



# SUNDANCE RESOURCES

DEVELOPING ONE OF THE WORLD'S NEW IRON ORE PROVINCES

## QUARTERLY ACTIVITIES REPORT For the period ended 30 June 2007

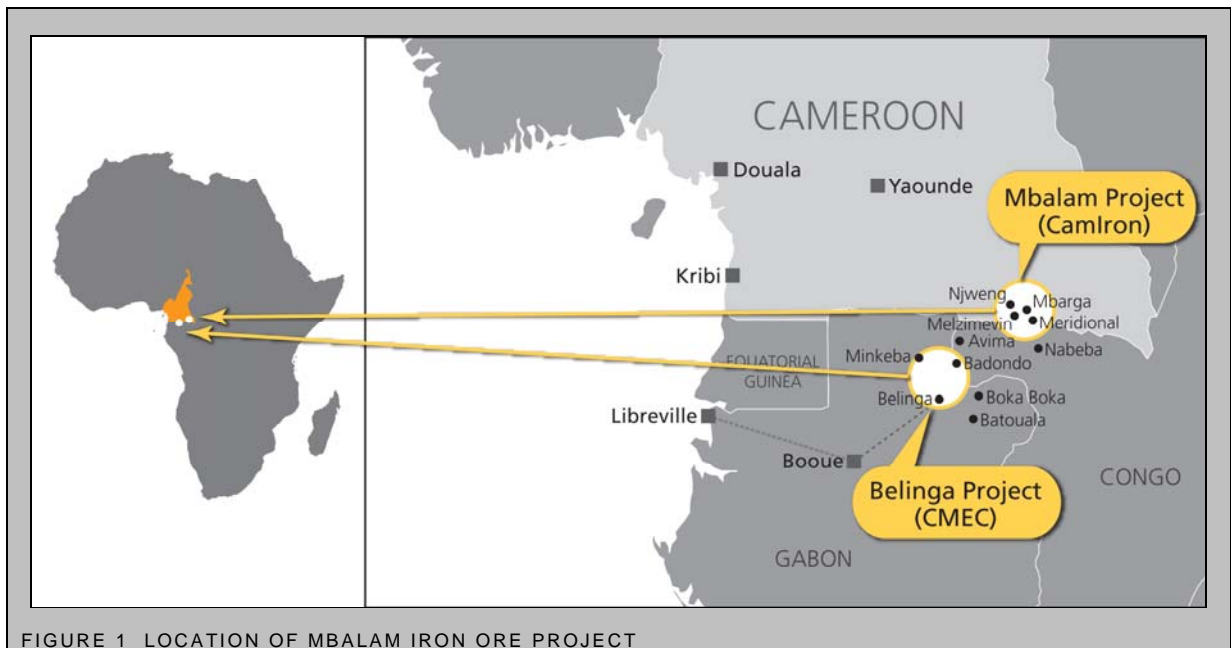
### HIGHLIGHTS

<b>MBALAM IRON ORE PROJECT, CAMEROON</b>	<ul style="list-style-type: none"><li>➤ Pre-Feasibility Study continues on the development of the Mbalam Iron Ore Project in the Republic of Cameroon in central West Africa.</li><li>➤ WorleyParsons appointed as manager of Pre-Feasibility Study.</li><li>➤ Diamond and RC drilling rigs on site with drilling commenced in June 2007.</li><li>➤ Surface sampling confirms significant hematite outcrop at the Mbarga deposit with massive hematite mineralisation sampled at several in-situ exposures with surface extension of the prospect indicated beyond the area previously mapped by the UNDF.</li><li>➤ First samples shipped to SGS Minerals Services (Johannesburg) and assay results received.</li><li>➤ Two RC drill rigs secured in addition to those currently on site. These rigs to support infill drilling of the Mbarga deposit for the proposed 2008 Bankable Feasibility Study.</li><li>➤ Extension of boundary of Exploration Permit No. 92 southwards to be coincident with Cameroon-Congo border approved by Ministry of Mines.</li><li>➤ Summary EIA for the 2007 Resource Definition drilling program completed by Cameroon based environmental consultant.</li><li>➤ Visit to site undertaken by Sundance Chairman with Cameroon Minister for Mines.</li></ul>
<b>MANTOS GRANDES PROJECT, CHILE</b>	<ul style="list-style-type: none"><li>➤ Option Agreement executed for sale of Mantos Grandes project assets in Chile.</li></ul>
<b>CORPORATE</b>	<ul style="list-style-type: none"><li>➤ Shareholders Agreement and Loan Agreement executed by Sundance and Cameroon shareholders.</li></ul>

## Mbalam Iron Ore Project, Cameroon

Sundance Resources Ltd ("Sundance") continued its Pre-Feasibility Study of the Mbalam Iron Ore Project during the June quarter, focusing on commencement of the 2007 Resource Definition drilling program and further evaluation of the iron ore mineralisation within Exploration Permit No. 92 ("EP92"). These activities centred on the Mbarga deposit, the initial drilling target.

The Mbalam Iron Ore Project is located about 300 km southeast of the capital city of Yaounde in the Republic of Cameroon. The project is located within the Mbalam Iron Ore Province which forms part of a larger iron ore province extending from Cameroon into neighbouring Gabon and Congo (refer Figure 1).

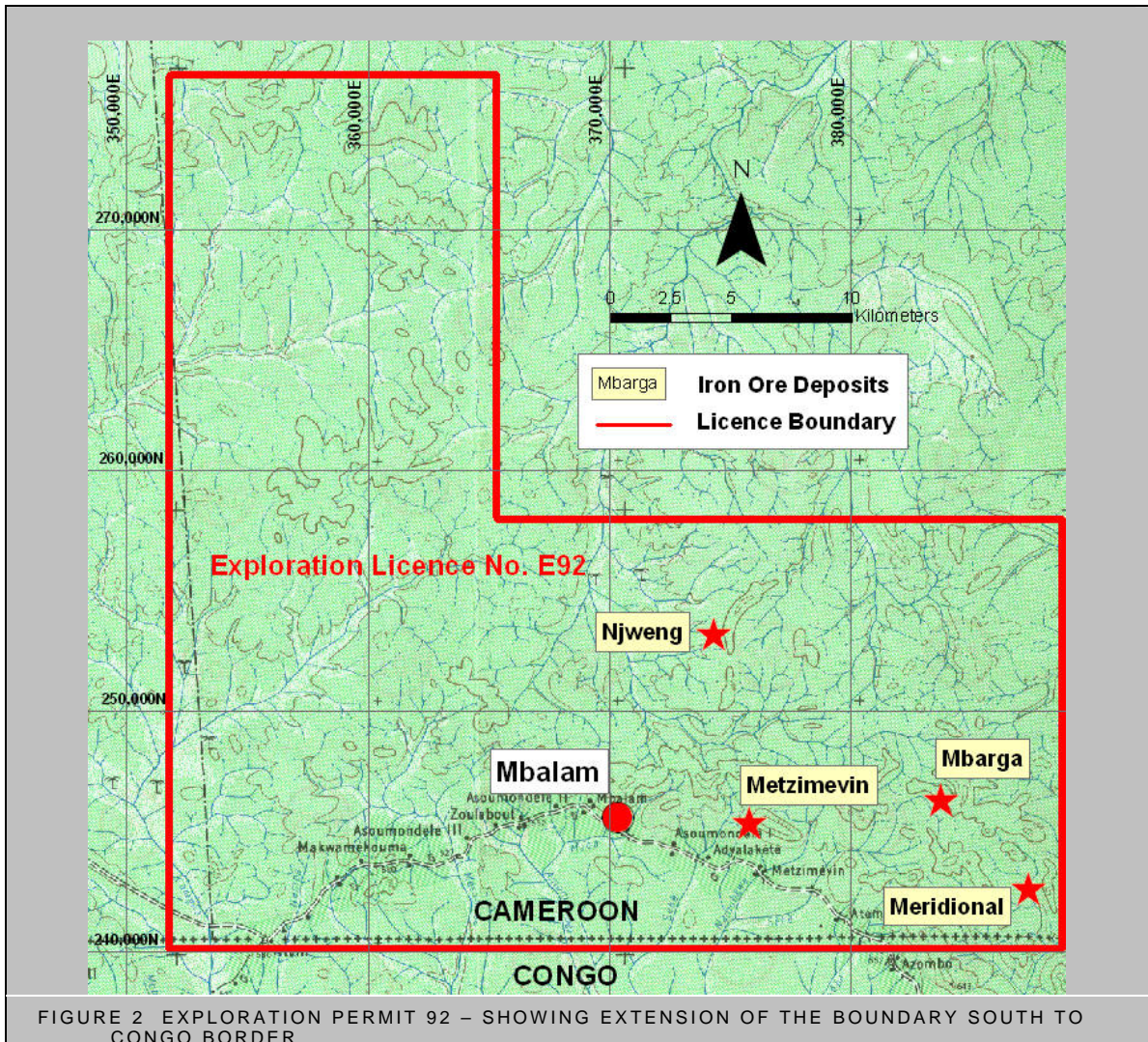


CamIron SA ("CAM") owns 100% of EP92 as shown in Figure 2. Sundance owns 90% of CAM, a company incorporated in Cameroon. The balance 10% interest in CAM is held by local management and investors, part of which is held in trust for the local Mbalam community.

### ***Geological Background***

Extensive iron mineralisation is known to exist within EP92 with previous work funded by the United Nations Development Fund ("UNDF") identifying significant iron ore at the Mbarga and Metzimevin prospects with other prospects including Meridional and Njweng (refer Figure 2).

This exploration was conducted by the UNDF and the Canadian International Development Agency from 1976 to 1984, and evaluated by the Bureau de Recherche Geologique et Minières (BRGM, France) and Paterson Grant Watson Ltd, Consulting Geophysicists (Canada).



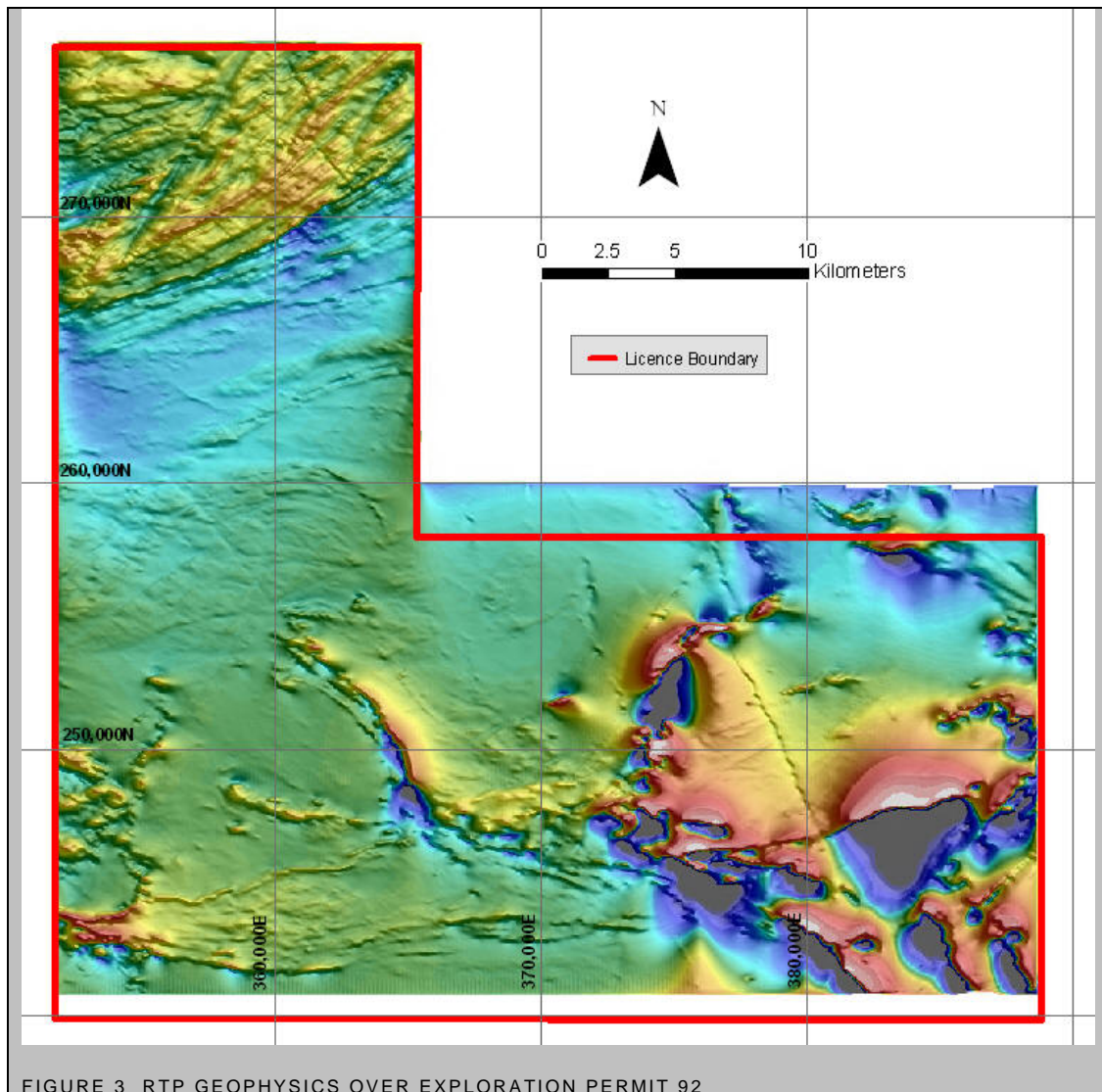
Upon acquisition of its interest in CAM, Sundance undertook a detailed airborne magnetic and radiometric survey in 2006 to improve the definition of the known prospects. The survey data have been re-evaluated during the reporting period to assist in delineating additional prospective exploration targets.

The aeromagnetic survey has been used both directly, in mapping anomalous magnetite content within iron formations, and indirectly, in mapping zones of hematite that may display as zones of magnetite depletion. Figure 3 illustrates re-processing of the magnetic intensity data using a Reduction to Pole (RTP) technique. This processing applies phase and amplitude corrections to simulate a vertical magnetic field as experienced at the poles (Mbalam is located at a low equatorial latitude where the earth's magnetic field has a shallow inclination of  $-22^\circ$ ).

Processing with the RTP method locates anomaly peaks directly over the causative body. The low RTP signal areas (shown as grey in Figure 3) appear to be generally coincident with occurrences of surface outcrop of enriched hematite mineralisation as mapped over the Mbarga prospect during the reporting period (refer Figure 5). This correlation appears to be supported at the Metzimevin prospect which also displays a low RTP signal over the area where previous UNDF drilling identified significant high grade hematite mineralisation.

Access is to be developed to prospects to the south and west of Mbarga which display similar low RTP intensity signals in the aeromagnetic survey data. Surface mapping and sampling will then be used to identify and prioritise future drilling targets beyond the Mbarga prospect.





### ***Resource Definition Drilling Program***

Resource definition drilling commenced in the June quarter.

Leading Western Australian-based international drilling services group, Wallis Drilling Pty Ltd ("Wallis"), started drilling on 13 June 2007. Wallis will provide reverse circulation (RC) and diamond drilling services.

Two drill rigs were mobilised during the reporting period with shipment of all start-up equipment, materials and consumables completed for commencement of drilling operations. Wallis mobilised expatriate drilling operators in May/June with drilling offsideers recruited locally. CAM also appointed two highly qualified Cameroonian geologists to the exploration team in June 2007. These geologists are being used for both surface exploration and drilling supervision.

The diamond drilling will be used to define the extent of mineralisation at Mbarga and to quantify the structure, weathering profile and material types at depth. The RC drilling will continue in an infill pattern-style program to add confidence to the interpretation and geological data set. Figure 4 shows the current diamond and RC rigs operating on site.



FIGURE 4 DIAMOND AND RC DRILLING AT MBARGA

The sample preparation laboratory was commissioned on site during the reporting period. Prior to submission to the laboratory, diamond core is cut in half and logged whilst RC samples are dried and split.

The laboratory facility jaw crushes samples to minus 2mm size which is then split down in volume further to produce 200g samples for air-freight despatch to SGS in Johannesburg for XRF analysis. Plans are underway to expand this site facility to enable pulverisation of samples and reduction of sample weight to 20g for despatch.

First core drill samples from Mbarga have arrived at SGS Johannesburg and are currently being prepared for XRF and LOI analysis.

### ***Surface Sampling Program***

Surface outcrop samples were collected over the Mbarga area during the reporting period and air-freighted to SGS in Johannesburg for analysis. Table 1 summarises the results from this in-situ surface rock sampling.

These results confirm the high quality of outcropping hematite mineralisation at Mbarga and support the validity of similar high grade surface assays at Mbarga as previously reported by the UNDF. The UNDF exploration work identified outcrop hematite mineralisation extending over 2,000 metres along strike and at widths of up to 600 metres.

Over 50% of the samples taken during the reporting period gave Fe content in excess of 65% with all but two samples exceeding 60% Fe content. Samples SDGS03-06 identified outcrop of high grade hematite up to 2.5km east-north-east of the main outcrop previously identified by the UNDF (refer Figure 5). This is particularly encouraging as it indicates a potentially significant strike-extension of the Mbarga prospect.

Our exploration geologists are continuing to map and collect surface samples over prospective zones of the permit area, focusing on those areas identified from re-processing of the aeromagnetic survey data.



SAMPLE ID	Fe %	SiO2 %	Al2O3 %	P %	LOI %
SDGS01	59.1	1.29	8.38	0.02	4.59
SDGS02	59.8	3.92	5.95	0.04	3.7
SDGS03	65.1	1.06	1.55	0.12	3.52
SDGS04	66.0	2.28	1.78	0.02	0.99
SDGS05	65.5	0.9	2.54	0.03	2.65
SDGS06	65.0	1.36	3.08	0.05	3.56
SDGS07	65.7	0.51	1.24	0.41	3.6
SDGS08	61.9	1.1	4.2	0.14	5.58
SDGS09	66.5	0.16	0.62	0.24	4.02
SDGS10	66.4	0.74	1.49	0.12	3.71
SDGS11	64.6	<0.05	1.06	0.35	5.79
SDGS12	63.5	<0.05	0.99	0.47	7.24
SDGS13	62.7	0.58	6.1	0.04	4.28
SDGS14	66.5	<0.05	1.9	0.09	1.79
SDGS15	66.8	0.13	1.23	0.08	2.79
SDGS16	69.7	0.19	0.26	0.05	0.4
SDGS17	68.2	<0.05	0.76	0.04	0.46
SDGS18	61.6	<0.05	2.06	0.62	8.89
SDGS19	69.0	0.08	0.29	0.05	0.56

TABLE 1: SUMMARY XRF AND LOI RESULTS (SGS LABORATORY)

Figure 5 shows the location of surface outcrop samples collected by the Company and the UNDF together with our preliminary geological interpretation from initial mapping of surface mineralisation on and around the Mbarga prospect. Figure 6 overlays the sample locations on top of the re-processed RTP aeromagnetic data around Mbarga.

Due to the terrain and dense vegetation, this mapping has been restricted to identification of outcrop and sub-cropping lithologies along the development of north-south orientated gridlines. The pale orange area delineates where prospective banded iron formation ("BIF") has been located. The shaded area within the BIF area denotes where our initial mapping has identified highly enriched hematite mineralisation.

Drilling will allow evaluation of the mineralisation at depth but, as the regional geology strikes east-west, it is evident that the presently-mapped length of prospective banded iron formation has the appropriate dimension to host the targeted mineral resource.



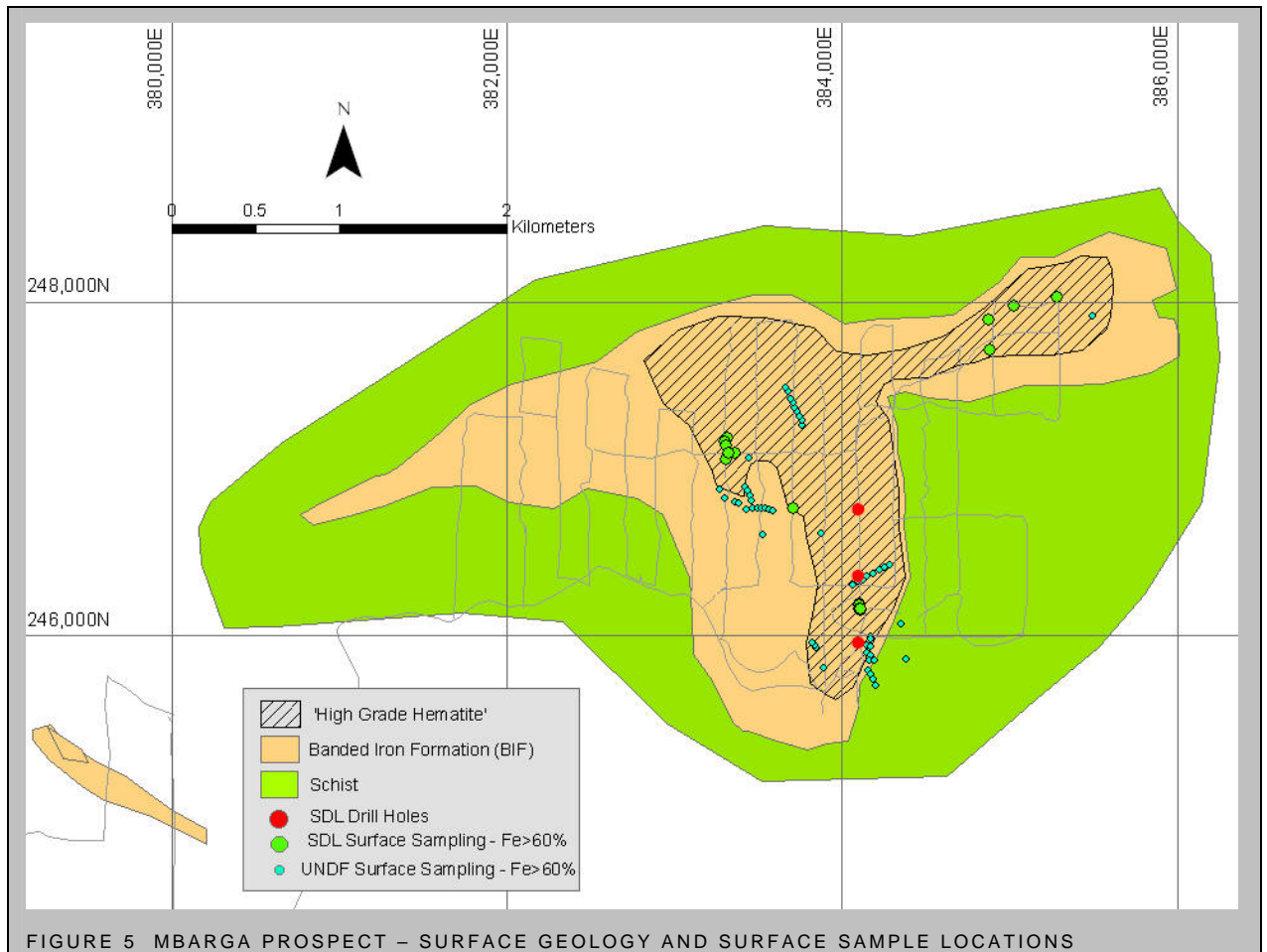


FIGURE 5 MBARGA PROSPECT – SURFACE GEOLOGY AND SURFACE SAMPLE LOCATIONS

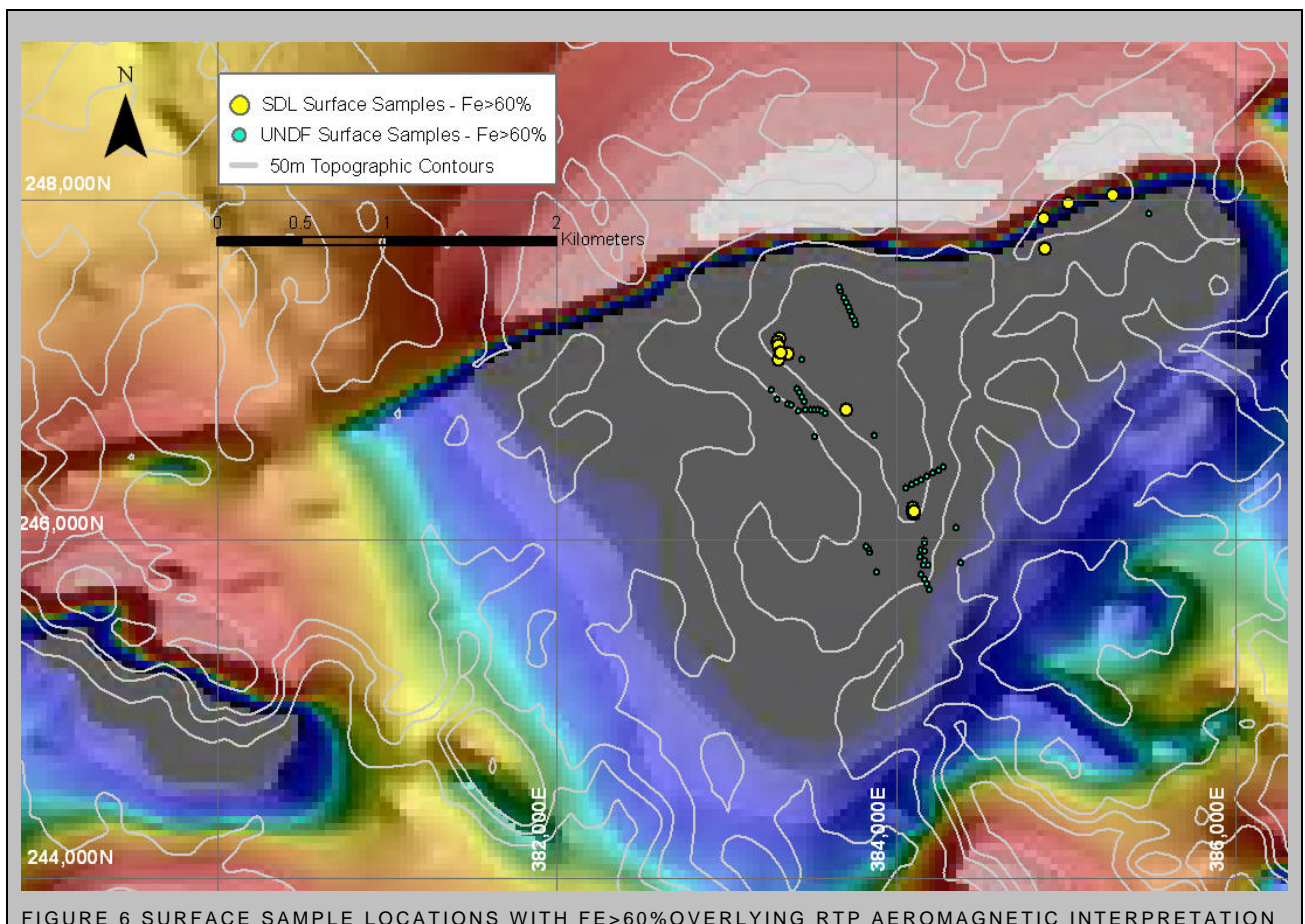


FIGURE 6 SURFACE SAMPLE LOCATIONS WITH FE>60% OVERLYING RTP AEROMAGNETIC INTERPRETATION

### ***Site Access, Accommodation and Support Facilities***

Construction of access for transport of drilling equipment, accommodation facilities and support services to site was completed during the June quarter.

A 74km section of unsealed road from the Lele River to Metzimevin is being constructed by a local Cameroon contractor as part of a larger 3 year program of road construction works being undertaken by the Roads Ministry of the Government of Cameroon. Sundance has funded advance works under this program allowing early construction of access adequate for mobilisation. Sundance has separately funded and completed construction of an additional 12km of access road from Metzimevin through to the Mbarga prospect (refer Figure 7).

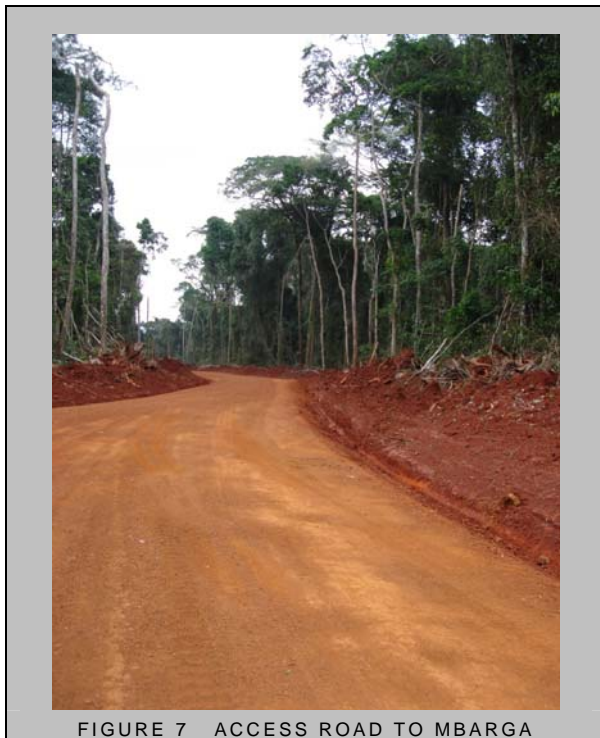


FIGURE 7 ACCESS ROAD TO MBARGA

The Company's camp facilities were mobilised to site during the reporting period with the construction well advanced (see Figure 8). The camp is designed to accommodate the drilling crew for the diamond and RC drilling rigs. Site personnel are being progressively relocated from temporary site facilities to the permanent camp. The expanded 32 person facility is scheduled for completion in September 2007.

The commitment to construct two additional RC drilling rigs for the 2008 drilling program will require purchase of additional camp facilities. An order for these facilities will be placed in the September quarter with delivery by end 2007.

Site logistics and support services have been contracted to specialist international providers with Cameroon-based operations. These contracts include supply of fuel (Total), food and camp management services (Sodexo) and site communications (ITC International). Site-based VSAT facilities provide internet and VoIP telephone connections to Yaounde and Perth. These service providers will employ a significant amount of local labour and provide training programmes to develop skills in the local community and create employment opportunities.

A full time paramedic is based on site with a suitably equipped first aid facility commissioned during the reporting period. Medical evacuation procedures are being developed with a first medical evacuation successfully completed in July 2007.





FIGURE 8 CAMP DINING ROOM

As previously shown in Figure 5, drilling has commenced near the southern extent of surface mineralisation at Mbarga and will proceed on north-south gridlines across the prospect (refer Figure 9). Gridline preparation continues across the Mbarga prospect whilst preparation of access to other prospects south of Mbarga will be developed over the next 6 months.

The Company is currently hiring the bulk of its equipment requirements on site to develop access to drill sites and for associated road and camp construction. It is intended to progressively purchase and import key items of equipment over the course of the next reporting period to reduce reliance on third party operators.

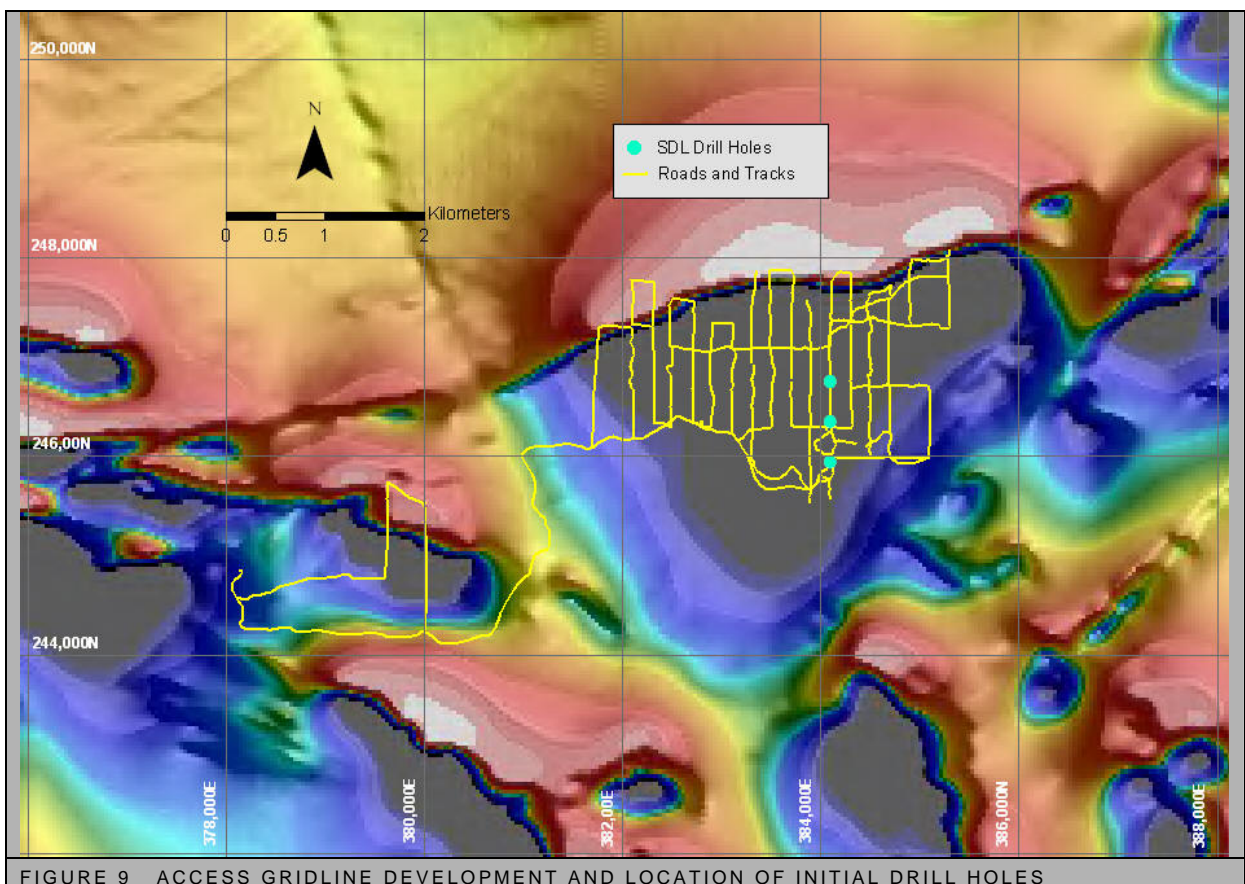


FIGURE 9 ACCESS GRIDLINE DEVELOPMENT AND LOCATION OF INITIAL DRILL HOLES



### ***Pre-Feasibility Study***

The Company is progressing its Pre-Feasibility Study of the Mbalam Iron Ore Project based on completion by end of 2007.

Whilst work in the June Quarter has focused on commencement of the Resource Definition drilling program at the Mbarga prospect, significant progress has been made in identifying and commissioning key survey, engineering and environmental work programs.

A satellite-based GIS system was established by the Company during the reporting period to provide improved and more reliable topographic data over the project area. Radar terrain mapping was used to produce detailed 10m contour mapping over the mine and along prospective rail corridors to the proposed port site.

Southern Mapping Ltd, a South African based survey company, has been commissioned to fly an aerial laser radar survey of the mine, port and key sections of the proposed rail alignment. This survey will deliver 1m contour interval accuracy over these key areas of the project requiring more detailed mapping.

WorleyParsons has been commissioned as manager of the Pre-Feasibility Study. They are currently undertaking a similar role in delivery of Fortescue Metal Group's major iron ore project in Western Australia.

WorleyParsons are developing the total project scope from mine to ship and have key study teams in place with site investigations scheduled to proceed in August 2007. The study is progressing on the basis of the original parameters set out in our 2006 Scoping Study – production of 35 million tonnes per annum of hematite with development of private rail and port infrastructure to transport product from the Mbalam mine area to the proposed port site south of Kribi. Construction strategies and costings will be developed as part of the Pre-Feasibility Study with a particular focus on the major capital activities – specifically rail route and fleet selection.

The Company has also commissioned a US-based environmental consultant to work with our local Cameroon consultant to provide social and environmental planning input to the Pre-Feasibility Study. The Company has decided to commit to this work early in the infrastructure planning program so that any key issues can be identified and managed in parallel with the engineering and financial investigations being undertaken by WorleyParsons. Our environmental team successfully secured approval for a significant mining project in Cameroon in May 2007 and therefore has an excellent understanding of the regulatory process in-country.

### ***Reporting***

The Technical Report for the first 6-month period of the second year of activities for EP92 was submitted to the Ministry of Mines during the reporting period. This report detailed Cam Iron's activity and expenditure on EP92 for the period.

An application to extend the southern boundary of EP92 south to be coincident with the Cameroon-Congo border (latitude 02°10'10") was approved by the Minister of Mines on 23rd May, 2007 (refer Figure 2).

An Environmental Impact Assessment ("EIA") for the exploration program was completed and lodged with the Ministry of the Environment. This was prepared by our local Cameroon environmental consultant. This group successfully managed many in-country environmental assessment processes.

### *Corporate Visits*

The Company's Chairman recently visited Cameroon to review the status of our exploration program and to meet senior Government officials.

As previously reported, it was a very positive visit. The Chairman met with the Minister for Mines and they travelled to site together with the Governor of the East Province, where the Mbalam project is located. The Minister reinforced his commitment to work with the Company to develop the Mbalam Project as rapidly as possible targeting commencement of operations in 2011.



From left: MD DON LEWIS, CHIEF GEOLOGIST ROB LONGLEY, CHAIRMAN GEORGE JONES, AND HONOURABLE MINISTER CHARLES SALE

### *Corporate Agreements*

Key project development agreements were negotiated by the shareholders of CAM during the reporting period. These comprised a Shareholders Agreement, Loan Agreement and Deed of Indemnity.

The Shareholders Agreement sets out the operating terms for CAM together with the obligations and entitlements of both Sundance and the local Cameroon shareholder in CAM.

The Loan Agreement sets out the arrangements by which Sundance will loan CAM the funding necessary to complete the Bankable Feasibility Study of the Mbalam Iron Ore Project.

The agreements, as executed on 4<sup>th</sup> July 2007, were drafted by an experienced Australian legal team with a brief to conclude final documentation suitable for international project financing.





## Mantos Grandes Project, Chile

Negotiations to divest the Company's Mantos Grandes assets in Chile were completed during the reporting period. An option agreement was executed with Southern Hemisphere Mining Pty Ltd for sale of the Company's interest in the Mantos Grandes project for A\$500,000.

## Corporate

### *Share Placement*

During the quarter, the Company allotted and issued a total of 120.5 million fully paid ordinary shares in the Company pursuant to the exercise of 83,166,666 unlisted options and on the maturity of 448 convertible notes as set out below:

Security	Shares Issued	Amount \$
Options exercisable at 2 cents and expiring 31 May 2010	19,500,000	390,000.00
Options exercisable at 3 cents and expiring 30 June 2008	53,666,666	1,610,000.00
Options exercisable at 10 cents and expiring 01 June 2007	10,000,000	1,000,000.00
Convertible Notes	37,333,333	

### *Shareholder Information*

As at 30 June 2007 the Company had 9,889 shareholders and 1,675,081,908 ordinary fully paid shares on issue with the top 20 shareholders holding 50.63% of the total issued capital.

### *Board*

Mr John Corr resigned as a Director of the Company on 22<sup>nd</sup> May 2007.

### *Cash Assets*

The Company's cash balance at 30 June 2007 was \$24 million.

## Expenditure

The Proforma Statement of Consolidated Cash Flows is provided in a separate report.

Don Lewis  
Managing Director