SUNDANCE RESOURCES

Developing a global iron ore business

SUNDANCE RESOURCES LTD

ABN 19 055 719 394

(ASX: SDL)

Quarterly Report for the period ended 31 March 2011

Issued 20 April 2011

Contact Details

Mr Giulio Casello
CEO and MD
Tel: +61 8 9220 2300
E: info@sundanceresources.com.au

Mr Peter Canterbury
CFO
Tel: +61 8 9220 2300
E: info@sundanceresources.com.au

SUNDANCE LAYS FOUNDATION FOR GROWTH DURING MARCH 2011 QUARTER

HIGHLIGHTS

- **Definitive Feasibility Study completed which delivers technically and economically viable project with an internal rate of return estimated to be 27% on an un-geared basis.**
- **Stage One based on forecast average production of 35 million dry tonnes per annum (Mdtpa) of Direct Shipping Ore (DSO) averaging 63.6% Fe.**
- **Pre-Feasibility Study completed for Stage Two based on further production of 35 Mdtpa of Itabirite hematite concentrate at 66% Fe.**
- **Stage One capital expenditure of approximately US$4.6B with a capital payback projected to be achieved in three years.**
- **Value engineering study to follow to reduce capital intensity.**
- **Cash operating costs, pre-royalties, of US$21.20 per tonne for Stage One.**
- **Initial JORC-Code compliant Maiden Reserve of 252 million product tonnes at 63.6% Fe.**
- **Major Resource upgrade pushes Sundance's total global JORC-Code Compliant High Grade Hematite Resources to 484 million tonnes at average grade of 61.1% Fe.**
- **Reserve update to follow based on this upgrade and further drilling that has occurred during the Quarter.**
- **New major shareholder as Hanlong Mining secures 19% of Sundance.**
- **Site visits and discussions with Governments in both the Republic of Cameroon and Congo conducted by another prospective Strategic Partner during the Quarter.**
- **Indicative Engineering, Procurement and Construction (EPC) tender submissions outlining price, scope and schedule received and commercial discussions progressing to finalise other major contracts.**
- **Cash reserves of ~A$29.3 million at the end of March 2011.**

OVERVIEW

The March 2011 Quarter was a milestone Quarter for Sundance Resources Limited (ASX: SDL) ('Sundance' or 'the Company') with the delivery of the Maiden Reserve, Definitive Feasibility Study for Stage One and the Pre Feasibility Study for Stage Two, of the Mbalam Iron Ore Project, located in the Republic of Cameroon and Republic of Congo in central West Africa.

The Company's objectives during the first half of this year are three fold:

(1) To complete the Definitive Feasibility Study for Stage One by the end of Q1, 2011;

(2) To continue to progress discussions and negotiations with the objective of having all foundation agreements and Government approvals required in place for development of the Mbalam Project; and

(3) To progress discussions with Strategic Partners with a view to securing all required financing, infrastructure development and off-take agreements for Project development.

Key appointments during the Quarter included the appointment of the Company's Legal Counsel and the commencement of new Country Managers for the Congo and Cameroon offices.

Over the reporting period the Company's market capitalisation has stabilised and been supported by the release or updating of several positive independent stockbroking reports on the Company by notable stockbroking firms Bell Potter Securities Limited, Renaissance Capital, Argonaut Securities, Southern Cross Equities, GMP Securities Europe, and Resource Capital Research.

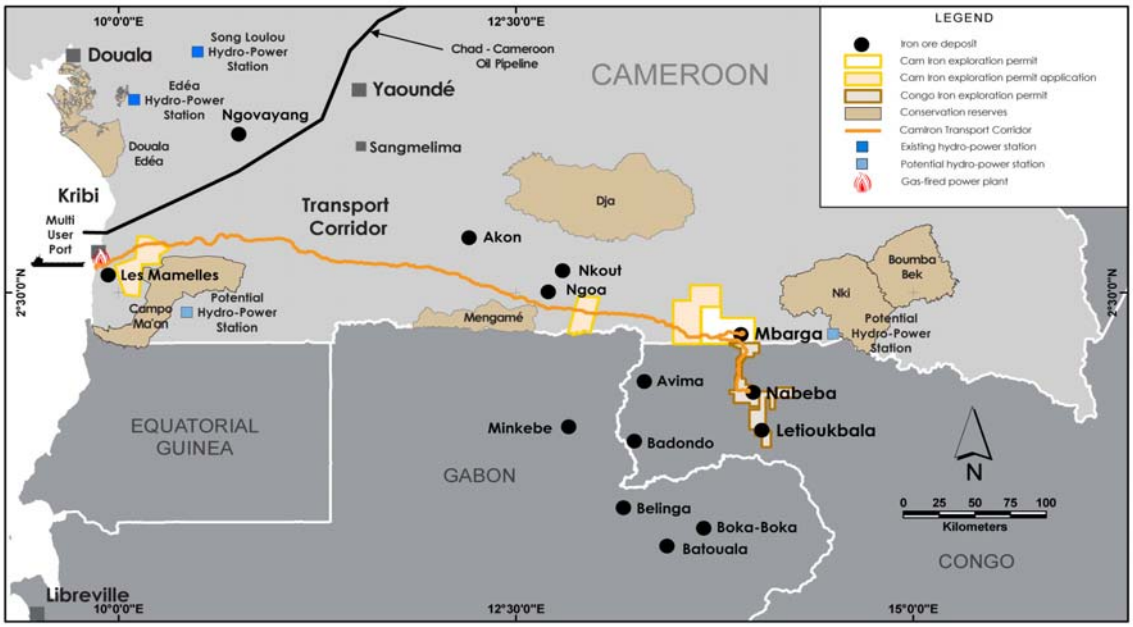
MBALAM PROJECT DEVELOPMENT ACTIVITIES

The Mbalam Iron Ore Project is based around a group of large-scale iron ore deposits, located approximately 485km east of the coastal city of Kribi and spanning the border between the Republic of Cameroon and the neighbouring Republic of Congo in central-west Africa.

The Project will consist of production from primarily two mines, as well as the construction of 510km heavy haulage rail line dedicated to iron ore transport from Mbarga to the Cameroon coast with a 70 kilometre rail spur from Nabeba, and a deep water port capable of taking bulk iron ore carriers of up to 300,000 Mt (refer to Figure 1).

Sundance commenced a Definitive Feasibility Study ('DFS') of the Mbalam Iron Ore Project in January 2010 which was completed during the March Quarter. The DFS covers all aspects of Stage One including the geology, mining, infrastructure, engineering, construction and economics as they relate to development and production of 35Mtpa of DSO product. The DFS now forms the basis for capital appropriation and will provide the budget input for the Project to move forward to Final Investment Decision.

FIGURE 1: PROPOSED LOCATION OF PORT, TRANSPORT CORRIDOR AND MINES FOR THE MBALAM IRON ORE PROJECT



Sundance also completed during the Quarter a Pre-Feasibility Study (PFS) for Stage Two focused on the mining of Sundance's broader Itabirite hematite resource which has a current resource estimate of 2.32 billion tonnes grading 38.0% Fe.

The completion of both Studies paves the way for the Company's transition from explorer to producer subject to entering into agreements with Government, obtaining Government approvals and appropriate project finance. First production from Stage One is targeted for the last quarter of 2014, subject to achieving these milestones in a timely fashion.

The Study includes a Stage One Maiden Reserve statement which identifies 251.5Mt of Direct Shipping Ore (DSO) product as follows (refer to Table 1):

TABLE 1: MBALAM STAGE ONE MAIDEN RESERVE STATEMENT

Resource Classification	Tonnes Product (Mt)	Fe in Product (%)	SiO_2 in Product (%)	Al_2O_3 Product (%)	P in Product (%)	LOI in Product (%)
Proved	-	-	-	-	-	-
Probable	251.5	63.57	3.64	2.54	0.08	2.42
Total	**251.5**	**63.57**	**3.64**	**2.54**	**0.08**	**2.42**

The Project will consist of mines at Mbarga and Nabeba which together will produce a total of 35Mtpa of blended sinter fines product. The Mbarga mines will produce around 13-14Mtpa of Mbarga sinter fines which is a blend of DSO and transition material which has been through a simple de-sand process to reduce the silica content.

The Nabeba mine will produce around 21-22Mtpa of Nabeba DSO sinter fines. Sinter fines from each mine will be loaded onto heavy haul trains which will transport the DSO to the port stockyards for final blending ready for export.

The port will be designed for China Max vessels with initial dredging to 20.5m for Cape Class vessels. China Max vessels can be accommodated with additional dredging of the departure channel.

Capital development costs for the initial Stage One of the operation are estimated to be US$4.6 billion (real), with payback of capital in three years from the start of production. A breakdown of total capital costs is shown in the table below (refer to Table 2). The construction indirect costs in the below table have been allocated to the areas of activity.

TABLE 2: DFS CAPITAL COSTS FOR STAGE ONE

Costs (including construction indirects)	US$M
Mining, Processing and Infrastructure	914
Rail	2,019
Port	537
Subtotal	**3,471**
EPCM, Owners costs and Contingency	1,214
Total (US$M, real as at December 2010)	**4,686**

The DFS also identified a number of areas where further optimisation could be carried out to improve the overall project economics including the incorporation of the new resource as reported on 17 March 2011. A value engineering study will be undertaken to reduce capital intensity.

The construction of Stage Two is expected to be funded from the cash generated from Stage One with a capital cost of approximately US$3.1B. This includes $400M for a 4Mtpa pellet plant.

Cash operating costs for the concentrate product, pre-royalties, are approximately US$40 per tonne with the product expected to attract a revenue premium of approximately 20%. Stage Two development is proposed to commence prior to the completion of Stage One to ensure no disruption to mining operations.

Stage Two involves the development of the processing plant and expansion of the Mbarga mine to extract the Itabirite hematite. The removal of the high grade hematite resource in Stage One will act as the pre-strip for the Itabirite mining as the Itabirite is directly below the high grade hematite resource. The processing will include a proven grind and float beneficiation to produce a premium concentrate product with approximately 47% weight recovery.

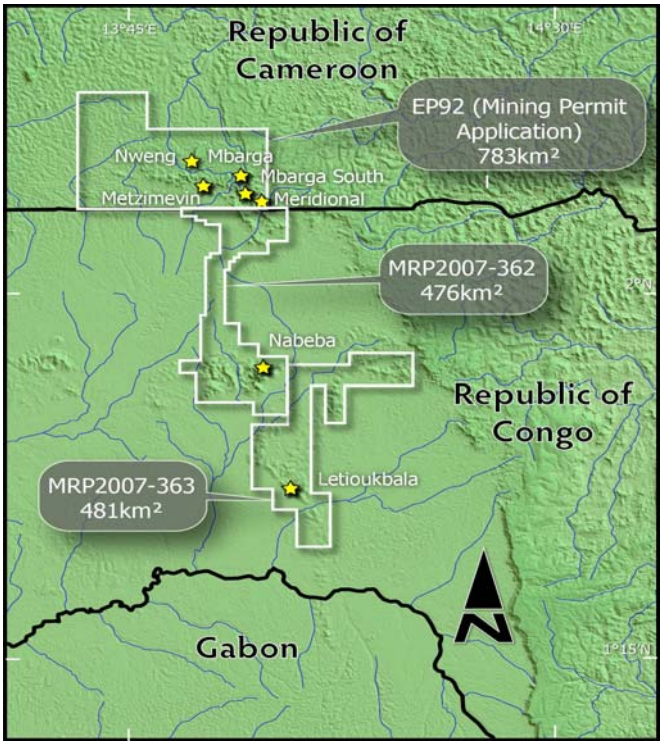
Target Itabirite concentrate product specifications utilised for the PFS were 66%Fe with 3.5% Silica. Flotation optimisation test work continued after the Itabirite PFS design basis was set, this test work indicates the potential to achieve an improved concentrate quality.

A number of sites were identified for potential Hydro power to deliver the estimated 350MW of electricity required.

EXPLORATION AND RESOURCE DEFINITION

Sundance Resources' Mbalam Iron Ore Project is based on Exploration Permit 92 ("EP92"), 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 to Figure 2). EP92 is owned by CamIron SA, a company incorporated in the Republic of Cameroon. CamIron SA is a 90%-owned subsidiary of Sundance Resources Ltd ("Sundance" or "the Company"). 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.

FIGURE 2: EXPLORATION PERMITS AND LOCATION OF KEY DEPOSITS



Resource Definition

On 17 March 2011, the Company announced to the ASX a major resource upgrade for the Mbalam Iron Ore Project. Global Inferred and Indicated High Grade Hematite mineral resources for the Mbalam Project now stand at **484.0 Mt @ 61.1% Fe** (refer to Table 3).

As previously announced the Company also has defined a world-class JORC-Code Compliant Itabirite Hematite Resource at Mbarga, which remains unchanged from the estimate of **2.32 billion tonnes @ 38.0% Fe.**

TABLE 3: JORC-CODE COMPLIANT HIGH GRADE HEMATITE RESOURCES

Global High Grade Resource	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Indicated	417.7	61.4	5.9	2.9	0.097	2.7
Inferred	66.4	59.0	9.7	3.2	0.091	2.9
Total High Grade Resource	**484.0**	**61.1**	**6.4**	**2.9**	**0.096**	**2.8**

Sundance's inventory of High Grade Hematite resources at the Indicated category has more than doubled the previously-reported total (169 Mt) and is now **417.7 Mt at 61.4% Fe.** This is largely as a result of the conversion from Inferred to Indicated category at the Nabeba Deposit in the Republic of Congo.

The conversion of mineral classification from the Inferred to Indicated category is a direct result of the large drilling programme which was undertaken at Nabeba over the past 12 months with intensive technical evaluations and extensive modelling carried out as part of the DFS.

Assay results were taken from over 730 drill holes totalling more than 115,000 metres of drilling. Below is a summary breakdown of the Global 484Mt of High Grade Resources for each of the four current deposits under evaluation (refer to Table 4):

TABLE 4: SUMMARY OF INDICATED AND INFERRED RESOURCES OF HIGH GRADE HEMATITE

Deposit	Resource Category	Tonnage (Mt)	Grade				
			Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Nabeba	Indicated	261.5	62.5	3.4	3.2	0.10	3.3
	Inferred	29.4	60.6	4.6	3.4	0.09	4.6
Mbarga	Indicated	135.5	59.9	10.0	2.2	0.09	1.5
	Inferred	21.7	56.4	14.7	2.3	0.09	1.4
Mbarga South	Indicated	20.7	57.5	10.4	3.6	0.068	3.2
Metzimevin	Inferred	15.2	59.5	12.6	4.1	0.078	2.0
Total Indicated & Inferred Resource		**484.0**	**61.1**	**6.4**	**2.9**	**0.096**	**2.8**

It is significant to mention that not all of these High Grade Resources had been classified at the time of data submission for the Maiden DFS Study, and as such, the next Reserve Estimation schedule will have significant upside potential based on incorporation of the increased inventory of Indicated High Grade Resources.

Itabirite Hematite Resource

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

TABLE 5: SUMMARY OF INDICATED AND INFERRED RESOURCES OF ITABIRITE HEMATITE

Deposit	Resource Category	Tonnage (Mt)	Grade				
			Fe (%)	SiO_2 (%)	Al_2O_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**

The Indicated Resource of Itabirite Hematite at Mbarga has been used in Pre-Feasibility studies for Stage Two of the Mbalam Project for proposed production of high quality iron concentrate during the first 25 years of operations.

While no further drilling of Itabirite mineralisation is currently scheduled, deeper diamond holes at the Nabeba Deposit are intersecting zones of enriched Itabirite mineralisation under the main Supergene zone as illustrated in the core tray (PQ) from approximately 165m depth from surface (refer to Figure 3).

FIGURE 3: PQ SIZED CORE FROM ENRICHED ITABIRITE ZONE, NABEBA DEPOSIT

Drilling Activities

The Company continues to own and operate four drill rigs on site, all of which are fully operational and were focused on the Nabeba Deposit in Congo during the past Quarter (refer to Figure 4 on next page). Work involved Feasibility Study objectives such as Resource Definition, geotechnical and metallurgical test work drilling.

FIGURE 4: RC DRILLING AT THE NABEBA DEPOSIT DURING MARCH QUARTER

Results from Drilling at Nabeba Deposit, MRP362, Republic of Congo

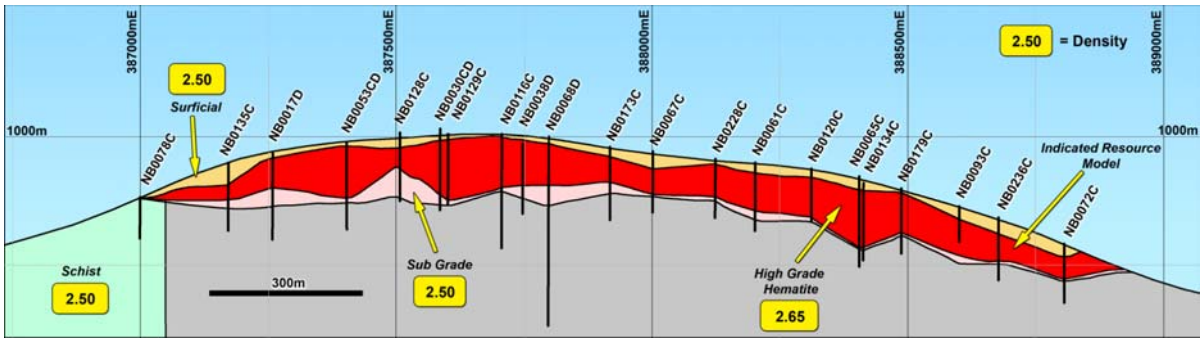
Drilling results and geological modelling have upgraded the Nabeba Deposit from a maiden JORC-Code compliant Inferred Resource of 200Mt to a JORC Code compliant;

- Indicated Resource of 261.1 Mt at 62.5% Fe; and
- Inferred Resource of 29.4 Mt at 60.6% Fe.

The conversion from the maiden Inferred Resource to a largely Indicated Resource is the result of large drilling program at Nabeba Deposit and corresponding technical evaluations and geological modelling. A total of 379 holes have now been completed at Nabeba since start of drilling in January 2010 for a total of 42,477 metres drilled (as of 31 March 2011).

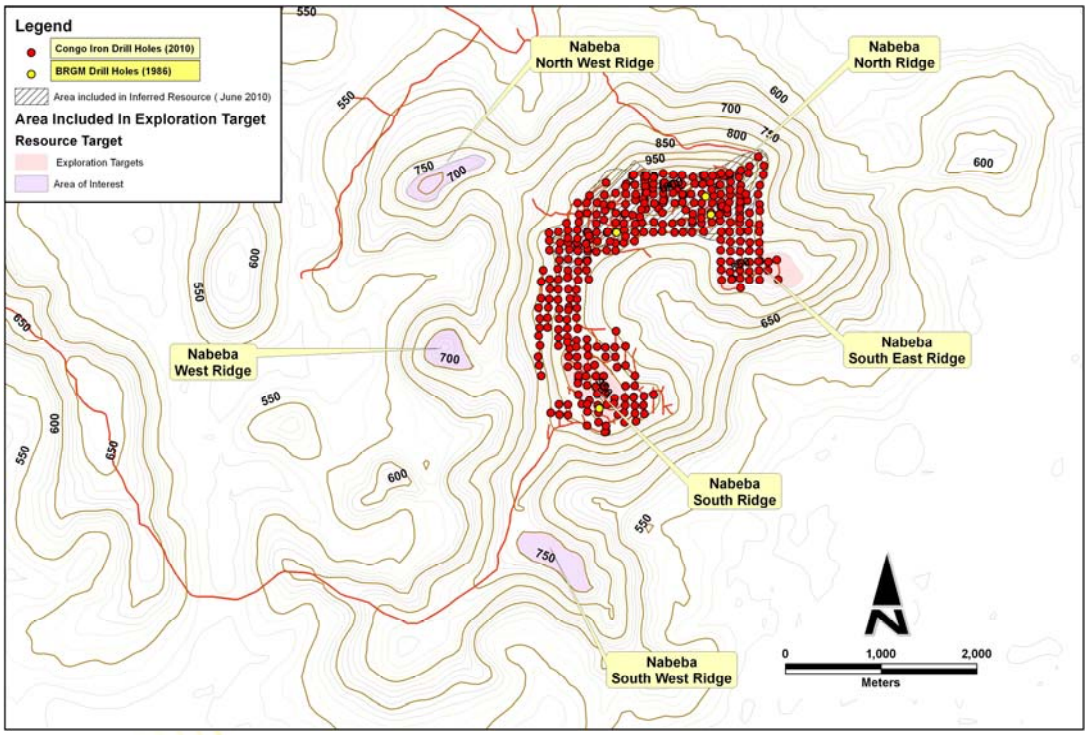
During the Quarter, 22 diamond core holes, 1 RC diamond hole and 102 RC holes were drilled and of the 22 diamond core holes, 5 were geotechnical holes and 7 were holes drilled for metallurgical purposes (refer to drillhole locations shown in Figures 5 and 6 on next page).

FIGURE 5: DRILLHOLE LOCATIONS AT NABEBA DEPOSIT



The majority of the ridge at Nabeba is covered by drilling on a 100m x 100m spaced pattern. Due to topography, the mineralisation is still open in some directions as access for drill rigs is time consuming when developing safe access and drill pads for Operations.

FIGURE 6: OBLIQUE SECTION THROUGH NABEBA DEPOSIT LOOKING NORTH WEST



Seven diamond holes (totalling 1,147m) were drilled for metallurgical purposes during the Quarter, with selected material being prepared to be transported to Australia for metallurgical test work. The objective of the metallurgical diamond holes is to collect representative DSO sinter samples and Sub-Grade samples across the Nabeba Deposit. The remaining material from these specialist diamond drill holes are to be used on site for geochemical analysis.

Sundance now have a fully equipped Exploration Camp facility adjacent to the Nabeba Deposit (refer to Figures 7 and 8), which is manned by a majority of Congo Iron National staff and third party Congolese labour hire personnel.

FIGURES 7 AND 8: SUNDANCE MANAGEMENT AND CONGOLESE STAFF AT NABEBA

Geological Mapping and Interpretation

Parallel to drilling activities on the main deposits, the Site Geologists have been undertaking further Prospect mapping and geophysical interpretation to continue to explore the remaining prospective tenure and generate potential High Grade Hematite targets for future drilling.

An extensive mapping program was carried out in the month of February 2011 by Dr. Simon Dorling (CSA Global) assisted by on site geologists over the Mbarga and Nabeba Deposits. The mapping extended to several surrounding ridges to the west and south west around the Nabeba Deposit as well as to Metzimevin, Meridional and Mbarga South.

The purpose of the mapping was to increase the geological understanding of the deposits, evaluate structural controls on mineralisation and based on this; generate targets for further areas of potential high grade supergene mineralisation.

Moreover, the emphasis was on adding skills and training the National Geology Teams towards best practise of Geological fieldwork and analysis (refer to Figures 9 and 10).

FIGURE 9: GEOLOGIST UNDERTAKING STRUCTURAL MAPPING OF MINERALISED OUTCROP IN CONGO

FIGURE 10: GEOLOGIST UNDERTAKING STRUCTURAL CORE LOGGING

ENVIRONMENTAL AND COMMUNITY CONSULTATION

Mbalam Environmental & Social Assessment

The Mbalam Environmental and Social Assessment (ESA) was approved by the Cameroon Ministry of Environment and Nature Protection (MINEP) in June 2010, with a directive for specific upgrades to be completed prior to the commencement of operations.

A high level review of the upgraded document was completed by MINEP in March 2011 and considered adequate for final submission. This is scheduled to occur in April and once approved, an electronic version of the final document will be available from the Sundance Resources web site.

Congo Environmental and Social Assessment

The Congo baseline study programme was largely completed during the previous Quarter and final copies of the expert's report are expected by May 2011. No significant environmental or social obstacles to approval were apparent from the studies. A high level of community support for the Project was further indicated at public meetings completed at local, regional and national level during the Quarter.

The Congo ESA document is scheduled for submission to the Congo Ministry of Environment during the June Quarter. The completion of the environmental study programme will enable the land acquisition process for the Project in Congo to commence.

Cameroon Land Acquisition

The formal process for the allocation of land in Cameroon will commence following the signing of the Mbalam Convention. Work programmes relevant to land acquisition including timber assessment and negotiation with key land-owners including logging companies continued during the Quarter. The consultation programme undertaken over the past three years has not identified any major obstacles to the acquisition of Project land.

STRATEGIC ACTIVITIES

Strategic Partners

During the Quarter, another potential Strategic Partner conducted due diligence of Cam Iron and Congo Iron operations and offices in both the Republic of Cameroon and Republic of Congo. They also held detailed discussions with Government Ministers about the Mbalam Iron Ore Project.

The due diligence team also visited the port site and the proposed rail corridor. Several follow up discussions between Sundance and a number of the prospective strategic partners were also held in China on both commercial and technical items during the Quarter.

Sundance is pleased with the progress that has been achieved in recent months and looks forward to successfully concluding arrangements for the introduction of strategic partner(s) to the Project and confirmation of project financing and final investment decision prior to the end of 2011.

Major Construction Contractors

Following the signing of MoUs in October 2010, discussions have continued with China Rail Construction Company (CRCC) and China Harbour Engineering Company (CHEC) to further develop the structure of potential contracts. Several detailed meetings regarding technical scope and commercial terms were held with both CRCC and CHEC along with follow up site visits conducted to confirm the cost and schedule of construction for the port and rail.

Indicative tender submissions outlining price, scope and schedule were received from both CRCC and CHEC. Commercial discussions are still in progress to finalise commercial and technical aspects of the tender submissions.

GOVERNMENT RELATIONS

Cameroon

During the reporting period the Company's draft of the convention for the Project was submitted to the multi departmental review group which is performing a detailed review of the document along with the Government's international lawyers. A revised version of the convention was received and negotiations regarding the fiscal and development terms are currently ongoing. The Company aims to finalise commercial and development terms for the Project in Cameroon by the end of June 2011.

Republic of Congo

The Company has developed mining and investment conventions for the project in Congo and negotiations of these will commence at the conclusion of the ESA process. The Company's objective is to finalise commercial and development terms for the Project in Congo by the end of June 2011.

CORPORATE

During the Quarter a new General Counsel with international and French law experience and two new Country Managers for the Congo and Cameroon offices commenced working with the Company. This has further increased the capacity of the delivery team to support the development of the Project.

Shareholder Information

On 18 March 2011, Hanlong Mining acquired the entire holding of the Talbot Group (433,791,352 shares) which added to existing relevant interests already held in Sundance, giving Hanlong a total of 514,984,194 shares or approximately 19.0% of the Company.

As at 31 March 2011, the Company had 26,437 shareholders and 2,715,001,668 ordinary fully paid shares on issue with 89,299,166 rights and options on issue. The top 20 shareholders held 46.71% of the total issued capital.

Cash Assets

The Company's cash balance at 31 March 2011 was $29.3 million. These funds will be used to undertake value engineering and the finalisation of Government and Strategic Partner negotiations.

Expenditure

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

GIULIO CASELLO
Chief Executive Officer and Managing Director

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.

Resources reported on Exploration Permit 92, 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 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 <15% Al_2O_3; Supergene: No cut-off; Transitional: >51% Fe; Phosphorus: >50% Fe and <0.3% P; Hypogene: >51% Fe.

Metzimevin Inferred Resources 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 20m x 10m x 5m blocks with sub-blocks to honour the constraining surfaces at the Mbarga Deposit and 20m x 25m x 5m blocks with sub-blocks to honour the

constraining surfaces at the Mbarga South Deposit. 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 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 Phos, 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 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 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 Research Permit 362, Congo (Nabeba Deposit)

The estimated quantity and grade of near-surface, high grade mineralisation for the Nabeba Resource 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 Nabeba of which 18% has been PQ/HQ core and 82% RC (Reverse Circulation) drilling with face-sampling hammers.

The geological model is represented by an area approximately 2.5km (east-west) x 2.75km (north-south). 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, 76% of drill sample results were full XRF analyses from Ultratrace Laboratories (Perth, Western Australia) and the remaining 24% were Thermo Niton XRF (Fe only) results from the Sundance Site laboratory.Cut-off grades for the Nabeba deposit are broken down as follows: Surficial: <6% Al_2O_3 and <0.25% P; Supergene: no cut-offs; Sub-Grade: <8% Al_2O_3 and <10% SiO_2.

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. All collars have been surveyed by DGPS. A density of 2.65t/m^3 has been used for all of the Supergene High Grade Hematite, with a density of 2.50t/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.