

**ASX ANNOUNCEMENT: 26 November 2009****CEO on Latest Developments  
at Mbalam**

Open Briefing with CEO Don Lewis

Sundance Resources Limited  
140 St George's Terrace  
Perth WA 6000**In this Open Briefing®, Sundance CEO Don Lewis discusses**

- recent A\$85M capital raising
- where the money will be spent
- the future of Mbalam and iron ore in Africa

**Open Briefing interview:****[openbriefing.com.au](http://openbriefing.com.au)**

Sundance Resources Limited (ASX Code: SDL) has recently announced a private capital raising of A\$85 million via a placement to new international institutional investors. The placement will be completed in two tranches, with the second to be voted on by shareholders at an EGM on 9 December. Why did you choose to target this particular investor group? Are you confident the raising will be supported by shareholders?

**CEO Don Lewis**

The Board made a conscious decision to increase our exposure to international institutional investors as, until now, other than for the holding of the Talbot Group, our register has been dominated by smaller and very supportive Australian retail investors. We embarked upon an international roadshow in late October and during the course of this roadshow it became apparent there was very strong interest in the Mbalam Project and scope to secure funding support to accelerate our development program.

The placement was arranged by the London-based team of Renaissance Capital whose leading mining analyst visited the Mbalam site in September and recently initiated research coverage on Sundance. His view is that Mbalam is already one of the top two iron ore projects in Africa, being significantly more advanced than its potential competitors in terms of resource definition and potential.

Africa is seen as having significant potential to become a major new long term supplier of high quality iron ore in the sea-borne traded market given that there are now very limited opportunities for major industry groups to participate in world-scale projects with advanced resource inventories in traditional markets.

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This raising is designed to press home our competitive advantage as one of the first movers in the growing African iron ore sector by progressing development work as quickly as possible, including arrangements with potential partners. Funding is a key constraint on developing major new iron ore projects and the placement is testament to both the quality and upside potential of the Mbalam Project.

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Mbalam is not scheduled for first production until 2013. Why are you raising so much money now? Are you concerned about the dilution of minority shareholders?

**CEO Don Lewis**

Mbalam is a world-scale iron ore project, requiring significant capital investment on mine and infrastructure development. We are targeting production of 35 million tonnes per annum of high quality iron ore with start-up capital expenditure in the order of US\$3.3 billion. This equates to approximately US\$100 per annual tonne of high grade DSO-quality production, consistent with competing DSO projects around the world.

The financing of such a project requires clear definition of project scope, costs, product specifications and all relevant approvals. These must all be in place prior to close of financing and commencement of construction. The completion of these activities requires significant expenditure on resource and reserve definition, engineering, tendering of major work packages such as rail and port, and the negotiation of construction and operations contracts and development terms with Government.

We understand that the raising will result in dilution of existing shareholdings but the Board is of the view that the value to be gained from advancing the project quickly and increasing our high grade resource inventory will more than offset any dilution. Advancing this work program will also assist us secure the right development partners.

We are confident shareholders will see this capital raising as value-building and will support the resolutions at the EGM. The placement funds are already committed subject to approval at the EGM. This funding is separate from the process of securing partners and financing for the project. This is progressing well under the advice and management of Deutsche Bank.

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Can you outline how these funds will be spent?

**CEO Don Lewis**

The funds will be immediately directed towards a number of key activities:

- **Resource and Reserve Definition** – we recently re-commenced drilling at Mbalam with the aim to both increase our high grade resource inventory and to progressively convert defined resources to reserves. We are currently drilling at the Mbarga South Deposit on EP92 ahead of drilling of the Meridional Prospect. We are scheduled to commence drilling on the Nabeba Deposit in the neighbouring Republic of Congo early in the New Year. Achievement of our exploration objectives through the definition of additional high grade hematite resources has the potential to add significant value to the Company's asset base;

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- **Definitive Feasibility Study** – the Company is already advancing the Definitive Feasibility Study in support of proposed project financing in 2010. Current work is focused on optimisation of design and costings for the transport network from mine to port;
- **Partner Agreements and Project Financing** – Deutsche Bank is actively engaged on our behalf with a range of prospective strategic partners, represented by steel mills, conglomerates, trading houses and finance groups. These selected partners will be actively involved in the project financing to be arranged by Deutsche Bank;
- **Government Agreements** – negotiations are being progressed with the Cameroon Government towards the development of the Mbalam Convention. We submitted our feasibility study to the Government in October, together with our proposed fiscal and development terms and financial model; and
- **Approvals** – the Company will launch its Environmental and Social Assessment (ESA) of the project in December with the public presentation and review process scheduled to commence in the New Year. The Company will complete land acquisition and compensation procedures in parallel with the environmental approval process.

Completion of the above work programs is dependent on the funding raised under the placement. Progress over the past year was certainly constrained by the impact of the Global Financial Crisis with a number of key activities deferred as part of cost mitigation initiatives put in place by the Board late last year. These work programs will now be accelerated with the funding to be secured through the placement. This should ensure a strong news flow from Sundance over the coming months.

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Can you explain the program proposed for project financing in the context of your discussions with potential strategic partners?

#### **CEO Don Lewis**

There appears to have been some confusion in respect of our target timelines for project financing in 2010. This is a two-step process.

The first step is to secure key development partners. These may include strategic off-take partners, constructors and/or financiers. As outlined above, Deutsche Bank is currently engaged with a range of prospective partners with their target being to recommend the preferred party(s) and financing terms before March/April next year with timing for this process aligned with the recovering global economy and forecast rising iron ore prices.

The second step in this process is to close out the conditions of project financing and subsequent draw-down of funds for commencement of project construction. This work will be undertaken in collaboration with the preferred development party(s) and will encompass all of the activities outlined above. These tasks involve significant lead times and we are therefore targeting to close out conditions of financing towards the end of 2010 in preparation for commencement of construction. We will not wait until confirmation of our development partner(s) to advance these work programs for two reasons. Firstly, any delay will ultimately lead to consequent delays in project commencement. Secondly, the work outlined will progressively enhance project definition and reduce risk, therefore adding value during the process of negotiations with prospective partners.

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In addition to the placement, you are also undertaking a Share Purchase Plan (SPP) to raise a further A\$5 million. Why are you raising this extra amount?

**CEO Don Lewis**

The Board made the decision to proceed with an SPP so that existing retail shareholders have the opportunity to participate in the capital raising at the same pricing as the new institutional investors.

Sundance has a very large shareholder base with over 19,000 individual shareholders. The average holding in the Company is quite small, so the SPP is significant in the context of this average holding. Being conscious of additional dilution and the anticipated spend required on the Definitive Feasibility Study, we capped the amount to be raised under the SPP.

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What is the timeline and key milestones to complete the Definitive Feasibility Study on Mbalam?

**CEO Don Lewis**

The key work programs will be run in parallel through 2010. We are already ramping up our drilling program. We have mobilised and commissioned our first drilling rig on the Mbarga Deposit. We have recently purchased a second diamond drilling rig, which is scheduled to be shipped later this week.

These rigs will be used to identify and test potential additional high grade resources, particularly at the Nabeba Deposit. They will also be used to progressively drill out existing deposits to convert resources to reserves and to collect metallurgical samples for process and product definition testwork

We have commenced optimisation design work on the proposed rail corridor and will shortly commence the next phase of assessment of the slurry pipeline alternative. These are key work programs given that the product transport infrastructure represents the largest component of capital expenditure on the project. We anticipate the next phase of this work being completed early in the New Year after site visits by our geotechnical team in December.

Another milestone will be to secure necessary Government approvals for the Mbalam Project. We plan to launch our environmental assessment documentation in December this year, with the process for public review and subsequent approval likely to take around six months to complete. We are also continuing to advance discussions with the Cameroon Government on all other approvals for the project, in particular, the Mbalam Convention. We submitted a feasibility study in respect of this process in October this year, together with our proposed fiscal and development terms and our financial model.

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In your recent AGM presentation you outlined plans for initially 10-years of DSO production. How far advanced are you toward achieving your target resource tonnage to support this objective? What is your proposed work program and primary area of focus?

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### CEO Don Lewis

Our current high-grade resource inventory comprises 215 million tonnes Indicated and Inferred Resource grading ~60% Fe. This has been defined from drilling on the Mbarga, Mbarga South and Metzimevin Deposits on Exploration Permit 92 in Cameroon.

We have an overall project Exploration Target\* of 315 to 465 million tonnes of high grade hematite grading 55-65% Fe, which includes the current 215 million tonne Indicated and Inferred Resource plus the Exploration Target\* for the Nabeba Deposit (comprising 100 to 250 million tonnes hematite grading 55%-65% Fe). Achievement of this Exploration Target will support up to 10 years DSO-quality production.

The Nabeba Deposit is our key target. Once access has been established, we will immediately commence drilling at Nabeba using the diamond drill rig currently on site. Our initial drilling program comprises approximately 2,000 metres of diamond core drilling, based on 20 holes drilled to around 100 metres depth. This is targeting to define an initial 100 million tonne Inferred Resource by mid next year. We are looking to place additional rigs onto the deposit as drilling results come to hand.

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What advantages does Nabeba Deposit offer to the Mbalam Project?

### CEO Don Lewis

The Nabeba Deposit appears likely to be an excellent complement to our existing resource on EP92, both in terms of size and grade. We are aiming to optimise product grade by blending feed from the two principal deposits, Mbarga and Nabeba.

Historical data combined with the results of our own aeromagnetic survey work and surface sampling indicates that Nabeba has the potential to be a significant source of high grade iron ore, low in silica content. While there is the likelihood that there will be Itabirite mineralisation associated with the Nabeba Deposit at this point our primary focus is on definition of additional high grade resources which would provide significant greater value upside for the project over coming months.

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Where do you see Mbalam sitting in the future of world iron ore production?

### CEO Don Lewis

Achievement of our project Exploration Target for High Grade hematite, combined with our existing world-scale Itabirite resource, will make the Mbalam Project quite unique in the world in terms of major new iron ore projects. There are a number of major magnetite projects in Australia and Africa and Itabirite projects in Brazil, but there are very few greenfields iron ore projects of world-scale that boasts significant high grade resources capable of delivering DSO-quality product and itabirite/magnetite resources capable of delivering direct reduction-grade pellet feed concentrates.

In this sense, Mbalam is a unique proposition. The project offers the potential for world-scale production of 35 Mtpa, with world-class product quality. Further, the emerging iron ore province that spans Cameroon, Congo and Gabon has the potential of far greater regional production and ultimately become one of the worlds major iron ore producing regions after Australia and Brazil. This has significant potential value in terms of influencing the world iron ore market.

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It is this potential that has attracted the interest in our current capital raising and we expect this interest to extend to prospective strategic partners.

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Thank you Don.

For more information about Sundance Resources, visit [sundanceresources.com.au](http://sundanceresources.com.au) or call Don Lewis on +61 8 9220 2300.

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**\*EXPLORATION TARGETS:** 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 in excess of Inferred or Indicated Mineral Resources is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource in excess of that estimated for the Mbarga, Mbarga South or Metzimevin Deposits and it is uncertain if further exploration will result in determination of a Mineral Resource for the Nabeba Deposit or other prospects on the Company's landholdings.

**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.

The estimated quantity and grade of DSO 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 the Mbarga Deposit and 200m x 100m pattern for the Inferred Resource at the Mbarga, Mbarga South 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 <10% Al<sub>2</sub>O<sub>3</sub>; Supergene: No cut-off; Transitional: >51% Fe; Phosphorus: >53% Fe and <0.3% P; Hypogene: >52% Fe. Mbarga South is quoted at >50% Fe cut-off and Metzimevin is quoted at >56% Fe cut-off. A nominal 34% Fe cut-off value is used for the Mbarga Itabirite hematite.

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 10m blocks with sub-blocks to honour the constraining surfaces. 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 have been used in the evaluation.

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 3-4t/m<sup>3</sup> depending on the iron grade. A density of 3.6t/m<sup>3</sup> has been used for the majority of the near-surface High Grade Hematite and a value of 2.6 t/m<sup>3</sup> applied to the overlying Surficial Zone. The underlying Transitional Zone has density values assigned via the Itabirite Fe grade regression formula, with a nominal 10% reduction applied to the resultant value to ensure the value is conservative.

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. Three metallurgical test work programs have supported the assay grades and density values of the major mineral types.

The map boundaries shown in any attached figures are indicative and should not be used for legal purposes. All areas are approximate and maps do not reflect all topographical features.

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