SUNDANCE RESOURCES

Developing a global iron ore business

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ASX / MEDIA RELEASE

EXPLORATION UPDATE – MBALAM IRON ORE PROJECT

SUNDANCE IDENTIFIES POTENTIAL NEW EXPLORATION TARGETS AND EXPANDS DRILLING CAPACITY IN CAMEROON

International iron ore company Sundance Resources Limited (ASX: **SDL** – "Sundance") is pleased to provide an update on exploration at its 90%-owned Mbalam Iron Ore Project in Cameroon, West Africa, including latest drilling results, a potentially significant new exploration target and a substantial increase in drilling capacity.

The current resource definition drilling program at the **Mbarga Prospect** is gathering momentum with a total of **36 holes** completed over the Mbarga Prospect to end December 2007. Turnaround times in receiving assay results have also improved significantly with samples now being air-freighted to Australia for analysis.

MBARGA - SUPERGENE DSO MATERIAL

Sundance has received assay results from 26 drill holes over the Mbarga Prospect. While the broader geological model over EP92 is still evolving, these results confirm further significant intersections (ranging up to 64 metres) of near-surface, high-grade supergene mineralization over the Mbarga Prospect.

Best intersections from drilling in the December 2007 quarter include **64m @ 63.50% Fe** (1.61% SiO_2, 3.82% Al_2O_3, 0.04% P) from surface, **46m @ 63.50% Fe** (1.66% SiO_2, 3.89% Al_2O_3, 0.04% P) from surface, and **35m @ 63.08% Fe** (3.85% SiO_2, 2.78% Al_2O_3, 0.04% P) from 18m. Significant intersections (including those reported in the September 2007 Activities Report) are available in the December 2007 Activities Report released today.

Drilling of supergene hematite mineralization at Mbarga is continuing. Preliminary modelling of the supergene mineralisation (not JORC-Code compliant) indicates potential for an **initial Direct Shipping Ore (DSO) tonnage of 80 to 140 million tonnes.** The average grade of DSO quality material is approximately 63% Fe, 0.08% P and 2.5% Al_2O_3. This excludes a limited area in two drill holes within the supergene zone exhibiting +60% Fe grade but higher P content. Further work is planned to identify if selective mining/blending or simple beneficiation techniques (such as wet screening) can upgrade material from this limited area to DSO grade.

MBARGA SOUTH – A POTENTIAL NEW SUPERGENE HEMATITE PROSPECT

Surface mapping has continued on EP92. Recent mapping has identified high-grade surface hematite outcrop at a new prospect located 2.5km south of Mbarga. Surface outcrop extends over a strike of 1 kilometre.

A reconnaissance drill hole at this new **Mbarga South Prospect** has indicated approximately 70 vertical metres of supergene hematite mineralisation. Assays are not yet available but, if similar to that intersected at Mbarga, this prospect may be significant.

POTENTIAL NEW EXPLORATION TARGET

Deep diamond drilling at Mbarga has identified a potentially large, new exploration target.

This drilling has intersected lower grade **hematite mineralization to vertical depths of up to 400 metres**. This mineralisation lies below the high-grade supergene hematite and is potentially similar to the itabirite hematite mineralization in a number of major iron ore projects in the Minas Gerais area of Brazil.

These Brazilian projects are based on upgrading of itabirite material (grading around 40% - 50% Fe) by conventional grinding and reverse flotation to produce high-grade concentrates and premium quality pellet feed typified by very low levels of alumina and phosphorous.

These concentrates are used by steelmakers to blend with higher phosphorous ores and high alumina ores. Premium pellet feeds are used for the production of Direct Reduction (DR) grade pellets. The Minas-Rio iron ore project being developed by Brazilian listed MMX Mineraceo e Metalicos (MMX) concentrates ore that appears to be of a similar quality to the material identified in initial deep drilling of the Mbarga Prospect.

Initial flotation test work on a composite of very limited drill core samples of the Mbarga "itabirite" produced a **+65% Fe concentrate with very low phosphorous and alumina content.** This test work gave a weight recovery of +40% and Fe recovery of +65%. These tests were of a very preliminary nature. Improved weight and Fe recoveries could be expected from the use of alternate flotation collectors, increased pH and regrinding and refloating the high silica concentrate.

The metallurgical test work was based on initial sampling and testing of core sourced from 3 drill holes from depths ranging from 67.9m to 205.0m with grades averaging around 40% Fe. Significantly more drilling, sampling and test work is required to identify a viable resource, however, the significant depth of "itabirite" style mineralization identified to date gives the potential to delineate large tonnages of this material at Mbarga.

Given these results, the Company will focus its immediate exploration towards the following dual objectives:

- Drilling at Mbarga, Mbarga South and Metzimevin to evaluate the extent of DSO material; and
- Deep drilling at Mbarga to outline the potential of the "itabirite" style material.

Sundance's overall objective is to define a hematite Mineral Resource inventory capable of sustaining a long-term 35Mtpa hematite export operation. The Company will progressively review its Exploration Targets for both DSO and "itabirite" style mineralization as further drilling and testing results are received.

To support this objective, the Company is pleased to announce that international drilling contractor, Ausdrill Limited (ASX: ASL), has completed preparations for the supply of three additional drilling rigs to the Mbalam Project. Combined with the previously announced supply of two new Thor Reverse Circulation (RC) rigs from South Africa, a total of **five drill rigs will be added to the Company's drilling capacity** in the March 2008 quarter.

Two Ausdrill RC rigs are scheduled to ship ex-Perth before the end of January 2008. Ausdrill are also mobilising a diamond rig ex-Ghana in February 2008. The first Thor rig, together with its supporting track carrier, was shipped in December 2007. The second Thor rig will be shipped ex-Durban with the Ausdrill RC rigs on a dedicated charter vessel in order to expedite the shipping time to site.

Commenting on the announcement, Sundance's Managing Director, Mr Don Lewis, said: "2008 is a pivotal year for Sundance, and it is pleasing to report further encouraging results from the Mbarga Prospect, a potentially significant additional exploration target for large-scale "itabirite" style mineralization at Mbarga, a new supergene prospect at Mbarga South and substantially increased drilling capacity to support our expanding resource definition program".

"The combination of near-surface, high grade hematite mineralization and the potential of underlying "itabirite" style mineralisation opens up an exciting new dimension to the Project with the potential to develop a high-grade DSO product and a large scale, high-grade hematite concentrate," Mr Lewis added.

ENDS

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Competent Persons Statement

The information in this release that relates to Exploration Results is based on information compiled by Mr Robin Longley who is a Member of the Australian Institute of Geoscientists. Mr Longley is a full time consultant of 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.

The potential quantity and grade of near-surface supergene mineralisation has been restricted to only the area currently covered by drilling on a 400m x 200m pattern at Mbarga. This is represented by an area approximately 1.5km (east-west) x 2km (north-south). Grade interpolation has been extrapolated using inverse distance squared method on composited sample results and a nominal 57% Fe cutoff value. A digital terrain surface (based on recently flown highly accurate topographic data, has been used to limit extrapolation of the supergene mineralisation to the edge of the topographic hill at Mbarga. An internal waste zone (schist) cross-cutting the supergene zone and surficial cover has been modelled and removed from the quantity estimated as potential DSO mineralisation. A nominal density of 3.5 has been applied for preliminary evaluation.

It must be noted that at this stage, the potential quantity and grade mentioned in this release is conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.