held with the President of the Republic of Cameroon** to endorse the Company’s strategy for development of rail and port infrastructure suitable for transport of ore from deposits across the Cameroon-Congo-Gabon iron ore province.
- ▶ **Minister of Mines for the Republic of Congo** launched the Company’s drilling program at the Nabeba Deposit on 19 March 2010.
- ▶ **Site visits and discussions progressing with potential Strategic Partners** with interest in investment, offtake, Project financing and regional infrastructure development.
- ▶ **Key executive appointments completed** in support of DFS activities.
- ▶ **Cash reserves of ~A\$89 million** at end March 2010.

PROJECT DEVELOPMENT ACTIVITIES

The Mbalam Iron Ore Project is based on Exploration Permit 92 (EP92) and Exploration Permit 143 (EP143), located in the East Province of the Republic of Cameroon, and Mining Research Permits MRP362 and MRP363, located in the Sangha Province of the Republic of Congo (refer Figures 1 and 2).

EP92 and EP143 are owned by Cam Iron SA, a company incorporated in the Republic of Cameroon. Cam Iron SA is a 90% owned subsidiary of Sundance Resources Ltd (Sundance). MRP362 and MRP363 are owned by Congo Iron SA, a company incorporated in the Republic of Congo. Congo Iron SA is an 85% owned subsidiary of Sundance.

Sundance commenced Definitive Feasibility Study (“DFS”) of the Mbalam Iron Ore Project in January 2010 based on a capital raising completed by the Company in late 2009. The DFS is on schedule for completion by end of 2010 with progress to date summarised in this report.

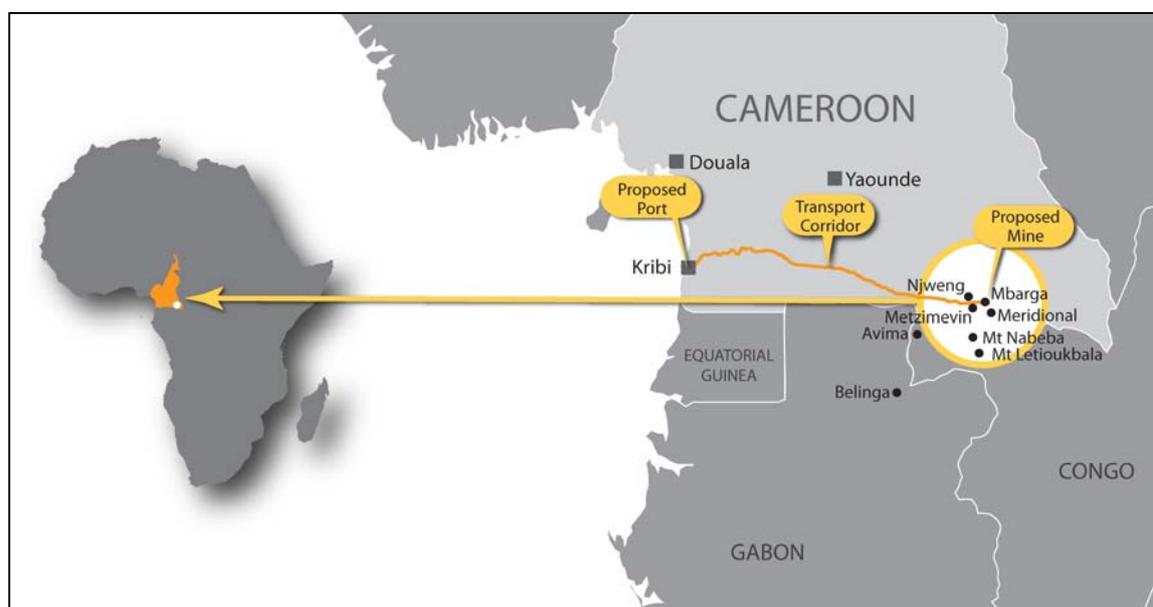


Figure 1: Location of the Mbalam Iron Ore Project

EXPLORATION AND RESOURCE DEFINITION

Exploration during the March 2010 Quarter concentrated on commissioning of the Company's drilling fleet for the 2010 exploration program in Cameroon and Congo. Key activities included:

- Commencement of Diamond and RC drilling at the Nabeba Deposit on MRP362 in February 2010;
- Continuation of Diamond drilling on the Mbarga and South Mbarga Deposits to collect core samples for metallurgical testwork and process design; and
- Resource Definition drilling at Mbarga East Deposit and the Meridional Prospect.

Figure 2 shows the location of the key deposits on the Company's landholdings in the Republic of Cameroon and the Republic of Congo.

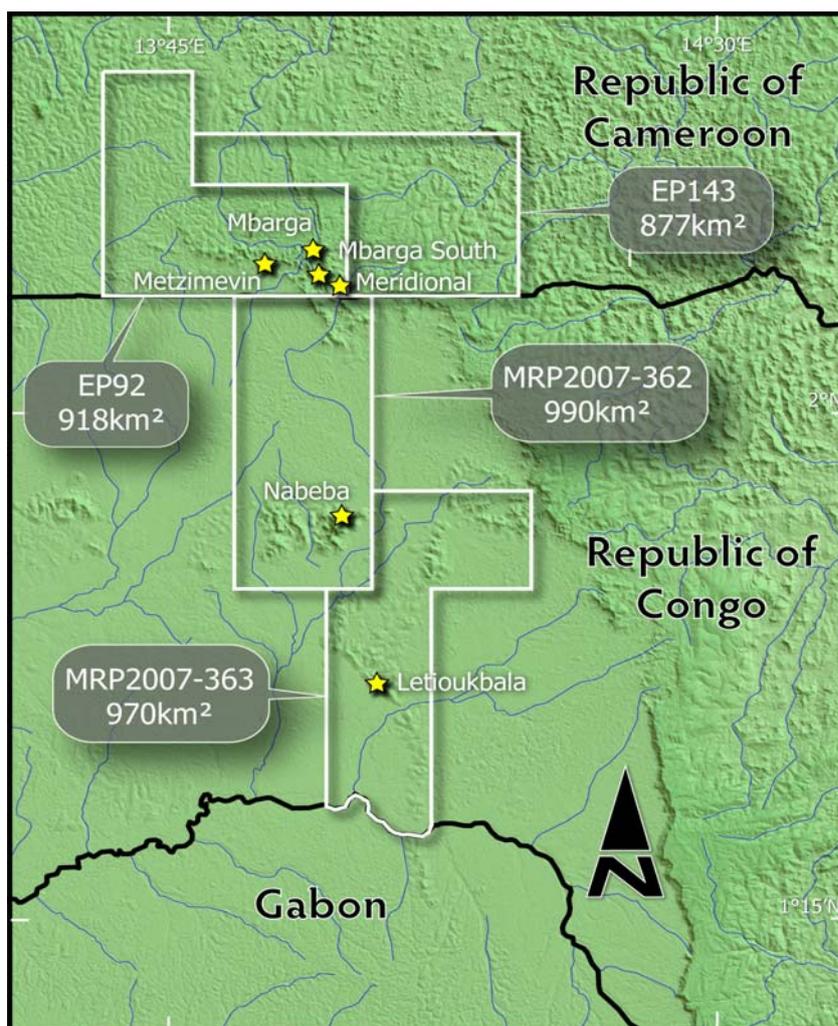


Figure 2: Exploration Permits controlled by Sundance and Location of Key Deposits

The principal objective of the 2010 exploration program is to deliver the overall Project Exploration Target for High Grade Hematite of 315 to 465 million tonnes at 55% to 65% Fe (including the existing 215 million tonne JORC-Code compliant Mineral Resource defined on EP92) - refer Table 1.

Deposit	Category	Tonnage (Million Tonnes)	Grade (Fe %)
Mbarga/South Mbarga/ Metzimevin	Indicated and Inferred Resource	215 Mt	60%
Nabeba Deposit	Exploration Target*	100 – 250 Mt	55% – 65%
TOTAL PROJECT	Resources and Exploration Target*	315 – 465 Mt	55% - 65%

Table 1: Reported Resources and Exploration Target* for High Grade Hematite

* 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 in excess of Inferred or Indicated Mineral Resources is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource in excess of that estimated for the Mbarga, South Mbarga and Metzimevin Deposits and it is uncertain if further exploration will result in determination of a Mineral Resource for the Nabeba Deposit or any other prospects on the Company's landholdings.

The Company has now commissioned 3 drill rigs on site. Two rigs (1 Diamond and 1 RC) are working on Resource Definition drilling at the Nabeba Deposit with the 3rd rig (a Diamond rig) undertaking metallurgical sample drilling on EP92.

A 4th rig was purchased in March 2010 to ensure definition of DFS Reserves by end 2010. This is a Schramm RC rig identical to that currently in operation and illustrated below in Figure 3. This 4th rig is scheduled to commence drilling on site in June 2010.



Figure 3: Drilling at the Nabeba Deposit in March 2010

Results from Drilling on RP362, Republic of Congo

Resource Definition drilling is currently focused on the Nabeba Deposit.

23 holes have been completed at Nabeba since commencement of Diamond drilling in February 2010 for a total of 2,322 metres drilled. This comprises 8 diamond core holes and 15 RC holes. The drill hole locations are shown below in Figure 4.

Drilling results to date have been very encouraging, showing significant depth of High Grade Hematite over a 1 – 2 km strike length on the northern ridge of the Deposit.

Appendix 1 presents significant intersections of High Grade Hematite reported from all drill holes with the majority of holes completed intersecting significant thicknesses of hematite at +60% Fe. These results to date are consistent with the Exploration Target set out in Table 1 above.

The best results are summarised below in Table 2 (note that all reported results are based on field Niton XRF analysis and subject to full laboratory analysis including deleterious constituents).

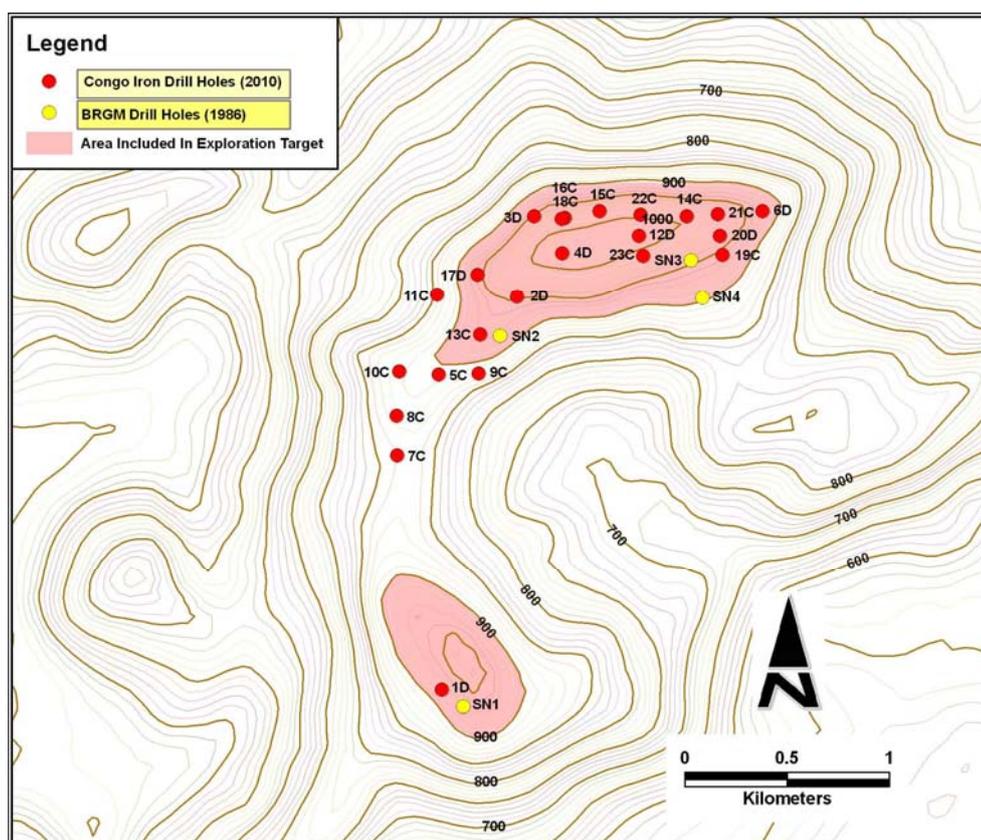


Figure 4: Drillhole Location Plan, Nabeba Deposit (including 4 drill holes reported by BRGM, 1986)

Hole	From	To	Length	%Fe (Niton) ¹
NB0003D	13m	72m	59m	62.0% ²
NB0004D	0m	143m	143m	61.7%
NB0006D	0m	144m	144m	64.3%
NB0007C	0m	58m	58m	58.0%
NB0010C	6m	48m	42m	60.3%
NB0012D	0m	65m	65m	65.3%
NB0016C	0m	51m (EOH)	51m	61.4%
NB0017D	0m	126m	126m	61.9%
NB0018C	0m	68m	68m	61.9%
NB0019C	0m	114m	114m	63.8%
NB0020D	0m	51m	51m	60.1%
NB0021C	36m	90m	54m	63.5%
NB0023C	0	72m(EOH)	72m	63.5%

1. Fe grades based on field Niton XRF analysis & subject to full laboratory assay analysis for minor constituents
 2. Poor core recovery in these holes with Fe grades only reported from available core

Table 2: Summary of Best Intersections Reported from Drilling to Date at the Nabeba Deposit

Results from Drilling on EP92, Republic of Cameroon

Eight diamond drill holes (predominantly PQ diameter) have been drilled at the Mbarga Deposit in the 2010 exploration program to:

- a) collect High Grade Hematite core samples for metallurgical testing; and
- b) advance Resource Definition at the eastern extent of the Mbarga Deposit.

A total of 623 metres have been drilled at Mbarga with selected core samples from these holes transported to Australia for metallurgical testing.

Ten additional drill holes have been completed on the South Mbarga Deposit in the March 2010 Quarter for a total of 710 metres drilled. Half core from these holes has also been transported to Australia for metallurgical testing. Six exploratory holes have been completed at the Meridional Prospect for a total of 476 metres drilled.

Figure 5 shows the location of holes drilled on EP92 in the 2010 exploration program together with the location of holes previously drilled up to the end of 2008.

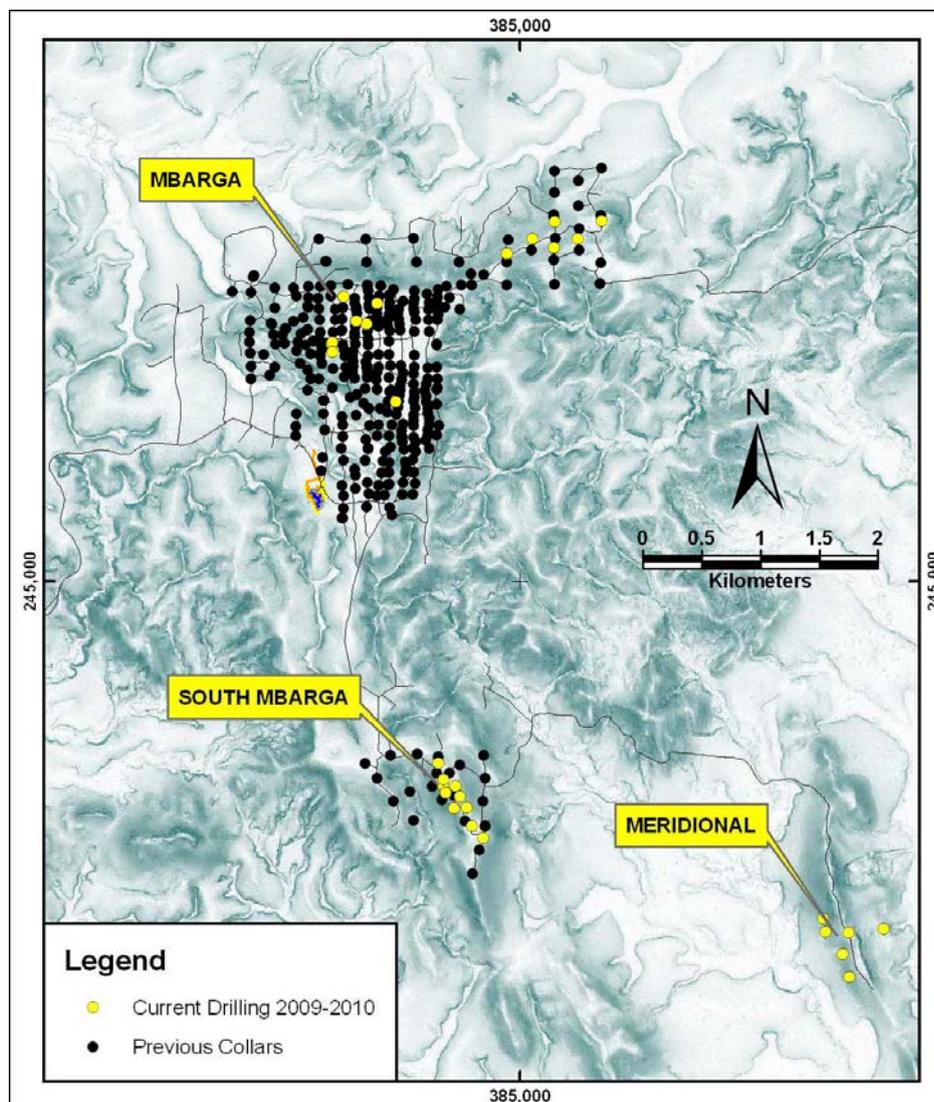


Figure 5: Location of Drill Holes Completed on EP92

Significant intersections of High Grade Hematite reported from drilling on EP92 in the 2010 exploration program are summarised in Table 3. Again, reported results are based on field Niton XRF analysis. The Niton instrument provides reasonable accuracy in respect of iron grades and has been calibrated from previous drill results collected on site but all samples must be sent off site for full quantitative analysis ahead of interpretation and resource modelling.

Deposit	Hole	From	To	Length	%Fe (Niton) ¹
Mbarga	MB0330D	0	30m	30m	63.3%
	MB0335C	0	33m	33m	63.4%
South Mbarga	SM0026D	4	48m	44m	60.6% ²
	SM0027D	0	49m	49m	63.6% ²
	SM0028D	0	20m	20m	62.2%
	SM0029D	0	35m	35m	63.6%
Meridional	MD0001D	0	46	46m	63.2%
	MD0003D	0	53	53m	41.5%
	MD0005D	0	21	21m	63.0%

1. Fe grades based on field Niton XRF analysis & subject to full laboratory assay analysis for minor constituents
2. Poor core recovery in these holes with Fe grades only reported from available core

Table 3: Summary of Significant Intersections from Drilling on EP92 in the 2010 Exploration Program

Current Resource Inventory

The JORC-Code compliant Indicated and Inferred Mineral Resources for the Project have not changed during the reporting period. These Resources are summarised below in Tables 3 and 4.

The JORC-Code compliant near-surface High Grade Hematite resource is estimated to contain a total of 215 million tonnes hematite at 60.2% Fe (refer Table 4).

Reporting of an initial Mineral Resource for the Nabeba Deposit is scheduled for the June 2010 Quarter. This is targeting, at a minimum, to deliver an additional 100 to 250 million tonnes Hematite at 55% to 65% Fe.

Deposit	Resource Category	Tonnage (Mt)	Grade				
			Fe (%)	SiO2 (%)	Al2O3 (%)	P (%)	LOI (%)
Mbarga	Indicated	168.7	60.5	9.5	2.1	0.08	1.4
	Inferred	10.4	57.5	13.0	2.7	0.06	1.6
Mbarga South	Inferred	21.8	58.8	9.4	3.0	0.06	2.9
Metzimevin	Inferred	14.3	61.8	10.3	3.6	0.09	1.8
Total Indicated & Inferred Resource		215.2	60.2	9.8	2.3	0.08	1.6

Table 4 – Summary of Indicated and Inferred Resources of High-Grade Hematite

All resources at the Mbarga South and Metzimevin Deposits are classified as Inferred because of the density of drilling to date. Drilling in 2010 will aim to progressively convert to Indicated and Measured Resources.

Regional mapping and geophysical interpretation is continuing to generate potential High Grade Hematite targets for future drilling.

The JORC-Code compliant Itabirite Hematite Resource at the Mbarga Deposit is estimated to contain a total of 2,325 million tonnes Itabirite at an average grade of 38.0% Fe (refer Table 5).

Deposit	Resource Category	Tonnage (Mt)	Grade				
			Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Mbarga	Indicated	1,431	38.0	44.5	0.44	0.04	0.32
	Inferred	894	38.0	44.1	0.54	0.05	0.43
Total Indicated & Inferred Resource		2,325	38.0	44.4	0.48	0.04	0.36

Table 5 – Summary of Indicated and Inferred Resources of Itabirite Hematite

The Indicated Resource of Itabirite Hematite at Mbarga is already sufficient to provide the beneficiation feed required for proposed production of high quality Direct Reduction grade and Blast Furnace grade iron concentrate during the first 25 years of Project operations (including initial production of High Grade DSO-quality product). There is no further exploration planned at this time to increase the Itabirite Resource tonnage.

DEFINITIVE FEASIBILITY STUDY

Work commenced on the Definitive Feasibility Study across all areas of the Project including mine, process plant, rail and port in the March 2010 Quarter. Highlights for the quarter included:

- Appointment of key personnel on the study team including the Study Director, General Manager Process & Plant, Principal Metallurgist and Project Controls Manager.
- Final definition of the metallurgical testwork program including preparation of testwork standards, methodologies and selection of suitable laboratories.
- Commencement of testwork, including gravity-based upgrading of Transitional Hematite, targeting delivery of a premium quality (+62% Fe) blended product.
- Further mine planning to evaluate pit designs and schedules to produce the required feed blends to the crushing and screening plant.
- Commencement of design optimisation studies for mine, rail and port including commencement of site geotechnical investigations along the rail corridor and at the port site.
- Preparation of consultant work scopes for mine design, port design, shipping analysis and operations modelling.

The Project development strategy provides for production of a DSO-quality sinter fines product for at least the first 10 years of Project operations based on blending of material sourced from the Mbarga, Mbarga South, Metzimevin and Nabeba deposits.

This strategy is aimed at export of highest margin product during the term of financing of Project infrastructure. Longer term production will then be based on beneficiation of the Itabirite Hematite from the Mbarga Deposit to produce both Blast Furnace and Direct Reduction grade pellet feed concentrates.

The DFS is targeted for completion by the end of 2010 ready for start-up of construction in 2011.

Resource and Mine Planning for High Grade Hematite

The current Mineral resource inventory of High Grade Hematite from the Mbarga, Mbarga South and Metzimevin Deposits totals 215 million tonnes and includes Supergene, Transitional and Hypogene Hematite materials.

Initial drilling results from the Nabeba Deposit indicate that delivery of the overall Project Exploration Target of 315 to 416 million tonnes of High Grade Hematite is achievable. This is expected to support the Project development strategy for production of DSO-quality sinter fines.

Key work mine planning work conducted during the March 2010 Quarter included:

- Re-design of the High Grade Mbarga Pit to include Transitional and Surficial domains;
- Completion of the preliminary pit sequencing schedule;
- Commencement of the geometallurgical model; and
- Appointment of independent Mining Consultant.

The re-design and sequencing work has confirmed the low strip ratio of the High Grade pit (<0.2) and the capacity of the Mbarga Deposit to supply a blended ore feed stream in support of the High Grade development strategy. This assumes conventional crushing and screening plant for DSO-quality Supergene material and the inclusion of a gravity based upgrade module for the Transitional material.

Process Strategy for High Grade Hematite

Available data from the Nabeba Deposit indicates that the hematite is likely to have a low silica content. Blending of direct shipping ore from Nabeba with direct shipping ore and upgraded Transitional material from EP92 is therefore targeting a premium DSO-quality sinter fines product – refer Table 6.

Production	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
35 Mtpa	>62.0	<6.0	<2.0	<0.08	2.0

Table 6 – Target High Grade Sinter Fines Product Specification

Testwork on the Transitional Hematite from the Mbarga Deposit, both Lump and Fines, indicates that this material is amenable to low cost upgrading such that the silica content of the blended product from EP92 is significantly reduced.

Testwork is continuing to fix the process flowsheet and to enable metallurgical domain characterisation. Further core samples are currently in transit with the metallurgical testwork program to be expanded to fully define the performance of Supergene, Transitional and Hypogene Hematite from Mbarga and Nabeba. Testwork will also be undertaken to determine if high grade Surficial material currently excluded from the Resource model may be upgraded.

Process Strategy for Itabirite Hematite

Beneficiation of the Itabirite Resource through conventional grinding and reverse flotation will produce a combination of DR grade concentrate grading 68% Fe and BF grade concentrate grading 65% Fe. This will commence as near surface High Grade Hematite is depleted post Year 10 of operations.

Scoping assessment for potential development of a 4 to 8 million tonne per year pellet plant near the Lolabe port site will be completed as part of the current Feasibility Study. This would be based on DR grade concentrate feed derived from the Mbarga Deposit.

Product Transport and Export

- **Rail Infrastructure**

Infrastructure planning continued in the March 2010 Quarter with targeted optimisation of the Mid-Northern Rail Route (the preferred, least cost alignment shown in Figure 8) by Calibre Rail. This work is progressing on schedule with completion targeted by August 2010.

Fugro Maps (South Africa) has completed aerial LIDAR surveys over the Rail Corridor. This survey has mapped route optimisation alternatives identified along the corridor in modelling work completed by Calibre Rail in late 2009. The survey also extended into the Congo providing detailed topographic mapping over the Nabeba Deposit and the haul route between Nabeba and Mbalam.

On ground geotechnical investigations commenced in the March 2010 Quarter along the entire rail route from mine to port with auger drilling of deeper cut areas (refer Figure 8) and hand digging of test pits for geotechnical logging of shallower cut areas. International geotechnical specialist Knight Piesold is managing these geotechnical investigations.



Figure 8: Auger drilling along the Rail Route

- *Port Infrastructure*

Design of the iron ore export facility is currently being updated to reflect the results of the offshore geotechnical drilling program completed at the Lolabe port site in March 2010. This design is based on accommodating "Chinamax" sized ships.

Figure 9 shows the location of geotechnical test holes drilled by Cam Iron SA along the proposed shipping channel, turning basin and shiploader jetty together with four drill holes completed by the Cameroon Government. All drilling was completed using the Skate 3 jack up rig (refer Figure 10). Core from the drilling program has been despatched to the testing laboratory in France.

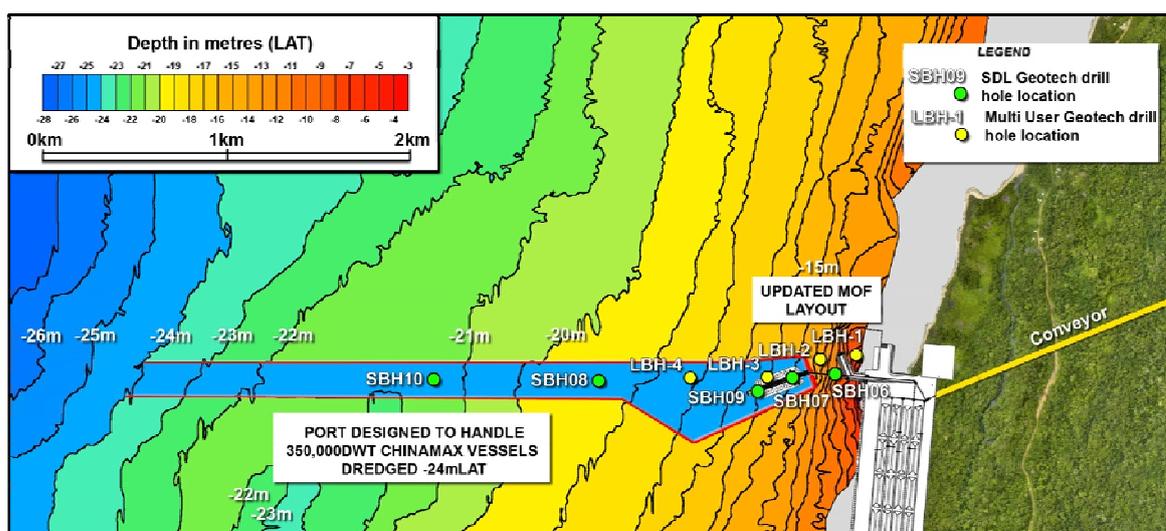


Figure 9: Location of Geotechnical Drill Holes



Figure 10: Skate 3 Jack-Up Drill Rig

Cam Iron will continue to progress development of its iron ore export facilities on a standalone basis, however, the Government's commitment to the adjacent multi-user port facility will assist Cam Iron secure necessary approvals.

Environmental and Social Assessment (ESA) and Land Tenure

- *Cameroon*

The final stage of the public consultation process has commenced for the Environmental and Social Assessment of the Project mine, rail and port works in Cameroon. This process is being administered by the Ministry of Environment and Nature Protection (MINEP).

The Mbalam Project is strongly supported by key stakeholders, including local communities, the Cameroon Government and NGOs and there is a preparedness to collaborate with Cam Iron to make the Project a success. This support is based on the fact that the Project will add significantly to the economic, social and environmental value of Cameroon. It will generate direct substantive economic wealth for the country, improve the lives of many people in communities around the project and support sustainable forest management that will help conserve heavily hunted wildlife in a remote and very poor part of Cameroon.

Cam Iron has applied to the Cameroon Government for declaration of the rail corridor as a public utility. This is required for the acquisition and expropriation process over lands designated for development of Project infrastructure. This land will then be leased to Cam Iron. The expropriation process will determine compensation arrangements for any impacted landowners or communities.

- *Congo*

A Summary ESA for the 2010 exploration program at the Nabeba Deposit has been submitted to the relevant Congolese Ministry.

A comprehensive Environmental and Social Assessment will be completed in 2010 ahead of Project development.

STRATEGIC ACTIVITIES

Introduction of Strategic Partners

Deutsche Bank has continued work under its mandate with Sundance to:

- a) secure a strategic partner(s) for the Project; and
- b) advise and arrange Project funding (including equity and debt).

Due diligence investigations and meetings with Strategic Partners continued during the reporting period with site visits completed by a number of shortlisted parties.

The Company is pleased with progress, particularly in the context of the very positive Resource Definition drilling results reported in April 2010, and is confident of successfully concluding arrangements for the introduction of strategic partner(s) to the Project.

Cameroon Government

On 9 February 2010, His Excellency, Mr Paul Biya, President of the Republic of Cameroon, met with a Company delegation including the Chairman of Sundance, Mr Geoff Wedlock and the Chief Executive Officer, Mr Don Lewis.

The delegation briefed the Head of State on Project progress and outlined a timeline for completion of activities required to conclude Project financing ready for commencement of construction in 2011. This includes signing of the Mbalam Convention, grant of a Mining Permit and provision of all necessary Government approvals.

The delegation also highlighted to the President that the Mbalam Project would be the catalyst for regional development of resources across the Cameroon / Congo / Gabon iron ore province based on the foundation deposits and infrastructure to be developed by the Company at Mbalam and Nabeba. The President provided his support for this strategy.

Following on from this meeting, drafting of the Mbalam Convention has been completed and is scheduled to be presented to Government in May 2010.



Figure 11: Chairman, Geoff Wedlock, meeting with President Paul Biya

Congo Government

On 19 March, 2010, His Excellency, the Minister for Mines and Geology, Mr Pierre Oba, launched the 2010 drilling program of Congo Iron SA at the Nabeba Deposit.

The Minister discussed the project with local community and Government representatives with the launch being widely covered on Congo radio and TV networks and in the print media. The Minister was advised that the Company intends to apply for a Mining Permit and commence negotiations for a Mining Convention with the Government of the Republic of Congo in the second half of 2010.



Post the reporting period, Congo Iron SA has submitted applications for renewal of its two Mining Research Permits, MRP362 and MRP363. The permits are renewable two times for a two year period each. The renewal applications provide for a 50% reduction in the surface area of each permit in accordance with the Mining Code of the Republic of Congo.

The renewals will allow Congo Iron SA to:

- a) progressively define JORC-Code compliant Mineral Resources for the Nabeba Deposit;
- b) complete feasibility study for development of the Nabeba Deposit in conjunction with the Mbalam Deposit in preparation for a final Decision to Mine; and
- c) evaluate prospects identified near the northern boundary of MRP362 and at Mt Letioukbala on MRP363 with the aim to extend the life of the proposed mining operation on the permits.

CORPORATE

Appointment of Key Executives

A number of key executives have been appointed to manage completion of the DFS and associated Project financing activities.

- **Terry Quaife** has been appointed as DFS Study Director. Terry has worked on a number of major iron projects in Australia, including port and rail infrastructure. Terry's experience with DSO iron ore projects in the Pilbara/Midwest and, in particular, with deep water ports for Cape Class vessels will be of significant value to Sundance. Terry has also acted as Project Director on a range of minerals projects, including Africa.
- **Sten Soderstrom** has been appointed General Manager, Process and Plant. Sten has over 25 years experience in international project management, construction and development. His iron ore experience includes lead roles in the feasibility study for the Aquila JV West Pilbara 30Mtpa Project, Sinosteel Midwest DSO Project and the 'Railway Prospect' Project in the Pilbara.
- **Paul DeNardi** has been appointed as General Manager, Finance and Commercial. Paul's previous role was as General Manager, Global Development at Rio Tinto Iron Ore with significant prior investment banking experience with JP Morgan and other international investment banks. Paul is responsible for completion of agreements with prospective strategic partner(s) and associated Project funding and is directing the activities of the Company's financial advisor, Deutsche Bank.

Shareholder Information

As at 31 March 2010, the Company had 18,868 shareholders and 2,709,995,932 ordinary fully paid shares on issue with the top 20 shareholders holding 56.28% of the total issued capital.

Three substantial shareholders entered the registry of Sundance during the reporting period:

- Capital Research Global Investors;
- Deutsche Bank AG; and
- UBS Nominees Pty Ltd and its related bodies corporate.

The addition of these substantial shareholders follows the introduction of a range of institutional shareholders in the \$85 million capital raising completed in December 2009. This has significantly broadened the Company's international shareholder base ahead of project financing activities scheduled for 2010.

Cash Assets

The Company's cash balance at 31 March 2010 was \$88.7 million. These funds will be used to complete the Definitive Feasibility Study of the Mbalam Iron Ore Project and associated Resource and Reserve Definition drilling and testwork.

Expenditure

The Pro-forma 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 in central west Africa. Sundance has commenced Definitive 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 nearby projects in Congo and Gabon.

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 100m x 50m pattern for the Indicated Resource at the Mbarga Deposit and 200m x 100m pattern for the Inferred Resource at the Mbarga, Mbarga South and Metzimevin Deposits. This is represented by an area approximately 3km (east-west) x 3km (north-south) on the Mbarga Deposit; by an area approximately 1.5km (east-west) and 1.0km (north-south) on the Mbarga South Deposit and 1.2km (east-west) x 0.3km (north-south) on the Metzimevin Deposit. Grade has been estimated by Ordinary Kriging on composited sample results. Cut-off grades for High Grade Hematite for the Mbarga Deposit are broken down as follows: Surficial: >50% Fe and <10% Al₂O₃; Supergene: No cut-off; Transitional: >51% Fe; Phosphorus: >53% Fe and <0.3% P; Hypogene: >52% Fe. Mbarga South is quoted at >50% Fe cut-off and Metzimevin is quoted at >56% Fe cut-off. A nominal 34% Fe cut-off value for the Mbarga Itabirite hematite is used.

A digital terrain surface (based on highly accurate topographic data), has been used to limit extrapolation of the mineralisation to the topography of the relevant deposits. A number of mineralisation and waste domains have been modelled as either a digital terrain surface or as wireframes and used to constrain the grade interpolation. The resource modelling has used 20m x 10m x 10m blocks with sub-blocks to honour the constraining surfaces. Collar surveys used DGPS surveying.

Down-hole surveys were determined using either deviation or gyro survey data. Down-hole geophysical logging including density, gamma, resistivity and calliper logs have been used in the evaluation.

The Itabirite mineralisation has a very strong correlation of density to Fe grade and therefore a Fe regression formula has been applied. The regression formula has been derived by analysis of data from geophysical downhole logging and assaying with a range of densities adopted from 3-4t/m³ depending on the iron grade. A density of 3.6t/m³ has been used for the majority of the near-surface High Grade Hematite and a value of 2.6 t/m³ applied to the overlying Surficial Zone. The underlying Transitional Zone has density values assigned via the Itabirite Fe grade regression formula, with a nominal 10% reduction applied to the resultant value to ensure the value is conservative.

Core and sample recovery has been recorded during logging. All drill hole data is stored in an acQuire database and imported data is fully validated. Assaying QA/QC was undertaken using field duplicates, laboratory replicates and internal standards with comprehensive reporting on laboratory precision and accuracy. Three metallurgical test work programs have supported the assay grades and density values of the major mineral types.

The map boundaries shown in the attached figures are indicative and should not be used for legal purposes. All areas are approximate and maps do not reflect all topographical features.

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 is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource for these Exploration Targets 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.

**Appendix 1: Summary of Significant Intersections of High Grade Hematite
from all drill holes completed to date at the Nabeba Deposit**

Hole	From	To	Length	%Fe (Niton)
NB0001D	0m	28m	28m	62.2% ²
NB0002D	0m	41m	41m	62.1% ²
NB0003D	13m	72m	59m	62.0% ²
NB0004D	0m	143m	143m	61.7%
NB0005C	0m	8m	8m	56.7%
NB0006D	0m	144m	144m	64.3%
NB0007C	0m	58m	58m	58.0%
NB0008C	68m	80m	12m	58.4%
NB0009C	10m	18m	8m	60.7%
NB0010C	6m	48m	42m	60.3%
NB0011C	4m	18m	14m	57.0%
NB0012D	0m	65m	65m	65.3%
NB0013C	0m	32m	32m	63.7%
	60m	74m	14m	61.3%
NB0014C	0m	18m	18m	65.3%
	34m	50m	16m	63.8%
NB0015C	-	-	-	-
NB0016C	0m	51m (EOH)	51m	61.4%
NB0017D	0m	126m	126m	61.9%
NB0018C	0m	68m	68m	61.9%
NB0019C	0m	114m	114m	63.8%
NB0020D	0m	51m	51m	60.1%
	51m	86m	35m	56.1%
NB0021C	0m	30m	30m	64%
	36m	90m	54m	63.5%
NB0022C	-	-	-	-
NB0023C	0	72m(EOH)	72m	63.5%

1. Fe grades based on field Niton XRF analysis & subject to full laboratory assay analysis
2. Poor core recovery in these holes with Fe grades only reported from available core

