



Morning Note

8 April 2011

Markets

Wall Street slipped overnight, after news of a 7.4 magnitude aftershock in Japan. Closer to home, the news was much better, with improving consume confidence figures spurred by the improving domestic employment situation. The Dow shed 17 points to 12,409.

Precious metals fell slightly overnight after reaching fresh highs earlier in the week. Base metals rose, bar Lead while the A\$ remains steady US104.6c. WTI is buying ~US\$110/bbl.

Sundance Resources (SDL)

Sundance Resources (SDL) has delivered a DFS for its Mbalam Iron Ore Project, comprising two high grade high grade (~62%Fe), DSO resource bases (>400Mt) at its Mbarga (Cameroon) and Nabeba (Republic of Congo) deposits. SDL is seeking to establish itself as a 35Mtpa producer from 2015.

There are a number of significant near-term catalysts on the horizon to drive a re-rating: June Q - Finalise development and commercial agreements (Conventions) with respective governments, select Strategic Partner. December H 2011 - Project financing and Final Investment Decision (FID)

The logistical challenges associated with greenfields developments should not be underestimated, especially in frontier countries.

Figure 1: Regional development potential

World Markets		+ / -	%
Dow Jones	12,409	-17	-0.1
NASDAQ	2,796	-4	-0.1
S & P 500	1,334	-2	-0.2
FTSE 100	6,007	-34	-0.6
Nikkei 225	9,591	7	0.1
ASX All Ords	5,006	-6	-0.1

Currencies		+ / -	%
\$/A\$/US	1.046	-0.00	-0.0
\$/US/Yen	85.000	0.09	0.0
GBP/\$A	1.561	0.00	0.0
Euro/\$US	1.430	-0.00	-0.0

Energy		+ / -	%
WTI (US\$/bbl)	110.30	1.47	1.4
Henry Hub (US\$/mcf)	4.13	-0.05	-1.2
UxC Uranium (US\$/lb)	59.00	0.00	0.0

Bulks		+ / -	%
Fines -62% CFR (US\$/t)	179.50	0.00	0.0
Freight (US\$/t)	7.75	0.00	0.0
Thermal Coal FOB (US\$/t)	122.00	0.00	0.0

Precious Metals (Bloomberg)		+ / -	%
Gold (US\$/oz)	1,458.1	-1.6	-0.1
Platinum (US\$/oz)	1,784.8	-9.0	-0.5
Silver (US\$/oz)	39.6	0.0	0.1

LME, Cash		+ / -	%
Aluminium (US\$/t)	2,643	2.0	0.1
Copper (US\$/t)	9,651	64.5	0.7
Lead (US\$/t)	2,841	-28.0	-1.0
Nickel (US\$/t)	26,799	368.0	1.4
Tin (US\$/t)	32,515	427.0	1.3
Zinc (US\$/t)	2,431	3.3	0.1

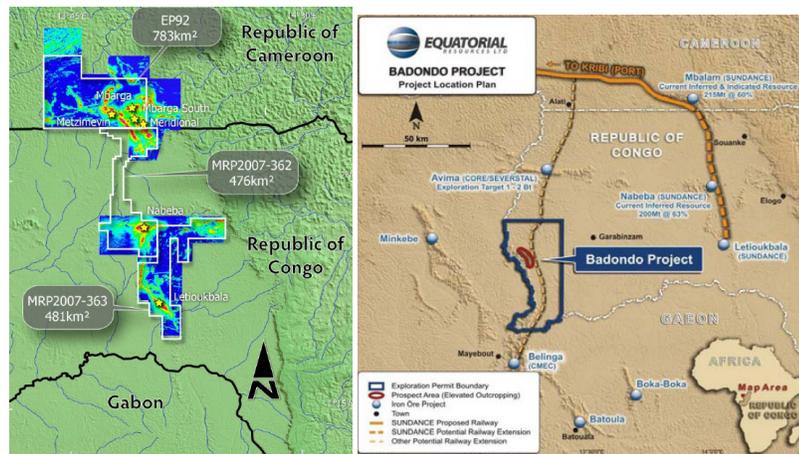
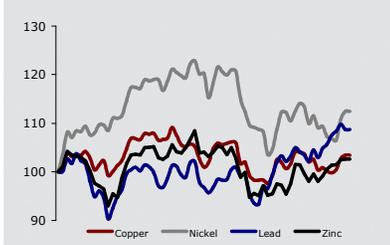
International Markets (3 Month)



Gold v Oil (3 Month)



Base Metals (Rebased) (3 Month)



SDL shapes as a pivotal player in unlocking the iron ore potential of Central-West Africa. Mbalam could ultimately become part of a ~100Mtpa regional development encompassing Core Mining's Avima (RoC) project, CNME (Belinga), African Aura's at Nkout deposit and Equatorial Resources' (EQX) Badondo project.

Securing Strategic Partner/Project Financing arrangements will be a significant milestone. Severstal (Russian) already has equity interests in two companies proximal to SDL (Core Mining and African Aura), POSCO (Korean) has had dealings with the Cameroon Government, while two Chinese parties have secured MOUs covering port and rail infrastructure. SDL has flagged it will look to execute a deal similar in nature to the Gindalbie Metals (GBG) - Ansteel Karara JV, whereby a steel mill(s) underwrites the development in exchange for off-take and equity at the project and corporate level. Given the level of interest, SDL may seek multiple partners to maintain corporate appeal whilst still underpinning development of Mbalam.

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