

ASX Announcement and Media Release

4 October 2011

SUNDANCE BOARD UNANIMOUSLY RECOMMENDS INCREASED OFFER OF 57 CENTS CASH PER SHARE FROM HANLONG

Price is a 65.3% premium to one-month VWAP leading up to Hanlong approach on 15 July 2011

- **Hanlong proposes to acquire 100% of Sundance via a Scheme of Arrangement.**
- **Scheme is based on a price of A\$0.57 cash per Sundance share, implying a market capitalisation of A\$1.65 billion.**
- **Attractive 65.3% premium to Sundance's one-month VWAP to 15 July 2011 and a 56.3% premium to Sundance's three-month VWAP to 15 July 2011.**
- **Sundance Directors unanimously recommend Sundance shareholders vote in favour of the scheme and intend to vote all shares that they control in favour of the scheme in the absence of a Superior Proposal and subject to a conclusion from the Independent Expert that the scheme is in the best interests of all shareholders.**
- **Scheme is conditional on Regulatory Approvals by the governments of Australia, the Republic of Cameroon, the Republic of Congo and the People's Republic of China.**
- **Stage one of the Mbalam Iron Ore Project targets an annual rate of production of 35Mt of DSO-quality high-grade Hematite for ten years; followed by further production in Stage two of 35Mtpa of Itabirite Hematite concentrate product for an additional 15 years.**
- **As part of the Definitive Feasibility Study released in April 2011, the Project has an internal rate of return of 27% on an un-g geared basis over the life of the mine.**
- **The Project's development promises to unlock the world's next major iron ore province.**

Sundance Resources Limited ('Sundance' or 'the Company') (ASX Code: SDL) is pleased to announce that Hanlong (Africa) Mining Investment Limited ('Hanlong') has proposed to acquire 100 per cent of the Company for A\$0.57 cash per share via an Australian Scheme of Arrangement ('Scheme').

Sundance Directors believe the price, which values the Company at A\$1.65 billion, is attractive and therefore unanimously recommend shareholders vote in favour of the Scheme in the absence of a superior proposal, and subject to the Independent Expert's report concluding the Scheme is in the best interests of all Sundance shareholders.

The price represents a 65.3 per cent premium to Sundance's Volume-Weighted Average Price (VWAP) in the one month leading up 15 July 2011, when Sundance received Hanlong's initial proposal for a

conditional cash offer. It represents a 56.3 per cent premium to Sundance's three-month VWAP to 15 July 2011.

As a result of the Hanlong proposal, Sundance has signed a legally binding, conditional Scheme Implementation Agreement ('SIA') with Hanlong for the acquisition of all of the outstanding fully-paid ordinary shares of Sundance not currently owned by Hanlong by way of a Scheme.

In March 2011, Hanlong became Sundance's largest shareholder after acquiring all of the shares in the Company previously owned by Ken Talbot's estate. Hanlong's decision to become a major shareholder at the time was a further indication of Chinese interest and recognition in the validity of Sundance's strategy to develop the Mbalam Iron Ore Project over the next four years.

The world-class nature of the Mbalam Iron Ore Project was highlighted by the recent announcement that it now boasts High-Grade Hematite Resources of 521.7 million tonnes (Mt) grading 60.7 per cent Fe and a further 2.3 billion tonnes (Bt) of Itabirite Hematite Resources at 38 per cent Fe.

The Project is forecast to produce 35 million tonnes per annum (Mtpa) of Direct Shipping Ore (DSO)-quality High-Grade Hematite for ten years in stage one, then continue production at 35Mtpa of Itabirite Hematite for at least an additional 15 years, generating an internal rate of return of 27 per cent on an ungeared basis based on the DFS published in April 2011.

The development of the Mbalam Project will include construction of a new deepwater port for the export of iron ore and heavy haulage railway connecting the mines to the port. This extensive infrastructure network will play a key role in opening up the world's next major iron ore province, of which Mbalam will be the cornerstone.

Offer Pricing

Hanlong has proposed to acquire 100 per cent of the Company for A\$0.57 cash per share via a Scheme. Sundance believes the offer price represents an attractive premium for Sundance shareholders on a range of measures:

- A 32.6% premium to Sundance's closing share price on 30 September 2011, the last day that Sundance traded prior to signing the SIA;
- A 42.5% premium to Sundance's closing share price on 15 July 2011
- A 65.3% premium to Sundance's 1 month VWAP to 15 July 2011; and
- A 56.3% premium to Sundance's 3 month VWAP to 15 July 2011.

Implementation and Conditions

The acquisition of Sundance by Hanlong will be by way of a Scheme.

The Scheme is conditional on regulatory approvals in the Republics of Cameroon and Congo, as well as in the People's Republic of China, and certain other conditions which are set out in the Summary of Key Terms attached at the end of this announcement (Appendix A). Australian Foreign Investment Review Board approval will also be required.

The parties will proceed with the transaction in two phases.

The first phase will have Sundance and Hanlong enter into an exclusive arrangement with the mutual objective of working together to confirm the ratification of the Mining Permit in the Republic of Congo and the Mining Convention in the Republic of Cameroon on acceptable terms.

Phase two involves the first court hearing, publication of the Scheme Booklet, and the holding of the Scheme Meeting. Completion of the transaction is subject to the necessary shareholder approvals and that finance commitments and the Permit and the Convention become binding. Following this, the parties will request that the Court approves the Scheme.

It is anticipated that Sundance shareholders will receive Scheme documents in approximately March 2012 and would vote on the Scheme in April 2012, with completion of the transaction expected by May 2012.

Ernst & Young will be appointed to prepare the Independent Expert's report to determine whether the Scheme is in the best interests of Sundance shareholders. This report will accompany the Scheme Meeting documentation to be released to shareholders in line with the timing as mentioned above.

Sundance Chairman George Jones said he believed the offer was attractive to shareholders.

"After careful consideration, the Sundance Board has unanimously concluded that the offer represents an attractive price and provides shareholders with an opportunity to realise considerable value from their investment in Sundance," Mr Jones said.

"The offer values Sundance at A\$1.65 billion compared with the Company's market capitalisation of approximately A\$350 million in June 2010. This increase in shareholder value reflects the world-class attributes of the Mbalam Iron Ore Project in the Republics of Cameroon and Congo and its potential to unlock a new iron ore province in West Africa.

"Hanlong's offer means that the substantial financial support needed for this integrated port, rail and mine project will now be available, in the process realising substantial value for Sundance shareholders and immense benefits for the people of the Republics of Cameroon and Congo."

About Hanlong

Sichuan Hanlong (Group) Co, Ltd was established in 1997 by its Chairman Mr Liu Han. It is one of China's largest private enterprises with total assets exceeding 20 billion RMB (A\$3 billion) and annual sales revenue of over 16 billion RMB (A\$2.48 billion). The Group has a wide portfolio of investments including mining resources, energy generation, infrastructure development, pharmaceutical, food and beverages, real estate and tourism. The Group has over 30 wholly-owned subsidiaries and more than 12,000 employees world-wide. Hanlong is a subsidiary of Hanlong Resources Limited and both are within the Hanlong Mining Group. Hanlong has an office in Sydney.

About Sundance

Sundance Resources Ltd (Sundance) is an international iron ore exploration and development company which is building a global iron ore business in central West Africa. Sundance is listed on the Australian Securities Exchange (ASX) as is in the benchmark S&P ASX 200.

Sundance's goal is to become a major global iron ore producer within the next four years through the development of the Mbalam Iron Ore Project (Project). It is an integrated Mine, Port and Rail Project with

targeted annual production capacity of 35Mtpa of Direct Shipping Ore for approximately the first 10 years, followed by continuing production at 35Mtpa of Itabirite Hematite for a further 15 years.

The Project is located in an area that straddles the border of the Republics of Cameroon and Congo in central West Africa. The Project comprises Exploration Permit 92 (EP92) located in the East Province of the Republic of Cameroon, and Research Permits Nabeba-Bamegod (Nabeba) and Ibanga, located in the Sangha Province of the Republic of Congo. EP92 is owned by Cam Iron SA, a company incorporated in the Republic of Cameroon which is a 90%-owned subsidiary of Sundance. Nabeba and Ibanga permits are owned by Congo Iron SA, a company incorporated in the Republic of Congo and is an 85%-owned subsidiary of Sundance.

Sundance is being advised by UBS AG, Clayton Utz and CITIC Securities.

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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". Mr Longley and Mr Widenbar consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Appendix A

SUMMARY OF THE KEY TERMS OF THE SCHEME IMPLEMENTATION AGREEMENT

Set out below is a summary of the key terms of the SIA. Defined terms used in this summary have the meaning given to them in the SIA. The SIA has been lodged by Sundance with the Australian Securities Exchange and can also be found on the Sundance website (www.sundanceresources.com.au).

1. Indicative Timetable

Each of Sundance and Hanlong are obliged to use all reasonable endeavours to implement the Scheme as soon as reasonably practicable after the date of the SIA and in accordance with the Indicative Timetable set out in the SIA. The key dates of the Indicative Timetable are:

Event	Timing (approximate date)
Lodge Scheme Booklet with ASIC and ASX	13 February 2012
First Court Date	28 February 2012
Scheme Meeting held	10 April 2012
Second Court Date (subject to Regulatory Approvals having been obtained)	16 April 2012
Implementation Date	2 May 2012

2. Conditions precedent

The SIA has a two phase structure. During the Phase 1 Period (being the period from the date of the SIA until the date that the initial conditions precedent are satisfied), Sundance and Hanlong will use all reasonable endeavours to progress the Conventions and Hanlong's funding arrangements. Completion of the Phase 1 Period is subject to the satisfaction or waiver of conditions precedent relating to the provision of funding, retention of key project employees and agreeing terms of the Conventions with the Governments of Cameroon and Congo.

Once these conditions precedent are satisfied, the parties move into the second phase.

Implementation of the Scheme is subject to the satisfaction or waiver of the following conditions precedent:

- Funding: Hanlong concludes its credit approved financing term sheet;

- Options: each Optionholder enters into an Optionholder Deed to agree to the cancellation of their Options for the Option Consideration;
- Independent Expert: the Independent Expert issues a report which concludes that the Scheme is in the best interests of the Shareholders;
- Regulatory Approvals: receipt of all necessary government agency approvals in China and Australia, and no court or regulatory authority taking steps to restrain or prohibit the Scheme;
- No Material Adverse Change: no Material Adverse Change occurs or becomes apparent after the date of the SIA and before the Second Court Date;
- Conventions: the Mbalam Convention is entered into between Cam Iron and the Government of the Republic of Cameroon and an Enabling Act is passed by the National Assembly of the Republic of Cameroon in order for the Mbalam Convention to become effective; and the Congo Mining Permit is granted to Congo Iron in relation to the Nabeba Project. The terms of the Mbalam Convention and the Congo Mining Permit must be on terms which do not represent a Material Departure from the Agreed Terms. The Agreed Terms are terms accepted by Hanlong acting reasonably at the end of Phase one as the basis on which the Mbalam Convention and Congo Mining Permit will proceed; and
- Approvals: Sundance Shareholders and the Court approving the Scheme.

3. Exclusivity

Under the SIA, Sundance has agreed to exclusivity arrangements until the earlier of termination of the SIA and the End Date. The exclusivity arrangements are standard for a transaction of this nature, and include a "no-shop", "no-talk" and "no due diligence" prohibition on Sundance (subject to customary fiduciary carve-outs).

If Sundance receives a Competing Transaction it must provide notice to Hanlong, who shall have 3 business days to match the Competing Transaction.

4. Structure of the Scheme

Under the Scheme, Scheme Shareholders will transfer all their shares in Sundance to Hanlong in exchange for the Scheme Consideration.

5. Break Fees

Break fees are payable only during the second phase.

Hanlong is to pay to Sundance a break fee in the amount being 1% of the equity value of Sundance based on the Scheme Consideration if the Scheme does not proceed because Hanlong materially breaches its obligations under the SIA.

Sundance is to pay Hanlong a break fee in the amount being 1% of the equity value of Sundance based on the Scheme Consideration if a Competing Transaction is recommended, there is a change of recommendation by the Sundance Board, Sundance materially breaches the SIA, there is a Superior Proposal or a Prescribed Event or Material Adverse Change which is within the control of Sundance occurs and is not rectified.

6. Termination

The SIA may be terminated by the party specified for the following events (full details of which are contained in the SIA):

- if the Scheme has not become Effective on the End Date;
- Sundance Board changes its recommendation or there is a material breach of the SIA;
- the resolution submitted to the Scheme Meeting is not approved;
- if a person other than Hanlong acquires a Relevant Interest in more than 12.5% of the Shares;
- if the Independent Expert concludes that the Scheme is not in the best interests of all Shareholders;
- if any condition precedent is not satisfied or waived;
- if a Court or other Regulatory Authority has issued a final and non-appealable order which permanently restrains the Scheme, if the other party or any of their Related Bodies Corporate becomes Insolvent, or if agreed to in writing by Sundance and Hanlong.

7. Recommendation of the Sundance Board

Sundance must state in the Scheme Booklet that the majority of the Sundance Board recommends to Scheme Participants in the absence of a Superior Proposal, subject to the Independent Expert concluding that the Scheme is in the best interests of all Shareholders.