SUNDANCE RESOURCES LTD

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ASX Announcement and Media Release
11 January 2013

DECEMBER QUARTERLY REPORT

MBALAM CONVENTION, CONGO MINING PERMIT and ORE RESERVE UPGRADE UNDERPIN PROJECT READINESS AS HANLONG SCHEME ANTICIPATED TO CONCLUDE NEXT QUARTER

HIGHLIGHTS

- **Mbalam Convention Signed.**
- **Mining Permit Awarded to Congo Iron.**
- **High-grade Hematite Ore Reserves increased to 436.3 Mt at 62.6% Fe.**
- **Additional Resources of 4.047 Bt at 36.3% Fe of Itabirite Hematite previously announced.**
- **Scheme Meeting of Shareholders adjourned to 1 February 2013.**
- **Offer of A$15 Million Convertible Note from Hanlong.**
- **Cash balance of A$36.2M as at 31 December 2012.**

Sundance Resources Limited ('Sundance' or 'the Company') (ASX: SDL) provides its Activities Report for the Quarter ending 31 December 2012.

MBALAM CONVENTION

On 29 November 2012, the Government of Cameroon officially signed the Mbalam Convention at a ceremony in the capital city of Yaounde. With representatives of Sundance, Sundance's subsidiary Cam Iron SA and Hanlong (Africa) Mining Investment Limited ("Hanlong") present, the signed Convention underpins the agreement between Cam Iron SA and the Government outlining the fiscal and legal terms and the conditions to be satisfied for the development and management of the Mbalam Iron Ore Project.

The Convention, with a number of other conditions including endorsement by the Cameroon National Assembly, will allow the issue of a Mining Permit and commencement of construction.

CONGO MINING PERMIT

In the Republic of Congo, the issue of the Nabeba Mining Permit was approved on 28 December 2012 by the Ministerial Council for the Republic of Congo.

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The signing of the Mbalam Convention in Cameroon and the approval of the Mining Permit in the Republic of Congo achieve the satisfaction of Condition Precedent 14 in Schedule 2 of the Scheme Implementation Agreement ("SIA").

HIGH GRADE HEMATITE RESERVES

On 24 December 2012, Sundance announced a significant increase to the High Grade Mineral Reserves to 436.3 million tonnes (Mt) at a grading of 62.6% Fe for Stage One of the Project. This is a 24 per cent increase to the previously reported Reserves figure and will enable the Stage One mine life of 10 years to be further extended.

The Ore Reserve increase is based on the current inventory of 775.4Mt of high-grade Hematite Mineral Resources at a grading of 57.2% Fe. This represents a conversion of 58 per cent of the Company's total Indicated Mineral Resources.

The increased Ore Reserve figure contains low impurities of 4.43% Silica, 2.55% Alumina and 0.087% Phosphorus.

All Ore Reserves were estimated in accordance with the JORC Code by Australian Mining Consultants Pty Ltd (AMC).

Table 1 is the Global Summary of all High Grade Ore Reserves for the Project. The updated Global Ore Reserves consist of the high grade Ore Reserves from the Mbarga, Mbarga South, Nabeba, Nabeba South and Nabeba North West deposits.

Table 1 Global High Grade Hematite Ore Reserves	Reserve Classification	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Ore Reserves Reported to ASX – 6 April 2011	Probable	251.5	63.6	3.64	2.54	0.08	2.42
Ore Reserves Reported to ASX – 15 November 2011	Probable	352.3	62.4	5.0	2.6	0.09	2.6
Ore Reserves Reported to ASX – 24 December 2012	**Probable**	**436.3**	**62.6**	**4.43**	**2.55**	**0.087**	**2.78**

HANLONG SCHEME OF ARRANGEMENT

On 5 November 2012, Sundance announced that Hanlong confirmed it had secured a Financier Commitment Letter from China Everbright Bank Co., Ltd for US$438M. This Financier Commitment Letter, together with the China Development Bank ("CDB") Financier Commitment Letter for US$1.022 billion, which was announced on 22 October 2012, is in excess of the amount required by the SIA to fund the Scheme Consideration.

On 9 November 2012, the Federal Court of Australia approved the convening of a meeting of Sundance shareholders to consider the Company's Scheme of Arrangement ("Scheme") with Hanlong.

The Scheme Meeting held at 10:00am AWST on Friday, 14 December 2012 in Perth, Western Australia, was adjourned to 10:00am AWST on Friday, 1 February 2013 as a result of a revised timetable agreed between the parties and announced to the market on 5 December 2012.

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The revised timetable and adjourned Scheme Meeting came as a result of Sundance receiving a letter from Hanlong dated 1 December 2012 which advised that the Credit Approved Term Sheet ("Term Sheet") from CDB that was due under the SIA by 13 December 2012 would be delayed.

The letter stated that CDB required a review of the signed Mbalam Convention and the Congo Mining Permit before providing the Term Sheet. Sundance representatives and advisors held discussions and a new timetable was agreed that takes into account CDB's needs and the impact of the Christmas and Chinese New Year holiday periods. The SIA was amended to reflect this timing with the new timetable now being:

Credit Approved Term Sheet	By 5:00pm on last Business Day prior to Scheme Meeting (31 January 2013)
Scheme Meeting Held	1 February 2013
PRC Regulatory Approvals	By 5:00pm on 8 February 2013
Second Court Date	11 February 2013
Payment of Scheme Consideration	26 February 2013

Hanlong has advised Sundance that it is confident of obtaining all PRC Regulatory Approvals in accordance with this revised timetable.

Hanlong also agreed to provide a convertible note facility at favourable terms for up to A$15M which can be drawn down and converted into fully paid ordinary shares at either party's option under certain circumstances and subject to any necessary regulatory approvals. This provides Sundance with funding certainty over the near term and demonstrates Hanlong's commitment to the continued development of the Mbalam-Nabeba Project.

MINERAL RESOURCES AND EXPLORATION

During 2012 Sundance significantly increased both its Mineral Reserves and its Resources and outlined additional Exploration Targets[1] which have underpinned the Company's confident view of the prospects of the Mbalam-Nabeba Project and surrounding region.

In addition to defining Mineral Reserves well in excess of the first 10 years of Direct Shipping Ore (DSO) production for Stage One of the Project, Sundance has also outlined massive Itabirite Resource estimates in both Cameroon and the Republic of Congo, paving the way for long-term mine life and associated benefits in both countries.

[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 if further exploration will result in the determination of a mineral resource.*

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The following provides an overview of the current status of Itabirite and High Grade Resources and associated upside potential.

ITABIRITE HEMATITE RESOURCES

The total Project Itabirite Resource base now stands at **4.047 billion tonnes grading 36.3% Fe** (Table 2).

This massive resource underpins Stage Two of the Project, which will commence 10 years after the first DSO materials are mined and exported.

Stage Two is expected to operate for a further minimum 15 years as defined in the Feasibility Study that was completed in March 2011.

Sundance in-country geologists inspecting Itabirite core samples

However, with an Itabirite Exploration Target[2] on the existing Permits at the Project of 9.2Bt to 13.2Bt grading between 30% and 40% Fe, there is further potential to extend the overall mine life substantially.

Table 2 GLOBAL ITABIRITE HEMATITE RESOURCE	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Mbarga Deposit	2,325	38.0	44.4	0.5	0.04	0.4
Nabeba Deposit	1,722	33.9	42.5	2.7	0.05	2.6
Total Itabirite Hematite Resource	**4,047**	**36.3**	**43.6**	**1.4**	**0.04**	**1.3**

Of the total 4.047 Bt Itabirite resource, 1.431 Bt is at a grading of 38.0% and classified as Indicated. The remaining is Inferred Mineral Resources.

As illustrated below, the Itabirite mineralisation (in blue) is directly underlying the High Grade Hematite Resources (in red). This type of mineralisation superimposition is quite unique in this part of the Congo Craton and provides potential for a highly beneficial Project sequence of initial low-cost DSO production moving seamlessly into Itabirite production.

[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 if further exploration will result in the determination of a mineral resource.*

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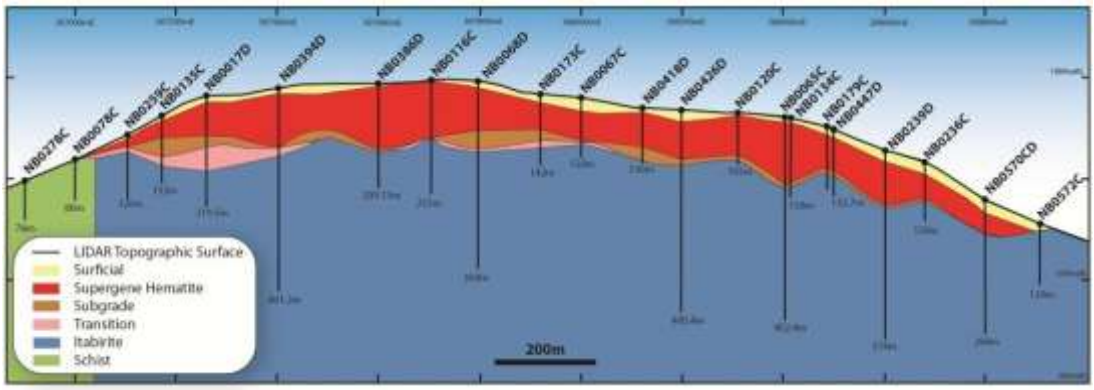

East-West Cross section looking north through Nabeba Deposit, northern ridge.

The long term nature of the Project, with a projected mine life of more than 30 years, will support ongoing exploration in this largely unexplored area. This strengthens the potential for additional significant discoveries to be made over time and incorporation of other known Iron Ore Deposits and Prospects in the vicinity.

HIGH GRADE HEMATITE RESOURCES

Sundance has defined a world-class **High Grade Hematite Resource of 775.4Mt grading 57.2% Fe** in an expeditious time of five years. The Company has also estimated a High Grade Hematite Exploration Target[3] on existing permits of an additional 90-150 Mt grading between 55% and 65% Fe.

Table 3 below provides a summary of all High Grade Hematite Mineral Resources for the Project, which is inclusive of the six currently drilled Deposits which form the Project: Mbarga, Mbarga South, Metzimevin, Nabeba, Nabeba Northwest and Nabeba South.

Table 3 HIGH GRADE HEMATITE 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 Hematite Resource	**775.4**	**57.2**	**9.4**	**4.3**	**0.098**	**3.8**

Note that the High Grade Resources tabled here are ***in addition*** to the 4.047Bt grading 36.3% Fe Itabirite Mineral Resources described previously.

Further subdivision of High Grade Resources of each Deposit into Indicated and Inferred JORC Code categories is detailed in Table 4. These tables demonstrate the high confidence in the interpretation and geological continuity, with 96% within the Indicated category:

[3] *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 if further exploration will result in the determination of a mineral resource.*

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Table 4 – 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 (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**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**

EXPLORATION ACTIVITIES

During the Quarter drilling activities were completed for the year allowing the Company to concentrate on approval and funding requirements.

In order to maintain the permits in good standing and compliant with the approved work programmes as submitted to the respective Mines Ministries in Cameroon and the Republic of Congo, two Statutory Reports were lodged with both governments during the Quarter:

In Cameroon, for Exploration Permit No. 92, the Year 7 Annual Report was submitted to the Cameroon Mines Ministry, covering the period from 29 September 2011 to 28 September 2012.

In the Republic of Congo, the Nabeba-Bamegod (2011-280) and Ibanga (2011-281) Permits Quarterly Report for Quarter 1 of Year 6, covering the period from 3 August 2012 to 2 November 2012, were submitted to the Congo Ministry of Mines.

EP92 was recently renewed for an additional two year period ending September 2014. A Mining Permit application has been submitted for EP92 with the intention of superseding the Exploration Permit within this two-year validity period.

In the Republic of Congo, the Mining Permit for the Nabeba Permits was awarded on 28 December 2012. A permit renewal application for the Ibanga Permit in the Republic of Congo was submitted, which will extend validity until August 2014. This application is currently awaiting review and processing by the Ministerial Council.

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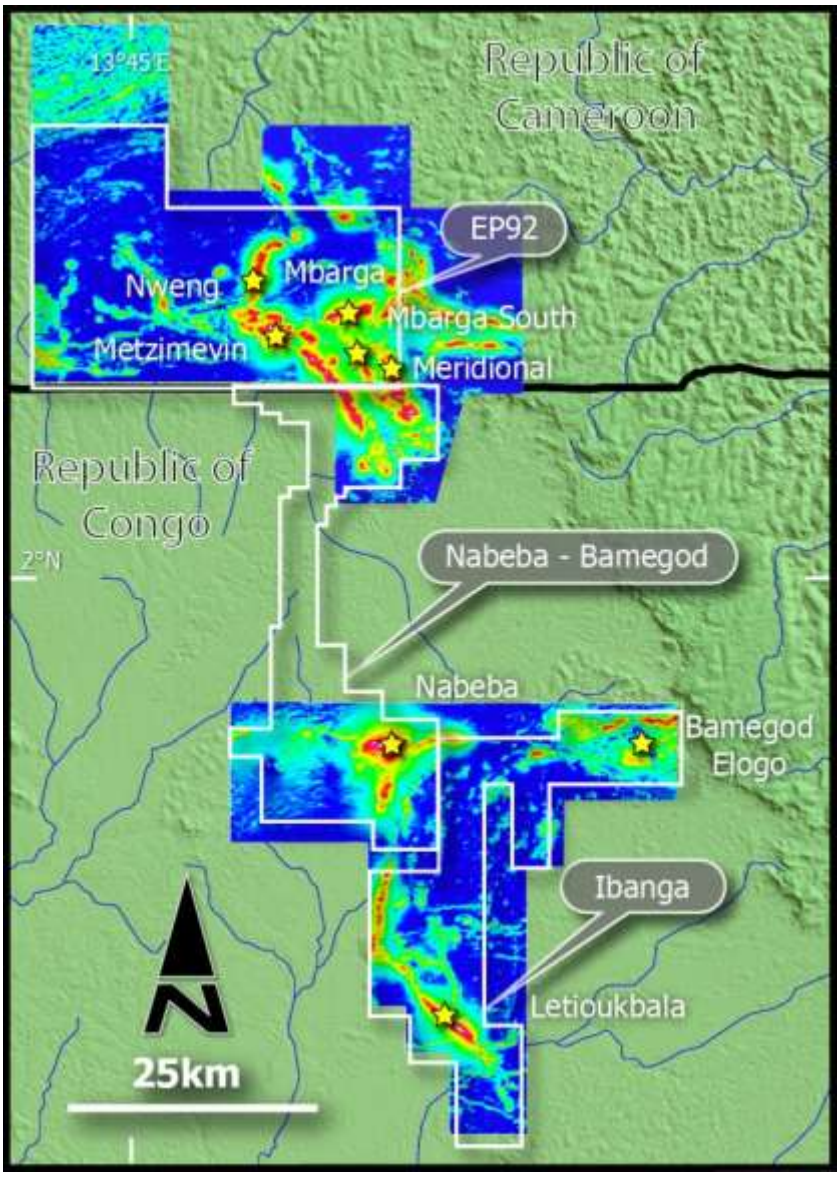

Deposit and Prospect Locations on the Mbalam-Nabeba Project Permits

MBALAM-NABEBA PROJECT DEVELOPMENT

During the Quarter, the Project team's activities focused on planning and technical support with the main areas being:

- Technical support for the negotiations of the Mbalam Mining Convention
- Project implementation documentation
- Rail design package
- Update to the Ore Reserves
- Planning for the development of the rail corridor aligned with the Government's Declaration of the land for Public Utility (DUP)

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SDL representatives with Hanlong's technical advisors on-site at Mbalam-Nabeba

Focus was on the development of a detailed contracting plan, a local contracting plan and further refinement of the logistics plan.

Recommencement of the preliminary works will involve the tendering and subsequent award of a front end engineering contract for the materials handling, processing, information and communications technology and associated infrastructure.

The Project Team also liaised with Hanlong and its advisors in the preparation of technical submissions to support Hanlong's application process for Chinese regulatory and banking approvals.

In addition documentation covering a range of technical and operational matters was also drafted for inclusion in the Cameroon Mining Convention.

Plans for the implementation of the rail DUP progressed, which included the undertaking of formal risk assessment workshops both in Perth, Western Australia and in Yaounde in Cameroon.

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HEALTH, SAFETY, ENVIRONMENT, COMMUNITY AND SECURITY (HSECS)

The Company demonstrated strong Health and Safety performance during the reporting period with no permanent or serious injuries having being sustained by our employees or contractors and a Lost Time Injury Frequency Rate of 1.04.

A total of 189,491 employee/contractor hours were performed with four significant incidents recorded.

Table 5 HSECS Statistics for Dec 2012 Quarter	Total Hours Performed	Total Lost Time Incidents	Total High Potential Incidents (no lost time)	Total Lost Work Days
Perth, Exploration Projects & Cameroon & Congo Iron	189,491	0	4	0
Lost Time Injury Frequency Rate (LTIFR) for the Quarter				0
Previous annual LTIFR				4.5
Rolling annual LTIFR				1.04

Throughout the reporting period, Sundance continued to engage with in-country stakeholders by providing an update on the Project and Exploration activities. Meetings were held to explain the Company's strategy for specific issues while addressing stakeholder concerns and management of expectations in a clear and transparent way.

Sundance representatives met with Village Chiefs, Government and Community delegates and the public in the Mbalam and Nabeba regions and participated in the regional trade fair in Djoum, Cameroon.

Stakeholder feedback is integral in assisting Sundance with management of the social, environmental and moral risks and opportunities associated with the development of the Project. Sundance and its subsidiary companies Cam Iron and Congo Iron greatly value working in partnership with key stakeholder groups with regular communication to build strong working relationships.

Republic of Congo

In October 2012 representatives of the Company participated in the Tri-National Dja-Odzala-Minkebe (TRIDOM) Project Team meeting held in Ouesso, Republic of Congo. Congo Iron contributed to the work plan of the TRIDOM interzone which included the establishment of anti-poaching patrols to detect and deter poaching around logging and mining concession areas.

Three deceased Forest Elephants were discovered on the Nabeba tenement in November 2012 and subsequently a thorough investigation with local authorities, forestry officers and Non-Government Organisations (including World Wildlife Foundation (WWF)) confirmed this was a result of illegal hunting. An anti-poaching strategy was developed to further strengthen internal, NGO and community-based anti-poaching initiatives and support additional preventative measures.

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Cameroon

Final preparations were made for the implementation of the Cameroon Government Declaration of Public Utility for the Mbalam rail corridor, encompassing a community sensitisation phase, opening and marking off of the corridor, and assessment of tenure issues by government committees.

SDL COO and Project Director David Meehan with Hanlong representatives inspecting the Mbalam rail corridor

A stone quarry to provide 1.5 million tonnes of rock for the Cam Iron wharf at Lolabe and Material Off-take Facility construction is currently undergoing an environmental and social impact assessment prior to applying a production permit.

The recent signing of the Mbalam Convention includes a forest management unit of 164,000 hectares of native forest to compensate for the Project's expected environmental impacts and to support the Project's conservation and biodiversity strategies that underpin the Company's core value of sustainability.

The Mbalam Convention also enhanced the annual base funding for community projects and sustainability programmes from $500,000 to $700,000 during construction and from 0.5 to 0.75% of after tax profits during operations. The Company's local employment policy also received a boost ofA$2 million per year to be invested in training Cameroon nationals for employment in the mining sector.

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CORPORATE

As at 31 December 2012, the Company had 21,549 individual shareholders and 3,066,227,034 ordinary fully paid shares on issue with 7,884,449 rights and 30,986,866 options on issue. The Top 20 shareholders held 61.88% of the total issued capital.

Cash Assets
The Company's cash balance at 31 December 2012 was A$36.2 million.

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

ENDS

GIULIO CASELLO
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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

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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 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.

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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.

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.