SUNDANCE RESOURCES LTD

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ASX / Media Announcement
27 July 2012

JUNE QUARTERLY REPORT

Sundance makes significant progress towards development of Mbalam Project and completion of Hanlong takeover

Highlights

- **Mbalam Iron Ore Project further strengthened by a 49% increase in High Grade Resources to 775Mt; maiden Itabirite Resource of 1.4Bt at Nabeba, taking the Project's total High Grade Hematite and Itabirite Resources to 4.5Bt.**
- **Sundance and Hanlong sign updated SIA based on simplified timetable with revised November 2012 completion date.**
- **Key terms of the Mbalam Convention agreed between Sundance and Hanlong with representatives of the Republic of Cameroon Government.**
- **Republic of Congo Minister of Mines advises he will recommend Sundance's Mining Permit application for the Nabeba Project to the country's Council of Ministers for approval.**
- **Hanlong advises Sundance that the Australian Government's Foreign Investment Review Board (FIRB) has no objection to Hanlong's proposed acquisition of Sundance.**
- **Sundance grants Hanlong a one-month extension to secure Chinese Government National Development and Reform Commission (NDRC) provisional approval following request to Hanlong from NDRC.**
- **Sundance completes A$40 million placement to institutional investors to continue exploration and development at Mbalam/Nabeba and for general working purposes.**
- **The Company's cash balance was A$59 million as at 30 June 2012.**

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ACTIVITIES REPORT

Sundance Resources Limited ('Sundance' or 'the Company') (ASX: SDL) provides its Activities Report for the Quarter ending 30 June 2012.

High Grade Hematite and Itabirite Resources

The June Quarter was a productive period for the Company with a significant increase announced to both the High Grade Hematite and Itabirite Resources, coupled with gaining a better understanding of the mineralogy of the High Grade material and development of blending strategies.

Exploration efforts focused on optimisation of the existing High Grade Resource and a major drilling programme to define a large Itabirite Resource beneath Nabeba in the Republic of Congo, for which an exploration target of 1.5 - 2.5 Bt @ 30-40% Fe[1] was set. The Company has made significant progress toward the completion of these objectives and with continued drilling through the current Quarter, it is expected that Resources will increase.

High Grade Hematite Mineral Resources

The Global JORC- Code compliant High Grade Mineral Resources for the Mbalam/Nabeba Iron Ore Project have been significantly increased by the following additions;

- Addition of the Nabeba Northwest Deposit (*50.3Mt @ 52.8% Fe Indicated Resources*)
- Addition of the Nabeba South Deposit (*9.9Mt @ 57.3% Fe Indicated Resources*)
- Re-interpretation of the Main Nabeba and Mbarga Deposits based on additional drilling information (*accounts for an increase of approximately 80Mt of High Grade Resources*);
- Relaxation of previous chemistry 'cut-off' and 'cut-over' restraints as a result of the Enhancement Study (*accounts for an increase of approximately 115Mt of High Grade Resources*).

Ongoing work on the Project's Enhancement Study has demonstrated that the Ore Reserve process can handle lower quality specifications and still produce a high grade product by use of in-pit scheduling and blending. Therefore, the Resource has been optimised to present maximum tonnes for the Ore Reserve Estimation process and also to allow use of the upgrade plant included in the scope of work within the Definitive Feasibility Study (completed March 2011) to treat more resource tonnes.

Table 1 below is the Global Summary of High Grade Resources for the six currently drilled deposits of the Project: Mbarga, Mbarga South, Metzimevin, Nabeba, Nabeba Northwest and Nabeba South.

Table 1 GLOBAL HIGH GRADE RESOURCE	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Indicated	748.0	57.2	9.2	4.4	0.098	3.8
Inferred	27.4	57.4	15.1	3.0	0.090	1.5
Total High Grade Resource	**775.4**	**57.2**	**9.4**	**4.3**	**0.098**	**3.8**

[1] *It must be noted that this range is an Exploration Target only, and not to be misconstrued as an estimate of Mineral Resources. The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource and that it is uncertain whether further exploration will result in the determination of a mineral resource*

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Further breakdown of High Grade Resources of each Deposit is detailed below in Table 2 demonstrating the strong confidence in the interpretation and geological continuity with 96 per cent of the Resource within the 'Indicated' category:

Table 2 – INDICATED AND INFERRED: A - INDICATED HIGH GRADE RESOURCE	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Mbarga Deposit	195.1	56.7	13.0	3.3	0.081	2.1
South Mbarga Deposit	20.7	57.5	10.4	3.6	0.068	3.2
Nabeba Main Deposit	472.0	57.9	7.6	4.7	0.107	4.1
Nabeba Northwest Deposit	50.3	52.8	9.2	5.6	0.090	7.9
Nabeba South Deposit	9.9	57.3	6.6	3.8	0.121	6.6
Total Indicated High Grade Resource	**748.0**	**57.2**	**9.2**	**4.4**	**0.098**	**3.8**
B - INFERRED HIGH GRADE RESOURCE	**Tonnes (Mt)**	**Fe (%)**	**SiO2 (%)**	**Al2O3 (%)**	**P (%)**	**LOI (%)**
Mbarga Deposit	12.2	54.7	18.2	1.8	0.104	0.9
Metzimevin Deposit	15.2	59.5	12.6	4.1	0.078	2.0
Total Inferred High Grade Resource	**27.4**	**57.4**	**15.1**	**3.0**	**0.090**	**1.5**

All four satellite deposits are located close to the two primary deposits- Mbarga in Cameroon, and Nabeba in the Republic of Congo.

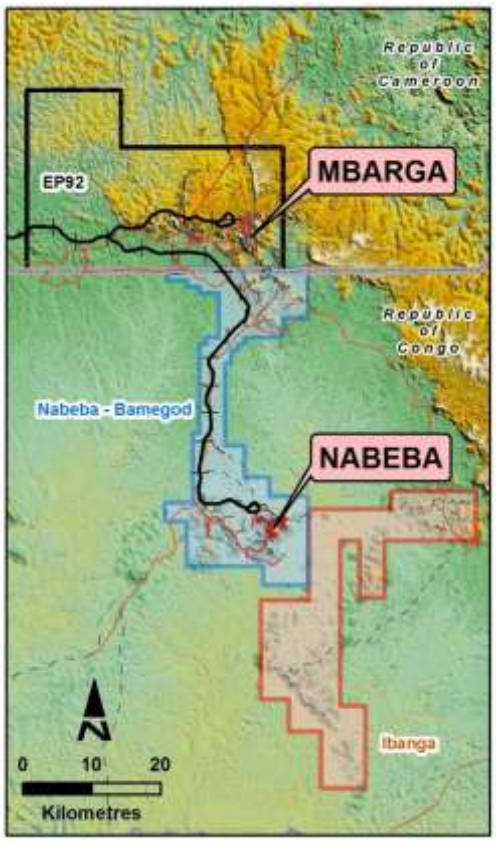

Figure 1 – Mbalam Iron Ore Project Permits

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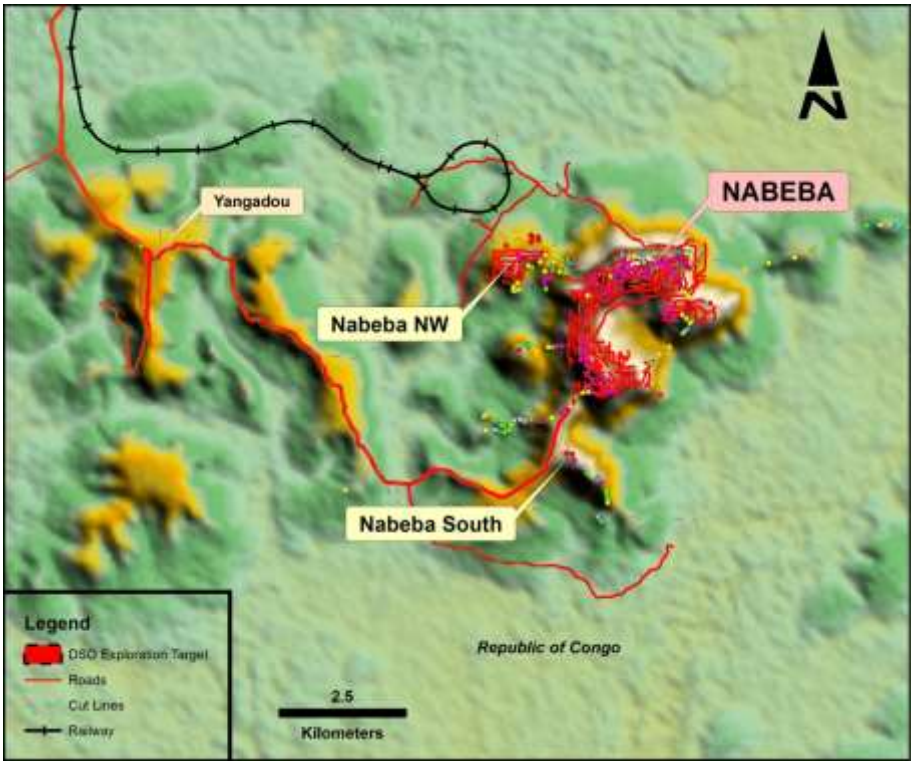

Figure 2 – Location of 'Nabeba Northwest' and 'Nabeba South' Deposits in relation to the 'Nabeba Deposit'

The Project's JORC-Code compliant Mineral Reserves remain unchanged at:

Table 3 Ore Reserve classification	Tonnes (Mt)	Fe in Product (%)	SiO_2 (%) in Product	Al_2O_3 (%) in Product	P (%) in Product	LOI (%) in Product
Probable	352	62.4	5.0	2.6	0.09	2.6

This Reserve was calculated on the basis of previous Resource figures and may be updated in light of the recent upgrades.

Itabirite Resources

Sundance continues its Itabirite drilling program at Nabeba, however sufficient work has been completed during the Quarter to allow a JORC- Code compliant Inferred Resource of 1.39Bt at 35% Fe to be defined. This takes the Company's total Itabirite Resources to 3.7 Bt.

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Table 4 below summarises current JORC-Code compliant Itabirite Resources for the Project inclusive of the new Itabirite Resource at Nabeba:

Table 4 GLOBAL ITABIRITE HEMATITE RESOURCE	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Mbarga Deposit	2,325	38.0	44.4	0.48	0.04	0.36
Nabeba Deposit	1,391	35.1	41.1	2.70	0.05	2.50
Total Itabirite Hematite Resource	**3,716**	**36.9**	**43.2**	**1.3**	**0.04**	**1.2**

Figure 3 – Inspection of Itabirite core by Cam Iron Geologists

Drilling at Nabeba has to date focussed on the main Northern Limb of the Nabeba deposit, however drilling will shift to the southern body during the current Quarter to increase the resource in this section and continue to move the total Nabeba resource toward the previously stated Exploration Target[2] of **1.5 - 2.5 Bt @ 30-40% Fe.**

Table 5 summarises significant results from the Nabeba Itabirite drilling during the Quarter. During the period, 1690m of diamond drilling (DD) and 5048m of reverse circulation (RC) drilling were completed.

Diamond drilling was focussed on deep holes into the core of the northern limb, while the RC rig was utilised to increase drilling efficiency by drilling pre-collars in advance of the diamond rigs and by drilling around the edges of the deposit to better define the margins.

Most holes have been drilled to a nominal depth of 400m and end in Itabirite. The deposit remains open at depth.

[2] *It must be noted that this range is an Exploration Target only, and not to be misconstrued as an estimate of Mineral Resources. The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource and that it is uncertain whether further exploration will result in the determination of a mineral resource*

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Table 5 - Significant Nabeba Itabirite Intersections for the quarter		
Hole ID	**Results**	
NB0025D	288m @ 36.7% Fe from 106.6m	Ended in Itabirite
NB0020D	279.6 @ 38.2% Fe from 139.4m	Ended in Itabirite
NB0438D	258m @ 37.1% Fe from 145m	Ended in Itabirite
NB0394D*	264m @ 34% Fe from 136.5	Ended in Itabirite
NB0065CD*	258m @ 35.5% Fe from 144m	Ended in Itabirite
NB0136D*	91.2m @ 39.5% Fe from 104m	Ended in Schist

** Results are preliminary from a hand-held Niton XRF analyser.*

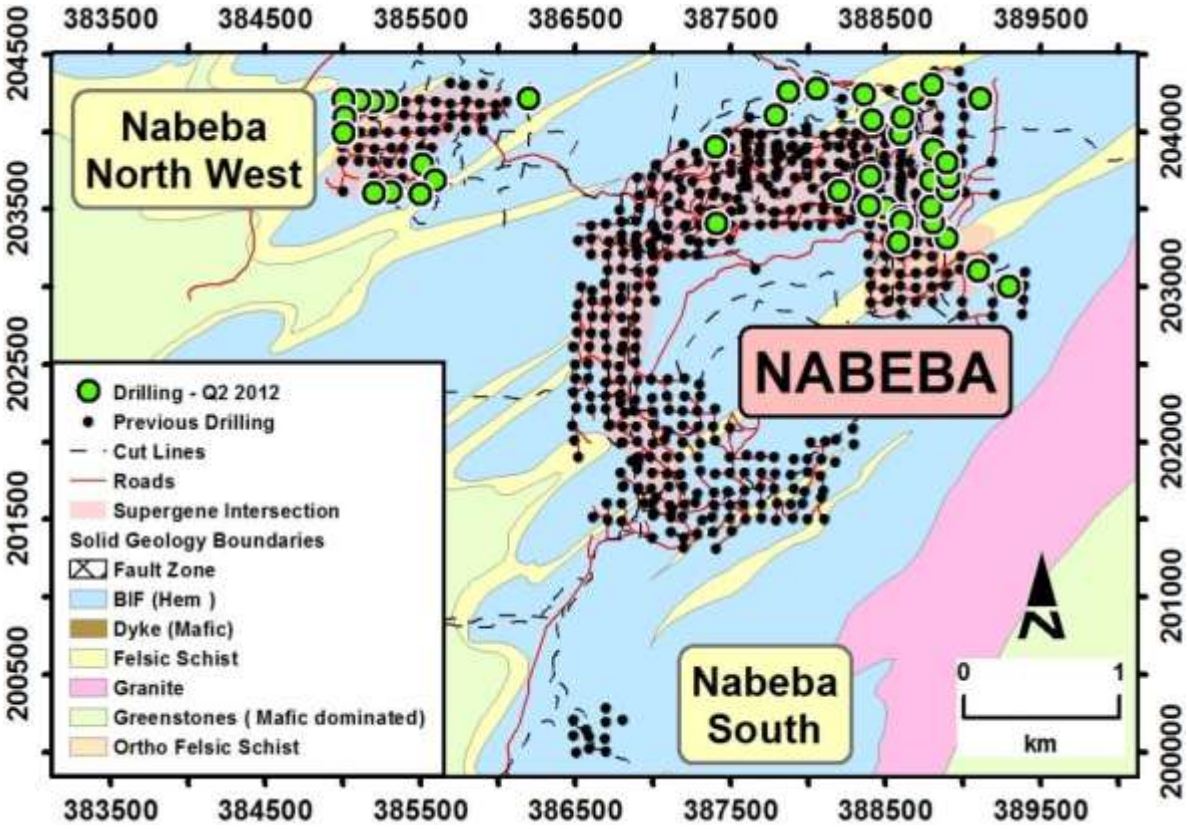

Figure 4 – Drill locations at Nabeba during Q2

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Figure 5 –Drilling at Nabeba, using one of the Company's four drill rigs (2 Diamond, 2 RC)

Ongoing Geology and Exploration Work

As the Company progresses towards receiving mining approvals in both Cameroon and the Republic of Congo, exploration work will continue targeted at increasing existing Resources and identifying new Resources within and around the Company's leases. Surface geological mapping and sampling excursions will also continue for Direct Shipping Ore (DSO) exploration targets in both Cameroon and the Republic of Congo.

Mbalam Convention and Permit

During the Quarter, Sundance and Hanlong Mining ("Hanlong") agreed the key terms of the Mbalam Iron Ore Project Convention with representatives of the Government of Cameroon. This followed a number of meetings that were held between senior representatives of the Government, Sundance and Hanlong which resulted in an agreement being reached on the outstanding key terms in relation to the Mbalam Convention.

The key points that were finalised include:

Government Equity

As stated in the ASX announcement released 27 April 2012, the Cameroon Government has a free-carried 10 per cent interest under the Cameroon Mining Code. Additionally, the Government is to have a further 5 per cent interest by way of loan participation for future equity calls. A 25-year concession to port and rail infrastructure was confirmed, with Sundance having a first right of refusal to operate the facility with tariff protection beyond that time.

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Fiscal Terms

In addition to the previously announced minimum five-year tax-free holiday, maximum 25 per cent tax rate and 5 per cent dividends tax, a flexible corporate structuring regime was also confirmed so as to allow timely financing and project development.

The agreement now reached satisfies the condition precedent required under the Scheme Implementation Agreement.

Congo Mining Permit

In April 2012, Sundance advised that the Minister of Mines and Geology for the Republic of Congo, Mr Pierre Oba, had approved the Company's application to develop and mine the high-grade Nabeba Iron Ore deposit and recommended that the country's Council of Ministers approve the issue of the Mining Permit. In confirming his approval in the letter written to the Company, Mr Oba stated that the Government of the Republic of Congo fully supported the Nabeba Iron Ore Project and will accompany Sundance and its subsidiary Congo Iron with its realisation.

FIRB Ruling

During the Quarter, Sichuan Hanlong Group Co. Limited advised Sundance that the Australian Government Foreign Investment Review Board (FIRB) had no objection to Hanlong's proposed acquisition of Sundance. Gaining FIRB approval for the takeover represents another significant step towards completion of the Scheme Implementation Agreement.

Revised SIA and Extended Deadline for NDRC Provisional Approval

On 24 May 2012, Sundance announced it had signed a revised Scheme Implementation Agreement (SIA) with Hanlong (Africa) Mining Limited ("Hanlong") based on a simplified timetable aimed at ensuring completion in November 2012.

The revised SIA followed the progress that was made by the Company during the Quarter with the governments of the Republic of Cameroon and the Republic of Congo. Sundance also established a clearer understanding of the needs of China's National Development and Reform Commission (NDRC) and Hanlong's financiers, the China Development Bank (CDB).

On 29 June 2012, Sundance announced it had agreed to extend the deadline for Hanlong to receive NDRC provisional approval for the proposed acquisition of Sundance by one month. The extension means the new deadline for Hanlong to secure NDRC approval as described under the updated SIA is now 31 July 2012. This extension was requested by NDRC to allow it more time to review the latest available information relating to the proposed transaction. The completion date for the SIA remains at November 2012.

$40m Capital Raising Successfully Completed

Sundance raised A$40 million through an equity raising during the Quarter. The equity raising was conducted via a placement to qualified institutional buyers at a price of A$0.345 per share. Funds raised under the Placement will be used for:

- Undertaking of early works at the port and rail areas to help maintain the construction timeline;
- Continuation of exploration drilling on the previously announced exploration targets; and
- General working capital for the Company.

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Project Development

The programme to advance the Mbalam Project's readiness to commence construction continued during the Quarter. These works have been undertaken in line with the current timeline for completion of the SIA with Hanlong and the availability of finance.

The main project readiness activities accomplished during the period include:

- Completion of the rail basic design;
- Completion of a physical dive survey and sea bed inspection at the Lolabe port location;
- Progress on the design of a temporary marine offloading facility at Lolabe; and
- Commencement of sterilisation drilling to confirm locations of the mining infrastructure.

These works were progressed in recognition of the fact that rail construction represents the critical path for overall project development and that a timely start to project activities is dependent on the availability of preliminary construction facilities at Lolabe. Preparations also began on the planning of a detailed survey for the land allocated for the rail corridor. This will involve the delineation of the entire rail corridor in Cameroon from the point where it joins the port (at the Lobe River) through to the eastern boundary of the Exploration Permit EP92. This is a length of approximately 470km, over which the land allocation must be identified and physically marked on the ground and the local communities appropriately consulted. The process also includes identification, survey and evaluation of any private land holding, property and crops, and any cultural or heritage sites along the rail corridor.

The Cameroon Government granted approval for the commencement of this process in November 2011 (as per the Company's ASX announcement dated 23 November 2011). Significant effort in planning this large operation was undertaken and completed during the reporting period and it is anticipated that the on-site delineation will commence in the next Quarter.

Health, Safety, Environment, Community and Security (HSECS)

	Total Hours Performed	Total Lost Time Incidents	Total High Potential Incidents (no lost time)	Total Lost Work Days
Perth, Cameroon & Congo	220,859	1	0	7
Lost Time Injury Frequency Rate (LTIFR) for the Quarter				4.5
Previous annual LTIFR				4.1
Rolling annual LTIFR				2.3

A total of 220,859 employee and contractor hours were performed with one Lost Time Incident during the reporting period.

Development continued on the Project Health, Safety, Environment and Community Management System that covers all operational and construction aspects and activities that have the potential to impact on the health and safety of our people, the environment and the community.

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In the Republic of Congo an inter-ministerial committee reviewing the Congo Environmental and Social Assessment (ESA), which was submitted in January 2012, requested minor amendments prior to approving the ESA. The requested amendments were made and re-submitted to the Ministry of Environment on 15 May 2012. To further corroborate the ESA submission, in June 2012 a field visit to the Company's Yangadou exploration camp near the Nabeba deposit took place by delegates of the Ministry of Environment. The final submission of the ESA by the Company's subsidiary Congo Iron SA is expected in the current Quarter.

Figure 6 - Delegates from the Republic of Congo Ministry of Environment visit Yangadou exploration camp

A regional meeting on conservation and mining was organised by Tri-National Dja-Odzala-Minkebe (TRIDOM) in Brazzaville, the capital city of the Republic of Congo, as a follow-up to the 2012 Mining Indaba Conference meetings that were held earlier in this year. Seven mining companies, including Congo Iron and Cam Iron, convened with TRIDOM, World Wildlife Fund and the World Conservation Society. Sundance and its subsidiary companies Cam Iron and Congo Iron continue to enjoy a positive working relationship with these important NGOs. At the regional meeting, agreement was reached on harmonising environmental methodologies and sharing research data among the group.

In May 2012, the Cameroon Ministry of Forest and Wildlife (MINOF) issued a tender for nine forest areas covering almost one million hectares of prime tropical forest. One of these forest areas, a 164,976ha forest unit directly north and adjacent to the Mbalam mine site, was previously identified in the Cam Iron ESA as a potential environmental offset for project land disturbance. Cam Iron is currently in the process of submitting an application to secure this forest area for conservation and biodiversity management.

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Legal Proceedings

During the Quarter, Cam Iron SA received legal process as to the Congo Air Incident in 2010. This matter was the subject of an ASX announcement released by Sundance on 22 June 2012. Cam Iron SA has appointed legal advisors in Cameroon and will vigorously defend any claims against it.

The Illinois District Court proceedings referred to in the ASX announcement have been voluntarily dismissed on a 'without prejudice' basis. These proceedings were not served on Sundance.

Also during the Quarter, Cam Iron SA received a claim from Hold Co SARL returnable in the Yaounde High Court. Hold Co claims to have an entitlement to a 7 per cent interest in Congo Iron via Cam Iron interests. The transaction by which Cam Iron SA acquired its interests in Congo Iron was disclosed in an ASX announcement dated 10 October 2008. Cam Iron's advice is that the Hold Co claim is without merit legally or factually. Cam Iron SA has appointed legal advisors and will vigorously defend any such claim.

Corporate

As at 30 June 2012, the Company had 21,694 shareholders and 3,049,577,034 ordinary fully paid shares on issue with 41,521,315 rights and options on issue. The top 20 shareholders held 63.2% of the total issued capital.

Cash Assets

The Company's cash balance at 30 June 2012 was A$59 million.

Expenditure

The Pro-forma Statement of Consolidated Cash Flows is provided in a separate report.

ENDS

GIULIO CASELLO
Chief Executive Officer and Managing Director
Sundance Resources Limited

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Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources 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 and Mr Widenbar are consultants to Sundance and have sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which they are 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".

The information in this report that relates to Ore Reserves is based on information compiled by Mr Bruce Gregory, a member of the Australasian Institute of Mining and Metallurgy. Mr Gregory is employed by AMC Consultants Pty Ltd and is a consultant to the Company. Mr Gregory 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".

Messrs Longley, Widenbar and Gregory consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

For more information including modelling parameters and details, the ASX announcements pertaining to Exploration Results, Mineral Resources and Ore Reserves are available from the Company's website: www.sundanceresources.com.au.

Itabirite Resources reported at the Mbarga Deposit (Republic of Cameroon) and at the Nabeba Deposit (Republic of Congo)

At Mbarga, the estimated quantity and grade of Itabirite-style mineralisation has been restricted to the area currently covered by drilling on a 100m x 50m pattern for the Indicated Resource and a 200m x 100m spaced drill pattern applies for the Inferred Resource. This is represented by an area approximately 3km (east-west) x 3km (north-south) on the Mbarga Deposit.

At Nabeba, drilling of the Itabirite has been conducted on an approximate 400m x 200m spaced pattern and as such is only categorised at Inferred. Recent drilling of the Itabirite at Nabeba has been by way or re-entering and extending historical holes. However, all deep holes across the Deposit area that intersected Itabirite have been used in the estimation and this covers an area approximately 3km (east-west) x 3km (north-south).

Grade has been estimated by Ordinary Kriging on composited sample results. 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 Itabirite resource modelling has used 20m (X) x 10m (Y) x 10m (Z) blocks at the Mbarga Deposit with sub-blocks to honour the constraining surfaces. Nabeba Itabirite modelling has applied 25m (X) x 25m (Y) x 5m (Z) blocks at this Inferred stage of estimation.

Drillhole collar survey has utilised DGPS surveying at all Deposits.

Down-hole surveys (at Mbarga only) were determined using either deviation or gyro survey data. Down-hole geophysical logging including density, gamma, resistivity and caliper logs has been used in the evaluation at Mbarga only. The Itabirite mineralisation has a very strong correlation of density to Fe grade and therefore a Fe regression formula has been applied to apply a density value. The regression formula has been derived by analysis of data from geophysical downhole logging and assaying, with a range of densities adopted from 3 to 4t/m^3 depending on the iron grade.

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 standards with comprehensive reporting on laboratory precision and accuracy. Metallurgical test work programs have supported the assay grades and density values of the major mineral types.

High Grade Hematite Resources reported on Exploration Permit 92, Republic of Cameroon (Mbarga, Mbarga South and Metzimevin Deposits)

The estimated quantity and grade of High Grade Hematite 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 Mbarga Deposit and a spacing varying from 200m x 100m to 50m x 50m for the Indicated Resource at the Mbarga South Deposit. A 200m x 100m drill pattern applies for the Inferred Resource at the Mbarga and Metzimevin Deposits. This is

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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.

Note that Cut-off grades for High Grade Hematite at the Mbarga Deposits have been changed since the previous estimation (September, 2011) and while most restrictions have been removed, the following still apply: 'Phosphorus' Domain: >50% Fe and <0.3% P; 'Hypogene' Domains: >51% Fe. Metzimevin Inferred Resources remain unchanged and have a >50% Fe cut-off and density of 2.80 applied.

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 a block size of 10m (X) by 10m (Y) by 2m (Z).

Drillhole collar survey has utilised DGPS surveying at all Deposits.

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

Densities have been assigned from a combination of down hole geophysical and physical measurements of diamond core carried out as part of metallurgical analysis. Densities of 2.40 t/m^3 have been assigned for the Surficial Zone, 2.80 t/m^3 for the Supergene, 2.80 t/m^3 for the Phosphorus, 2.90 t/m^3 for the Transition and 3.20 t/m^3 for the Hypogene. 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 to 4 t/m^3 depending on the iron grade.

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. Metallurgical test work programs have supported the assay grades and density values of the major mineral types.

Resources reported on Nabeba-Bamegod Permit, Republic of Congo (Nabeba, Nabeba Northwest and Nabeba South Deposits)

The estimated quantity and grade of near-surface, high grade mineralisation for the Nabeba Resources has been restricted to an area currently covered by drilling on predominately a 100m x 100m pattern (with some closer-spaced drilling on selected north-south lines on the northern ridge). Sundance has completed significant drilling at the main Nabeba Deposit of which approximately 20% has been diamond core and 80% RC (Reverse Circulation) drilling with face-sampling hammers.

Drilling at the smaller Nabeba Northwest and Nabeba South Deposits has been by predominately RC method although two diamond holes were drilled at Nabeba Northwest to ensure similar physical properties and densities applied.

The geological model at the Nabeba Main Deposit is represented by an area approximately 2.5km (east-west) x 3km (north-south). Nabeba Northwest covers a smaller area of approximately 1km x 1km and Nabeba South smaller again at 500m x 500m.

Grade has been estimated by Ordinary Kriging on composited sample results. The mineralisation and grade interpolation of drill results has been constrained by a 3-D wireframe which encompasses all of the near-surface contiguous high grade material and as such, no cut-off grades for high grade have been required or applied. At the time of modelling, 92% of drill sample results were full XRF analyses from Ultra Trace Laboratories (Perth, Western Australia) and the remaining 8% were Thermo Niton XRF (Fe only) results from the Sundance Site laboratory.

Cut-off grades for the Nabeba deposits have changed since the previous estimation (September, 2011) and now no cutoff grades have been applied. Resultant grades are simply a result of the grades which lie within carefully defined mineralised domain boundaries.

A digital terrain surface (based on recent Lidar and ground surveys) has been used to limit extrapolation of the mineralisation to the topography of the Nabeba hill. The resource modelling has used 25m x 25m x 5m blocks with sub-blocks to honour the constraining surfaces.

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Drillhole collar survey has utilised DGPS surveying at all Deposits.

A density of 2.65 t/m^3 has been used for the 'Supergene' and 'Transition' domains of High Grade Hematite, with a density of 2.50 t/m^3 for the 'Sub-Grade' and 'Surficial' zones. All density values are based on results from an assessment of physical density measurements of current drill core and on down-hole density determination by Surtron.

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 standards with comprehensive reporting on laboratory precision and accuracy.

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.