



SUNDANCE
RESOURCES LTD

Scheme Booklet

For a scheme of arrangement in relation to the proposed acquisition of all of your shares in Sundance Resources Ltd by Hanlong (Africa) Mining Investment Ltd

**THE DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU
VOTE IN FAVOUR
OF THE RESOLUTION TO APPROVE THE SCHEME IN THE
ABSENCE OF A SUPERIOR PROPOSAL**

FINANCIAL ADVISER



CHINA ADVISER



LEGAL ADVISER

CLAYTON UTZ

Contents

Important notices	3
Letter from the Chairman	6
Key dates	8
Scheme Meeting Details and How to Vote	9
1. Frequently asked questions	11
2. Overview of the Scheme	18
3. Sundance Directors' Recommendation and matters relevant to your vote	21
4. Information on Sundance	24
5. Information on Hanlong and the Hanlong Group	37
6. Implementation of the Scheme	44
7. Additional information	50
8. Taxation implications	55
9. Glossary	59
Annexure 1 Independent Expert's report	
Annexure 2 Scheme Implementation Agreement	
Annexure 3 Hanlong Deed Poll	
Annexure 4 Sichuan Hanlong Deed Poll	
Annexure 5 Scheme	
Annexure 6 Notice of Scheme Meeting	
Directory	

Important notices

General

Sundance Shareholders should read this document in its entirety before making a decision as to how to vote on the resolution to be considered at the Scheme Meeting. If you are in any doubt as to how to deal with this document, please consult your legal or financial adviser immediately.

Purpose of this document

The purpose of this document is to explain the terms of the Proposal and the manner in which the Proposal will be considered and implemented (if approved), and to provide such information as is prescribed or otherwise material to the decision of Sundance Shareholders on whether or not to approve the Scheme. This document includes the explanatory statement required by section 412(1) of the Corporations Act in relation to the Scheme.

Responsibility statement

Except as outlined below, the information contained in this document has been provided by Sundance and is the responsibility of Sundance. None of the Hanlong Indemnified Parties assume any responsibility for the accuracy or completeness of such information.

The Hanlong Information has been provided by Hanlong and is the responsibility of Hanlong. None of the Sundance Indemnified Parties assume any responsibility for the accuracy or completeness of the Hanlong Information.

The information in Annexure 1 of this document has been provided by the Independent Expert and is the responsibility of the Independent Expert. None of the Sundance Indemnified Parties or Hanlong Indemnified Parties assume any responsibility for the accuracy or completeness of such information. The Independent Expert does not assume any responsibility for the accuracy or completeness of any information contained in this document other than the information contained in Annexure 1.

ASIC and ASX

A copy of this document has been provided to ASIC for the purpose of section 411(2) of the Corporations Act and registered by ASIC for the purpose of section 412(6) of the Corporations Act.

ASIC has reviewed a copy of this document. Sundance has asked ASIC to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearing to approve the Scheme. Neither ASIC nor its officers take any responsibility for the contents of this document.

A copy of this document has been lodged with the ASX. Neither the ASX nor any of its officers takes any responsibility for the contents of this document.

Important notice associated with the Court order under section 411(1) of the Corporations Act

The Court has ordered the convening of the Scheme Meeting pursuant to section 411(1) of the Corporations Act. The convening of the Scheme Meeting by the Court does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Sundance Shareholders should vote (on this matter Sundance Shareholders must reach their own decision); or
- has prepared, or is responsible for, the content of this document.

No investment advice

The information contained in this document has been prepared without reference to your own investment objectives, financial situation, taxation position and particular needs. The information in this document should not be relied upon as the sole basis for any investment decision in relation to the Scheme or your Sundance Shares. Before making any investment decision in relation to the Scheme or your Sundance Shares, including any decision to vote in favour or against the Scheme, you should consider whether that decision is appropriate in light of your particular needs, objectives and financial circumstances. Sundance Shareholders should seek independent financial, taxation or other professional advice before making any decision regarding the proposed Scheme.

Forward looking statements

This document contains certain statements that relate to the future. Sundance Shareholders should be aware that there are risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of Sundance to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements or that could cause conduct to be materially different from historical conduct. Such risks, uncertainties, assumptions and other important factors include, among other things, general economic conditions, exchange rates, interest rates, the regulatory environment, competitive pressures, commodity prices and market demand. Some of the risks that Sundance Shareholders may be exposed to in relation to the Scheme are set out in Section 4.10 of this document. The forward looking statements in this document reflect views held only at the date of this document.

Other than as required by law, neither Sundance, Hanlong nor their respective directors, officers, employees or persons named in this document with their consent or any person involved in the preparation of this document makes any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur.

Subject to any continuing obligations under law or the ASX Listing Rules or as contemplated by Section 7.16 of this document, Sundance, Hanlong and their respective directors disclaim any obligation or undertaking to disseminate after the date of this document any updates or revisions to any forward looking statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

Defined terms

Capitalised terms and certain abbreviations used in this document have the defined meanings set out in Section 9 of this document.

Privacy and personal information

Sundance and Hanlong will need to collect personal information in the process of implementing the Proposal. Such information may include the name, contact details and security holding of Sundance Shareholders, and the name of persons appointed by Sundance Shareholders to act as proxy, corporate representative or attorney at the Scheme Meeting. Any personal information collected is for the sole purpose of conducting the Scheme Meeting and implementing the proposed Scheme.

Personal information may be disclosed to Sundance's Share Registry, print and mail service providers, authorised securities brokers and to Related Bodies Corporate of Sundance and the parties to the proposed Scheme.

Sundance Shareholders have certain rights to access personal information that has been collected. Sundance Shareholders should contact the Sundance Shareholder information line on 1300 369 529 (within Australia) or +61 3 9415 4247 (outside Australia), Monday to Friday between 6.00 am (AWST) and 5.00 pm (AWST), in the first instance if they wish to request access to that personal information.

Sundance Shareholders who appoint a person as their proxy, corporate representative or attorney to vote at the Scheme Meeting should inform that person of the matters outlined above.

Notice to foreign shareholders

This document has been prepared in accordance with disclosure requirements in Australia, which may be different to those in other countries.

No internet site is part of this document

Sundance and Hanlong each maintain internet sites at www.sundanceresources.com.au and www.hanlonggroup.com respectively. Any references in this document to those or other internet sites are for information purposes only and do not form part of this document.

Information line

If you have any questions about your Sundance Shares or any other matter in this document, please call the Sundance Shareholder information line on 1300 369 529 (within Australia) or +61 3 9415 4247 (outside Australia) Monday to Friday between 6.00 am (AWST) and 5.00 pm (AWST).

Date of document

This document is dated 9 November 2012.

Letter from the Chairman

Dear Shareholder,

I am writing to update you on the proposal by Hanlong (Africa) Mining Investment Limited to acquire all of the shares in Sundance Resources via the Scheme announced in October 2011. As part of this, I am also seeking your support for the Scheme in the impending vote.

Hanlong proposes to acquire all of the outstanding shares in Sundance that it does not already own for A\$0.45 cash per Sundance share, valuing your Company at A\$1.37 billion.

After extensive consideration of all the options available to Sundance, the Company's Board of Directors recommended unanimously that, in the absence of a Superior Proposal, Sundance Shareholders vote in favour of the Scheme.

Considering the size and scope of the Mbalam-Nabebe Iron Ore Project, the US\$4.7 billion in capital costs required to develop it to Stage One, the timeframe under which the development will take place and current market conditions for the iron ore industry, the Hanlong offer delivers to Sundance Shareholders a cash return for your investment in a short timeframe.

As both the Chairman of Sundance and a significant shareholder in the Company, I have no doubt that the Hanlong offer represents an attractive outcome for Sundance Shareholders and therefore I will be voting my holding in favour of the Scheme.

In deciding to support the Hanlong offer, the Sundance Directors also took into account the fact that the offer is reasonably priced by several key measures. These include:

- the price per Sundance Share is higher than the Sundance closing share price at any point since 15 May 2012;
- the offer is a 34.3% premium to Sundance's closing share price on 31 July 2012, the last day Sundance Shares traded prior to the latest version of the Scheme Implementation Agreement being signed;
- the offer is a 12.5% premium to Sundance's closing share price on 15 July 2011, the last trading day before Sundance received Hanlong's initial proposal for a conditional cash offer;
- the offer is a 44.3% premium to Sundance's one-month VWAP to 31 July 2012;
- the offer is a 20.0% premium to Sundance's three-month VWAP to 31 July 2012; and
- the Independent Expert's report concludes that the Scheme is in the best interests of all Sundance Shareholders, in the absence of a Superior Proposal.

As you know, Sundance endured an extraordinarily difficult time following the plane crash in June 2010 that claimed the lives of the entire previous Board, and since returning to take on the role of Chairman, I have always emphasised that the most fitting way to pay tribute to those who died was to realise their ambition to bring the Mbalam-Nabebe Iron Ore Project into production.

In my opinion, the Scheme between Sundance and Hanlong is an excellent outcome for all stakeholders of this project. This Scheme will deliver an attractive return more immediately than is likely to be the case should Sundance take part in the financing and construction of the Mbalam-Nabebe Iron Ore Project.

Developing such a large and complex project in central Africa would be a long-term undertaking for the Company and bring with it significant risks and challenges.

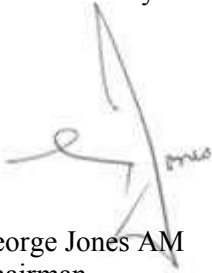
For Hanlong's offer to succeed, the Scheme requires the approval of Sundance Shareholders. This is a particularly onerous requirement because it includes that the approval must be given by not less than 75% of all votes cast.

With this in mind, I urge you to cast your vote in support of the Scheme by either completing the enclosed Proxy Form or attending the Scheme Meeting, which will be held on 14 December 2012, commencing at 10.00 am (AWST) at Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.

This document sets out important information regarding the Scheme, including the reasons for your Directors' recommendation and the Independent Expert's report. Please read this document in its entirety before making your decision and voting. I also encourage you to seek independent financial and taxation advice before making any investment decision in relation to your Sundance Shares.

If you have any questions in relation to the Scheme or this document, please contact the Sundance Shareholder information line on 1300 369 529 (within Australia) or +61 3 9415 4247 (outside Australia) Monday to Friday between 6.00 am (AWST) and 5.00 pm (AWST).

Yours sincerely

A handwritten signature in black ink, appearing to read 'George Jones', written over a faint, light-colored signature line.

George Jones AM
Chairman
Sundance Resources Limited

Key dates

Event	Time and Date
Latest time and date for receipt of Proxy Forms for the Scheme Meeting by Sundance Share Registry	10.00 am (AWST) on 12 December 2012
Time and date for determining eligibility to vote at Scheme Meeting	5.00 pm (AWST) on 12 December 2012
Scheme Meeting - the Scheme Meeting will be held at Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia	10.00 am (AWST) on 14 December 2012
IF SUNDANCE SHAREHOLDERS APPROVE THE SCHEME AT THE SCHEME MEETING	
Second Court Date to obtain orders for approval of the Scheme	18 December 2012
Effective Date	19 December 2012
Last date that Sundance Shares will trade on the ASX	19 December 2012
Record Date - time and date for determining entitlements to Scheme Consideration under the Scheme	28 December 2012
Hanlong to pay Sundance the Scheme Consideration to be held on trust for each Scheme Participant until the Implementation Date	4 January 2013
Implementation Date - Sundance to transfer Sundance Shares to Hanlong and pay Scheme Consideration to each Scheme Participant	8 January 2013

This timetable is indicative only. The actual timetable will depend upon the Court approval process, ASX approval process and the satisfaction or, where applicable, waiver of the Conditions Precedent to the Scheme. Those conditions are summarised in Section 6.11 of this document. Sundance has the right to vary the timetable set out above subject to the approval of such variation by Hanlong, the Court, ASIC and the ASX where required. Any variation to the timetable set out above will be announced to the ASX and published on Sundance's website.

Scheme Meeting Details and How to Vote

Scheme Meeting

The Scheme Meeting will be held at 10.00 am (AWST) on 14 December 2012 at Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.

For the Scheme to proceed, it must be approved by a majority in number of Sundance Shareholders present and voting at the Scheme Meeting (in person, by attorney, by proxy or, in the case of corporate shareholders, by corporate representative) (**the Headcount Test**) and at least 75% of the total number of votes cast by Sundance Shareholders entitled to vote at the Scheme Meeting. If the Scheme is not approved by Sundance Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test, Sundance may apply to the Court for the Court to exercise its discretion to disregard the Headcount Test and make orders approving the Scheme.

What should you do?

Read this document and the accompanying notice of Scheme Meeting carefully.

If you have any questions, consult your financial, legal or other professional adviser or call the Sundance Shareholder information line on 1300 369 529 (within Australia) or +61 3 9415 4247 (outside Australia) Monday to Friday between 6.00 am (AWST) and 5.00 pm (AWST).

Your Directors believe the Scheme is a matter of importance for all Sundance Shareholders and therefore urge you to vote on the Scheme.

Entitlement to vote

Sundance Shareholders (other than Hanlong and its Related Bodies Corporate which are not entitled to vote) who are registered on the Register at 5.00 pm (AWST) on 12 December 2012 may vote at the Scheme Meeting in person, by attorney, by proxy or, in the case of corporate shareholders, by corporate representative.

How to vote in person

If you are entitled to vote and wish to do so in person, you should attend the Scheme Meeting to be held at 10.00 am (AWST) on 14 December 2012 at Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia. A body corporate who is a Sundance Shareholder may appoint an individual to act as its corporate representative. The appointment must comply with the requirements of sections 250D and 253B of the Corporations Act. If you are attending as a corporate representative, please bring evidence of your authority.

How to vote by proxy or attorney

A Proxy Form is included with this document. If you wish to appoint a proxy to attend and vote at the Scheme Meeting, complete the Proxy Form.

Your Proxy Form or appointment of attorney (in the event you wish to appoint an attorney to attend and vote at the Scheme Meeting) must either be:

- sent by mail to the Sundance Share Registry (using the reply paid envelope included with this document), addressed, Computershare Investor Services Pty Limited, GPO Box 242 Melbourne, Victoria 3001, Australia;
- faxed to 1800 783 447 from within Australia, or +61 3 9473 2555 from overseas;
- lodged online at www.investorvote.com.au using the details printed on the personalised Scheme Meeting Proxy Form or at www.intermediaryonline.com for custodian voting (subscribers only);

- delivered by hand to Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, Australia; or
- sent to Sundance's registered office at Level 35, Exchange Plaza 2 The Esplanade, Perth WA 6000,

so that it is received by no later than 10.00 am (AWST) on 12 December 2012.

If an attorney signs a Proxy Form on your behalf, a copy of the authority under which the Proxy Form was signed must be received by the Sundance Share Registry at the same time as the Proxy Form (unless you have already provided a copy of the authority to Sundance).

If you complete and return a Proxy Form, you may still attend the meeting in person, revoke the proxy and vote at the meeting.

1. Frequently asked questions

This document contains detailed information regarding the Proposal. The following Section provides summary answers to some questions you may have and will assist you to locate further detailed information in this document.

THE PROPOSAL AT A GLANCE	
What is the Proposal?	<p>The Proposal involves Hanlong acquiring all of the Sundance Shares which it does not already own at A\$0.45 cash per share by way of a scheme of arrangement.</p> <p>On 4 October 2011, Sundance and Hanlong announced the proposed acquisition of Sundance by Hanlong (to be implemented by way of a scheme of arrangement in accordance with the terms of the Scheme Implementation Agreement entered into on the same date). Sundance and Hanlong subsequently agreed certain changes to the terms of the proposed acquisition and on 23 May 2012 and 24 August 2012 executed revised versions of the Scheme Implementation Agreement.</p> <p>On 21 October 2012, Sundance and Hanlong agreed certain changes to the Scheme timetable including extension of the Implementation Date from 19 December 2012 to 8 January 2013.</p> <p>A copy of the latest executed Scheme Implementation Agreement is set out in Annexure 2 of this document which also reflects the updated Scheme timetable.</p>
What is a "scheme of arrangement"?	<p>A "scheme of arrangement" is a means of implementing an acquisition of shares under the Corporations Act. It requires a vote in favour of the scheme by certain majorities of shareholders at a meeting of shareholders and also requires Court approval.</p> <p>A detailed description of the Scheme is set out in Section 6 of this document. The terms of the Scheme are set out in full in Annexure 5 of this document.</p>
Who is Hanlong?	<p>Hanlong is a 100% Subsidiary of Sichuan Hanlong, a privately-owned Chinese company. The Hanlong Group is Sundance's largest shareholder with a Relevant Interest in approximately 17.07% of the Company. Hanlong is proposing to acquire all of the remaining Sundance Shares which it does not already own by way of this Scheme.</p> <p>Further information on Hanlong is set out in Section 5 of this document.</p>

Is the Scheme subject to any conditions?	Yes. Implementation of the Scheme is subject to the Conditions Precedent. The Conditions Precedent are summarised in Section 6.11 of this document and are set out in full in Schedule 2 of the Scheme Implementation Agreement (a copy of which is set out in Annexure 2 of this document).
What do the Directors recommend?	<p>The Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Scheme and approve the Scheme at the Scheme Meeting. The Directors unanimously believe that the Scheme is in the best interests of Sundance Shareholders.</p> <p>The reasons for this recommendation and other matters that you may wish to take into consideration are set out in Section 3 of this document.</p>
How are the Directors intending to vote?	<p>In the absence of a Superior Proposal, each of the Directors who hold or control Sundance Shares intend to vote in favour of the Scheme at the Scheme Meeting in relation to Sundance Shares held by them or on their behalf.</p> <p>The Directors hold 21,362,500 Sundance Shares, representing 0.70% of outstanding Sundance Shares as detailed in Section 7.5 of this document.</p>
What is the Independent Expert's conclusion?	<p>The Directors engaged Ernst & Young as the Independent Expert to provide a report on the Proposal.</p> <p>The Independent Expert has concluded that the Scheme is in the best interests of Sundance Shareholders in the absence of a Superior Proposal.</p> <p>The Independent Expert's report is included in Annexure 1 of this document.</p>
What happens if a Superior Proposal emerges?	If a Superior Proposal emerges, the Directors will reconsider their recommendation and advise Sundance Shareholders accordingly.
What are the prospects of receiving a Superior Proposal?	<p>Since the Scheme was announced, no Superior Proposal has emerged.</p> <p>Sundance Shareholders should note that no Break Fee is payable to Hanlong in the event that a Superior Proposal emerges and, as a result, Sundance decides to terminate the Scheme Implementation Agreement.</p>
What should I do?	You should read this document carefully in its entirety and then vote by attending the Scheme Meeting, or by appointing a proxy to vote on your behalf. Full details of who is eligible to vote and how to vote are set out in the "Scheme Meeting Details and How to Vote" Section on page 9 of this document.

<p>Are any other approvals required?</p>	<p>In addition to being approved by the requisite majorities of Sundance Shareholders, the Scheme must be approved by the Federal Court of Australia. If the Scheme is approved by the requisite majorities of Sundance Shareholders at the Scheme Meeting, Sundance will apply to the Court for approval of the Scheme. The Court hearing for approval of the Scheme is expected to be held on 18 December 2012 (although this may change). Further details of the approval process are set out in Section 6.2 of this document.</p> <p>Implementation of the Scheme is subject to certain regulatory approvals, as summarised in Section 6.11 of this document.</p>
<p>WHAT YOU WILL RECEIVE UNDER THE SCHEME</p>	
<p>What will I receive if the Scheme proceeds?</p>	<p>If the Scheme proceeds, Sundance Shareholders will receive from Hanlong A\$0.45 cash for each Sundance Share held as at the Record Date.</p>
<p>Is Hanlong bound to provide the Scheme Consideration?</p>	<p>Under the Scheme Implementation Agreement, Hanlong will pay Sundance the total Scheme Consideration payable for all the Scheme Shares held by the Scheme Participants 2 Business Days before the Implementation Date, to be held on trust until the Implementation Date. On the Implementation Date the Scheme Shares will be transferred to Hanlong.</p>
<p>When will the Scheme Consideration be paid?</p>	<p>If you hold Sundance Shares on the Record Date, you will be paid your Scheme Consideration on the Implementation Date (which is currently scheduled to be 8 January 2013).</p> <p>If the Scheme is not approved by the required majorities at the Scheme Meeting and / or by the Court, the Scheme Consideration will not be paid.</p>
<p>How will I be paid for my Sundance Shares?</p>	<p>Sundance will despatch a cheque in Australian currency drawn on an Australian bank account by pre-paid post to each Sundance Shareholder's postal address, as it appears in the Register, or by electronic funds transfer (for Sundance Shareholders who have nominated a bank account by written notice to Sundance on or before the Record Date).</p>
<p>How will joint Sundance Shareholders be paid for their Sundance Shares?</p>	<p>In the case of joint holders of Scheme Shares, the Scheme Consideration which is paid for by cheque, will be in the names of those joint holders, or by electronic funds transfer (where the joint holders have nominated a bank account by written notice to Sundance on or before the Record Date).</p>

<p>What are the tax consequences of the Scheme for me?</p>	<p>Section 8 of this document provides a general outline of the Australian income tax, capital gains tax, GST and stamp duty consequences for Sundance Shareholders who dispose of their Sundance Shares to Hanlong in accordance with the Scheme.</p> <p>You should consult with your own financial/tax adviser regarding the consequences of disposing of your Sundance Shares to Hanlong in accordance with the Scheme in light of current tax laws and your particular investment circumstances.</p>
<p>Will I have to pay brokerage fees or stamp duty?</p>	<p>No, you will not have to pay any brokerage or stamp duty in connection with the Scheme.</p>
<p>VOTING TO APPROVE THE SCHEME</p>	
<p>When and where will the Scheme Meeting be held?</p>	<p>The Scheme Meeting will be held at 10.00 am (AWST) on 14 December 2012 at Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.</p>
<p>Am I entitled to vote at the Scheme Meeting?</p>	<p>The time for determining eligibility to vote at the Scheme Meeting is 5.00 pm (AWST) on 12 December 2012. Only those Sundance Shareholders entered on the Register at that time will be entitled to attend and vote at the Scheme Meeting (other than Hanlong and its Related Bodies Corporate which must not vote at the Scheme Meeting).</p>
<p>What votes are required to approve the Scheme at the Scheme Meeting?</p>	<p>For the Scheme to proceed, votes "in favour" must be received:</p> <ul style="list-style-type: none"> • from a majority in number of Sundance Shareholders who vote at the Scheme Meeting (in person or by proxy) (the Headcount Test); and • in respect of at least 75% of the total number of Sundance Shares voted on the resolution to approve the Scheme. <p>If the Scheme is not approved by Sundance Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test, Sundance may apply to the Court for the Court to exercise its discretion to disregard the Headcount Test and make orders approving the Scheme.</p> <p>It is also necessary for the Court to approve the Scheme before it can become Effective.</p>
<p>What choices do I have as a Sundance Shareholder?</p>	<p>As a Sundance Shareholder you have the following choices:</p> <ul style="list-style-type: none"> • you can vote in person, by attorney, by proxy or, in the case of corporate shareholders, by corporate representative; • you can elect not to vote at the Scheme Meeting; or

	<ul style="list-style-type: none"> • you can sell your Sundance Shares on the ASX. If you sell your Sundance Shares on the ASX you may incur brokerage costs. Provided the Scheme becomes Effective, Sundance Shares are expected to be suspended from trading on the ASX from the close of trading on the Effective Date. Accordingly, you can sell your Sundance Shares on market at any time before the close of trading on the day that the Scheme becomes Effective.
Should I vote?	Voting is not compulsory. However, the Directors believe that the Scheme is important to all Sundance Shareholders and the Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Scheme and approve the Scheme at the Scheme Meeting.
How do I vote?	<p>You may vote in person by attending the Scheme Meeting to be held at 10.00 am (AWST) on 14 December 2012 at Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia. Alternatively, you may vote by completing and lodging the Proxy Form that is enclosed with this document. The Proxy Form can be lodged in person, by mail, by fax or online – see page 9 of this document for further details.</p> <p>You can also vote by appointing a body corporate representative (if you are a body corporate) or an attorney.</p> <p>Full details of how to vote and how to lodge the Proxy Form, body corporate representative appointment or power of attorney are set out in the "Scheme Meeting Details and How to Vote" Section on page 9 of this document.</p>
What happens if I do not vote, or I vote against the Scheme?	<p>The Scheme may not be approved at the Scheme Meeting by the requisite majorities. If this occurs the Scheme will not proceed, you will not receive the Scheme Consideration, and you will remain a Sundance Shareholder.</p> <p>However, if the Scheme is approved and implemented, your Sundance Shares will be transferred to Hanlong under the Scheme and you will receive the Scheme Consideration for each Sundance Share you hold on the Record Date.</p> <p>This is so even if you did not vote at all or you voted against the Scheme.</p>
What happens if the Scheme is not approved at the Scheme Meeting?	<p>If the Scheme does not proceed:</p> <ul style="list-style-type: none"> • Sundance Shareholders will retain their Sundance Shares; • Sundance will continue to operate as a stand-alone entity listed on the ASX; • Sundance Shareholders will not receive the Scheme Consideration;

	<ul style="list-style-type: none"> • the Performance Rights will remain as unvested Performance Rights; • the Options will not be cancelled; • Sundance will continue to focus on its current business plan and strategy; • in the absence of a Superior Proposal the market price for Sundance Shares may fall; and • funding will still be required for the future development of the Mbalam-Nabebe Iron Ore Project.
<p>What happens if the Scheme is approved at the Scheme Meeting, but it is not approved by the Court?</p>	<p>If the Scheme is approved at the Scheme Meeting, but is not approved by the Court:</p> <ul style="list-style-type: none"> • Sundance Shareholders will retain their Sundance Shares; • Sundance will continue to operate as a stand-alone entity listed on the ASX; • Sundance Shareholders will not receive the Scheme Consideration; • the Performance Rights will remain as unvested Performance Rights; • the Options will not be cancelled; • Sundance will continue to focus on its current business plan and strategy; • in the absence of a Superior Proposal the market price for Sundance Shares may fall; and • funding will still be required for the future development of the Mbalam-Nabebe Iron Ore Project.
<p>When will the results of the Scheme Meeting be available?</p>	<p>The results of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX once available.</p>

OTHER	
Can I keep my Sundance Shares?	If the Scheme is implemented, your Sundance Shares will be transferred to Hanlong. This is irrespective of whether you voted for or against the Scheme.
Can I sell my Sundance Shares?	You may sell your shares in Sundance on market at any time before close of trading on ASX on the Effective Date (which is currently scheduled to be 19 December 2012). If you sell your Sundance Shares, you will not be entitled to the Scheme Consideration.
When will Sundance Shares cease trading on the ASX?	Provided the Scheme becomes Effective, Sundance Shares are expected to be suspended from trading on the ASX from close of trading on the Effective Date (which is currently scheduled to be 19 December 2012).
What if I have other questions?	If you have any further questions concerning the Proposal, please consult your financial, legal, or other professional adviser or call the Sundance Shareholder information line on 1300 369 529 (within Australia) or +61 3 9415 4247 (outside Australia) Monday to Friday between 6.00 am (AWST) and 5.00 pm (AWST).

2. Overview of the Scheme

2.1 Background

On 4 October 2011, Sundance and Hanlong announced the proposed acquisition of Sundance by Hanlong to be implemented by way of a scheme of arrangement in accordance with the terms of the Scheme Implementation Agreement entered into on the same date. Sundance and Hanlong subsequently agreed certain changes to the terms of the proposed acquisition and on 23 May 2012 and 24 August 2012 executed revised versions of the Scheme Implementation Agreement.

On 21 October 2012, Sundance and Hanlong agreed certain changes to the Scheme timetable including extension of the Implementation Date from 19 December 2012 to 8 January 2013. A copy of the Scheme Implementation Agreement is set out in Annexure 2 of this document which also reflects the updated Scheme timetable.

The Scheme is subject to the approval of Sundance Shareholders and the Court. If the Scheme becomes Effective, Sundance will become a wholly owned Subsidiary of Hanlong and will be delisted from the ASX.

A copy of the Scheme is set out in Annexure 5 of this document.

2.2 What you will receive if the Scheme is implemented

If the Scheme proceeds, Sundance Shareholders will receive A\$0.45 cash from Hanlong for each Sundance Share held as at the Record Date.

Under the terms of the Scheme Implementation Agreement, the consideration for your Sundance Shares must be provided by Hanlong to Sundance 2 Business Days before the Implementation Date, to be held on trust until the Implementation Date. On the Implementation Date, Sundance will pay the Scheme Consideration received from Hanlong to Sundance Shareholders. This is expected to occur on 8 January 2013.

2.3 Directors' recommendation

The Directors unanimously recommend, in the absence of a Superior Proposal, that you vote in favour of the Scheme and approve the Scheme at the Scheme Meeting. As at the date of this document, no Superior Proposal has emerged.

The reasons for this recommendation and other matters that you may wish to take into consideration are set out in Section 3 of this document.

2.4 Independent Expert's opinion

Sundance appointed Ernst & Young, as an Independent Expert, to prepare a report on the Proposal. That report concludes that the Scheme is in the best interests of Sundance Shareholders in the absence of a Superior Proposal.

The Independent Expert's report is set out in full in Annexure 1 of this document.

2.5 Key steps to implement the Proposal and approvals required

The key steps to implement the Proposal are as follows:

- Sundance Shareholders will vote in favour or against a resolution to approve the Scheme at the Scheme Meeting;
- if the required majorities of Sundance Shareholders approve the Scheme, Sundance will apply to the Court to approve the Scheme on the Second Court Date (expected to be 18 December 2012);

- if all conditions to the Scheme have been satisfied or waived, and the Court approves the Scheme, Sundance will lodge with ASIC an office copy of the Court order approving the Scheme. Sundance intends to lodge this with ASIC on the next Business Day following the Second Court Date (expected to be 19 December 2012) (the **Effective Date**);
- it is expected that suspension of trading in Sundance Shares on the ASX will occur from close of trading on the Effective Date;
- Hanlong will provide to Sundance the Scheme Consideration 2 Business Days before the Implementation Date, to be held on trust until the Implementation Date, and on the Implementation Date will acquire, all existing Sundance Shares which it does not already own;
- on the Implementation Date, Sundance will pay the Scheme Consideration received from Hanlong to Sundance Shareholders by despatching cheques or making direct deposits to nominated bank accounts (expected to occur on 8 January 2013); and
- on a date after the Implementation Date to be determined by Hanlong, Sundance will apply for termination of the official quotation of Sundance Shares on the ASX and to have itself removed from the official list of the ASX.

Section 6 of this document contains further details of the Scheme, including the approvals required in order for the Scheme to proceed.

2.6 Cancellation of Options

As at the date of this document, there were 30,986,866 Options on issue.

Each of the Option Holders will be asked to enter into an arrangement whereby all Options held by them or on their behalf will be cancelled on the Implementation Date for consideration being A\$0.45 less the exercise price for each Option. Further information relating to the cancellation of the Options and holdings of Directors is included in Sections 7.2 and 7.5 of this document.

2.7 Performance Rights

As at the date of this document, there were 7,884,449 Performance Rights on issue.

In accordance with the provisions of the Performance Rights Plan and the Scheme Implementation Agreement, as soon as reasonably practicable after the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme, the Board will determine that all of the Performance Rights issued pursuant to the terms of the Performance Rights Plan will vest and that the number of shares in respect of which the Performance Rights have vested will be issued to the holders of Performance Rights as soon as reasonably practicable but before the Record Date. Further information relating to Performance Rights and holdings of Directors is included in Sections 7.2 and 7.5 of this document.

2.8 Conditions precedent

Implementation of the Scheme is subject to the Conditions Precedent which are summarised in Section 6.11 of this document and set out in full in Schedule 2 of the Scheme Implementation Agreement (a copy of which is set out in Annexure 2 of this document).

2.9 No exclusivity

Sundance is not subject to any exclusivity obligations in favour of Hanlong in connection with the Scheme.

2.10 Break Fee

Sundance and Hanlong have each agreed under the Scheme Implementation Agreement to pay the other the Break Fee in certain circumstances.

Further details about the Break Fee are set out in Section 6.11 of this document and the relevant provisions are set out in full in clause 11 of the Scheme Implementation Agreement.

2.11 Taxation implications

A general guide to the taxation implications of the Proposal is set out in Section 8 of this document. This guide is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any Sundance Shareholder.

2.12 If the Scheme does not proceed

If the Scheme does not proceed, Sundance Shareholders will retain their Sundance Shares, Sundance will continue to operate as a stand-alone entity listed on the ASX and Sundance Shareholders will not receive the Scheme Consideration. Sundance will continue to focus on its current business plan and strategy.

2.13 Action to be taken by Sundance Shareholders

You should read this document in its entirety. If you are in any doubt as to how to deal with this document, please consult your legal or financial adviser.

Details of your entitlement to vote at the Scheme Meeting and instructions on how to vote are set out in the "Scheme Meeting Details and How to Vote" Section on page 9 of this document and in the notice of Scheme Meeting, which is set out in Annexure 6 of this document.

2.14 Sundance Shareholders may sell their Sundance Shares on the ASX at any time prior to the suspension of trading of Sundance Shares

Sundance Shareholders should take into account that they may sell their Sundance Shares on the ASX at any time prior to the suspension of Sundance Shares from trading if they do not wish to hold them and participate in the Scheme (although normal brokerage and other expenses on sale may be incurred). It is expected that suspension of trading in Sundance Shares on the ASX will occur from close of trading on the Effective Date. This is expected to occur on 19 December 2012.

2.15 Further information for Sundance Shareholders

If you have any further questions concerning the Proposal, please consult your financial, legal, or other professional adviser or call the Sundance Shareholder information line on 1300 369 529 (within Australia) or +61 3 9415 4247 (outside Australia) Monday to Friday between 6.00 am (AWST) and 5.00 pm (AWST).

3. Sundance Directors' Recommendation and matters relevant to your vote

3.1 Directors' recommendation

The Directors of Sundance unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Scheme and approve the Scheme at the Scheme Meeting. The Directors unanimously believe that, for the reasons set out below, the Scheme is in the best interests of Sundance Shareholders.

In the absence of a Superior Proposal, each of the Directors who control Sundance Shares intend to vote in favour of the Scheme and approve the Scheme at the Scheme Meeting in relation to Sundance Shares held by them or on their behalf. The interests of Directors in Sundance Shares are set out in Section 7.5 of this document.

The Directors believe that the reasons for Sundance Shareholders to vote in favour of the Scheme outweigh the reasons to vote against the Scheme, in the absence of a Superior Proposal.

In considering whether to vote in favour of the Scheme, your Directors encourage you to:

- read the whole of this document (including the Independent Expert's report which is set out in full in Annexure 1);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain advice from your broker or financial advisor on the Scheme and obtain taxation advice on the effect of the Scheme becoming Effective.

3.2 Reasons to vote in favour of the Scheme

The Scheme has a number of advantages and disadvantages and risks, which may affect Sundance Shareholders in different ways depending on their individual circumstances. Sundance Shareholders should consider seeking professional advice on their particular circumstances as appropriate.

The key reasons for the Directors' recommendation that, in the absence of a Superior Proposal, you vote in favour of the Scheme include the following.

(a) **The Scheme Consideration represents an attractive premium to historical Sundance Share prices**

Under the terms of the Scheme, subject to the Scheme becoming Effective, Sundance Shareholders will receive A\$0.45 per Sundance Share held on the Record Date, which represents an attractive premium.

The Proposal represents:

- a 34.3% premium to Sundance's closing share price on 31 July 2012, the last trading day that Sundance traded prior to signing the latest version of the Scheme Implementation Agreement;
- a 12.5% premium to Sundance's closing share price on 15 July 2011, the last trading day before Sundance received Hanlong's initial proposal for a conditional cash offer;
- a 44.3% premium to Sundance's 1 month VWAP to 31 July 2012; and
- a 20.0% premium to Sundance's 3 month VWAP to 31 July 2012.

(b) **The Independent Expert has concluded the Scheme is in the best interests of Sundance Shareholders**

The Independent Expert has concluded that the Scheme is in the best interests of Sundance Shareholders in the absence of a Superior Proposal.

(c) **Sundance Shareholders will receive certain and immediate value for their investment**

The Scheme Consideration of A\$0.45 cash from Hanlong for each Sundance Share provides you with certainty of value for your Sundance Shares (subject to the Conditions Precedent being satisfied or waived).

(d) **No Superior Proposal has emerged**

Since Sundance announced the Proposal on 4 October 2011, no Superior Proposal to acquire Sundance has emerged.

(e) **Sundance's share price may fall if the Scheme is not implemented**

If the Scheme is not implemented, the trading price of Sundance Shares will continue to be subject to market volatility and uncertainty, including general stock market movements, general economic conditions and the demand for listed securities. If the Scheme is not implemented, the Sundance Share price may trade below the Scheme Consideration being offered under the Proposal.

(f) **No transfer costs**

No brokerage or stamp duty will be payable on the transfer of your Sundance Shares under this Proposal.

3.3 Possible reasons not to vote in favour of the Scheme

Although the Scheme is recommended by your Directors (in the absence of a Superior Proposal), and the Independent Expert has concluded that the Scheme is in the best interests of Sundance Shareholders, factors which may lead you to consider voting against the Scheme include the following.

(a) **You may disagree with the recommendation of the Sundance Directors and the Independent Expert**

You may hold a different view to the Directors and the Independent Expert and believe that the Scheme Consideration of A\$0.45 per Sundance Share is inadequate.

(b) **Loss of exposure to Sundance's current and future growth assets**

Hanlong is offering to acquire Sundance Shares for A\$0.45 per share under the Scheme. If the Scheme is implemented, Sundance Shareholders will no longer participate in the future performance of Sundance. This will mean that Sundance Shareholders will not retain any exposure to Sundance's assets or have the potential to share in the value that could be generated by Sundance in the future through the successful implementation of its strategies.

(c) **Loss of influence over the direction of Sundance**

If the Scheme is approved and implemented, you will cease to have the right to influence the future direction of Sundance through your voting rights as a Sundance Shareholder. Hanlong will have the right to determine the future direction of Sundance following implementation of the Scheme.

(d) **Future dividends**

If the Scheme is implemented, Sundance Shareholders will not have the opportunity to receive future dividends from Sundance. However, if the Scheme is not implemented, there is no guarantee of future dividends.

(e) **Tax consequences**

Implementation of the Scheme may have tax consequences for Sundance Shareholders. A general guide to the taxation implications of the Proposal is set out in Section 8 of this document. This guide is expressed in general terms and individual Sundance Shareholders should seek professional advice regarding the tax consequences applicable to their own circumstances.

(f) **A Superior Proposal could potentially emerge**

It is possible that a more attractive proposal for Sundance Shareholders could materialise in the future, for example, a takeover bid with a higher offer price than the Scheme Consideration.

3.4 Other relevant considerations

(a) **Implications of a failure to approve the Scheme**

If the Scheme is not approved by Sundance Shareholders or the Court, Sundance Shareholders will retain their Sundance Shares. Under this scenario, and in the absence of a Superior Proposal, the market price for Sundance Shares may fall.

(b) **The Scheme may be implemented even if you vote against it**

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the requisite majority of Sundance Shareholders and the Court. If this occurs, your Sundance Shares will be transferred to Hanlong and you will receive A\$0.45 per Sundance Share even though you did not vote or you voted against the Scheme.

(c) **Conditionality of the Scheme**

The implementation of the Scheme is subject to the Conditions Precedent which are summarised in Section 6.11 of this document and set out in full in Schedule 2 of the Scheme Implementation Agreement (a copy of which is set out in Annexure 2 of this document).

4. Information on Sundance

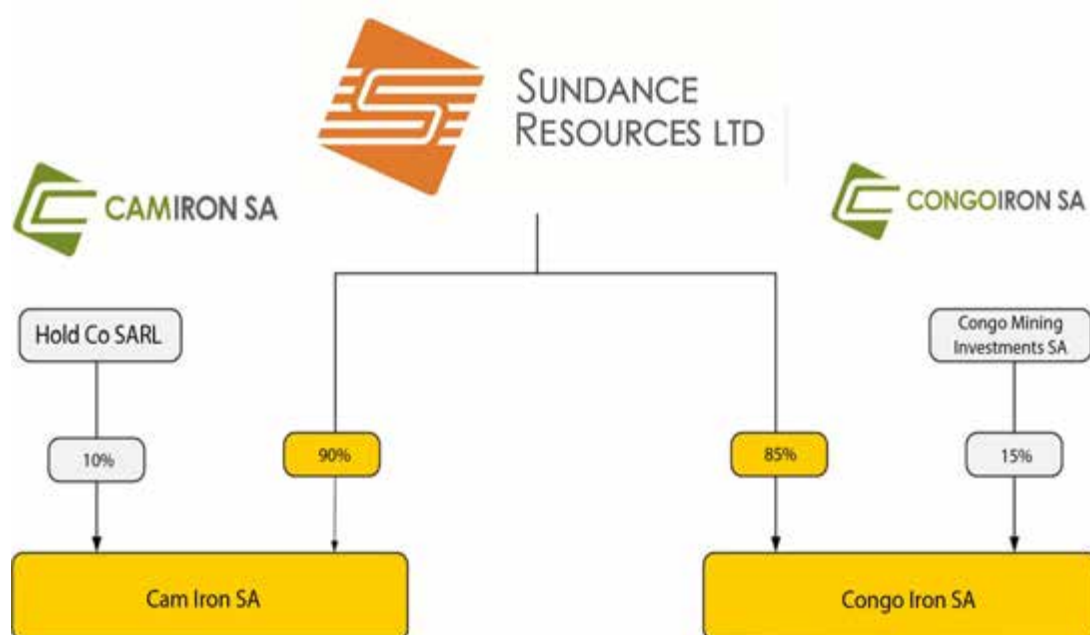
4.1 Introduction

Sundance is an international iron ore exploration and development company listed on the ASX and in the benchmark Standard & Poor's ASX 200 Index. Sundance was incorporated in Western Australia on 15 April 1992 and listed on the ASX on 24 November 1993 under the name St Francis Mining NL. St Francis Mining NL was a junior exploration company with nickel sulphide exploration property in Western Australia, which it drilled in the mid-to-late 1990s. St Francis Mining NL was renamed Sundance Resources Limited in 2003.

Sundance explored for gold and copper in Chile and Bolivia until March 2006 when the Company signed an option agreement to purchase a 90% share in Cam Iron, the 100% holder of the EP92 exploration permit in Cameroon. Following due diligence, the Cam Iron option was exercised in June 2006. As a result, a new board and development team was elected and appointed in late 2006 to early 2007. The Company also raised A\$30 million to commence exploration drilling in Cameroon. Sundance acquired its direct interest in Congo Iron in October 2008.

The Company's sole asset is its flagship Mbalam-Nabeba Iron Ore Project, which spans the Republic of Cameroon and the Republic of Congo in central Africa. Sundance is the owner of the Mbalam-Nabeba Iron Ore Project via its Subsidiary companies, owning 90% in Cam Iron and 85% in Congo Iron. The remaining 10% and 15% interests in Cam Iron and Congo Iron are held by private Cameroon and Congo companies, Hold Co SARL and Congo Mining Investments SA, respectively.

4.2 Corporate structure



Under the agreed terms of the Mbalam Convention, the Republic of Cameroon became entitled to a 10% free carried interest and a 5% interest by way of a loan participation. As a result, Sundance's interest in the project in Cameroon will decrease to 76.5% and Hold Co SARL's interest will reduce to 8.5%.

Pursuant to the Congo Mining Code, the Republic of Congo is entitled to a 10% free carried interest which will reduce Sundance's interest in Congo Iron to 76.5% and decrease Congo Mining Investments SA's interest to 13.5%.

In addition, Sundance has the following non-trading wholly owned Subsidiaries, Sundance Minerals Pty Ltd, Sundance Exploration Pty Ltd and Sundance Mining Pty Ltd.

4.3 Sundance's business

The Mbalam-Nabeba Iron Ore Project is an integrated mine, port and rail project with targeted annual production capacity of 35 Mt per year of direct shipping ore for the first 10 years, followed by continued production at 35 Mt per year of itabirite hematite to extend the life of the operation by at least another 15 years. The location of the proposed mine sites straddles the border between the Republic of Cameroon and the Republic of Congo in central Africa.

The Mbalam-Nabeba Iron Ore Project scope includes the construction of a 510 kilometre railway from the Mbarga mine and a 70 kilometre spur line from the Nabeba mine to transport the iron ore to a purpose-built deep water port at the Cameroon coast which is designed to take "China Max" ships capable of up to 300,000 DWT.



In April 2011, Sundance released the results of its Definitive Feasibility Study (DFS) for stage one and the Pre-Feasibility Study for stage two, confirming a technically and economically viable project. This paves the way for the transition from exploration into development and production subject to entering into agreements with the Governments of the Republic of Cameroon and the Republic of Congo, obtaining Regulatory Authority approvals, and securing appropriate project finance.

Capital development costs for stage one of the operation are estimated in the DFS at US\$4.7 billion (real), which compares favourably with other large-scale iron ore projects planned around the world. Operating costs for stage one are estimated at US\$21.20 per tonne FOB (excluding royalty).

As part of the completion of the DFS, the Company announced a maiden high grade hematite ore reserve for stage one of 252 Mt at 63.57% Fe. In November 2011, the ore reserve was increased to 352 Mt at 62.4% Fe, confirming the Mbalam-Nabeba Iron Ore Project has sufficient ore reserves to deliver the full 10 years of direct shipping ore production for stage one.

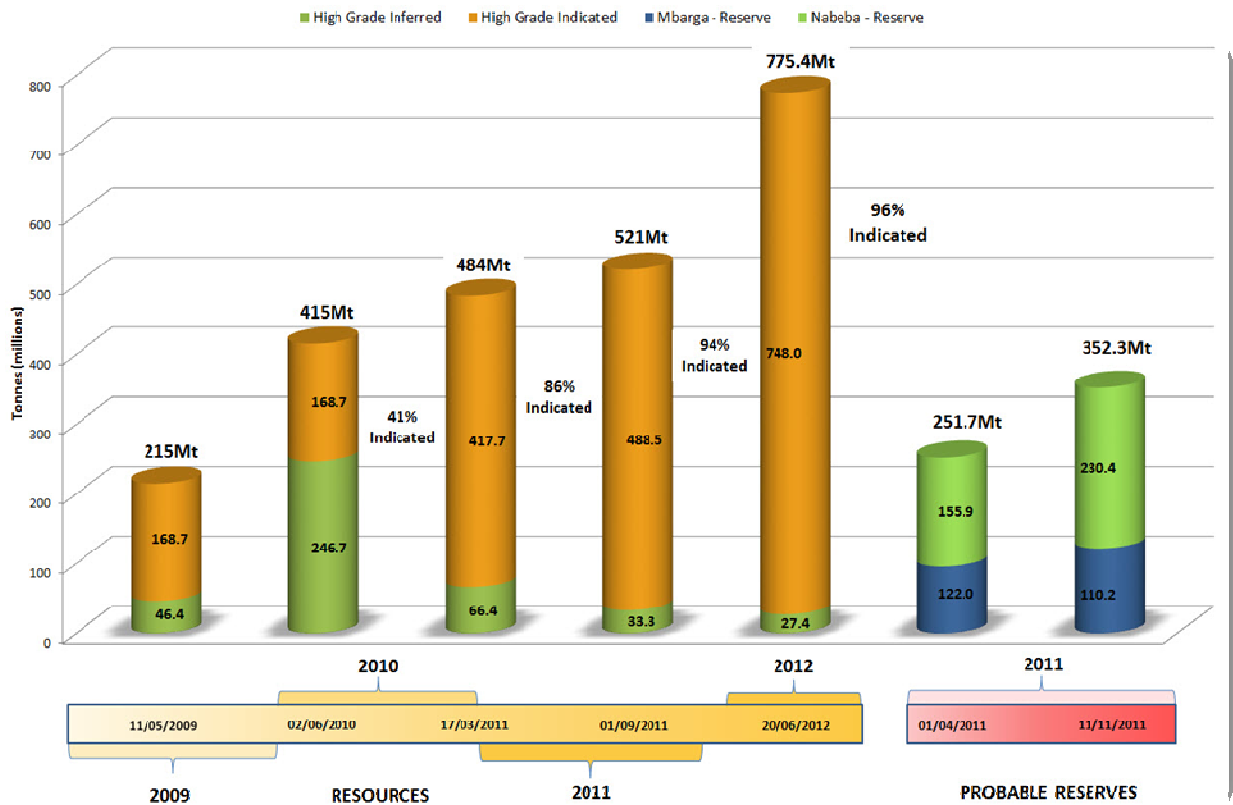
HIGH GRADE HEMATITE ORE RESERVES	Reserve Classification	Tonnes (Mt)	Fe (%)	SiO2 (%)	Al2O3 (%)	P (%)	LOI (%)
Ore Reserves Released to ASX 6 April 2011	Probable	252	63.6	3.6	2.5	0.08	2.4
Ore Reserves Upgrade Released to ASX 15 November 2011	Probable	352	62.4	5.0	2.6	0.09	2.6

The ore reserves increase was based on the Company's total high grade hematite resources inventory at the time of 521.7 Mt at 60.7% Fe, which is made up from deposits located in both the Republic of Cameroon and the Republic of Congo.

HIGH GRADE HEMATITE RESOURCES - 1 September 2011	Tonnes (Mt)	Fe (%)	SiO2 (%)	Al2O3 (%)	P (%)	LOI (%)
Indicated	488.5	60.9	6.5	3.0	0.09	2.8
Inferred	33.3	57.9	13.4	3.3	0.09	1.8
Total High Grade Resources	521.7	60.7	6.9	3.0	0.09	2.7

Exploration resource definition drilling programs have continued since this resource statement was made and Sundance further strengthens the long term viability of the project by continually adding to its resource base irrespective of completion of the DFS.

The chart below summarises the evolution of the Mbalam-Nabeba Iron Ore Project's high grade mineral resource and reserve base over time.



At present, Sundance has a high grade hematite resource of 775.4 Mt grading at 57.2% Fe which represents a 49% increase over the resource inventory of 521.7 Mt, on which the current reserve is based.

A revised mineral reserve is yet to be calculated from this significantly enlarged high grade resource base.

GLOBAL HIGH GRADE RESOURCE - 20 June 2012	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Indicated	748.0	57.2	9.2	4.4	0.098	3.8
Inferred	27.4	57.4	15.1	3.0	0.090	1.5
Total Hematite Resource	775.4	57.2	9.4	4.3	0.098	3.8

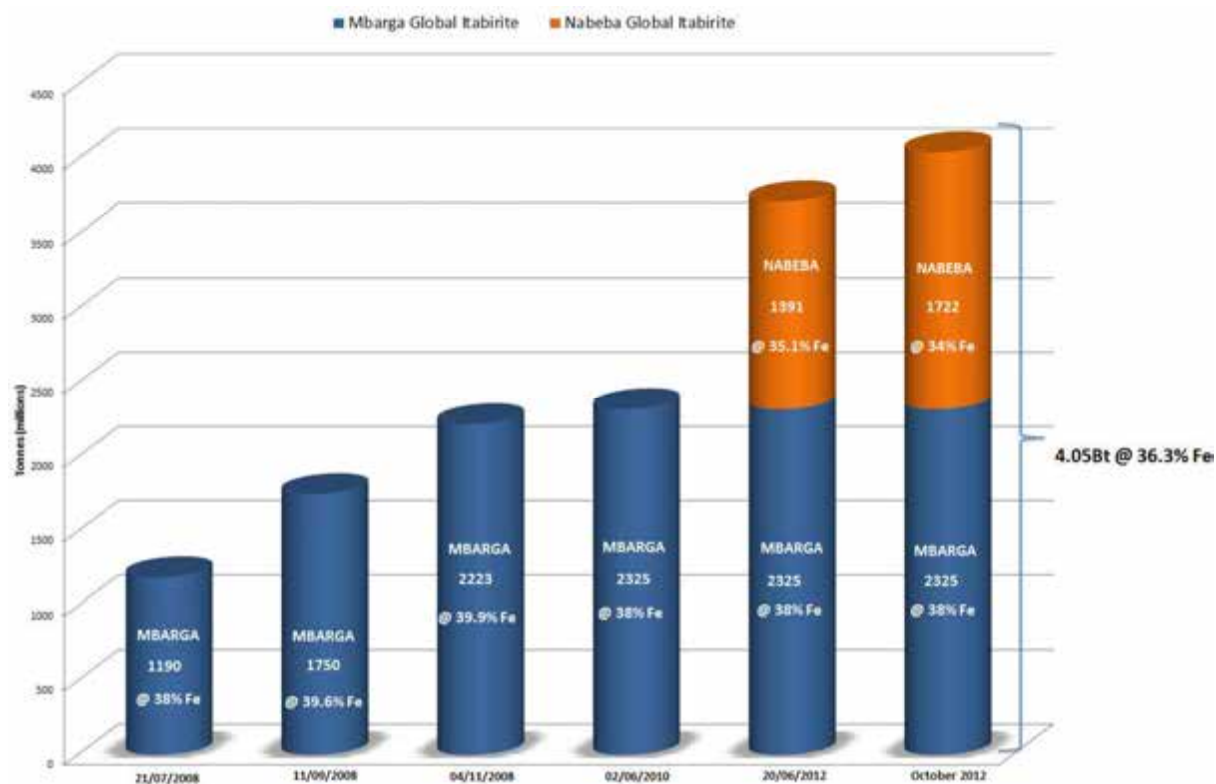
During 2012, exploration drilling focused on definition of the itabirite mineralisation at the Nabeba deposit in the Republic of Congo. In June 2012, a maiden resource of 1.4Bt of itabirite mineralisation at 35% Fe was defined at the Nabeba deposit directly underlying the high grade near-surface resources. In October 2012, the Nabeba itabirite resource was further increased to 1.7Bt based on additional drilling and interpretation of results.

This is in addition to the 2.3Bt of itabirite, that has been previously announced, at the Mbarga deposit in the Republic of Cameroon.

The table below summaries the current project itabirite resource base which now stands at 4.05Bt at 36.3% Fe.

GLOBAL ITABIRITE HEMATITE RESOURCE – 26 October 2012	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Mbarga deposit	2,325	38.0	44.4	0.48	0.04	0.36
Nabeba deposit	1,722	33.9	42.5	2.70	0.05	2.60
Total Itabirite Hematite Resource	4,047	36.3	43.6	1.4	0.04	1.3

The growth of itabirite resources over time for the project is illustrated below. These itabirite resources currently underpin stage two of the project development which proposes beneficiation of the itabirite mineralisation following the completion of stage one DSO production.



Current exploration targets for the project stand at:

- 90-150Mt of high grade hematite resources grading 55-65% Fe; and
- 9.2-13.2Bt of itabirite resources grading 30-40% Fe.

It must be noted that this range is an exploration target only, and not to be misconstrued as an estimate of mineral resources. The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the determination of a mineral resource.

4.4 Directors

Mr George Jones AM - Chairman

Mr Jones was Chairman of Sundance between November 2006 and August 2009, and re-joined the Board as Chairman in July 2010. He has a comprehensive understanding of the Company and its assets.

Mr Jones has more than 35 years experience in the mining, banking and finance industries and has been a director of a number of private and publicly-listed companies, including Australian iron ore producer Gindalbie Metals Limited, where he is Chairman.

He was instrumental in overseeing the growth of Portman Mining Limited over the course of a decade, taking it from a start-up iron ore producer in the early 1990s to a 6Mtpa producer of direct shipping hematite ore with a market capitalisation of over A\$600 million in 2005. Mr Jones has a Bachelor of Business degree from Curtin University of Western Australia.

Mr Giulio Casello - Managing Director & CEO

Mr Casello has more than 30 years experience as a senior executive in operations, business development and corporate strategy, including national and global exposure in manufacturing environments for several blue chip organisations.

Prior to his appointment as Managing Director of Sundance in November 2010, Mr Casello held the position of Chief Operating Officer for iron ore miner Sinosteel Midwest Corporation, where he led its development from an exploration company to a producer.

He previously worked at Century Aluminium Company in the United States, where as Senior Vice President Business Development, he was responsible for developing and implementing a growth plan in aluminium, alumina and critical raw materials (carbon, bauxite, energy) and managing new projects across the globe. He has also held a number of significant positions in Alcoa spanning across 20 years, including Director of WA Operations, General Manager Alcoa World Chemicals and Kwinana Alumina Refinery Location Manager.

Mr Michael Blakiston - Non-Executive Director

Mr Blakiston is a solicitor with some 30 years of legal experience in the resources sector. He is a partner in the Perth office of Australian law firm, Gilbert + Tobin. Mr Blakiston holds Bachelor of Jurisprudence and Bachelor of Laws degrees from the University of Western Australia.

He has extensive commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry.

Prior to Mr Blakiston's appointment to the Board of Sundance he was a long standing legal advisor to Sundance. Mr Blakiston has played a leading role in the negotiation and formulation of a number of key agreements relating to Sundance's Mbalam-Nabeba Iron Ore Project, and is currently involved in the negotiation of the Mbalam Convention with the Cameroon Government. Upon Mr Blakiston's appointment as a Director of Sundance it was determined that having regard to this expertise, experience and knowledge he should continue to advise Sundance in relation to these matters. Gilbert + Tobin are currently engaged by Sundance to provide ongoing legal advice.

Mr Barry Eldridge - Non-Executive Director

Mr Eldridge has over 40 years industry experience in Australia and overseas. Following a 20 year career in the coal industry in Queensland and New South Wales, Mr Eldridge moved to Western Australia in 1988 where he has been involved in a number of management roles in the mining industry.

Most notable of these have been Project Manager for the Super Pit in Kalgoorlie, Project Manager for the development of Kanowna Belle gold mine, Managing Director of Forrestania Gold NL, Project Director for Rio Tinto's West Angelas iron ore development, Director – Major Projects for North Ltd, Managing Director of Griffin Coal Pty Ltd, Managing Director and CEO of Portman Ltd and Chairman of SNC-Lavalin Australia Pty Ltd. He is currently also a Director of Cliffs Natural Resources.

Ms Fiona Harris - Non-Executive Director

Ms Harris has extensive experience as a non-executive director over the past 17 years with iron ore companies Portman Mining Ltd and Territory Resources Ltd, resource companies Altona Mining Ltd, Aurora Oil & Gas Limited, other listed companies Infigen Energy Limited Group, Alinta Limited, Burswood Limited, Evans & Tate and various other organisations.

Ms Harris was formerly a member of the National Board of the Australian Institute of Company Directors (AICD) (and a former Western Australian State President).

Ms Harris was previously a partner at Chartered Accountants, KPMG, specialising in financial services and superannuation, capital raising, due diligence, IPOs, capital structuring of transactions and litigation support.

Mr Andrew (Robin) Marshall - Non-Executive Director

Mr Marshall is an experienced mining executive with an impressive track record of international experience in the development and management of major resource projects.

Mr Marshall has held senior and executive positions with several global mining groups including Project Director for Vale Inco at its world-class Goro Nickel Project, Vice-President – Asset Development Projects for BHP Billiton Iron Ore, Project Manager for North Limited, Project Director with Iron Ore Company of Canada, Manager Projects for Forrestania Gold NL, Manager Project Services for Western Mining Corporation and Project Manager for Nedpac (Signet Engineering).

Mr Marshall has also spent a number of years in Africa in senior positions in both project and operational areas.

4.5 Issued Sundance Shares and Options

As at the date of this document, there were:

- 3,052,227,034 Sundance Shares on issue, held by 21,588 Sundance Shareholders. The Hanlong Group has a Relevant Interest in 520,957,708 Sundance Shares (see Section 5.8 for further details);
- 7,884,449 Performance Rights on issue (see Sections 2.7 and 7.2(d) for further details); and
- 30,986,866 Sundance Options on issue (see Sections 2.6 and 7.2(c) for further details).

4.6 Recent Sundance Share price performance

The following chart demonstrates Sundance's share price performance over the period commencing 12 months prior to 31 July 2012 (the last day Sundance Shares traded before the latest version of the Scheme Implementation Agreement was signed).



The chart demonstrates that Hanlong's offer of A\$0.45 per Sundance Share offers Sundance Shareholders a price per Sundance Share that is greater than the Sundance closing share price at any point since 15 May 2012.

4.7 Recent activities

(a) Trading halt and voluntary suspension

Sundance went into a trading halt followed by voluntary suspension over the period between 31 July 2012 to 27 August 2012. The trading halt was requested pending an announcement regarding the NDRC Provisional Approval. On 1 August 2012, a voluntary suspension was requested until 9 August 2012. On 2 August 2012, Sundance announced the NDRC had granted provisional approval for Sichuan Hanlong to acquire Sundance subject to certain conditions including a 'reasonable acquisition price' and that Sundance and Hanlong were in discussions as to the 'reasonable acquisition price'.

On 8 August 2012, Sundance requested an extension of the voluntary suspension of its securities whilst Sundance and Hanlong continued their incomplete confidential negotiations as to the 'reasonable acquisition price' referred to in the NDRC Provisional Approval. Sundance was reinstated to official quotation on 27 August 2012 when an ASX announcement was released by Sundance stating it had accepted Hanlong's proposal to revise the price contained in the Scheme Implementation Agreement to A\$0.45 per Sundance Share.

On 28 September 2012, Sundance went into a further trading halt, pending an announcement on Hanlong's financial commitment obligations under the Scheme Implementation Agreement. On 1 October 2012, a voluntary suspension was requested and Sundance announced that the Financier Commitment Letter from CDB was expected by mid-October 2012 and that as per the requirements of the Scheme Implementation Agreement, Sundance and Hanlong were entering into a 5 Business Day good faith consultation period.

Sundance announced on 8 October 2012 that it had met with Hanlong to consider its position resulting from the non-delivery of the Financier Commitment Letter and that Sundance remained in discussions with Hanlong. This was followed by an announcement on 15 October 2012 which stated Sundance and Hanlong continued negotiations and anticipated final verifying information to conclude the negotiations would be delivered to Sundance between 15 and 19 October 2012.

Sundance was reinstated to official quotation on 22 October 2012, when Sundance announced that Hanlong had secured two Financier Commitment Letters from CDB and Deyang Bank.

On 5 November 2012, Sundance announced that Hanlong had secured a Financier Commitment Letter from Everbright Bank and that this would replace the Financier Commitment Letter previously provided by Deyang Bank.

(b) **Capital raising**

On 13 June 2012, Sundance issued 115,942,029 shares at A\$0.345 per share as part of an equity capital raising to raise A\$40 million (**Placement**). The net proceeds from the Placement are to be used to:

- assist Sundance to undertake early works at the port and rail areas;
- continue exploration drilling at the exploration targets; and
- provide general working capital for Sundance.

4.8 Litigation

(a) **Congo aircraft incident**

Cam Iron is defending a claim issued in Douala, Cameroon in relation to the Congo aircraft incident. The Sundance Board is of the view that the claim against Cam Iron cannot be justified and will defend the action vigorously.

Sundance also became aware of claims reportedly filed in the United States District Court for the Northern District of Illinois. These proceedings have subsequently been withdrawn on a 'without prejudice' basis.

(b) **Hold Co SARL claim**

Cam Iron is currently defending the following two related court proceedings in Yaounde, Cameroon initiated in the name of Hold Co SARL:

- a superior court claim alleging that the transfer of Cam Iron's 70% share in Congo Iron to Sundance in September 2008 was fraudulent, requesting the transfer to be declared void, or alternatively, restitution of Hold Co SARL's 7% indirect interest in those shares; and
- a lower court urgent application decision to communicate Cam Iron's financial reports for the years 2008-2010 and audit report related to the transaction referred to above or pay a penalty of 50,000 CFA francs per day. Cam Iron is appealing this decision.

Cam Iron's advice is that Hold Co SARL's claims are without merit legally or factually. Cam Iron is currently defending these claims.

(c) **Absolute Analogue & David Porter**

Sundance has an ongoing dispute with Absolute Analogue & David Porter.

In 2008 Absolute Analogue presented invoices claiming a total of A\$129,977. An offer of settlement was made in respect of these invoices for a total of A\$81,545, plus interest. This offer of settlement was not accepted. An additional claim has been made by Absolute Analogue & David Porter against Sundance for the issue of 30 million Options (20 million Options with an exercise price of A\$0.10 and 10 million Options with an exercise price of A\$0.20), exercisable at any time before 29 May 2009. In the opinion of the Board, no liability should be accounted for in respect of this claim.

Sundance has filed its formal defence in this matter. Mediation was held in June 2010 and was not successful in resolving the litigation. Interlocutory proceedings occurred during August 2011 and witness statements were provided by various parties over the second half of 2011. Absolute Analogue & David Porter served a further amended statement of claim on 9 July 2012. Sundance will file an amended statement of defence in due course.

4.9 Sundance Financial Information

(a) Summary financial information

Summary financial information extracted from Sundance's audited financial statements for the full years ended 30 June 2010, 2011 and 2012 is included in the Independent Expert's report which forms Annexure 1 to this document.

Sundance's full financial accounts including notes to the accounts can be found in Sundance's:

- Annual Report for the year ended 30 June 2012;
- Annual Report for the year ended 30 June 2011; and
- Annual Report for the year ended 30 June 2010.

Copies of these reports are available on the Sundance website at www.sundanceresources.com.au.

Sundance's financial reports for the years ended 30 June 2010, 2011 and 2012 were audited in accordance with applicable Australian accounting standards and the audit opinions relating to those financial reports were unqualified.

Sundance's financial statements for the years ended 30 June 2010, 2011 and 2012 reflect the nature of Sundance's principal activities as a mineral exploration and evaluation company.

The activities of Sundance have been funded from cash raised through the issue of shares, with major expenditures being incurred on exploration and evaluation activities. Income earned during the periods of 30 June 2010, 2011 and 2012 were A\$2,500,000, A\$2,800,000 and A\$2,500,000 respectively. This income was primarily attributable to interest received from cash balances on hand from equity raisings.

Sundance's balance sheet position as at 30 June 2012 reflects the nature of its principal activities with the major items being mine development properties, reflecting the capitalisation of costs associated with the Mbalam-Nabeba Iron Ore Project, and cash from equity raising.

(b) Material changes in Sundance's financial position since 30 June 2012

Within the knowledge of the Sundance Directors and other than disclosed in this document or announced to the ASX, the financial position of Sundance has not materially changed since 30 June 2012.

4.10 Risk factors if the Scheme does not proceed

In considering this document, Sundance Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Sundance. Some of these risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of Sundance and its Directors and cannot be mitigated. The principal risks you should consider, when deciding whether to maintain your investment in Sundance, in the present circumstances include, but are not limited to, the following:

(a) Additional funding will be required

The funds of Sundance currently available are designated to:

- assist Sundance to undertake early works at the port and rail areas;
- continue exploration drilling at the exploration targets; and
- provide general working capital for Sundance.

Sundance will need to raise further capital or debt financing in order to advance the development of the Mbalam-Nabeba Iron Ore Project. The success and the pricing of any such capital raising and/or debt

financing will be dependent upon the prevailing market conditions at that time, the outcome of any further feasibility studies or any other relevant feasibility studies and exploration programs, and upon the availability of significant amounts of debt and equity financing to Sundance.

Moreover, Sundance will require further capital from external sources to develop any newly discovered mineral deposits. If additional capital is raised by an issue of securities, this will likely have the effect of diluting shareholders' interests in Sundance. Any debt financing, if available, may involve financial covenants upon Sundance and its operations. If Sundance cannot obtain such additional capital, Sundance may not be able to complete the development of the Mbalam-Nabeba Iron Ore Project or further explore any newly discovered mineral deposits or may be required to reduce the scope of any expansion which could adversely affect its business, operating results and financial condition. There can be no assurance that additional capital or other types of financing will be available if needed, or that it will be on terms favourable to Sundance.

(b) In-country/political risks

Sundance's operations in the Republic of Cameroon and the Republic of Congo are exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign jurisdictions. These risks and uncertainties include, but are not limited to: currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; and currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in the Republic of Cameroon and the Republic of Congo may adversely affect Sundance's operations or profitability. Operations may be affected in varying degrees by governmental regulations with respect to, but not limited to: restrictions on production; price controls; export controls; currency remittance; income taxes; foreign investment; maintenance of claims; environmental legislation; land use; land claims of local people; water use; mine safety; and government and local participation. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral tenure and development could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on Sundance's operations or profitability.

(c) Foreign currency risk

Sundance may be subject to foreign currency fluctuations. Sundance's mining properties are located in the Republic of Cameroon and the Republic of Congo and Sundance's financial results are reported in Australian Dollars. Sundance's currency fluctuation exposure is primarily to the US Dollar, Euro, Central African Francs and South African Rand. Sundance does not currently use derivative financial instruments, nor does Sundance currently hedge its foreign currency exposure to manage Sundance's foreign currency fluctuation risk.

(d) Global economic conditions

Recent global economic conditions have been characterised by volatility. Access to financing has been negatively impacted by many factors as a result of the recent global financial crisis. This may impact Sundance's ability to obtain financing on favourable terms in the future. Factors such as inflation, currency fluctuations, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. Sundance's future possible revenues and share price can be affected by these global economic conditions which are beyond the control of Sundance and its Directors.

(e) **Commodity price risks**

The price of iron ore fluctuates widely and is affected by numerous factors beyond Sundance's control such as industrial and retail supply and demand, exchange rates, inflation rate fluctuations, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. The supply of metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers.

Future production from the Mbalam-Nabeba Iron Ore Project is dependent upon the price of iron ore being adequate to make it economic. Future price declines in the market price of iron ore could cause development of the Mbalam-Nabeba Iron Ore Project to be rendered uneconomic. Declining metal prices will also adversely affect Sundance's ability to obtain financing. As a result, further declines in iron ore prices could force Sundance to discontinue development of the Mbalam-Nabeba Iron Ore Project.

(f) **Resource and reserve estimates**

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made, but may change significantly when new information becomes available.

There are risks associated with such estimates, including that the iron ore deposits may be of a different quality from the resource estimates, or that the iron ore price may increase or decrease. Resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource and reserve estimates could affect Sundance's future plans and ultimately its financial performance and value.

(g) **Exploration and development risks**

Exploration and development involves inherent risks. Exploration risks include the uncertainties associated with projected continuity of ore deposits, fluctuations in grades and values of the product being mined, and unforeseen operational and technical problems. Exploration may also be adversely affected by a variety of non-technical issues such as limitations on activities due to seasonal changes, industrial disputes, land claims, heritage, environmental legislation and mining legislation.

There can be no assurance that Sundance will be able to complete development of the Mbalam-Nabeba Iron Ore Project on time or to budget due to, among other things, changes in the scope of the project, delays in the installation of the plant and equipment and cost overruns, difficulties in securing supply of the required equipment, consumables and mining support services, metallurgical issues or that Sundance's personnel, systems procedures and controls will be adequate to support the operation.

Many of these inherent exploration and development risks are outside the control of Sundance.

(h) **Infrastructure access risk**

Sundance has planned and designed an integrated mining and transportation facility which is sufficient to its operations. However, the Company will require reliable road and rail networks and power and water infrastructure to access and support its operations. The availability and costs of this infrastructure affects capital and operating costs and Sundance's ability to maintain expected levels of production and sales. Limitations or interruptions in rail or shipping capacity could disrupt Sundance's ability to deliver its products on time. This could have a material adverse effect on Sundance's business, results of operations, financial condition and prospects.

(i) Production and other operational risks

Sundance's future operations will be subject to a number of factors that can cause material delays or changes in operating costs for varying lengths of time. These factors include weather conditions and natural disasters, disruption of energy supply, unexpected technical problems, unanticipated geological conditions, equipment failures, and disruptions of rail infrastructure and ship loading facilities. Sundance's financial performance may also be adversely affected by long lead times, delay and price escalations in respect of required equipment (including excavators, shovels and haul trucks), consumables (including explosives and other materials) and mining support services. Industrial disruptions may also result in lower than planned production or delays in delivery of iron ore.

In addition, new mining operations often experience unexpected problems and delays during development, construction and mine start-ups which delay the commencement of production and may impact on Sundance's growth.

(j) Environmental

Sundance has received all necessary environmental approvals for the Mbalam-Nabeba Iron Ore Project but there cannot be any assurance that future changes in environmental regulation, if any, will not adversely affect Sundance's operations, including in relation to pre-existing environmental conditions unknown to Sundance at present. Reclamation costs are uncertain and planned expenditure may differ from the actual expenditure required.

(k) Litigation

As with any company, Sundance may be exposed to risks of litigation which may have a material adverse effect on the financial position of the relevant entity. Sundance could become exposed to claims or litigation by persons alleging they are owed fees for services, employees, regulators, competitors or other third parties. To the extent that such claims or litigation are not covered by insurance, an adverse outcome in litigation or the cost of initiating or responding to potential or actual claims or litigation may have an adverse impact on financial performance.

As at the date of this document, the only litigation matters considered material to Sundance's business are disclosed in Section 4.8 of this document.

(l) Key personnel

The success of the Mbalam-Nabeba Iron Ore Project is dependent on the services of key engineering, managerial, financial, commercial, marketing and processing personnel. Loss or diminution in the services of key employees, particularly as a result of an inability to attract and retain staff could have an adverse effect on Sundance's business, financial condition, results of operations and prospects.

(m) Insurance risks

Sundance's insurance does not cover every potential risk associated with its operations. Sundance's insurance may not fully cover its liability or the consequences of any business interruptions. The occurrence of a significant adverse event not covered or only partially covered by insurance could have a material adverse effect on Sundance's business, results of operations, financial condition and prospects.

Insurance of risks associated with minerals exploration and mining operations is not always available and, when available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where Sundance considers it is unreasonable or not in its interests to maintain insurance cover or a level of coverage which is in accordance with industry practice. Sundance will use reasonable endeavours to insure against the risks it considers appropriate for Sundance's needs and circumstances. However, no assurance can be given that Sundance will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

4.11 Publicly available information

As an ASX listed company and a 'disclosing entity' under the Corporations Act, Sundance is subject to regular reporting and disclosure obligations. Among other things, these obligations require Sundance to announce price sensitive information to ASX as soon as Sundance becomes aware of information, subject to some exceptions. Sundance's recent announcements are available from ASX's website at www.asx.com.au. Further announcements concerning Sundance will continue to be made available on this website after the date of this document.

Pursuant to the Corporations Act, Sundance is required to prepare and lodge with ASIC and ASX both annual and half-yearly financial statements accompanied by a statement and report from Sundance Directors and an audit or review report. Sundance has also lodged quarterly activity reports with ASX.

ASIC also maintains a record of documents lodged with it by Sundance, and these may be obtained from or inspected at any office of ASIC. Information is also available on Sundance's website at www.sundanceresources.com.au.

5. Information on Hanlong and the Hanlong Group

The Hanlong Information contained in this section 5 has been prepared by Hanlong and is the responsibility of Hanlong (except to the extent that the Hanlong Information is based on information about Sundance, for which Sundance takes responsibility). Sundance and Sundance's Directors and officers do not assume any responsibility for the accuracy or completeness of this information.

5.1 Background

Sichuan Hanlong is a Chinese privately-owned enterprise.

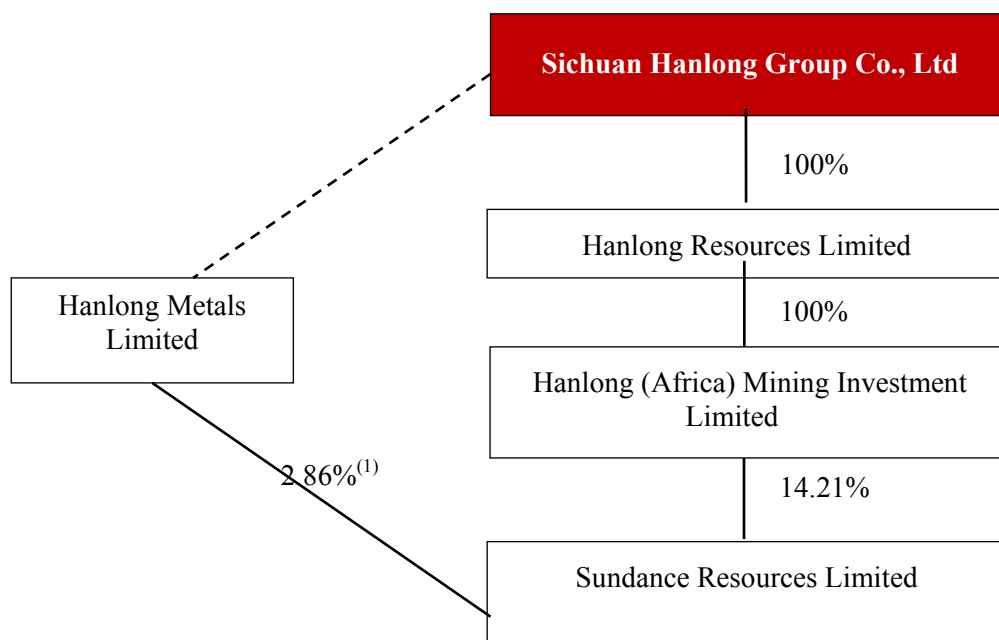
Hanlong is a wholly owned Subsidiary of Sichuan Hanlong. Sichuan Hanlong and its Subsidiaries comprise the Hanlong Group. The investments and assets under the control of Hanlong Group and its shareholders and associates consist of a wide portfolio covering various industries. For the year ending 31 December 2011, Hanlong Group's revenues amounted to US\$1.59 billion.¹ Hanlong Group is a fast growing group and it has won various awards over the past years, including "Outstanding Enterprise with Overseas Investments" for the year of 2010, "High Tax Paying Enterprise" for the years of 2008 and 2007, "Advanced Enterprise" for the years of 2008 and 2004 and "Top 10 Private Enterprise in Sichuan Province" for the year of 2007.

Hanlong is incorporated in Hong Kong with its headquarters located in Wan Chai, Hong Kong.

5.2 Ownership of Hanlong

The Hanlong Group is ultimately owned by four Chinese individuals, namely Mr Liu Yifan, Ms Liu Xiaoping, Mr Liu Geng and Ms Yang Xue.

The ownership structure of Hanlong is illustrated below:



^[2] The percentage of ordinary shares in Sundance in which Hanlong Metals Limited has a Relevant Interest.

¹ Based on the US\$/CNY exchange rate as at the date of this document.

5.3 Directors of Hanlong and Sichuan Hanlong

(a) Directors of Hanlong

The following persons are the current directors of Hanlong.

Mr Liu Han (Lau Hon)

Mr Liu Han has been the Chairman of Hanlong since his appointment on 14 March 2011.

Mr Liu Han is the founder and the CEO of the Hanlong Group and the Chairman of the publicly listed Sichuan Jinlu Company.

Mr Kang Huanjun

Mr Kang Huanjun has been a director of Hanlong since his appointment on 21 September 2011.

Mr Kang is regarded as an expert in the field of International Economics having held lecturing positions at the prestigious Hebei University and gained his PhD at the Chinese Academy, China University of Social Sciences. Since leaving academia, and prior to joining the Hanlong Group, Mr Kang held positions with the China Securities Committee, China Zhongqi Investments and as the CEO of Hong Kong Fengshou Investment Company.

Mr Kang is also the Vice President of the Hanlong Group.

Mr Nelson Chen

Mr Nelson Chen has been a director of Hanlong since his appointment on 21 September 2011.

Mr Chen was educated in both China and Australia. He holds postgraduate degrees in finance and accounting and is fully bilingual. Mr Chen is a qualified Chartered Accountant and prior to joining the Hanlong Group, he spent over 11 years with PricewaterhouseCoopers' Sydney office in their audit and M&A advisory practices. Mr Chen brings with him a strong accounting and finance background and extensive cross-cultural professional experience.

Mr Chen is also a director of Hanlong Resources, the holding company of Hanlong.

(b) Directors of Sichuan Hanlong

The board of Sichuan Hanlong comprises Mr Liu Han and the following persons.

Mr Zhang Keyu

Mr Zhang Keyu has been a director and Chairman of Sichuan Hanlong since January 2011. Mr Zhang graduated from the Southwestern University of Finance and Economics where he studied Global Political Economy. Thereafter, he studied an Executive Master of Business Administration course at the School of Management and Economics at Beijing Institute of Technology. Before joining Sichuan Hanlong, Mr Zhang worked at the General Office of Sichuan Provincial Government. In 1996, he joined Sichuan Trust Co., Ltd. as an Assistant General Manager. In 2002, he joined Panva Gas Holdings Limited (“**Panva Gas**”) and held the positions of executive director and president. In 2007, Panva Gas and Towngas underwent a strategic reorganization and formed Towngas China Company Limited and Mr Zhang was appointed as Investment Director and Senior Vice President.

Ms Liu Xiaoping

Ms Liu Xiaoping has been a director of Sichuan Hanlong since 1997.

Ms Liu is a senior economist and holds a Business Administration degree from Sichuan University. She has held the positions of Chief Financial Officer, Vice president, Vice Chairman of the board of directors and director of the Audit Committee of Sichuan Hanlong. Ms Liu has engaged in corporate and financial management for many years and has made substantial contributions to the company's strategic and day-to-day management.

Mr Lou Guoqing

Mr Lou Guoqing has been a director and president of Sichuan Hanlong since September 2010.

Mr Lou holds a Bachelor degree in Economics from Wuhan University. He undertook further education at Sichuan University and was a graduate student in Business Management. Before joining Sichuan Hanlong, he served as senior management personnel in a number of large state-owned financial institutions. He has substantial experience in business management and bank financing.

Mr Liu Di

Mr Liu Di has been a director of Sichuan Hanlong since May 2011.

Mr Liu holds a Bachelor degree in Industrial Process Measurement and Control Instruments from Kunming University of Science and Technology and a Bachelor degree in Accounting from the Southwestern University of Finance and Economics. He is a Certified Public Accountant and Certified Public Valuer in China. He has substantial experience in financial management and is currently the Chief Financial Officer of Sichuan Hanlong.

5.4 Hanlong Group business overview

The Hanlong Group was established in 1997 by its founder, Mr Liu Han. The Hanlong Group is a prominent private enterprise in China, with a wide portfolio of investments, including mining resources, energy generation, infrastructure development, pharmaceutical, environmental technology, food and beverages, real estate and tourism.

The Hanlong Group has numerous mining projects in China, where it explores for gold, molybdenum, iron, rare earth and marble and operates gold and rare earth mines in Sichuan province of China.

The Hanlong Group has also completed various infrastructure projects in Sichuan Province, China, including the Suining to Mianyang freeway linkroad and the highway between Fushun and Rongxian.

The Hanlong Group, through its Subsidiaries, holds investments in mining and resources entities including:

- two world-class molybdenum companies, General Moly Incorporated (NYSEAMEX: GMO); and Moly Mines Limited (ASX: MOL);
- Sundance Resources Limited (ASX: SDL); and
- a uranium company, Marenica Energy Limited (ASX: MEY).

5.5 Regulatory Considerations

(a) Foreign Investment Review Board Approval

On 22 June 2012, Hanlong obtained FIRB's written notice that there are no objections under Australia's foreign investment policy to the proposed acquisition of up to 100% of Sundance by Hanlong.

(b) **PRC Regulatory Approvals**

- **NDRC Provisional Approval / NDRC final approval**

NDRC is a macroeconomic management agency under the State Council of China, which formulates policies for economic and social development. According to Interim Measures for the Administration of Examination and Approval of the Overseas Investment Projects issued by NDRC and other related rules, all international investment by PRC companies, especially those in energy areas, are required to obtain formal approvals from NDRC with respect to the legality of the structure of the transaction, the source of the capital used for the transaction and other related issues.

Sichuan Hanlong requires approval from NDRC because the Proposal involves Hanlong Group investing abroad.

On 30 July 2012, NDRC granted provisional approval for Sichuan Hanlong to acquire Sundance, subject to the following conditions to be met before Sichuan Hanlong may be granted final NDRC approval for the Scheme:

- a reasonable acquisition price;
- Hanlong is required to secure equity and debt funding from relevant banks;
- Hanlong is required to secure Sundance's Cameroon Mbalam mining development right and related port and railway development rights; and
- Hanlong is required to secure Sundance's Congo Nabeba mining development right and related railway development rights.

The provisional approval is valid for a six month period, beyond which Hanlong would have to extend such period or seek provisional approval again from NDRC.

- **MOFCOM approval**

MOFCOM is an executive agency of the State Council of China. According to the Measures for Overseas Investment Management and other related rules, MOFCOM's role is to supervise the setting up and operation of overseas companies directly invested in by PRC companies. This supervision is from a macroeconomic perspective and any setting up/acquisition of any overseas companies invested in by PRC companies must be reported to MOFCOM or its regional office in advance, in order to obtain an Enterprise Overseas Investment Certificate from MOFCOM. Sichuan Hanlong is required to obtain approval from MOFCOM because the Proposal involves Hanlong Group acquiring an overseas company.

- **SAFE approval**

SAFE is an administrative agency of China.

According to the Notice of the State Administration of Foreign Exchange on Issuing the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions and other related rules, SAFE and its local offices must supervise and administer the foreign exchange revenue and expenditures and foreign exchange registration in respect of the overseas direct investment of a domestic institution. Sichuan Hanlong needs to get approval from SAFE because the Proposal involves Hanlong Group paying the Scheme Consideration in Australian Dollars.

Hanlong Group does not require any approvals, consents or authorities from any other PRC Regulatory Authorities for the purpose of the Proposal.

Hanlong will apply to NDRC for final approval of the Scheme and will pursue the required approvals from MOFCOM and SAFE once NDRC final approval has been obtained. Subject to satisfaction of all conditions required by the PRC Regulatory Authorities, Hanlong anticipates that the PRC Regulatory Approvals will be obtained by 8.00 am (AWST) on the Second Court Date (18 December 2012). If the PRC Regulatory Approvals are not obtained by 8.00am (AWST) on the Second Court Date, the Scheme may (subject to agreement between Sundance and Hanlong and the sanction of the Court, if required) be delayed. Sundance Shareholders will be notified of any delay via an announcement to the ASX (which will be available on ASX's website, www.asx.com.au) and in any other manner required by the Court.

5.6 Hanlong's intentions if the Scheme is implemented

If the Scheme is implemented, Hanlong or its nominee will become the holder of all Sundance Shares on issue as at the Record Date.

This Section 5.6 sets out the current intentions of Hanlong in the event that the Scheme is implemented, in relation to:

- the removal of Sundance from the official list of the ASX;
- the continuation of Sundance's business;
- the future employment of the present employees of Sundance;
- constitution of the Sundance Board and appointment of Hanlong's own nominees; and
- identification of appropriate strategic investors.

The intentions set out in this Section 5.6 represent the current intentions of Hanlong at the date of this document. The intentions set out in this Section 5.6 have been formed on the basis of the facts and information concerning Sundance and its general business environment which are known to Hanlong as at the time of the preparation of this document. Any final decisions will only be made by Hanlong after considering all material facts and circumstances. Accordingly, the statements set out in this Section 5.6 are statements of current intention only, which may change as new information becomes available or as circumstances change, and the statements in this Section 5.6 should be read in that context.

(a) De-listing from ASX

If the Scheme is implemented, Hanlong will require that Sundance applies to ASX for removal from the official list of ASX after the Implementation Date.

(b) Continuation of Sundance Business

Following implementation of the Scheme, Hanlong's current intention is to carry on Sundance's business of the development of the Mbalam-Nabeba Iron Ore Project. Hanlong intends to use its relationships in China to assist with the financing and development of this project.

Sundance will retain its existing offices and headquarters in Perth, Western Australia.

(c) Employees

It is the intention of Hanlong for Sundance employees to remain in their roles on the same or substantially similar terms.

Hanlong has reached in principle agreement with a number of senior executives of the Sundance management team under which these executives will remain as employees of Sundance for periods ranging between 12 months and 48 months, providing their services for the development of the Mbalam-Nabeba Iron Ore Project.

(d) **Board**

Hanlong intends to appoint nominees to the Sundance Board. Replacement Sundance Board members have not yet been identified but are likely to be members of Hanlong's management team and existing Sundance management.

(e) **Strategic investors**

It is the intention of Hanlong to seek appropriate strategic partners to jointly develop the Mbalam-Nabebe Iron Ore Project, and Hanlong may sell down its direct or indirect interests in the projects to such strategic partners.

5.7 Funding arrangements for the Aggregate Consideration

Hanlong has been provided with copies of Financier Commitment Letters in relation to:

- a medium to long-term facility to be provided by China Development Bank Corporation (**CDB**) to Hanlong Resources up to a maximum amount of US\$1,022 million (**CDB Facility**); and
- a facility to be provided by China Everbright Bank Co., Ltd (**Everbright Bank**) to Sichuan Hanlong up to a maximum amount of US\$438 million (**Everbright Bank Facility**).

The aggregate amount of the CDB Facility and the Everbright Bank Facility is US\$1,460 million, which exceeds the Aggregate Consideration. The necessary funds to pay the Aggregate Consideration are expected to be drawn down under the CDB Facility and the Everbright Bank Facility (and/or other sources of funds which may include additional Financiers or the Hanlong Group's own cash resources).

Hanlong (a wholly owned Subsidiary of Hanlong Resources and Sichuan Hanlong) will, in turn, receive the funds under the CDB Facility and the Everbright Bank Facility (and / or other sources of funds) to pay the Aggregate Consideration pursuant to intra-group funding arrangements including a commitment letter dated 18 October 2012 provided by Hanlong Resources.

(a) **China Development Bank**

Hanlong Resources has been provided with a copy of a Financier Commitment Letter from CDB dated 16 October 2012 in terms of which CDB confirmed to the NDRC that it agrees in principle to make available to Hanlong Resources a medium to long-term facility of up to US\$1,022 million relating to the financing of Hanlong's acquisition of Sundance subject to satisfaction of all conditions required by CDB (which conditions are not known at this point) and CDB credit approval.

CDB is a state owned bank in China. It is one of the policy banks of China and is primarily responsible for fund raising for large scale infrastructure projects.

(b) **Everbright Bank**

Hanlong has been provided with a copy of a Financier Commitment Letter from Everbright Bank dated 30 October 2012 in terms of which Everbright Bank confirmed to Sichuan Hanlong that it agrees in principle to make available to Sichuan Hanlong a facility of up to US\$438 million, relating to the financing of Hanlong's acquisition of Sundance, subject to satisfaction of all conditions required by Everbright Bank (which conditions are not known at this point) and Everbright Bank credit approval.

Everbright Bank is registered in the PRC, with a financial service licence issued by the Sichuan Office of China Banking Regulatory Commission. Everbright Bank has, as at 30 June 2012, net capital of approximately RMB 142 billion.

(c) **Further documentation and drawdown**

It is a condition to the Scheme that Credit Approved Term Sheets from the Financiers be concluded by 5.00 pm (AWST) on the Business Day prior to the Scheme Meeting (13 December 2012).

If Credit Approved Term Sheets from Financiers sufficient to pay the Aggregate Consideration are not concluded by 5.00 pm (AWST) on the Business Day prior to the Scheme Meeting (13 December 2012), the Scheme Meeting may (subject to agreement between Sundance and Hanlong and the sanction of the Court, if required) be delayed. Sundance Shareholders will be notified of any delay via an announcement to the ASX (which will be available on ASX's website, www.asx.com.au) and in any other manner required by the Court.

Following the issue of the Financier Commitment Letters, it is expected that each Financier will complete its formal project assessment and due diligence, which will be followed by the final credit approval and loan documentation process. Subject to satisfaction of all conditions required by the Financiers, Hanlong anticipates that the financing facilities to be provided by the Financiers will be committed by 5.00 pm (AWST) on the Business Day prior to the Scheme Meeting (13 December 2012) and drawdown under those facilities will be possible 2 Business Days before the Implementation Date (8 January 2013).

Sundance will inform Sundance Shareholders of the conclusion of each Credit Approved Term Sheet and fully documented facility and the key terms thereof, as soon as this occurs and is notified to Sundance by Hanlong, by making an announcement to the ASX (which will be available on ASX's website, www.asx.com.au) and placing a copy of that announcement on Sundance's website.

5.8 Hanlong's interests in Sundance Shares

As at the date of this document, Hanlong and its associates have the following Relevant Interest in Sundance Shares:

Type	Registered Holder	Balance
Cash or physically settled call options	Hanlong Metals Limited	87,166,356
Fully paid ordinary shares	Hanlong (Africa) Mining Investment Pty Limited	433,791,352
Total Hanlong Holding		520,957,708
Shares Outstanding		3,052,227,034
Hanlong Relevant Interest %		17.07%

5.9 Benefits to directors of Sundance

Hanlong will not make any payment or give any benefit to any current member of the Sundance Board (or a member of a Related Body Corporate of Sundance) as compensation or consideration for (or otherwise in connection with) their resignation from the Sundance Board if the scheme becomes effective and the Sundance Board is accordingly reconstituted.

6. Implementation of the Scheme

All dates referred to in this Section 6 are indicative only. The actual dates on which events referred to in this Section 6 occur will depend upon the time at which the Conditions Precedent to the Scheme are satisfied or, if applicable, waived. The Conditions Precedent are summarised in Section 6.11 of this document. Sundance has the right to vary all dates subject to the approval of such variation by Hanlong, the Court and the ASX where required. Any variation to the dates referred to in this Section 6 will be announced to the ASX and published on Sundance's website.

6.1 Scheme Meeting

In accordance with an order of the Federal Court of Australia dated 9 November 2012, Sundance Shareholders will be asked to approve the Scheme at the Scheme Meeting to be held at Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on 14 December 2012 commencing at 10.00 am (AWST). The notice convening the Scheme Meeting is set out in Annexure 6 of this document.

At the Scheme Meeting, Sundance Shareholders will be asked to consider and, if thought fit, to pass a resolution approving the Scheme. For the acquisition of all Sundance Shares by Hanlong (which it does not already own) to proceed and the Scheme Consideration to become payable, the Scheme must be approved by a majority in number of Sundance Shareholders voting at the Scheme Meeting (whether in person or by proxy) who must together hold at least 75% of the votes cast on the resolution to approve the Scheme.

6.2 Second Court Date

If the Scheme is approved by the requisite majority of Sundance Shareholders, and all other Conditions Precedent to the Scheme (other than approval by the Court) and any other conditions to be imposed by the Court under section 411(6) of the Corporations Act have been satisfied or waived, Sundance will apply to the Court for orders approving the Scheme following the Scheme Meeting (on or around 14 December 2012).

The Court has discretion whether or not to approve the Scheme under section 411(4)(b) of the Corporations Act.

The Corporations Act and the relevant Court rules provide a procedure for Sundance Shareholders to oppose the approval by the Court of the Scheme. Any Sundance Shareholder who wishes to oppose the approval of the Scheme at the Second Court Date may do so by filing with the Court and serving on Sundance a notice of appearance in the prescribed form together with an affidavit on which the Sundance Shareholder will seek to rely at the Second Court Date. The Second Court Date is currently scheduled to occur on 18 December 2012. Any change to this date will be announced through the ASX and published on Sundance's website.

6.3 Effective Date

If the Court approves the Scheme, Sundance will lodge with ASIC an office copy of the Court order approving the Scheme. Sundance intends to lodge this with ASIC on the Business Day following receipt of the orders, expected to be 19 December 2012. The Scheme comes into effect on the date on which Sundance lodges the Court order approving the Scheme with ASIC. This date is referred to in this document as the Effective Date.

If the Scheme has not become Effective by 11 January 2013 or such later date as Sundance and Hanlong agree in writing, the Scheme Implementation Agreement will lapse and be of no further force or effect.

6.4 Record Date

Sundance Shareholders will be entitled to receive the Scheme Consideration if they are registered as the holders of Sundance Shares on the Record Date. The Record Date is 5.00 pm (AWST) 5 Business Days

after the Effective Date or such other date (after the Effective Date) as Sundance and Hanlong may agree. The Record Date is currently expected to be 5.00 pm (AWST) on 28 December 2012.

6.5 Determination of persons entitled to Scheme Consideration

(a) Dealings on or prior to the Record Date

For the purposes of establishing who the Scheme Participants are, dealings in Sundance Shares will be recognised by Sundance provided that:

- in the case of dealings of the type to be effected on CHESS, the transferee is registered in the Register as the holder of the relevant Sundance Shares by the Record Date; and
- in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Sundance Share Registry by the Record Date.

Sundance may not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Sundance Shares received prior to the Record Date not in registrable form.

(b) Dealings in Sundance Shares after the Record Date

Sundance may not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Sundance Shares received after the Record Date.

From the Record Date and until registration of Hanlong in respect of all Scheme Shares, no Sundance Shareholder may deal with Sundance Shares in any way except as set out in the Scheme and any attempt to do so will have no effect.

6.6 Implementation Date

The Implementation Date is the date which is 5 Business Days after the Record Date. Hanlong will pay Sundance the total Scheme Consideration payable for all the Scheme Shares held by the Scheme Participants 2 Business Days before the Implementation Date, to be held on trust until the Implementation Date, and on the Implementation Date the Scheme Shares will be transferred to Hanlong.

On the Implementation Date, Sundance will pay the Scheme Consideration to each Scheme Participant for the Scheme Shares held by that Scheme Participant. In the case of Scheme Shares held in joint names, the Scheme Consideration will be paid by a cheque forwarded in the names of those joint holders or where the joint holders have nominated a bank account, the amount shall be deposited directly to the nominated bank account of the joint holders.

6.7 Warranty by Sundance Participants about their Sundance Shares

The effect of section 4.5 of the Scheme is that all Scheme Participants, including those who vote against the Scheme and those who do not vote, will be deemed to have warranted to Sundance in its own right and on behalf of Hanlong that all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred to Hanlong under the Scheme will, at the date they are transferred to Hanlong, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind and that they have full power and capacity to sell and to transfer such Scheme Shares (including any rights and entitlement attaching to those Scheme Shares) to Hanlong. If the warranty is breached, Sundance Participants may be liable to pay to Hanlong any amounts paid by Hanlong to acquire clear title to their Scheme Shares.

6.8 Suspension of trading in Sundance Shares

It is expected that suspension of trading in Sundance Shares on the ASX will occur from close of trading on the Effective Date. This is expected to occur on 19 December 2012.

On a date after the Implementation Date to be determined by Hanlong, Sundance will apply for termination of the official quotation of Sundance Shares on the ASX and to have itself removed from the official list of the ASX.

6.9 Effect of the Scheme on creditors

The Scheme, if implemented, will not materially prejudice Sundance's ability to pay its creditors as it involves the purchase of the Sundance Shares rather than Sundance's underlying assets. No new liability (other than transaction costs) is expected to be incurred by Sundance as a consequence of the implementation of the Scheme.

6.10 Stamp duty

Sundance does not expect that any Australian stamp duty will be payable on the transfer of the Scheme Shares to Hanlong. However, if stamp duty is payable, Hanlong has an obligation under the Scheme Implementation Agreement to pay such stamp duty.

6.11 Key terms of the Scheme Implementation Agreement

(a) Overview

On 4 October 2011, Sundance and Hanlong announced the proposed acquisition of Sundance by Hanlong to be implemented by way of a scheme of arrangement in accordance with the terms of the Scheme Implementation Agreement entered into on the same date. Sundance and Hanlong subsequently agreed certain changes to the terms of the proposed acquisition and on 23 May 2012 and 24 August 2012 executed revised versions of the Scheme Implementation Agreement.

On 21 October 2012, Sundance and Hanlong agreed certain changes to the Scheme timetable including extension of the Implementation Date from 19 December 2012 to 8 January 2013.

Key terms of the Scheme Implementation Agreement are summarised below and the agreement is set out in Annexure 2 of this document which also reflects the updated Scheme timetable.

(b) Conditions Precedent

The Scheme can only be implemented if a number of conditions which are set out in Schedule 2 of the Scheme Implementation Agreement are satisfied or waived. As at the date of this document, the following conditions have been satisfied:

- the Key Executives have reached in principle agreement with Hanlong to remain employees of Sundance for periods reasonably agreed to by Sundance and Hanlong;
- Hanlong has re-submitted its FIRB application to the Treasurer and the Treasurer has provided written notice that there are no objections to Hanlong's proposed acquisition of Sundance;
- the key terms of the Mbalam Convention have been agreed;
- NDRC Provisional Approval for the Hanlong Group to acquire Sundance has been provided; and
- Hanlong has procured Financier Commitment Letters from the Financiers. Further information in relation to which is set out at Section 5.7 of this document.

As at the date of this document, the following conditions are outstanding:

- the Scheme is approved by the requisite majority of Sundance Shareholders at the Scheme Meeting;
- the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- the Credit Approved Term Sheets are concluded by 5.00 pm (AWST) on the Business Day prior to the Scheme Meeting;
- the Mbalam Convention is on agreed terms and the Government of the Republic of Cameroon confirms in a written document that such terms are acceptable before 8.00 am (AWST) on the Second Court Date;
- the Congo Mining Permit is granted to Congo Iron in relation to the Nabeba Project in the Republic of Congo before 8.00 am (AWST) on the Second Court Date;
- the specified regulatory approvals in respect of the Scheme are received before 8.00 am (AWST) on the Second Court Date, being:
 - all ASIC and ASX approvals which Sundance and Hanlong agree are necessary to implement the Scheme; and
 - final National Development Reform Commission, Ministry of Commerce of the People's Republic of China and State Administration of Foreign Exchange approvals in addition to any other Chinese regulatory approvals that are necessary to implement the Scheme;
- no temporary restraining order, preliminary or permanent injunction or other order of competent jurisdiction or other legal restraint or prohibition preventing the implementation of the Scheme is in effect at 8.00 am (AWST) on the Second Court Date;
- Sundance does not declare or pay any interim, final or special dividend before the Second Court Date; and
- no material transaction (as described in the Scheme Implementation Agreement) occurs before 8.00 am (AWST) on the Second Court Date.

Full details of the Conditions Precedent, the ability of Sundance and Hanlong to rely on the various Conditions Precedent and the provisions relating to the satisfaction or waiver of the Conditions Precedent are set out in section 3 and Schedule 2 of the Scheme Implementation Agreement.

As at the date of this document, Sundance and Hanlong are not aware of any reason why the relevant Conditions Precedent will not be satisfied by 8.00 am (AWST) on the Second Court Date.

(c) Scheme Price

Hanlong has warranted to Sundance that the Scheme Consideration of A\$0.45 for each Sundance Share is a 'reasonable acquisition price' for the purposes of the Financiers and all of the PRC Regulatory Authorities which are required to provide their approval to the Scheme by 8.00 am (AWST) on the Second Court Date.

(d) Exclusivity

Sundance is not subject to any exclusivity obligations in favour of Hanlong in connection with the Scheme.

(e) **Break Fee**

Hanlong is to pay to Sundance the Break Fee if the Scheme does not proceed because:

- Hanlong seeks to further reduce the Scheme Price and, as a result, Sundance terminates the Scheme Implementation Agreement; or
- after the First Court Date, Hanlong materially breaches its obligations under the Scheme Implementation Agreement.

Sichuan Hanlong has provided a parent guarantee in respect of Hanlong's Break Fee obligations in the event it seeks to further reduce the Scheme Price.

Sundance is to pay Hanlong the Break Fee if the Scheme does not proceed after the First Court Date, because Sundance materially breaches its obligations under the Scheme Implementation Agreement.

(f) **Funding arrangements for the Scheme Consideration**

Hanlong will pay Sundance the total Scheme Consideration payable for all the Scheme Shares held by the Scheme Participants 2 Business Days before the Implementation Date, to be held on trust until the Implementation Date, and on the Implementation Date the Scheme Shares will be transferred to Hanlong.

Hanlong has received the Financier Commitment Letters. It is a condition to the Scheme that the Credit Approved Term Sheets are concluded by 5.00 pm (AWST) on the Business Day prior to the Scheme Meeting. Further details in respect of Hanlong's proposed funding arrangements are set out in Section 5.7 of this document.

(g) **Termination by Sundance and Hanlong**

The Scheme Implementation Agreement may be terminated in the following circumstances:

- by either Hanlong or Sundance if the resolution submitted to the Scheme Meeting is not approved;
- by Sundance if a Superior Proposal arises;
- by either Hanlong or Sundance if the Scheme has not become Effective on the End Date;
- by Hanlong if the Sundance Board changes its recommendation;
- by either Hanlong or Sundance if the other is in material breach of the Scheme Implementation Agreement at any time prior to 8.00 am (AWST) on the Second Court Date;
- by Sundance if Hanlong makes any approach to Sundance the purpose of which is seeking to reduce the Scheme Price below A\$0.45;
- by Hanlong if a person other than Hanlong acquires a Relevant Interest in more than 12.5% of Sundance Shares (other than if the person is an institutional portfolio investor);
- by either Hanlong or Sundance (depending which party is entitled to the benefit of the Condition Precedent) if any Condition Precedent is not satisfied or waived;
- by either Hanlong or Sundance if a Court or other Regulatory Authority has issued a final and non-appealable order which permanently restrains the Scheme, or if the other party or any of their Related Bodies Corporate becomes insolvent; or
- if agreed in writing by Sundance and Hanlong.

Full details of all termination events are included in section 16 of the Scheme Implementation Agreement.

6.12 Hanlong Deed Poll

Under the terms of the Hanlong Deed Poll, Hanlong agreed in favour of the Scheme Participants to comply with its obligations under the Scheme Implementation Agreement and to do all things necessary or desirable on its part to give full effect to the Scheme Implementation Agreement.

The Hanlong Deed Poll may be relied upon by any Scheme Participant, despite the fact that they are not a party to it, and if the Scheme becomes Effective, Sundance undertakes in favour of each Scheme Participant that it will enforce the Hanlong Deed Poll against Hanlong on behalf of and as agent and attorney for the Scheme Participants.

The Hanlong Deed Poll is governed by the laws of Western Australia and is set out in full in Annexure 3 of this document.

6.13 Sichuan Hanlong Deed Poll

Under the terms of the Sichuan Hanlong Deed Poll, Sichuan Hanlong agreed in favour of the Scheme Participants to procure that Hanlong performs its obligations under the Scheme Implementation Agreement, the Hanlong Deed Poll and the Scheme.

The Sichuan Hanlong Deed Poll may be relied upon by any Scheme Participant, despite the fact that they are not a party to it, and if the Scheme becomes Effective, Sundance undertakes in favour of each Scheme Participant that it will enforce the Sichuan Hanlong Deed Poll against Sichuan Hanlong on behalf of and as agent and attorney for the Scheme Participants.

The Sichuan Hanlong Deed Poll is governed by the laws of Western Australia and is set out in full in Annexure 4 of this document.

7. Additional information

7.1 Intentions of Sundance Directors concerning the business of Sundance

If the Scheme is implemented, the existing Directors will resign from the Board provided that a proper Board is constituted at all times. Accordingly, the existing Directors are not able to make any statements of intentions regarding:

- (a) the continuation of Sundance's business or how the business will be conducted after the implementation of the Scheme;
- (b) any major changes to the Sundance business, including any redeployment of the fixed assets of Sundance; or
- (c) the future employment of present Sundance employees.

Hanlong has provided an outline of its intentions for Sundance's operations in Section 5 of this document.

7.2 Options and Performance Rights

(a) Overview

Sundance adopted the Employee Share Option Plan (**ESOP**) on 10 October 2007. The ESOP is designed to provide incentives to the employees of Sundance and to recognise their contribution to the Company's success.

The Performance Rights Plan was designed and drafted during 2010 and adopted by the Board on 4 October 2010. The Performance Rights Plan is an incentive plan which is designed to increase the motivation of staff and create a stronger link between increasing shareholder value and employee reward.

As at the date of this document, there were:

- 30,986,866 Options on issue; and
- 7,884,449 Performance Rights on issue.

The Board proposes to deal with the Options and Performance Rights in the manner set out in the following paragraphs.

(b) Directors' participation

A summary of the Options and Performance Rights held by the Directors (as at the date of this document) is set out at Section 7.5.

(c) Dealing with Options in relation to the Scheme

The Board proposes to seek the agreement of each Option Holder to cancel any Options held by them on the Implementation Date if the Scheme becomes Effective. In consideration for the cancellation of each Option, the holder will be paid A\$0.45 cash less the exercise price for that Option.

Any such cancellation will be subject to ASX having granted a waiver in respect of ASX Listing Rule 6.23.2. Further information in relation to which is set out at Section 7.11 of this document.

(d) Dealing with Performance Rights in relation to the Scheme

In accordance with the provisions of the Performance Rights Plan and the Scheme Implementation Agreement, the Board have agreed that all of the Performance Rights issued pursuant to the terms of the Performance Rights Plan will vest if the Court approves the Scheme at the Second Court Date and the number of shares in respect of which the Performance Rights have vested will be issued to the holders of

Performance Rights as soon as reasonably practicable but before the Record Date. Hanlong has confirmed its agreement to this in the Scheme Implementation Agreement.

7.3 Capital structure of Sundance

At the date of this document, Sundance has 3,052,227,034 ordinary shares on issue.

7.4 Notifiable interests

As at the date of this document, the substantial shareholders in Sundance are as set out in the table below.

Name	Number of Sundance Shares	Percentage of Sundance Shares on issue
Sichuan Hanlong Group Co Limited	520,957,708	17.07%
Deutsche Bank AG	289,798,630	9.49%

7.5 Marketable securities held by Sundance Directors

No marketable securities of Sundance are held by or on behalf of Directors and no such persons are otherwise entitled to such securities as at the date of this document other than as listed below, all of which are held beneficially.

Director	Number of Sundance Shares	Number of Options over Sundance Shares	Number of Performance Rights over Sundance Shares
Mr George Jones AM	16,062,500	5,000,000	-
Mr Giulio Casello	5,300,000	-	2,650,000
Mr Michael Blakiston	-	2,000,000	-
Mr Barry Eldridge	-	2,000,000	-
Ms Fiona Harris	-	2,000,000	-
Mr Andrew (Robin) Marshall	-	2,000,000	-

In the absence of a Superior Proposal, each of the Directors intends to vote all Sundance Shares held by them or on their behalf in favour of the Scheme. Furthermore, each of the Directors will enter into a deed to cancel all Options held by them or on their behalf for consideration on the Implementation Date.

No marketable securities of Hanlong are held by or on behalf of Directors as at the date of this document.

7.6 Agreements or arrangements with Sundance Directors

Save as set out below, there are no agreements or arrangements made between any Director and any other person, including Hanlong, in connection with or conditional upon the outcome of the Scheme.

Sundance has agreed to indemnify each Director against liabilities incurred by such Director in connection with the Proposal and the Director's involvement in the process that resulted in the Proposal, and legal costs reasonably incurred in defending an action for any such liability. Sundance has the right

to control any such claim against a Director that could result in a payment being made to that Director under the indemnity.

Hanlong requested from Sundance the continuing services of the Key Executives of Sundance and it accordingly requested that the terms of the Key Executives' employment agreements with Sundance be extended. Based on Hanlong's intentions for the business and employees of Sundance described in Section 5 of this document, a number of senior executives of Sundance have reached in principle agreement with Hanlong under which they will continue to work for Sundance on terms which are not materially different to their existing terms of employment following completion of the Scheme.

7.7 Payments or other benefits to Sundance Directors and Sundance executive officers

Save as set out in Section 7.6 of this document and below, it is not proposed that any payment or other benefit will be made or given to any Director, secretary or executive officer of Sundance, or any body corporate related to Sundance, as compensation for loss of, or as consideration for or in connection with, his or her retirement from office as Director, secretary or executive officer of Sundance or a body corporate connected with Sundance.

7.8 Interests of Directors in contracts entered into by Hanlong

No Director has any interest in a contract entered into by Hanlong.

7.9 No unacceptable circumstances

The Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any member of Sundance that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

7.10 Material litigation

Other than as disclosed in Section 4.8 of this document, Sundance is not involved in any other material legal disputes.

7.11 ASX waiver

ASX Listing Rule 6.23.2 requires that a change which has the effect of cancelling an option for consideration can only be made if shareholders approve the change. Sundance will apply to ASX for a waiver from ASX Listing Rule 6.23.2 to allow the cancellation of Options in accordance with the arrangements outlined in Sections 2.6 and 7.2(c) of this document without the need to obtain specific Sundance Shareholder approval. Any such waiver will be conditional on the Scheme becoming Effective.

7.12 Consents and disclaimers

(a) Consent to be named

The following parties have given and have not, before the date of this document, withdrawn their written consent to be named in this document in the form and context in which they are named:

- UBS as financial adviser to Sundance;
- CITIC Securities Co Limited as China adviser to Sundance (CITIC Securities Co Limited is not the holder of an Australian Financial Services Licence and acted only as a China adviser to Sundance);
- Clayton Utz as legal adviser to Sundance in respect of Australian law;
- Computershare Investor Services Pty Limited as the Sundance Share Registry; and

- Messrs Longley, Widenbar and Gregory in accordance with the competent persons statements set out in Section 7.14 of this document.

(b) **Disclaimers of responsibility**

Each party named in Section 7.12(a) of this document:

- does not make, or purport to make, any statement in this document or any statement on which a statement in this document is based; and
- has not authorised or caused the issue of this document and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this document or any statements or material in or omissions from this document.

(c) **Consent to be named and to the inclusion of information**

Ernst & Young has given and has not, before the date of this document, withdrawn its written consent to be named in this document as the Independent Expert and to the inclusion of the Independent Expert's report set out in Annexure 1 of this document in the form and context in which it appears, including references to the Independent Expert's report in this document. Ernst & Young does not make, or purport to make, any statement in this document other than the Independent Expert's report set out in Annexure 1 of this document.

Hanlong has given and has not, before the date of this document, withdrawn its written consent to the inclusion of the Hanlong Information in the form and context in which those statements appear.

7.13 Independent Expert

Ernst & Young has prepared the Independent Expert's report set out in Annexure 1 of this document advising as to whether, in its opinion, the Proposal is in the best interests of Sundance Shareholders.

The Independent Expert has concluded that the Scheme is in the best interests of Sundance Shareholders in the absence of a Superior Proposal.

Ernst & Young will be paid a fee of A\$200,000 (excluding GST and expenses) in relation to the preparation of its report.

7.14 Competent Persons Statement

The information in this document that relates to exploration results and mineral resources 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 and Mr Widenbar are consultants to Sundance and have sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity which they are 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".

The information in this document that relates to ore reserves is based on information compiled by Mr Bruce Gregory, a member of the Australasian Institute of Mining and Metallurgy. Mr Gregory is employed by AMC Consultants Pty Ltd and is a consultant to the Company. Mr Gregory 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".

7.15 Other information material to the making of a decision in relation to the Scheme

Except as set out in this document, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Director, or any director of any Related Body Corporate of Sundance, which has not previously been disclosed to Sundance Shareholders.

7.16 Supplementary information

Sundance will issue a supplementary document to this document if it becomes aware of any of the following between the date of lodgement of this document for registration by ASIC and the Effective Date:

- a material statement in this document is false or misleading;
- a material omission from this document;
- a significant change affecting a matter included in this document; or
- a significant new matter has arisen and it would have been required to be included in this document if it had arisen before the date of lodgement of this document for registration by ASIC.

8. Taxation implications

8.1 Introduction

The following is an outline of the Australian income tax, stamp duty and GST consequences that will generally apply for Sundance Shareholders who dispose of their Sundance Shares under the Scheme. It does not take into account the specific circumstances of any particular Sundance Shareholder. In particular, this section does not consider the Australian income tax, stamp duty and GST consequences that may arise for:

- the holders of the Options;
- the holders of the Performance Rights; and
- Sundance Shareholders who acquired their shares by exercising the Options or converting the Performance Rights.

This outline reflects the provisions of the Tax Law, GST and stamp duty law and the regulations made under those Tax Laws and the Company's understanding of the applicable case law and taxation rulings, determinations and statements of administrative practices issued by the Australian Taxation Office and State/Territory Revenue authorities as at the date of this document. This outline does not take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

The information contained in this outline is of a general nature only. It does not constitute tax advice and should not be relied upon as such.

You are advised to consult your own independent tax adviser regarding the consequences of disposing of Sundance Shares in light of the Tax Law and your particular investment circumstances.

The Australian income tax consequences for you as a Sundance Shareholder as a result of the implementation of the Scheme will be dependent upon a number of factors including:

- whether you hold the Sundance Shares on capital or revenue account;
- your tax residency; and
- your tax profile (i.e. individual, trustee, company or superannuation fund).

8.2 Capital Gains Tax (CGT) implications

(a) General

The following discussion applies to you if you hold your Sundance Shares on capital account.

(b) Calculation of a capital gain or loss

A CGT event (CGT Event A1) will happen in respect of the disposal of your Sundance Shares. The timing of the CGT event will be the Implementation Date.

The tax implications for you from the disposal of your Sundance Shares will depend upon your tax profile (i.e. whether you are an individual, a company or the trustee of a trust or superannuation fund).

You will make a capital gain on the disposal of your Sundance Shares if the capital proceeds you receive on disposal of your Sundance Shares exceed the cost base of those Sundance Shares. You will make a capital loss if the capital proceeds are less than the reduced cost base of your Sundance Shares.

As discussed below, you should disregard the capital gain or capital loss you make on the disposal of your Sundance Shares if you are not a resident of Australia for income tax purposes just before the CGT event happens and you do not hold the Sundance Shares as part of an enterprise carried on through an Australian permanent establishment.

Capital gains and capital losses in a year of income are aggregated to determine if you made a net capital gain or net capital loss. A net capital gain for the year is included in your assessable income and is subject to income tax at your marginal tax rate. A capital loss may only be deducted against capital gains for income tax purposes. Net capital losses may be carried forward to offset against capital gains derived in future income years. Specific loss recoupment rules apply if you are companies or trusts. These rules may limit the ability to offset capital losses in a current or later income year.

Outlined below is a guide to the calculation of a capital gain or capital loss on the disposal of your Sundance Shares.

Disposal of Sundance Shares	
Capital Proceeds	Your capital proceeds will be equal to the A\$0.45 per Sundance Share you receive from Hanlong.
Cost Base	Generally, the CGT cost base for your Sundance Shares is equal to the cost of acquisition plus certain incidental costs of acquisition and disposal (such as brokerage and stamp duty).
Capital Gain	If the capital proceeds received by you from the disposal of your Sundance Shares exceed the cost base, a capital gain will arise.
Capital Loss	<p>If the capital proceeds received by you from the disposal of your Sundance Shares are less than the reduced cost base, a capital loss will arise.</p> <p>As outlined above, capital losses can only be used to reduce the capital gains in the year the loss is realised and future years, subject to certain conditions.</p>
CGT Concessions	<p><u>CGT Discount</u></p> <p>You will be entitled to benefit from the CGT discount if:</p> <ul style="list-style-type: none"> • you have held your Sundance Shares for at least 12 months prior to the timing of the CGT event (excluding the day of acquisition and the day of the CGT event); and • you are an individual, the trustee of a trust, or a complying superannuation entity. <p>Where the CGT discount applies, you will be entitled to reduce your net capital gain realised on disposal of your Sundance Shares by 50% (for individuals and trustees holding Sundance Shares) or 33.33% (for complying superannuation entities).</p> <p>The CGT discount is applied only after available capital losses have been applied to reduce the capital gain. The CGT discount does not apply to capital losses.</p> <p>The CGT discount will not be available to you if you are a company.</p>

	<p><u>Indexation</u></p> <p>If the Sundance Shares were acquired at or before 11.45 am (ACT time) on 21 September 1999, you may choose whether to index the cost base to 30 September 1999 or to apply the CGT discount (if you are eligible for the CGT discount).</p> <p>You cannot apply the indexation if a capital loss arises from the disposal.</p>
--	--

The rules described above relating to discount capital gains as they apply to trusts are complex. Trustees should seek their own advice as to how the discount capital gains provisions apply to them and their beneficiaries, having regard to their own particular circumstances. If you are unsure about the eligibility of the above CGT concessions, you should consult with your tax adviser.

You are also advised to seek taxation advice if you acquired your Sundance Shares before June 2002.

(c) Foreign resident shareholders

Provided that the Sundance Shares are not "indirect Australian real property interests", you should disregard the whole of the capital gain or capital loss you make on the disposal of your Sundance Shares if you meet the following requirements:

- you are not a resident of Australia for income tax purposes just before the CGT event happens; and
- you have not held the Sundance Shares as part of an enterprise carried on through an Australian permanent establishment.

If you have previously resided in Australia and held the Sundance Shares when you left Australia, you should seek advice on the Australian income tax consequences which may arise from the disposal of your Sundance Shares.

You should also obtain specific advice on the application of the laws of your country of residence and any Double Tax Treaty between your country of residence and Australia in determining the tax consequences of the disposal of your Sundance Shares.

8.3 Income tax implications

(a) General

The following discussion applies to you if you hold your Sundance Shares on revenue account.

(b) Calculation of the revenue gain or loss

If you hold your Sundance Shares as trading stock, or otherwise in certain circumstances for the purpose of sale at a profit, the profit that you realise on the disposal of your Sundance Shares will be included in your assessable income. Alternatively, if you realise a loss on sale, the loss should be an allowable deduction to you.

The profit or loss you include in your assessable income is calculated without reference to discounts or indexation on disposal, unlike the case with capital gains.

If you are a foreign resident shareholder, you may be subject to Australian tax on profits. You should obtain advice on the application of the Australia income tax law and any Double Tax Treaty between your country of residence and Australia in determining the tax consequences of the disposal of your Sundance Shares. You should also obtain specific advice on the application of the laws of your country of residence in determining the tax consequences of the disposal of your Sundance Shares.

8.4 Stamp duty

No Australian stamp duty will be payable by any Sundance Shareholder on the disposal of the Sundance Shares to Hanlong. Hanlong, as the transferee/acquirer of those shares will be the party who will be liable for any Australian stamp duty that is payable in respect of the Scheme.

8.5 Goods and Services Tax (GST)

No GST should be payable by Sundance Shareholders in respect of the Scheme Consideration you receive for your Sundance Shares. If any GST is incurred on costs associated with the disposal of shares, each Shareholder should consider, with reference to their own circumstances, whether any entitlement exists to recover that GST.

9. Glossary

In this document:

A\$ means Australian dollars.

ACT means Australian Capital Territory.

Aggregate Consideration means the aggregate of the Scheme Consideration and the amounts payable to Option Holders and holders of Performance Rights if the Scheme becomes Effective.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

ASX Listing Rules means the listing rules of the ASX as modified by any express written waiver or exemption given by the ASX from time to time.

AWST means Australian Western Standard Time.

Board means the Directors of Sundance.

Break Fee means the sum of A\$13,720,000.

Business Day means a day that is not a Saturday, Sunday, bank holiday or public holiday in Western Australia or the PRC.

Cam Iron means Cam Iron S.A., a company incorporated in the Republic of Cameroon, 90% of the share capital of which is currently beneficially owned by Sundance.

CDB means China Development Bank Corporation.

CGT means capital gains tax.

CHESS means the Clearing House Electronic Subregister System which provides for electronic share transfer of ASX listed securities in Australia.

Conditions Precedent means the conditions precedent set out in Schedule 2 of the Scheme Implementation Agreement.

Congo Iron means Congo Iron S.A., the company incorporated in the Republic of Congo, 85% of the share capital of which is currently beneficially owned by Sundance.

Congo Mining Investments SA means a company incorporated in the Republic of Congo, which currently owns 15% of the share capital in Congo Iron.

Congo Mining Permit means a mining permit to be issued to Congo Iron by the Republic of Congo in relation to the Nabeba Project.

Corporations Act means the Corporations Act 2001 (Cth).

Counsel means senior counsel engaged by each of Sundance and Hanlong in respect of the implementation of the Scheme.

Court means a court of competent jurisdiction under the Corporations Act.

Credit Approved Term Sheet has the meaning given in the Scheme Implementation Agreement.

Deyang Bank means Bank of Deyang Co., Ltd.

Directors means the directors of Sundance whose names are set out in Section 4.4 of this document.

Double Tax Treaty means an agreement or convention between Australia and another country for the avoidance of double taxation and the prevention of fiscal evasion with respect of taxes on income.

Effective means, when used in relation to the Scheme, the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme coming into effect pursuant to section 411(10) of the Corporations Act.

Effective Date means the date on which the Scheme becomes Effective.

End Date means 11 January 2013.

Ernst & Young means Ernst & Young Transaction Advisory Services Limited.

ESOP means the Employee Share Option Plan adopted by the Board on 10 October 2007.

Everbright Bank means China Everbright Bank Co., Ltd.

FIRB means the Foreign Investment Review Board.

Financier has the meaning given in the Scheme Implementation Agreement.

Financier Commitment Letter has the meaning given in the Scheme Implementation Agreement.

First Court Date means the day on which an application made to the Court for orders, pursuant to section 411(1) of the Corporations Act, convening the Scheme Meeting is determined and, if the application is adjourned or subject to appeal for any reason, the day on which the application is determined after adjournment or the appeal is determined.

GST means goods and services tax applicable in Australia.

Hanlong means Hanlong (Africa) Mining Investment Limited.

Hanlong Deed Poll means a deed poll executed by Hanlong in favour of Sundance Shareholders in the form set out in Annexure 3.

Hanlong Group means Sichuan Hanlong and its Subsidiaries.

Hanlong Indemnified Parties means Hanlong, its officers, employees and advisers, its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

Hanlong Information means the information provided by Hanlong for inclusion in this document.

Hanlong Resources means Hanlong Resources Limited.

Hold Co SARL means a company incorporated in the Republic of Cameroon, which currently owns 10% of the share capital in Cam Iron.

Implementation Date means the fifth Business Day after the Record Date.

Independent Expert means Ernst & Young of 11 Mounts Bay Road, Perth, Western Australia.

Key Executives means those persons who have been agreed between Sundance and Hanlong and in respect of which have entered into in principle agreements in accordance with Section 7.6.

Mbalam Convention means a convention to be agreed between Cam Iron and the Government of the Republic of Cameroon in relation to the Mbalam-Nabeba Iron Ore Project.

Mbalam-Nabeba Iron Ore Project shall have the meaning set out in Section 4.3 of this document.

MOFCOM means the Ministry of Commerce of the PRC.

Nabeba Project means the project in relation to the Nabeba mine in the Sangha Province of the Republic of Congo.

NDRC means the National Development Reform Commission of the PRC.

NDRC Provisional Approval means the provisional approval granted by NDRC for Sichuan Hanlong to acquire Sundance.

Options means an option over a Sundance Share issued by Sundance from time to time.

Option Holder means each person who is registered in the register of Option Holders as a holder of an Option.

Performance Rights means performance rights over Sundance Shares issued from time to time by the Board pursuant to the Performance Rights Plan.

Performance Rights Plan means the performance rights plan adopted by the Board on 4 October 2010.

Placement means the placement referred to in Section 4.7.

PRC means the People's Republic of China.

Proposal means the proposed acquisition by Hanlong of all the issued Sundance Shares (not already held by Hanlong) under the Scheme.

Proxy Form means the proxy form for the Scheme Meeting accompanying this document.

Record Date means 5.00 pm (AWST) on the fifth Business Day following the Effective Date or any other date as Sundance and Hanlong agree.

Register means the share register of Sundance kept pursuant to the Corporations Act.

Regulatory Approval means any approval of a Regulatory Authority to the merger of Sundance and Hanlong through the implementation of the Scheme or any aspect of the approval which Sundance or Hanlong, acting reasonably, determines is necessary or desirable in order to implement the merger of Sundance and Hanlong through the Scheme.

Regulatory Authority includes:

- (a) a government or governmental, semi-governmental, administrative, fiscal or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;
- (c) any regulatory organisation established under statute; and
- (d) in particular, the ASX and ASIC.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

SAFE means the State Administration of Foreign Exchange of the PRC.

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Sundance and the Sundance Shareholders, the form of which is contained in Annexure 5 of this document subject to changes recommended by Counsel, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Hanlong and Sundance.

Scheme Consideration means A\$0.45 cash for each Sundance Share held by a Scheme Participant.

Scheme Implementation Agreement means the Scheme Implementation Agreement originally entered into on 4 October 2011 between Sundance and Hanlong and amended and restated on 23 May 2012 and on 24 August 2012 as set out at Annexure 2.

Scheme Share means each Sundance Share on issue on the Record Date.

Scheme Meeting means the meeting of the Sundance Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act. It includes any adjournment of that meeting. The notice of meeting for the Scheme Meeting is set out at Annexure 6.

Scheme Participant means each person who is a Sundance Shareholder as at 5.00 pm (AWST) on the Record Date, other than Hanlong and its Related Bodies Corporate.

Scheme Price means A\$0.45 per Sundance Share.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Sichuan Hanlong means Sichuan Hanlong Group Co., Limited.

Sichuan Hanlong Deed Poll means a deed poll executed by Sichuan Hanlong in favour of Sundance Shareholders in the form set out in Annexure 4.

Subsidiaries has the meaning it has in the Corporations Act.

Sundance or **Company** means Sundance Resources Limited ACN 055 719 394 of Level 35, Exchange Plaza 2 The Esplanade Perth WA 6000.

Sundance Group means Sundance and its Subsidiaries.

Sundance Indemnified Parties means Sundance, its officers, employees and advisers, its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

Sundance Share means an issued fully paid ordinary share in the capital of Sundance.

Sundance Share Registry means Computershare Investor Services Pty Limited.

Sundance Shareholder means each person who is on the Register as the holder of Sundance Shares other than Hanlong and its Related Bodies Corporate.

Superior Proposal means a transaction which the Sundance Board in its absolute discretion determines is more favourable to Sundance Shareholders than the Scheme.

Tax Law means the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth).

US\$ means United States of America dollars.

VWAP means volume-weighted average price.

Annexure 1 Independent Expert's report



Independent Expert's Report and Financial
Services Guide

Sundance Resources Limited

**Scheme of Arrangement with
Hanlong (Africa) Mining Investment Limited**

2 November 2012

PART 1 - INDEPENDENT EXPERT'S REPORT

The Directors
Sundance Resources Limited
Level 35, Exchange Plaza
2 The Esplanade
Perth WA 6000

2 November 2012

Dear Sirs

Scheme of Arrangement with Hanlong (Africa) Mining Investment Limited

On 27 August 2012, Sundance Resources Limited ("Sundance" or the "Company") announced that it had entered into a second amended and restated Scheme Implementation Agreement (the "Second Amended and Restated SIA") with Hanlong (Africa) Mining Investment Limited ("Hanlong") whereby Hanlong would acquire all of the shares in Sundance that it does not already own via a scheme of arrangement for a cash consideration of \$0.45 per share (the "Proposed Scheme"). Hanlong is the Company's largest shareholder with an interest at the date of the announcement of 17.1%.

The announcement of the Proposed Scheme followed the agreement reached in October 2011 under which Hanlong was to acquire all of the shares in Sundance that it did not already own for a cash consideration of \$0.57 per share. In support of this proposal, Sundance and Hanlong entered into a Scheme Implementation Agreement (the "Original SIA"), which was updated in May 2012 (the "Amended and Restated SIA"). The Original SIA and the Amended and Restated SIA were subject to a number of conditions, completion of which has been outside the control of Sundance and Hanlong. Because of this, the timing of the proposed transaction has taken longer than originally anticipated.

One of the conditions precedent contained in the Second Amended and Restated SIA included the National Development and Reform Commission ("NDRC") of the People's Republic of China granting approval for Hanlong to acquire Sundance. NDRC granted provisional approval on 30 July 2012, with one of the conditions needing to be met before final approval being provided is that Hanlong pay a "reasonable acquisition price". Because of this condition Sundance and Hanlong recommenced pricing discussions. In recognition that financial markets had weakened since the Original SIA had been agreed to in October 2011, Hanlong's offer price was decreased from \$0.57 to \$0.45. The Second Amended and Restated SIA also included a number of other amendments aimed at providing the shareholders of Sundance other than Hanlong ("Sundance Shareholders") a greater level of certainty that Hanlong will be able to fulfil its obligations.

The Proposed Scheme is to be implemented pursuant to section 411 of the Corporations Act (the "Act"). Under sections 411(3)(b) and 412(1)(a)(ii) of the Act, explanatory statements prepared for schemes are required to contain the information prescribed by regulation 5.1.01 and Schedule 8 of the Corporations Regulations 2001 (the "Regulations").

Sundance Shareholders are to consider a resolution seeking approval of the Proposed Scheme at a general meeting of the Company that is to be held on or about 30 November 2012 (the "Scheme Meeting"). In the absence of a superior proposal, the Directors of Sundance have unanimously recommended that Sundance Shareholders vote in favour of the Proposed Scheme.

Under clause 8303 of Schedule 8 of the Regulations, if the other party to the scheme of arrangement has a 30% or more interest in the company the subject of the scheme or if the parties to the scheme have a common director then the documents sent to shareholders must be accompanied by a report prepared by an independent expert in which that person provides an opinion as to whether or not the proposed scheme is in the best interests of shareholders and sets out the reasons for that opinion.

With Hanlong having a less than 30% interest in Sundance and there being no common directors, an independent expert's report is not specifically required in relation to the Proposed Scheme. However, for reasons of good corporate governance the Directors of Sundance have engaged Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") to prepare an independent expert's report in relation to the Proposed Scheme as if such a report was required under the Regulations.

Accordingly, we have prepared this independent expert's report for the purpose of stating, in our opinion, whether or not the Proposed Scheme is in the best interests of Sundance Shareholders and to set out the reasons for that opinion. Our report is being included in the Notice of Meeting and Scheme Booklet being sent to Sundance Shareholders in respect to the Scheme Meeting.

Neither the Act nor the Regulations define the term '*in the best interests*'. In stating this, Australian Securities and Investments Commission has issued Regulatory Guide 111: *Content of expert reports* ("RG 111") which provides some guidance as to what matters an independent expert should consider when determining whether or not a particular transaction is in the best interests of shareholders.

In the circumstance of a scheme that achieves the same outcome as a takeover offer, RG 111 suggests that the form of analysis undertaken by the independent expert should be substantially the same as for a takeover. With the Proposed Scheme, if implemented, involving Hanlong acquiring all of the issued shares in Sundance that it does not already own, the anticipated outcome of the Proposed Scheme is the same as if Hanlong was making a takeover offer. Accordingly, in determining whether the Proposed Scheme is in the best interest of Sundance Shareholders we have assessed the Proposed Scheme as if it was a takeover offer.

Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover offer is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the term should be interpreted with respect to a takeover offer. In this regard:

- ▶ an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison is to be made assuming 100% ownership of the target and it is "inappropriate to apply a discount on the basis that the shares being acquired represent a minority or portfolio parcel of shares"; and
- ▶ an offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111 provides that where an independent expert would conclude that a proposal was "fair and reasonable" if it was in the form of a takeover offer, then the expert would be able to conclude that the scheme was "in the best interests" of shareholders. On this basis, if the value of the consideration being offered by Hanlong is equal to or greater than the value assessed for a Sundance share then the Proposed Scheme would be in the best interests of Sundance Shareholders.

Summary of Opinion

In Section 8.2 we set out our valuation conclusions, which show the cash consideration being offered by Hanlong under the Proposed Scheme is at a premium/(discount) of between 15.4% and (30.8)% to our assessed value of a Sundance share determined on a 100% interest basis.

In Section 8.3, we set out the commercial and qualitative factors relevant to the consideration of the Proposed Scheme. While individual shareholders may interpret these factors differently depending on their own individual circumstances, in Ernst & Young Transaction Advisory Services' opinion the potential advantages outweigh the potential disadvantages to the shareholders as a whole.

Based on the results of the analysis undertaken and taking into consideration the matters detailed in our report, in the opinion of Ernst & Young Transaction Advisory Services the Proposed Scheme is fair and reasonable and therefore is in the best interests of Sundance Shareholders.

Having regard to the nature of the Proposed Scheme and the advantages and disadvantages, it is the opinion of Ernst & Young Transaction Advisory Services, that Sundance Shareholders are likely to be better off if the Proposed Scheme proceeds.

Other Matters

This independent expert's report has been prepared specifically for Sundance Shareholders. Neither Ernst & Young Transaction Advisory Services, Ernst & Young nor any employee thereof undertakes responsibility to any person, other than Sundance Shareholders, in respect of this report, including any errors or omissions howsoever caused.

This independent expert's report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of Sundance Shareholders. The decision as to whether to approve or not approve the Proposed Scheme is a matter for individual Sundance Shareholders. Sundance Shareholders should have regard to the Notice of Meeting and Scheme Booklet prepared by the Directors and management of the Company in relation to the Proposed Scheme. Sundance Shareholders who are in doubt as to the action they should take in relation to the Proposed Scheme should consult their own professional adviser.

Our opinion is made as at the date of this letter and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full independent expert's report as attached.

Ernst & Young Transaction Advisory Services has prepared a Financial Services Guide in accordance with the Act. The Financial Services Guide is included as Part 2 of this report.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited



Ken Pendergast
Director and Representative



Brenda Moore
Authorised Representative

Contents

Part 1 - Independent Expert's Report

1.	Details of the Proposed Scheme	6
1.1	Overview	6
1.2	Conditions precedent	8
2.	Scope of the report	10
2.1	Purpose of the report.....	10
2.2	Basis of assessment.....	10
2.3	Shareholders' decisions.....	12
2.4	Independence	12
2.5	Limitations and reliance on information	12
3.	Overview of Sundance.....	14
3.1.1	The Mbalam-Nabeba Iron Ore Project.....	16
3.2	Financial information	20
3.2.1	Sundance' financial performance	20
3.2.2	Sundance's financial position.....	21
3.3	Capital structure and major shareholders.....	24
3.4	Share price performance.....	25
4.	Overview of Hanlong	29
5.	Iron ore industry profile	30
5.1	Iron ore overview.....	30
5.2	Supply of iron ore	31
5.3	Demand for iron ore.....	31
5.4	Iron ore pricing	32
5.5	Iron ore investment in Africa	34
5.6	Republic of Cameroon.....	35
5.7	Republic of Congo.....	35
6.	Valuation methodology and approach.....	36
6.1	Definition of fair value.....	36
6.2	Valuation methodology and approach	36
6.3	Valuation methodology adopted	37
6.3.1	The Mbalam-Nabeba Iron Ore Project.....	37
6.3.2	Exploration Projects.....	38
6.3.3	Other assets and liabilities.....	38
6.3.4	Valuation cross-check	38
7.	Valuation of Sundance	39
7.1	Valuation of the Mbalam-Nabeba Iron Ore Project	39
7.1.1	DCF valuation	39
7.1.1.1	Capital expenditure.....	40
7.1.1.2	Revenue	42
7.1.1.3	Operating costs and other general and administration costs	45
7.1.1.4	Other assumptions.....	47
7.1.1.5	Fair value range.....	48
7.1.2	Sensitivity analysis	50
7.1.3	Conclusion.....	51
7.2	Valuation of Additional Mineral Assets	51
7.3	Corporate costs, IRCM and Social Taxes.....	52
7.4	Valuation Summary	52
7.5	Valuation cross check	53
7.5.1	Implied Resource Multiple Cross Check	53
7.5.1.1	Trading multiples of comparable companies.....	53
7.5.1.2	Sundance's historical share price.....	56

7.5.2	Transaction Multiple Analysis	56
8.	Evaluation of the Proposed Scheme	58
8.1	Approach	58
8.2	Valuation conclusion	58
8.3	Commercial and qualitative factors.....	59
8.3.1	Advantages	59
8.3.2	Disadvantages	59
8.3.3	Other factors.....	60
8.3.4	Other considerations.....	62
8.4	Conclusion on the Proposed Scheme.....	62
Appendix A	Statement of qualifications and declarations.....	63
Appendix B	Determination of discount rates.....	65
Appendix C	Determination of commodity price forecasts.....	70
Appendix D	Description of comparable companies	72
Appendix E	Description of comparable transactions	74
Appendix F	Sources of information.....	76
Appendix G	Glossary	77
Appendix H	Optiro Report	80
Part 2 - Financial Services Guide		

1. Details of the Proposed Scheme

1.1 Overview

On 18 July 2011, Sundance Resources Limited (“Sundance” or the “Company”) announced that it had received written advice from Hanlong (Africa) Mining Investment Pty Limited (“Hanlong”) of its intention to make an offer for all of the Company’s issued shares that it does not already own for a cash consideration of \$0.50 per share (the “Initial Offer”) under a scheme of arrangement.

Hanlong is a wholly owned subsidiary of Sichuan Hanlong (Group) Co., Ltd (the “Sichuan Hanlong”), a large private enterprise domiciled in China with interests in mining, energy, real estate, pharmaceuticals, industrial chemicals and technology. Any reference to Hanlong in this regard includes reference to Sichuan Hanlong and its related entities.

In the announcement responding to the Initial Offer, the Directors of Sundance stated that they did not believe the Initial Offer provided adequate value or certainty to the Sundance shareholders other than Hanlong (the “Sundance Shareholders”) and that they would engage in discussions with Hanlong regarding the terms of its proposal.

At the same time the Directors also stated that Sundance would continue to progress negotiations with other potential strategic partners for the development of the Company’s Mbalam-Nabeba Iron Ore Project (the “Mbalam-Nabeba Iron Ore Project”) located in the Republic of Cameroon and the Republic of Congo.

On 4 October 2011, Sundance announced that it had received an increased proposal from Hanlong whereby Hanlong would acquire all of the Company’s issued shares that it does not already own for a cash consideration of \$0.57 per share (the “Secondary Offer”) via a scheme of arrangement. Subject to certain conditions being met and in the absence of a superior proposal, the Directors unanimously recommended the Secondary Offer of arrangement to Sundance Shareholders.

To manage the implementation of the scheme of arrangement and to enable the proposal from Hanlong to be put to Sundance Shareholders, Sundance and Hanlong entered into a Scheme Implementation Agreement (the “Original SIA”). On 23 May 2012, Sundance announced that it had entered into an amended and restated SIA (the “Amended and Restated SIA”), with the aim of simplifying some of the conditions precedent in order to meet a November 2012 completion date. Many of the conditions contained in the Original SIA and the Amended and Restated SIA have been outside of the control of Sundance and Hanlong. Because of this the timing of the proposed transaction has taken longer than originally anticipated.

The conditions precedent contained in the Second Amended and Restated SIA included Hanlong obtaining approval for the acquisition of Sundance from the National Development and Reform Commission (the “NDRC”) of the People’s Republic of China. On 2 August 2012 Sundance announced that provisional approval had been granted by NDRC, with final approval being subject to a number of conditions, one of which was that Hanlong pay a “reasonable acquisition price” for Sundance. Because of this condition Sundance and Hanlong recommenced pricing discussions. In recognition that financial markets had weakened since the Original SIA had been agreed to in October 2011, Hanlong’s offer price was decreased from \$0.57 to \$0.45.

Subsequent to these negotiations, on 27 August 2012 Sundance announced that it had entered into a second amended and restated Scheme Implementation Agreement (the “Second Amended and Restated SIA”) with Hanlong whereby Hanlong would acquire all of the shares in Sundance that it does not already own via a scheme of arrangement for a cash consideration of \$0.45 per share (the “Proposed Scheme”).

Under the Second Amended and Restated SIA, Hanlong warranted that \$0.45 to be a "reasonable acquisition price". In addition, the Second Amended and Restated SIA provides for a break fee to be paid to Sundance should Hanlong seek to further reduce the offer price and as a result, Sundance terminates the Second Amended and Restated SIA. The Second Amended and Restated SIA removes the exclusivity provisions, allowing the Company to deal with other prospective acquirers.

Hanlong is Sundance's largest shareholder with an interest in the Company at the date of the announcement of the Proposed Scheme on 27 August 2012 of 17.1%. In this regard Hanlong has a direct interest of 14.2% with other Sichuan Hanlong companies holding the other 2.9% interest. Reference to Hanlong's interest in Sundance includes these shares.

Sundance shareholders other than Hanlong (the "Sundance Shareholders") are to consider a resolution seeking approval of the Proposed Scheme at a general meeting of the Company that is to be held on or about 14 December 2012 (the "Scheme Meeting"). In the absence of a superior proposal, the Directors of Sundance have unanimously recommended that the Sundance Shareholders vote in favour of the Proposed Scheme.

Sundance's major asset is its interest in the Mbalam-Nabeba Iron Ore Project, an iron ore development project located in an area along the south eastern border of the Republic of Cameroon and a second area 40 kilometres to the south in the Republic of Congo.

On 27 August 2012, Sundance had on issue 3,049,577,034 shares, which based on the \$0.45 per share to be paid by Hanlong, implied an undiluted value for the Company of A\$1.372 billion. The market capitalisation of Sundance based on the closing price of its shares on the Australian Securities Exchange ("ASX") on 31 July 2012, the last day the Company's shares traded prior to the announcement of the Proposed Scheme, of A\$0.335 was A\$1.022 billion.

On 27 August 2012, Sundance also had on issue 30,986,866 options (the "Sundance Options") with various exercise prices and expiry dates. As a condition precedent to the Proposed Scheme, the Company is required to enter into an agreement with the option holders for the cancellation of their Sundance Options should the Proposed Scheme become effective (the "Option Deed"). The cash consideration payable by Hanlong for the cancellation of the Sundance Options will equate to the difference between the \$0.45 being offered by Hanlong for each share less the exercise price. None of the Sundance Options have an exercise price exceeding the \$0.45.

In addition, on 27 August 2012 Sundance also had on issue 10,534,449 performance rights (the "Sundance Performance Rights"). Should the Proposed Scheme become effective, all the Sundance Performance Rights will vest, with Sundance issuing the corresponding number of shares. It is proposed that Hanlong will acquire these shares for \$0.45 each. Under the terms of the Sundance Performance Rights, shares are issued on vesting at no cost to the holder.

Based on the number of shares Sundance had on issue at 2 November 2012, less the 520,957,708 shares that Hanlong currently has an interest in (17.1% interest), the cash consideration to be paid by Hanlong under the Proposed Scheme will equate to approximately A\$1.138 billion (the "Scheme Consideration"). This together with the amounts to be paid for the Sundance Options and the Sundance Performance Rights is summarised as follows:

Sundance - Cash Consideration Payable by Hanlong

Total shares on issue at 2 November 2012	3,049,577,034
Less: Shares Hanlong currently has an interest in	520,957,708
Shares to be acquired by Hanlong	<u>2,528,619,326</u>
Hanlong's offer price per Sundance's share	\$0.45
Total consideration for Sundance's shares	<u>\$1,137,878,697</u>
Consideration for Sundance options	\$4,435,317
Consideration for Sundance performance rights	\$4,740,502
Total consideration payable by Hanlong	<u>\$1,147,054,515</u>

Source: Management and EY analysis

On a fully diluted basis the total amount payable by Hanlong for the issued securities in Sundance that it does not already own is approximately A\$1.147 billion.

1.2 Conditions precedent

Implementation of the Proposed Scheme is subject to a number of conditions (some of which may be waived by Sundance or Hanlong or by agreement between Sundance and Hanlong) including, amongst other matters:

- ▶ Approval of the Federal Court of Australia (the "Court");
- ▶ Required regulatory approvals from Australian Securities and Investments Commission ("ASIC") and the ASX;
- ▶ Approvals from the State Administration of Foreign Exchange, the NDRC and the Ministry of Commerce of the People's Republic of China;
- ▶ An independent expert issuing a report that concludes that the Proposed Scheme is in the best interests of Sundance Shareholders;
- ▶ Approval from Sundance Shareholders;
- ▶ Hanlong concluding the Credit Approved Term Sheet, outlining its funding arrangements to meet its obligations to pay the Scheme Consideration;
- ▶ The Mbalam Convention is on Agreed Terms and the Government of the Republic of Cameroon confirms in a written document (signed by the Prime Minister or an official of the Government of the Republic of Cameroon) which is made available to Sundance and Hanlong that such terms are acceptable;
- ▶ The Congo Mining Permit is granted to Congo Iron in relation to the Nabeba deposit in the Republic of Congo;
- ▶ Sundance not declaring or paying any dividends;

- ▶ Sundance not entering into any significant transaction with another party in relation to its shares or a substantial part of its assets or business;
- ▶ Hanlong signs and delivers the Hanlong Deed Poll and procures that Sichuan Hanlong signs and delivers the Sichuan Hanlong Deed Poll, and
- ▶ No order is in existence that would prevent the implementation of the Proposed Scheme.

Under the Second Amended and Restated SIA, in certain circumstances which causes Hanlong not to be able to complete the Proposed Scheme, Hanlong will be required to pay Sundance a break fee in the amount of approximately 1% of the equity value of Sundance based on the Scheme Consideration (the "Hanlong Break Fee"). Similarly, in certain circumstances which causes Sundance not to be able to complete the Proposed Scheme, Sundance will be required to pay Hanlong a break fee to the amount of approximately 1% of the equity value of Sundance based on the Scheme Consideration (the "Sundance Break Fee"). In addition, Sundance shall receive the Hanlong Break Fee in the event that Hanlong seeks to further decrease the offer price below \$0.45 and Sundance as a result chooses to terminate the Second Amended and Restated SIA.

Details of the conditions precedent to the Proposed Scheme and the Sundance and Hanlong Break Fees are included in the Scheme Booklet.

2. Scope of the report

2.1 Purpose of the report

The Proposed Scheme is a scheme of arrangement to be conducted under the provisions of Section 411 of the Corporations Act (the "Act"). Under clause 8303 of Schedule 8 of the Corporations Regulations 2001 (the "Regulations"), if the other party to the scheme holds at least 30% of the company the subject of the scheme or if the parties have a common director then the documents sent to shareholders must be accompanied by a report prepared by an independent expert in which that entity provides an opinion as to whether or not the proposed scheme is in the best interest of shareholders and sets out the reasons for that opinion.

With Hanlong holding less than a 30% interest in Sundance and there being no common directors, an independent expert's report is not specifically required in relation to the Proposed Scheme. However, for reasons of good corporate governance the Directors of Sundance have engaged Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") to prepare an independent expert's report in relation to the Proposed Scheme as if such a report was required under the Regulations.

Accordingly, we have prepared this independent expert's report for the purpose of stating, in our opinion, whether or not the Proposed Scheme is in the best interests of Sundance Shareholders and to set out the reasons for that opinion.

Our report is being included in the Notice of Meeting and Scheme Booklet being sent to Sundance Shareholders in respect to the Scheme Meeting.

This independent expert's report considers the interests of the Sundance Shareholders as a whole and not individually.

2.2 Basis of assessment

Neither the Act nor the Regulations define the term '*in the best interest*'. In stating this, ASIC has issued Regulatory Guide 111: *Content of expert reports* ("RG 111") which provides some guidance as to what matters an independent expert should consider when determining whether or not a particular transaction is in the best interests of shareholders.

RG 111 notes that where a scheme of arrangement has the same outcome as a takeover, the analysis used by the expert should be substantially the same as for a takeover offer. With Hanlong intending to acquire all of the issued shares in Sundance that it does not already own, the Proposed Scheme has the same anticipated outcome as a takeover.

Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. In this regard:

- ▶ Clause 17 of RG 111 indicates that where an independent expert would conclude that a proposal is "fair and reasonable" if it was in the form of a takeover offer, then the expert would also be able to conclude that the scheme is "in the best interests" of shareholders;
- ▶ Clause 18 of RG 111 indicates that where an independent expert would conclude that a proposal is "not fair but reasonable" if it was in the form of a takeover offer, then it is still open to the expert to also conclude that the scheme is "in the best interests" of shareholders; and

- ▶ Clause 19 of RG 111 indicates that where an independent expert would conclude that a proposal is “not fair and not reasonable” if it was in the form of a takeover offer, then the expert would also conclude that the scheme is “not in the best interests” of shareholders.

While there is no definition of ‘fair and reasonable’ contained in the Act or the Regulations, RG 111 provides some guidance as to how the term should be interpreted in a range of circumstances. With respect to a takeover offer:

- ▶ an offer is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison is to be made assuming 100% ownership of the target and it is “inappropriate to apply a discount on the basis that the shares being acquired represent a minority or portfolio parcel of shares”; and
- ▶ an offer is ‘reasonable’ if it is fair. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

Consistent with the provisions of RG 111, in assessing whether or not the Proposed Scheme is ‘fair’ to Sundance Shareholders we have compared the fair value of the cash consideration being offered by Hanlong with the fair value of a Sundance share.

‘Fair value’ in this context is considered to be the amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer both acting at arm’s length.

The other factors considered in assessing the Proposed Scheme include the following matters:

- ▶ the overall terms of the Proposed Scheme;
- ▶ the prices at which Sundance shares traded at on the ASX prior to the announcement of the Proposed Scheme on 27 August 2012;
- ▶ consideration of the context of the Initial Offer and Secondary Offer made by Hanlong and the prices at which Sundance shares traded at on the ASX prior to that offers being announced on 18 July 2011 and 4 October respectively;
- ▶ the existence of any premium for control;
- ▶ alternatives to the Proposed Scheme, including the likelihood of an alternative superior proposal being received;
- ▶ other qualitative factors which we believe represent either advantages or disadvantages to Sundance Shareholders; and
- ▶ the consideration of other significant factors.

In assessing the fair value of Sundance and a Sundance share a key consideration is the valuation of the Mbalam-Nabeba Iron Ore Project. In undertaking the valuation of the Mbalam-Nabeba Iron Ore Project we have appointed mineral specialist firm, Optiro Pty Ltd (“Optiro”) to undertake a technical assessment of the Mbalam-Nabeba Iron Ore Project as a key input to our valuation. We have also requested Optiro to assess the value of any other mineral asset owned by Sundance, including exploration potential, which is not captured in the assessment of the Mbalam-Nabeba Iron Ore Project. A copy of the Optiro’s report (the “Optiro Report”) is attached in full at Appendix H and should be read in conjunction with our report.

In placing reliance on the Optiro Report we have satisfied ourselves as to Optiro's competence, experience and expertise. We are also satisfied that the assumptions, methodologies and source data used by Optiro were reasonable and appropriate and that the report contains sufficient information to support the conclusions drawn. We are also satisfied that Optiro is independent.

Our fair value assessment of Sundance and a Sundance share is detailed in Section 7.5.

All amounts in this report are expressed in Australian dollars (\$) unless otherwise stated.

In undertaking our analysis and preparing this report, we have had access to management information in relation to the Company. A list of the sources of information used and relied on is contained in Appendix F.

A glossary detailing the abbreviations we have used in this report is contained in Appendix G.

2.3 Shareholders' decisions

This independent expert's report has been prepared specifically for Sundance Shareholders at the request of the Directors of the Company with respect to the Proposed Scheme. As such, Ernst & Young Transaction Advisory Services, Ernst & Young and any member or employee thereof, take no responsibility to any entity other than Sundance Shareholders, in respect of this report, including any errors or omissions howsoever caused.

This report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of Sundance Shareholders. The decision to approve or not approve the Proposed Scheme is a matter for individual shareholders. Sundance Shareholders should consider the advice in the context of their own circumstances, preferences and risk profiles. Sundance Shareholders should have regard to the Notice of Meeting and Scheme Booklet prepared by the Directors and management of the Company. Sundance Shareholders who are in doubt as to the action they should take in relation to the Proposed Scheme should consult their own professional adviser.

Ernst & Young Transaction Advisory Services has prepared a Financial Services Guide in accordance with the Act. The Financial Services Guide is included as Part 2 of this report.

2.4 Independence

Prior to accepting this engagement, we considered our independence with respect to Sundance and Hanlong with reference to ASIC Regulatory Guide 112: *Independence of experts*. In our opinion, we are independent of Sundance and Hanlong.

Ernst & Young, and global affiliations, have not provided any services to Sundance or Hanlong in relation to the Scheme.

2.5 Limitations and reliance on information

In the preparation of this independent expert's report, Ernst & Young Transaction Advisory Services was provided with information in respect of Sundance and obtained additional information from public sources, as set out in Appendix F.

We have had discussions with the management of Sundance in relation to the Proposed Scheme, operations, financial position, operating results and outlook of Sundance.

Ernst & Young Transaction Advisory Services' opinion is based on economic, market and other external conditions prevailing at the date of this report. These conditions can change significantly over relatively short periods of time.

This independent expert's report is also based upon financial and other information provided by Sundance in relation to the Proposed Scheme. Ernst & Young Transaction Advisory Services has considered and relied upon this information.

The information provided to Ernst & Young Transaction Advisory Services has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the Proposed Scheme is in the best interest of Sundance Shareholders. However, Ernst & Young Transaction Advisory Services does not warrant that its enquiries have identified all of the matters that an audit, an extensive examination or 'due diligence' and/or tax investigation might disclose.

Preparation of this report does not imply that we have, in any way, audited the accounts or records of Sundance. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In forming our opinion we have also assumed that:

- ▶ matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- ▶ the information set out in the Notice of Meeting and Scheme Booklet to be sent by Sundance to shareholders is complete, accurate and fairly presented in all material respects; and
- ▶ the publicly available information relied upon by Ernst & Young Transaction Advisory Services in its analysis was accurate and not misleading.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations and policies, we assume no responsibility and offer no legal opinion or interpretation on any issue.

The statements and opinions given in this independent expert's report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Ernst & Young Transaction Advisory Services provided draft copies of this report to the Directors and management of Sundance for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of Ernst & Young Transaction Advisory Services alone. Amendments made to this report as a result of this review have not changed the methodology or conclusions reached by Ernst & Young Transaction Advisory Services.

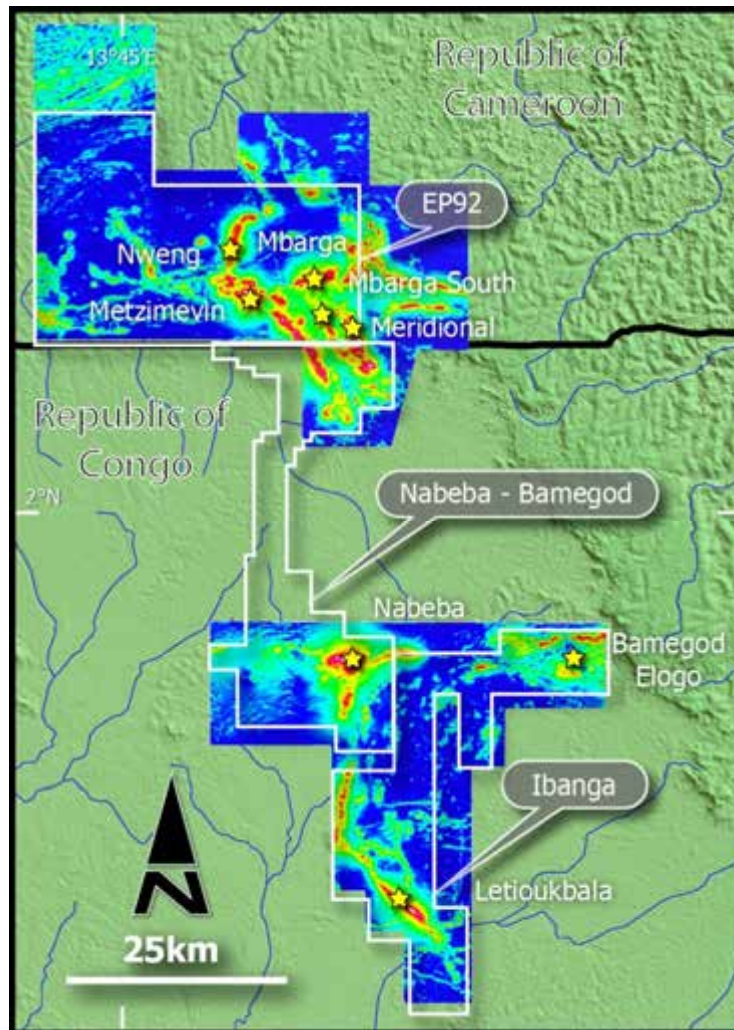
This report should be read in the context of the full qualifications, limitations and consents set out in Appendix A of this independent expert's report.

This report has been prepared in accordance with APES 225: *Valuation Services* issued by the Accounting Professional & Ethical Standards Board Limited in July 2008.

3. Overview of Sundance

Sundance is an iron ore exploration and development company based in Perth, Western Australia. The Company was listed on the ASX in November 1993 under the name “St Francis Mining NL” in December 1993. The name was changed to “Sundance Resources Limited” in 2003. The Company is also listed on the Over the Counter (“OTC”) markets in Berlin, Frankfurt, Hamburg, Stuttgart and Munich.

Sundance’s major asset is the Mbalam-Nabeba Iron Ore Project, which includes iron ore deposits in the Republic of Cameroon and the Republic of Congo in Central Africa. The Mbarga deposit is located in Cameroon and is situated within Exploration Permit 92 (“EP92”), covering an area of 783km². This permit extends to the border of the Republic of Congo. The Nabeba deposit is located in the Republic of Congo, 40 km south of the Mbarga deposit. The exploration tenements located in the Republic of Congo are comprised of Mining Research Permit Nabeba-Bamegod and Mining Research Permit Ibanga, which cover an area of 957km². The following graphic illustrates the location of the Mbalam-Nabeba Iron Ore Project’s tenements.



Cam Iron ownership (Cameroon component of the Mbalam-Nabeba Iron Ore Project)

Sundance acquired the Mbalam-Nabeba Iron Ore Project in June 2006 with the purchase of the issued shares of Cam Iron (SA) ("Cam Iron"). Cam Iron holds the Cameroon component of the Mbalam-Nabeba Iron Ore Project. Sundance acquired Cam Iron for a cash payment of \$400,000 and the issue of 295 million fully paid shares and 80,000,000 options exercisable at an issue price of 3.0 cents per share. In October 2006, Sundance agreed to transfer a 10% interest in Cam Iron to Hold Co SARL ("Hold Co"), a private company registered in the Republic of Cameroon, owned by private Cameroonian investors in exchange for their interest in the Mbalam-Nabeba Iron Ore Project.

In June 2012 key terms of the Mbalam-Nabeba Iron Ore Project Convention (the "Mbalam Convention") with the Government of Cameroon were agreed with the Government becoming entitled to a 10% free carried interest and a 5% interest by way of loan participation. As a result, once implemented Sundance's interest in the Mbalam-Nabeba Iron Ore Project will decrease to 76.5% and Hold Co's interest will reduce to 8.5%.

Under the terms of the Framework Agreement executed with the Government of Cameroon on 18 December 2008, the Government has the right to purchase up to an additional 15% contributing equity interest in the Mbalam-Nabeba Iron Ore Project. Should the Government elect to acquire this interest, the purchase price shall be equivalent to 50% of the total costs incurred on the Mbarga Project up until the time of acquisition. This provision has not been included in the Mbalam Convention and limits the Government's share of the project to 15%.

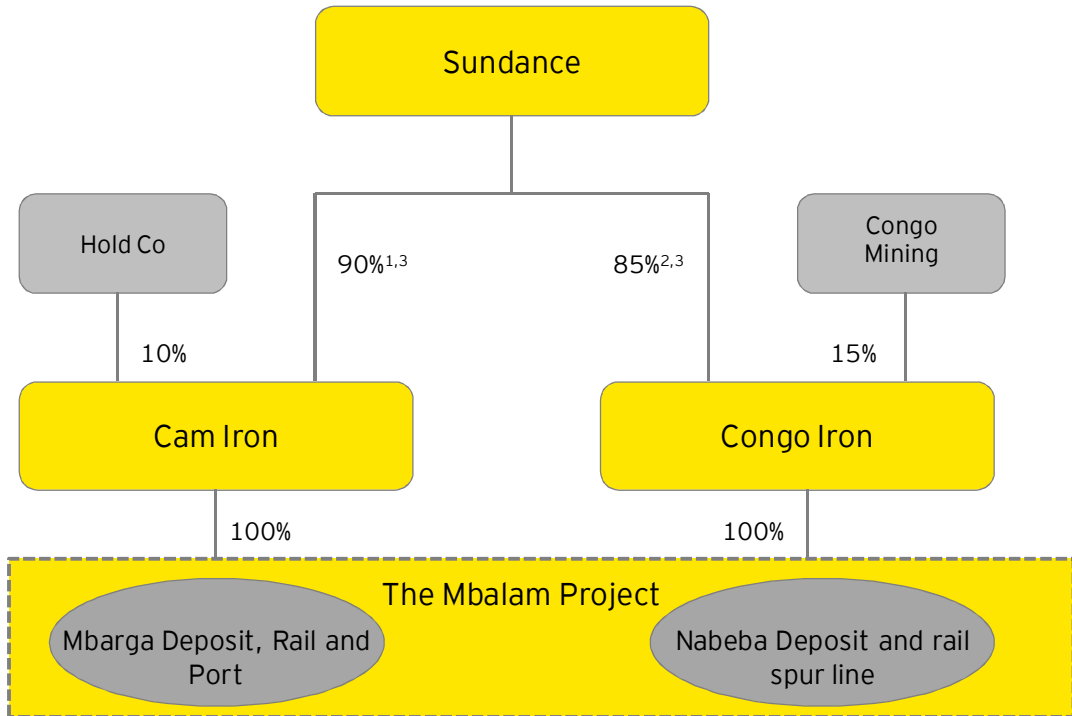
Congo Iron ownership (Congo component of Mbalam-Nabeba Iron Ore Project)

At the time of the award of the exploration permits on which the Congo component of the Mbalam-Nabeba Iron Ore Project was located, Congo Iron (SA) ("Congo Iron") held the permits and Cam Iron then held a 70% interest in Congo Iron. In October 2008, Sundance increased its direct interest in Congo Iron to 85% through the acquisition of a further 15% interest from a third party. Congo Mining Investments SA ("Congo Mining"), a private company registered in the Republic of Congo, holds the remaining 15% interest in Congo Iron.

The Government of the Republic of Congo has a right to a 10% free carried interest in Congo Iron pursuant to the Congo Mining Code. This will reduce Sundance's interest in Congo Iron to 76.5%. Congo Mining's share in Congo Iron will dilute to 13.5% upon investment by the Government of the Republic of Congo.

Mbalam-Nabeba Iron Ore Project ownership overview

The chart below illustrates Sundance’s interests in the Mbalam-Nabeba Iron Ore Project.



¹ Under the Agreed Terms of the Mbalam Convention, the Government of Cameroon has a right to a 10% free carry interest in the Cameroon component of the Mbalam-Nabeba Iron Ore Project and an additional 5% interest by way of loan participation. The loan and the associated interest will be repaid out of dividends.

² The Congo Government has a right to a 10% interest in Congo Iron pursuant to the Congo Mining Code.

³ If the Cameroon and Congo governments exercise their ownership rights Sundance’s interest in both Cam Iron and Congo Iron will be reduced to 76.5% (i.e. Sundance’s 90% interest in the Cameroon component of the Mbalam-Nabeba Iron Ore Project becomes 90% less 90% x 15% and Sundance’s 85% interest in Congo Iron becomes 85% less 85% x 10%).

In November 2010 Sundance appointed Chinese investment bank, CITIC Securities Co Ltd (“CITIC”), to assist in securing both debt and equity funding in China for the development of the Mbalam-Nabeba Iron Ore Project. In May 2011, Sundance announced that as part of the Mbalam-Nabeba Iron Ore Project development proposal it may sell up to 50% of its interest in the project and that it was continuing negotiations with several prospective strategic partners to provide equity, finance and off-take arrangements. These discussions continued into June 2011, leading into commercial negotiations with a shortlist of preferred potential partners.

In March 2011, Hanlong became Sundance’s largest shareholder through the acquisition of the shares held by the Talbot Group. At that time Hanlong’s interest in the Company was approximately 19.0%.

3.1.1 The Mbalam-Nabeba Iron Ore Project

The Mbalam-Nabeba Iron Ore Project is comprised of exploration tenements that cover an area of approximately 1,740km², and are located along the southern border of the Republic of Cameroon and along the northern border of the Republic of Congo.

Exploration work was previously conducted between 1976 and 1984 by the United Nations Development Programme (“UNDP”) and the Canadian International Development Agency (“CIDA”). On the basis of this work program, the UNDP estimated that the Mbarga and Metzimevin Deposits on EP92 could contain iron mineralisation of approximately 218 million tonnes (“Mt”) of high grade (60% Fe) hematite and 587 Mt of itabirite (30% Fe) hematite.

A scoping study was completed by ProMet Engineers Pty Ltd in August 2006, not long after Sundance had acquired Cam Iron. On the assumption that detailed geological studies could increase the resource of high grade ore, the results of the study indicated that EP92 had the potential of being developed into a low cost iron ore project. The study was completed on the basis of only direct shipping ore (“DSO”) being targeted.

A pre-feasibility study (“PFS”) on the Mbalam-Nabeba Iron Ore Project, focusing on transport and port infrastructure, was completed by Worley Parsons in January 2008. This indicated that the Mbalam-Nabeba Iron Ore Project was potentially viable subject to the results of resource definition drilling that was underway but not complete at that time.

Sundance completed a Definitive Feasibility Study (“DFS”) for Stage 1 of the Mbalam-Nabeba Iron Ore Project to support a 10 year DSO operation. The DFS was based on an extensive high grade resource definition drilling program undertaken between 2007 and 2010 and a metallurgical testwork program completed in 2010. The DFS confirmed a technically viable project with Stage 1 involving the mining of the high grade hematite within the Mbarga and the Nabeba deposits to produce DSO quality sinter fines.

In addition to completing the DFS for Stage 1, Sundance also completed a PFS for Stage 2 in April 2011. Stage 2 involves the proposed mining of the itabirite ore at Mbarga and Nabeba; producing pellet feed concentrate and blast furnace fines.

Both Stage 1 and Stage 2 involve targeted annual production of 35 Mt per annum (“Mtpa”) with the DSO being mined across Stage 1 being replaced by the mining of itabirite ore under Stage 2. The DFS work program indicated a product development schedule for Stage 1 of 40 months from commencement to production and first ore on ship. This includes construction of the rail and port infrastructure.

As part of the DFS for Stage 1, the Company announced a maiden High Grade Hematite Ore Reserve for the Mbalam-Nabeba Iron Ore Project of 252 Mt at 63.6% Fe. These reserves were sufficient to support the first seven years of the planned 10 years of DSO production under Stage 1 at 35 Mtpa.

In November 2011, Sundance announced an increase to its high grade iron ore reserves to 352 Mt at 62.4%, sufficient to support the proposed 10 years of DSO production. High grade resources at that time were restated to 522 Mt at 60.7% Fe, with 94% being in the indicated category at 60.9% Fe. On 20 June 2012, Sundance increased high grade resources to 775 Mt at 57.2% Fe and announced a new Nabeba itabirite resource of 1,391 Mt at 35.1% Fe. On 26 October 2012, the Nabeba itabirite resource was further increased to 1,722 Mt based on additional drilling and interpretation of results. The Mbarga deposit has an itabirite resources of 2,325 Mt at 38.0% Fe. Total resources at Mbarga and Nabeba now amount to 4,822 Mt (inclusive of reserves).

A summary of the reserves and resources for the Mbalam-Nabeba Iron Ore Project are included below. All reserves are categorised as probable reserves:

JORC Global High Grade Hematite Ore Reserves as at 15 November 2011

	Mt	Fe %	SiO ₂ %	Al ₂ O ₃	P %	LOI %
Mbarga supergene	94.8	62.1	7.3	2.0	0.080	1.5
Mbarga transitional upgraded product	15.4	65.0	3.8	2.7	0.080	2.7
Mbarga south supergene	11.8	60.5	8.4	2.2	0.070	2.4
Nabeba supergene	212.3	62.6	3.9	2.9	0.090	3.0
Nabeba sub-grade upgraded product	17.7	60.5	5.5	2.4	0.100	3.7
Total reserves	352.0	62.4	5.0	2.6	0.090	2.6

Source: Sundance ASX announcement 15 November 2011

Note: The JORC Global High Grade Hematite Ore Reserves are based on 522 Mt JORC Global High Grade Hematite Ore Resources restated in November 2011.

JORC Global High Grade Mineral Resources as at 20 June 2012

	Mt	Fe %	SiO ₂ %	Al ₂ O ₃	P %	LOI %
Indicated	748.0	57.2	9.2	4.4	0.098	3.8
Inferred	27.4	57.4	15.1	3.0	0.090	1.5
Total	775.4	57.2	9.4	4.3	0.098	3.8

Source: Sundance ASX announcement 20 June 2012

JORC Itabirite Mineral Resources as at 26 October 2012

	Mt	Fe %	SiO ₂ %	Al ₂ O ₃	P %	LOI %
Indicated	1,431.0	38.0	44.5	0.4	0.0	0.3
Inferred	2,616.0	35.3	43.0	2.0	0.1	1.9
Total	4,047.0	36.3	43.6	1.4	0.0	1.3

Source: Sundance ASX announcement 15 November 2011 and 26 October 2012

Including Stage 2, the Mbalam-Nabeba Iron Ore Project is estimated to have a mine life of at least 25 years at a proposed production rate of 35 Mtpa. Stage 1 consists of the mining of the DSO ore from the Mbarga and Nabeba deposits. Under Stage 2, the itabirite resource from the Mbarga deposit is planned to be mined for the 15 years beyond the first 10 years. The itabirite resource at Mbarga lies directly underneath the high grade pit shell with a strip ratio averaging an estimated 0.3:1.

The Nabeba itabirite resource of 1,722 Mt at 33.9% Fe is not currently included in the development of Stage 2. It is likely as a result of this additional work, the Nabeba itabirite resource will be developed as part of Stage 2. In addition to the recently announce Nabeba itabirite resource Sundance has undertaken further drilling and has established an itabirite exploration potential target of 9.2 billion tonnes ("Bt") to 13.2 Bt with an average grade between 30% and 40% Fe. This exploration target covers both Mbarga and Nabeba itabirite.

In June 2012 Sundance announced an increase in high grade resources to 775 Mt. A revised reserve based on this has not yet been established however it is considered this will increase the proposed life of mine for Stage 1 well beyond its proposed 10 years. At the same time Sundance announced the increase in resources Sundance also announced new high grade exploration targets consisting of a further 90 Mt to 150 Mt of DSO potential at Nabeba and Mbarga. The identification of further high grade resources would potentially further increase the life of Stage 1.

Stage 1 of the Mbalam-Nabeba Iron Ore Project includes the development of the mining and processing facilities required to produce a DSO sinter fines product. Stage 1 also includes the construction of a 510 km rail line dedicated to the transport of iron ore from the Mbarga mine to the Republic of Cameroon coast and the construction of a 70 km rail spur line to the Nabeba mine. A deepwater port capable of berthing bulk iron ore carriers with capacity of up to 300,000 deadweight tonnage will also be need to be constructed, together with the ore handling and storage facilities.

In January 2009, Cam Iron was selected as the core operator to manage the financing, construction and operation of a dedicated iron ore export terminal (the Lolabe Iron Ore Terminal") which will be part of the Kribi Multi-User Port Facility being developed by the Cameroon Government. Located south of the coastal town of Kribi the port is expected to become a major shipping hub servicing the Mbalam-Nabeba Iron Ore Project as well as other emerging industries in the region.

In 2010, Sundance was granted environmental approval by the Cameroon Government for the port, rail and the Mbarga mine, and received a Declaration of Land for Public Utility for the proposed port in 2010 and for the rail corridor in November 2011. Environmental approval for the Nabeba mine in the Republic of Congo was awarded in August 2012.

In September 2010, Sundance entered into two Memoranda of Understanding ("MOU") with CRCC China-Africa Construction Limited ("CRCC") and with China Harbour Engineering Company Ltd ("CHEC") to establish the scope, cost and delivery program for the proposed rail and port infrastructure.

The MOU with CRCC commits the parties to work together to establish the scope, cost and program for the delivery of a rail system capable of handling 35 Mtpa of iron ore from the Mbalam-Nabeba Iron Ore Project. The MOU with CHEC commits the parties in a similar manner for the scope, cost and program for delivery of the port infrastructure. Since the signing of the MOUs, technical and commercial discussions have advanced between Sundance and CRCC and CHEC and formal tender submissions have been received. These tender submissions are currently being reviewed by Sundance with detailed negotiations continuing.

Stage 2 of the Mbalam-Nabeba Iron Ore Project involves the development of the Mbarga itabirite resource. With an Fe content of 38.0%, the ore will need to go through a beneficiation process to increase the contained Fe to between 66% and 68% Fe, resulting in the production of quality pellet feed concentrate and direct reduction pellets. Accordingly, Stage 2 will require the construction of a beneficiation plant and a pellet plant.

Capital costs for Stage 1 are estimated to be approximately US\$4.7 billion real (2010\$'s) and capital costs associated with Stage 2 are estimated to be approximately US\$3.1 billion real (2010\$'s).

The development of Stage 2 of the Mbalam-Nabeba Iron Ore Project will be assessed in conjunction with the operation of Stage 1. Its timing and scope may be impacted by the following:

- ▶ economic conditions, particularly the realised price for iron ore concentrate;
- ▶ availability of hydro power for the concentrator;
- ▶ life of the DSO quality resources; and
- ▶ demand and offtake agreements for concentrate and pellets.

Adjacent to the Mbarga and Nabeba deposits are several iron ore prospects held by third parties. With the development of the Mbalam-Nabeba Iron Ore Project it is likely that there will be scope for co-operation between these parties and Sundance to allow shared use of rail and port infrastructure.

The aspects of the Mbalam-Nabeba Iron Ore Project that Sundance management consider to be of considerable advantage to the future development of the project include:

- ▶ The current JORC Global High Grade ore reserves support a life of mine of 10 years at 35 Mtpa of DSO quality ore however it is expected that the life of mine will increase when a new JORC Global High Grade ore resource is established. The Mbalam-Nabeba Iron Ore Project's resources, inclusive of its 4.0 Bt of low grade itabirite resource over Mbarga and Nabeba, support a total life of mine in excess of 25 years;
- ▶ The DSO hematite is expected to have an average grade of 62.4% Fe, which is one of the highest grade new hematite mines in the world;
- ▶ Due to low strip ratios (estimated at 0.8:1) and lower employee costs, the Mbalam-Nabeba Iron Ore Project's forecast operating costs for DSO production in Stage 1 of approximately US\$21/t FOB (inclusive of rail and port charges) is low compared to other iron ore producers worldwide;
- ▶ The Mbalam-Nabeba Iron Ore Project's estimated capital costs are in line with those of other major iron ore projects; and
- ▶ Sundance's management team has considerable iron ore and project development experience.

Contrasting these perceived benefits are a number of risks, including:

- ▶ Based on the DFS and the PFS, the development of the Mbalam-Nabeba Iron Ore Project will require estimated capital expenditures of approximately US\$4.7 billion real (2010\$'s) for Stage 1 and US\$3.1 billion real (2010\$'s) for Stage 2. As a result, Sundance will need to source significant funding over the short to medium term. With a market capitalisation of approximately A\$1.022 billion prior to the announcement of the Proposed Scheme, securing this level of funding may be difficult;
- ▶ The Mbalam-Nabeba Iron Ore Project represents the first iron ore project the Republic of Cameroon and the Republic of Congo;
- ▶ Sundance, through Cam Iron and Congo Iron, will need to be granted various project approvals, including the execution of the Mbalam Convention and the Congo Mining Permit. The Nabeba Convention with the Government of the Republic of Congo will also need to be negotiated and executed following the grant of a the Congo Mining Permit over the Nabeba project area. The Mbalam Convention covers agreements with the Government of the Republic of Cameroon on all aspects including land access, tax and royalty regimes.
- ▶ A key element to finalising these mining conventions will be confirming both Governments' equity interest in the project. Should Sundance be unable to secure the required approvals for the mine and land access for rail and port infrastructure in a timely manner, the Project could be delayed; and
- ▶ Similar to other iron ore producers, the Mbalam-Nabeba Iron Ore Project is subject to fluctuations in iron ore prices and foreign exchange rates. This has been evident throughout 2012 where iron ore prices have decreased to level not seen for a number of years, resulting in brokers reassessing their iron ore price forecasts for the medium and long term. Further discussion regarding recent iron ore price developments is contained in section 5.4.

Further detailed descriptions of the Mbalam-Nabeba Iron Ore Project are contained in the Optiro Report, which is attached as Appendix H of this report.

3.2 Financial information

3.2.1 Sundance' financial performance

Included below is a summary of Sundance's trading performance for the three financial years ended 30 June 2010, 2011 and 2012 ("FY10", "FY11" and "FY12") based on the Company's audited financial statements.

Sundance - Summary of Income Statement			
A\$000's	FY10	FY11	FY12
Revenue			
- Other income	2,530	2,888	2,540
	<u>2,530</u>	<u>2,888</u>	<u>2,540</u>
Expenses			
- Administrative costs	(819)	(1,682)	(2,483)
- Consultants fees expensed	(986)	(259)	(157)
- Depreciation & amortisation expense	(2,508)	(2,349)	(2,723)
- Employee benefits expense	(5,008)	(13,730)	(15,940)
- Exchange rate losses	(39)	(171)	(44)
- Impairment expense	(638)	(250)	-
- Legal fees	(395)	(865)	(1,264)
- Listing and registry fees	(406)	(550)	(439)
- Occupancy costs	(604)	(1,135)	(1,404)
- Professional fees	(294)	(678)	(759)
- Transport & logistics	(10)	(247)	(280)
- Travel expenses	(861)	(1,680)	(1,345)
- Other expenses	(716)	(1,032)	(1,009)
	<u>(10,755)</u>	<u>(21,738)</u>	<u>(25,308)</u>
Loss before income tax	(10,755)	(21,738)	(25,308)
Income tax benefit / (expense)	-	-	-
	<u>(10,755)</u>	<u>(21,738)</u>	<u>(25,308)</u>

Source: Sundance annual reports

The trading performance of Sundance reflects the nature of its principal activities as a mineral exploration and development company. Other income pertains primarily to interest received by the Company from cash balances on hand from equity raisings.

3.2.2 Sundance's financial position

A summary of Sundance's balance sheets as at 30 June 2010, 2011 and 2012 ("30Jun10", "30Jun11" and "30Jun12") is presented in the table below. The amounts have been extracted from the Company's audited financial statements.

Sundance - Summary Balance Sheet			
A\$000's	30Jun10	30Jun11	30Jun12
Current assets			
Cash and cash equivalents	76,762	70,333	59,071
Trade and other receivables	2,291	3,022	1,209
Inventory	2,603	3,291	2,913
Other current assets	419	664	941
	<u>82,076</u>	<u>77,310</u>	<u>64,134</u>
Non-current assets			
Property, plant and equipment	6,895	7,305	5,141
Mine development	-	134,981	163,955
Exploration and evaluation expenditure	97,921	-	-
Intangibles	331	-	-
	<u>105,147</u>	<u>142,286</u>	<u>169,097</u>
Total assets	<u>187,223</u>	<u>219,596</u>	<u>233,231</u>
Current liabilities			
Trade and other payables	7,657	5,191	5,249
	<u>7,657</u>	<u>5,191</u>	<u>5,249</u>
Non-current liabilities			
Provisions	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,657</u>	<u>5,191</u>	<u>5,249</u>
Net assets	<u>179,566</u>	<u>214,406</u>	<u>227,982</u>

Source: Sundance annual reports

Similar to the income statement, Sundance's balance sheet position reflects its nature as a mineral exploration company, with the major balances at 30 June 2012 being cash and the capitalised mine development costs. Following the completion of the DFS, the balance of 'Exploration and evaluation expenditure' as at 1 April 2011 was transferred into 'Mine development' during FY11. This amount represents capitalised costs with respect to the Mbalam-Nabeba Iron Ore Project.

Included below is a summary of Sundance's cash flow statements for the three financial years FY10, FY11 and FY12. These amounts have been extracted from the Company's audited financial statements.

Sundance - Summary Cash Flow Statement			
A\$000's	FY10	FY11	FY12
Cash flow from operating activities			
Payments to suppliers and employees	(7,488)	(19,226)	(19,736)
Interest received	2,114	2,784	2,822
Net cash from operating activities	(5,374)	(16,442)	(16,914)
Cash flows from investing activities			
Purchase of property, plant and equipment	(4,223)	(3,168)	(1,156)
Exploration and development expenditure	(19,901)	(45,233)	(40,947)
Net cash from investing activities	(24,123)	(48,401)	(42,102)
Cash flow from financing activities			
Proceeds from issue of shares	90,693	61,604	49,350
Share issue expenses	(4,620)	(3,124)	(1,535)
Net cash from financing activities	86,073	58,480	47,815
Net increase / (decrease) in cash held			
Cash at beginning of period	20,385	76,762	70,333
Effect of exchange rates	(199)	(66)	(60)
Cash at end of period	76,762	70,333	59,071

Source: Sundance annual reports

A review of Sundance's cash flow statements shows that the Company's activities have been funded from the cash raised through the issue of shares, with major expenditures being incurred on exploration and evaluation activities.

3.3 Capital structure and major shareholders

As at 31 August 2012 Sundance had the following securities on issue:

- ▶ 3,049,577,034 fully paid ordinary shares; and
- ▶ the Sundance Options and the Sundance Performance Rights, as detailed below:

Summary of Sundance Options and Performance Rights			
	Number Outstanding	Expiry Date	Exercise Price
Options	4,020,000	30-Jan-13	\$0.225
Options	301,200	31-Jan-13	\$0.200
Options	3,901,666	31-Mar-13	\$0.350
Options	2,000,000	01-Jun-13	\$0.350
Options	6,500,000	22-Dec-13	\$0.400
Options	6,500,000	22-Dec-13	\$0.300
Options	1,150,000	29-Jan-14	\$0.250
Options	250,000	29-Jan-14	\$0.250
Options	5,360,000	30-Jan-14	\$0.250
Options	502,000	30-Jan-14	\$0.225
Options	502,000	30-Jan-15	\$0.250
Total options	<u>30,986,866</u>		
Performance rights	5,300,000	Various	\$0.000
Performance rights	1,160,712	Various	\$0.000
Performance rights	4,073,737	Various	\$0.000
Total performance rights	<u>10,534,449</u>		

Source: Sundance Appendix 3B dated 22 June 2012

As at 31 August 2012, the Company's top 10 shareholders by nominee held 59.3% of the shares on issue. Sundance has approximately 24,000 shareholders. A profile of Sundance's top 10 shareholders is as follows:

Sundance - Shareholder Profile as at 31 August 2012			
		No. of shares	%
1	Hanlong	433,791,352	14.2%
2	JP Morgan Nominees (cash income a/c)	424,368,446	13.9%
3	HSBC Custody Nominees	265,032,182	8.7%
4	National Nominees	245,774,845	8.1%
5	JP Morgan Nominees	205,641,709	6.7%
6	HSBC Custody Nominees (a/c 3)	116,831,024	3.8%
7	Citicorp Nominees	68,499,766	2.2%
8	CS Fourth Nominees	17,335,712	0.6%
9	Brispot Nominees	16,484,807	0.5%
10	BNP Paribas Noms	15,968,776	0.5%
Total - Top 10		1,809,728,619	59.3%
Other Sundance Shareholders		1,239,848,415	40.7%
Total shares on issue as at 31 August 2012		<u>3,049,577,034</u>	<u>100.0%</u>

Source: Sundance Management

*Hanlong's interest in Sundance is 17.08% including related parties.

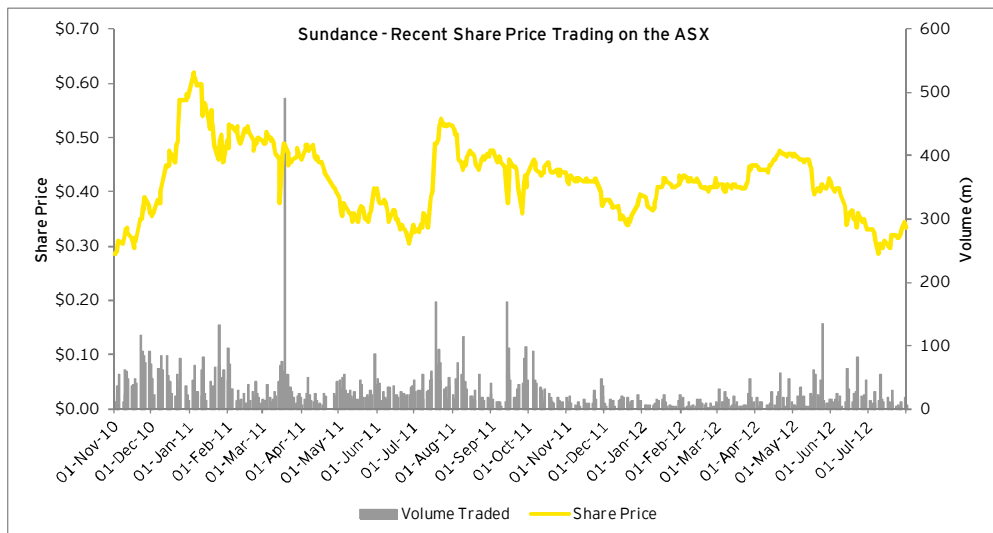
3.4 Share price performance

The following table summarises the monthly trading prices of Sundance shares on the ASX over the period from 1 November 2010 to 31 July 2012, the last trading day prior to the announcement of the Proposed Scheme on 27 August 2012 (Sundance was in a trading halt from 1 August 2012 to 27 August 2012). The last trading price of a Sundance share on 31 July 2012 was A\$0.335. The market capitalisation is based on the closing price for each month.

Sundance - Monthly Share Trading Summary						
Date	High \$	Low \$	Close \$	Market Cap \$ millions	Monthly Vol millions	Liquidity %
Nov-10	0.400	0.280	0.360	975.6	1,114.8	41.1%
Dec-10	0.590	0.350	0.575	1,559.1	940.1	34.7%
Jan-11	0.665	0.425	0.495	1,342.4	985.9	36.4%
Feb-11	0.535	0.460	0.495	1,342.6	489.8	18.1%
Mar-11	0.520	0.355	0.465	1,262.5	1,144.5	42.2%
Apr-11	0.510	0.380	0.400	1,089.0	336.7	12.4%
May-11	0.405	0.330	0.395	1,133.9	690.1	24.2%
Jun-11	0.415	0.300	0.340	976.1	578.7	20.2%
Jul-11	0.540	0.320	0.525	1,508.1	996.1	34.7%
Aug-11	0.530	0.400	0.475	1,371.6	723.0	25.1%
Sep-11	0.485	0.355	0.430	1,245.4	895.4	30.9%
Oct-11	0.495	0.450	0.435	1,260.7	486.9	16.8%
Nov-11	0.437	0.425	0.380	1,108.2	301.4	10.4%
Dec-11	0.400	0.380	0.395	1,153.9	233.1	8.0%
Jan-12	0.430	0.420	0.430	1,216.9	189.3	6.5%
Feb-12	0.430	0.425	0.425	1,202.6	150.6	5.1%
Mar-12	0.455	0.445	0.450	1,320.1	307.2	10.5%
Apr-12	0.490	0.470	0.470	1,378.8	304.2	10.4%
May-12	0.470	0.465	0.420	1,246.8	558.0	19.0%
Jun-12	0.420	0.405	0.330	1,067.4	464.8	15.6%
Jul-12	0.345	0.335	0.335	1,052.1	295.2	9.7%

Source: S&P Capital IQ, EY analysis

The chart below shows the daily share price and trading volumes for Sundance between 1 November 2010 and 31 July 2012, with the trading price is based on the daily closing price.



Source: S&P Capital IQ, Company announcements

Over the period considered, Sundance's share price traded from a low of A\$0.28 in November 2010 increasing to a high of A\$0.665 in January 2011. From February 2011 to mid-July 2011, Sundance's share price trended downward to A\$0.30 in June 2011 before closing at A\$0.40 on 15 July 2011, the last trading day before the announcement of the Initial Offer from Hanlong of \$0.50 per share.

In reaction to the Initial Offer, the Company's share price reached a high of A\$0.54 on 22 July 2011. Over August and September 2011, Sundance's share price traded down to A\$0.355, before closing at A\$0.43 on 30 September 2011, the last trading day prior to the Secondary Offer by Hanlong of \$0.57.

Immediately following the announcement of the Secondary Offer, Sundance's share price increased to A\$0.495 in October 2011 before decreasing to a low of A\$0.35 in December 2011. The Company's share price increased from December 2011 to February 2012, reaching a high of A\$0.43 in February and remained relatively stable through to the end of March 2012. From late March 2012 Sundance's share price increased to \$0.45 and again to A\$0.49 in April 2012. From April 2012 the share price followed a downward trend, with the exception of an increase on the announcement of the Amended and Restated SIA on 23 May 2012, closing at A\$0.31 on 31 July 2012, the last trading day before the announcement of the Second Amended and Restated SIA.

The monthly liquidity of Sundance shares over the period to 30 September 2011 was generally greater than 20% of the shares on issue, with the monthly volumes traded ranging between 18.1% and 42.2% of total shares on issue. The large increase in volume in March 2011 reflected Hanlong's acquisition of the shares held by the Talbot Group. Following the announcement of the Secondary Offer on 4 October 2011 to 31 July 2012 monthly liquidity ranged from 5.1% to 19.0%.

In addition to the regular quarterly, interim and annual reporting announcements, the material announcements made by Sundance across the period above that may have had an impact on the Company's share price are summarised below:

- ▶ 5 November 2010 - Sundance announced the appointment CITIC to assist in securing both debt and equity funding for the Mbalam-Nabeba Iron Ore Project. CITIC was also appointed to assist with ongoing discussions between Sundance and Chinese investment groups interested in the Mbalam-Nabeba Iron Ore Project.
- ▶ 28 January 2011 - Release of Sundance's December 2010 Quarterly Report, which highlighted that substantial progress had been made towards the completion of the Mbalam-Nabeba Iron Ore Project DFS. The quarterly report also stated that negotiations with the Cameroon and Congo governments were progressing to finalise the Mbalam Convention that underpins the development of the project.
- ▶ 31 January 2011 - Sundance confirmed recent media reports that it had met with senior personnel from Korean conglomerate, POSCO, as part of a visit to Cameroon, Democratic Republic of Congo, Zimbabwe and Ethiopia sponsored by the Korean Ambassador for energy and resources. However, no formal agreements had been entered into in relation to finding a strategic partner to pursue the Mbalam-Nabeba Iron Ore Project.
- ▶ 14 February 2011 - Sundance confirmed that the DFS was on track to be completed by the end of March 2011. They also expanded the scope of the Mbalam-Nabeba Iron Ore Project to include a second mine after a successful drilling exploration campaign in the prior year confirmed previously announced high grade hematite resources.
- ▶ 17 March 2011 - Sundance announced a major resource upgrade of the Mbalam-Nabeba Iron Ore Project with an increase in the inventory of high grade indicated resources to 417.7 Mt at 61.4% Fe from 169 Mt previously. Global inferred and indicated high grade hematite mineral resources for the Mbalam-Nabeba Iron Ore Project had reached 484 Mt at 61.1% Fe.

- ▶ 6 April 2011 - The Company delivered a positive DFS for the Mbalam-Nabeba Iron Ore Project. Highlights included an estimated net present value of over US\$2.4 billion for the total project (unrisked), an internal rate of return estimated at 27% and a projected capital payback period of three years. The Company anticipated the first ore on ship in the last quarter of calendar 2014, positioning Sundance as a significant global iron ore producer.
- ▶ 27 April 2011 - Sundance entered into a placement agreement to raise \$60 million from international institutional investors.
- ▶ 11 May 2011 - Sundance signed a letter of intent with Legend Mining for access co-operation with regards to usage of rail and port infrastructure for their Mbalam-Nabeba Iron Ore Project. The Company entered into this agreement for the mutual benefit of all stakeholders including the government and people of Cameroon given that Sundance and Legend Mining have assets on neighbouring land.
- ▶ 16 May 2011 - Sundance announced that it was in ongoing discussions with prospective strategic partners to provide equity, construction, off-take and finance for the Mbalam-Nabeba Iron Ore Project. Sundance confirmed they would not be willing to sell more than 50% of its current interest.
- ▶ 30 May 2011 - In response to an Australian Financial Review article regarding major shareholder, Hanlong "...exploring a number of potential deals with Sundance, including a full takeover", Sundance confirmed that it was not currently in discussions regarding a full takeover and was continuing its ongoing discussions with strategic partners.
- ▶ 29 June 2011 - Sundance provided an update to its search for a strategic partner, detailing follow up discussions between Sundance and prospective strategic partners had been held in China and Africa with potential partners having visited the Company's operations to finalise due diligence. These updates also advised that Sundance had entered into commercial negotiations having shortlisted the preferred potential partners.
- ▶ 18 July 2011 - Sundance announced it had received notice from Hanlong in regards to the Initial Offer under which Hanlong informed the Company of its intention to make a conditional cash offer for 100% of Sundance at \$0.50 per Sundance share.
- ▶ 1 September 2011 - Sundance announced an increase in high grade hematite resources totalling 521.7 Mt at 60.7% Fe in accordance with the JORC code. This resulted in an increase in the indicated category to 488.5 Mt, representing 94% of the total resources for the Mbalam-Nabeba Iron Ore Project.
- ▶ 4 October 2011 - Sundance announced that Hanlong had proposed to acquire 100% of the Company for \$0.57 cash per share. The announcement stated that the Directors of Sundance believe the offer represented an attractive premium to Sundance's one-month VWAP to 15 July 2011. Accordingly, in the absence of a superior offer, the Board unanimously recommended that Sundance shareholders vote in favour of the Secondary Offer.
- ▶ 15 November 2011 - The Company announced that an upgrade to its ore reserve statement, increasing its high grade hematite ore reserves to 352 Mt at 62.4% Fe, when confirming an annual production of 35 Mt of DSO for 10 years under Stage 1 of the Mbalam-Nabeba Iron Ore Project.
- ▶ 25 November 2011 - Sundance announced that it had received formal notice from Hanlong that Hanlong would not receive the Highly Confident Letter from China Development Bank due by 28 November 2011 and requested that Sundance waive the requirement for the letter as a condition precedent for the Original SIA.

- ▶ 16 February 2012 - The Company was informed that the Cameroon Government had established a top-level Ministerial Steering Committee to co-ordinate and oversee planning for the mine and infrastructure. This Ministerial Committee replaced the Cellule which the Cameroon Government had established in 2007 to advise the Government on project matters. As a result all conditions precedent under the Original SIA due to be satisfied by 29 February 2012 were extended to 27 April 2012.
- ▶ 20 April 2012 - Sundance announced that the Minister of Mines and Geology of the Republic of Congo had approved the Company's application to develop and mine the Nabeba iron ore deposit. He recommended that the Republic of Congo's Council of Ministers approve the issue of the Mining Permit.
- ▶ 27 April 2012 - The Company reached agreement with the Republic of Cameroon Government on significant key terms underpinning the Mbalam-Nabeba Iron Ore Project, including the Republic of Cameroon Government's free carried equity amount of 10%, a 25 year term for the Mining Convention and Mining Permit, 2.5% royalty fee, key fiscal terms and exchange control terms.
- ▶ 24 May 2012 - Sundance and Hanlong announce that they have agreed to enter into the Amended and Restated SIA, which is based on a simplified timetable with a anticipated November 2012 completion date.
- ▶ 5 June 2012 - The Company announced that it had agreed on further key terms of the Mbalam Convention with Hanlong and representatives of the Government of the Republic of Cameroon, which resulted in revised equity agreements with the Government of the Republic of Cameroon and updated fiscal terms.
- ▶ 13 June 2012 - Sundance completed a A\$40 million share placement at A\$0.345 per share, with the funds to be used for continued development and exploration activities at the Mbalam-Nabeba Iron Ore Project and general corporate purposes.
- ▶ 20 June 2012 - The Company announced an increase to high grade mineral resources by 49% to 775 Mt and increased its total defined resources for the Mbalam-Nabeba Iron Ore Project to 3.7 Bt of itabirite hematite following the addition of a 1.4 Bt resource at Nabeba at a grade of 35% Fe.
- ▶ 22 June 2012 - Australia's FIRB provided its approval of the acquisition of Sundance by Hanlong, a key condition precedent under the Amended and Restated SIA.
- ▶ 29 June 2012 - Sundance announced that it had granted Hanlong a one month extension to secure NDRC's provisional approval for the acquisition, another key condition precedent under the Amended and Restated SIA.
- ▶ 2 August 2012 - Sundance requested a suspension of its shares from the ASX as NDRC granted provisional approval on a condition that Hanlong pays a "reasonable acquisition price". The Company confirmed that it was in discussions with Hanlong regarding a "reasonable acquisition price".
- ▶ 27 August 2012 - The Company announced that it had accepted Hanlong's \$0.45 offer price under the Second Amended and Restated SIA, along with other revisions and terms included in the Second Amended and Restated SIA.

4. Overview of Hanlong

Hanlong Group is a privately owned Chinese conglomerate, which has a wide portfolio of investments, including mining resources, energy generation, infrastructure development, pharmaceutical, environmental technology, food and beverages, real estate and tourism. Hanlong is a direct wholly-owned subsidiary of Hanlong Resources Limited (“Hanlong Resources”), which in turn is directly wholly-owned by Sichuan Hanlong. Hanlong, Hanlong Resources together with Hanlong Mining Investment Limited (“Hanlong Mining”) are contained within the Hanlong Group, with Hanlong Mining having an office located in Sydney, Australia.

Sichuan Hanlong was established in 1997 by Mr Liu Han, who is the current chairman of Hanlong. The investments and assets under the control of Sichuan Hanlong and its shareholders and associates consist of a wide portfolio covering various industries. For the year ending 31 December 2011, Hanlong Group’s revenues amounted to approximately US\$1.584 billion.

Through an active acquisition strategy, over recent years, Hanlong Group has expanded its already large presence in the domestic Chinese mining industry to that of a global presence. Hanlong Group has made substantial investment in a range of resource projects including molybdenum, iron ore and uranium in Australia, United States, Cameroon and Namibia.

Hanlong Group’s investments include a 53.82% interest in Moly Mines Ltd (“Moly Mines”) and a 30.05% interest in uranium explorer Marenica Energy Limited. In the United States, Hanlong Group holds a 12.5% interest in General Moly, Inc. and will be assisting General Moly, Inc. with the procurement of project finance for its Mt Hope Molybdenum Project.

Additional detail in relation to Hanlong is contained in the Scheme Booklet.

5. Iron ore industry profile

5.1 Iron ore overview

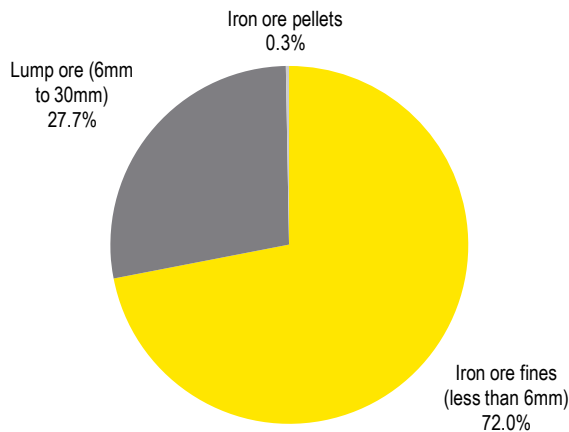
Iron ore in its various forms makes up approximately 5% of the Earth's crust and is almost exclusively used in the production of iron and steel. The majority of iron ore is bound in silicate and carbonate minerals, which require energy-intensive processes to separate pure iron from other materials. Because of this, industries have tended to exploit comparatively rarer higher grade iron oxide minerals, magnetite and hematite.

Although iron in cast form has many specific uses its main use is in steel manufacturing. Steel is strong, durable and extremely versatile. Steel's desirable properties and relatively low cost make it the main structural metal used in engineering and construction projects, accounting for about 90% of all metal used each year. Steel is seen as essential to maintaining a strong industrial base. About 60% of iron and steel products are used in construction and transportation, 20% in machinery manufacture and most of the remaining 20% in the manufacture of containers. Consequently, the demand for iron ore is closely related to the level of steel production, which in turn is related to trends in economic growth, with higher growth leading to stronger demand for steel.

Geographically, iron ore is broadly distributed across various regions of the world, with over 80% of current known reserves being located in Russia, Brazil, China, Australia, India and Kazakhstan¹. In Australia the iron ore mining sector is dominated by Rio Tinto Limited ("Rio Tinto") and BHP Billiton Limited ("BHPB"), two of the world's largest diversified resource companies.

Products and services

The iron ore mining industry produces lump, fines and pellet products, as summarised in the chart below.



Source: IBISWorld Iron Ore Mining in Australia, May 2012

Lump ore attracts the highest prices as it requires less processing by steel makers before use. Steel manufacturers typically put fines through a sintering process to agglomerate the ore into a more appropriate size for processing. Lump ore is 8mm to 32mm in size and fines are under 8mm in size. Iron ore concentrate is ore that has been ground and beneficiated to a high grade blast furnace (+65%Fe) or pellet feed (+68%Fe). Iron ore pellets are produced from iron ore concentrate, mixed with a binder such as clay, and it rolled into balls and passed through a furnace to produce pellets between 10mm and 16mm in size.

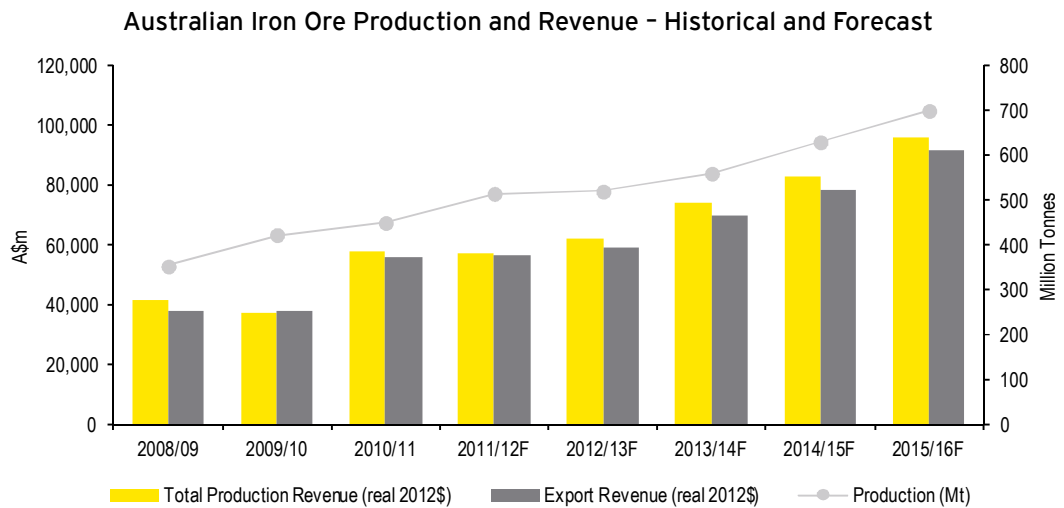
¹ IBISWorld. Global Iron Ore Mining: B0611-GL

5.2 Supply of iron ore

The three major iron ore producers in the world are Vale SA (“Vale”), Rio Tinto and BHPB. These three companies controlled approximately 30% of the world’s iron ore production in 2010 and account for the majority of the world’s seaborne iron ore.

Australia’s production and exports of iron ore are expected to continue to increase over the next five years. By 2016/17, Australia’s iron ore production and exports are forecast to total 760 Mt and 745 Mt respectively². The increased output is expected to be sourced from both new operations and expansion of existing mines.

There is a general consensus amongst analysts that there is a limited spot supply of iron ore in the short term due to the cost and long lead time associated with developing new mines and expanding existing projects. Australia, Brazil and India together account for 80% to 85% of global seaborne exports.



Source: IBISWorld Iron Ore Mining in Australia, May 2012

Within Australia, 96.8% of iron ore is produced in Western Australia, followed by 2.5% in South Australia and 0.7% in Tasmania³. Exports typically amount to 95% by volume.

5.3 Demand for iron ore

Strong economic growth in large emerging nations, such as China and India, has been the main contributor to the increase in demand for iron ore over the last 10 years. Australia’s iron ore exports to China which totalled approximately 100 Mt in the 2005 financial year, reached 280 Mt in 2011⁴.

China’s significant involvement in the iron ore trade worldwide has meant that events, such as Chinese steel mills decreasing stockpiles in the wake of the Chinese Government conserving energy and slowing the pace of private investment growth, caused analysts to reduce iron ore demand forecasts in the short term. Softening steel prices and China’s resolve to slow economic growth is a result of the weak sentiment and concerns over the current state of the global economy.

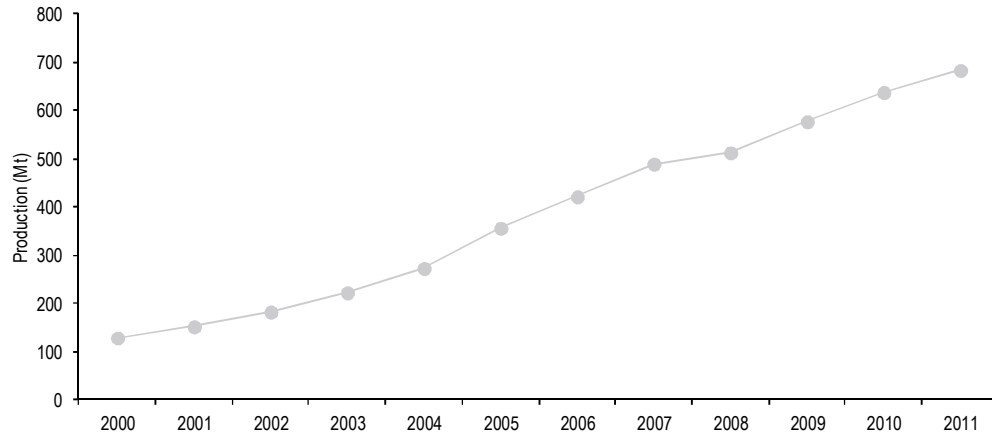
² IBISWorld - Iron Ore Mining in Australia May 2012

³ Ibid

⁴ Ibid

As outlined in the graph below, while steel production in China has slowed in recent years compared to the growth experienced from 2004 to 2007, total steel production continues to increase year on year⁵. Monthly production in the five months to May 2012 averaged 59.2 Mt, which if maintained to December 2012, indicates a forecast 2012 production of 710.4 Mt.

China Steel Production 2000 - 2011



Source: World Steel Association

In the long term general consensus is that urbanisation and infrastructure spending will continue to be a key focus in China, which will ensure that iron ore demand from China will remain strong. However, the rapid demand growth experienced by iron ore producers over the past decade is unlikely to continue indefinitely⁶.

In addition to the recovery of Chinese demand, the demand for iron ore will also be dependent on the continued development future of India, the timing of the recovery in European steel demand and an overall improvement in the global economy.

5.4 Iron ore pricing

Iron ore prices throughout the latter half of 2011 were increasingly volatile largely due to a weakened global economy. Spot prices declined by 31% in a span of three weeks in October 2011, and then recovered by approximately 26%⁷. Iron ore prices also faced downward pressure due to Chinese steel mills drawing down from iron ore stockpiles.

As a result of weakened demand for iron ore from China over October and November 2011, a number of analysts downgraded calendar year 2012 iron ore price forecasts by 10% to 15%. Some analysts reported that steel makers were beginning to push iron ore suppliers to delay shipments or move their pricing over to the lower spot market. Throughout the first half of 2012 iron ore prices remained steady on limited supplies as miners sought to avoid a repeat of an October 2011 iron ore price decreases. Iron ore prices increased slightly over March and April 2012 however dropped back to just below January/February prices from May 2012 onwards⁸.

⁵ World Steel Association annual crude steel production

⁶ J.P. Morgan Australian Resources 22 November 2011

⁷ J.P. Morgan Australian Resources 22 November 2011

⁸ IODEX China CFR 62% Fe Platts

Iron ore prices have continued to be very volatile throughout the second half of 2012, with prices dropping significantly over August and September, falling to a spot price of US\$89/t in September 2012. The sharp iron ore price decrease is largely a result of a falling steel price, which has resulted in Chinese steel mills using stockpiled iron ore and delaying scheduled iron ore deliveries once again, in conjunction with weak market sentiment and decreased demand for iron ore from European countries. Analysts have mixed views on the recovery of the iron ore market, with some believing that current suppressed levels of iron ore demand from China are not sustainable, and others raising concerns over the minimal impact that economic stimulus packages may have on the Chinese and worldwide economies.

Some analysts have stated that expectations of continued negative steel production is too harsh in a growing economy with GDP growth above 3%, with their view being that iron ore prices will recover once the Chinese steel mill destocking exercise has finished. These analysts have also noted that although lump and pellet premiums are not published, anecdotal feedback from producers suggests that lump and pellet premiums have more than halved in comparison to the highs of US\$25/t for lumps and US\$40/t for pellets previously experienced. It has also been highlighted that current iron ore prices are well below the marginal cost level of the Chinese iron ore mines, which will result in a depressed Chinese domestic iron ore supply and eventually increased iron ore import demand from China.

Other analysts and research agencies are less confident of an immediate or sustained iron ore market recovery. It is their view that any recovery of the iron ore market in 2012 will be temporary and that any stimulus measures implemented will fail to sustainably reverse the slowing of the Chinese economy. They believe that weak Chinese demand will continue, and coupled with increased mined supply over coming years, the market will have an over-supply of iron ore and prices may be below US\$100/t on a sustainable basis. We note that a number of iron ore projects have been deferred recently, which will lessens the potential for over supply within the iron ore market. These analysts highlight that if any sustainable recovery is to be experienced Chinese steel mills need to first reduce steel production in order to increase steel prices, of which the timing is uncertain. They also note that a key risk is Chinese GDP growth and steel demand, and that if steel demand does not recover decreased steel supply will not impact steel prices and demand for iron ore will not improve.

The benchmark iron ore price forecasts used in this valuation have been based on independent consensus estimates. In determining these benchmark prices we considered estimates from a range of independent analysts and have applied the median of these estimates to reflect the consensus view. For consensus estimates where prices were on a dmtu basis we have converted to a dmtu price using the stated iron content in the brokers report.

The following table summarises the consensus view of iron ore fines prices. Short term prices are presented in nominal terms and the long term prices are in real 2012 terms.

Nominal Iron Ore Prices - Fines FOB Australia (100% Fe) (US cents / dmtu)	2013E	2014E	2015E	2016E	LT (2012\$)
Average	172.4	156.0	155.6	154.7	130.5
Median	173.3	149.3	159.7	146.8	132.6
High	256.5	241.9	229.0	225.8	153.2
Low	95.3	89.0	97.0	99.3	109.7

Source: various analyst reports

For further information regarding our determination of commodity price forecasts refer to Appendix C.

5.5 Iron ore investment in Africa

Iron ore investment in Africa, in particular West Africa, has become increasingly active over recent years. Within the next 10 years more than 400 Mtpa of new iron ore production has been forecast for the West African region, representing approximately 20% of existing worldwide iron ore demand⁹. It has been estimated that this will result in approximately US\$74 billion of capital investment within the West African region¹⁰.

Chinese companies have been active in relation to African based iron ore projects, largely due to the need to secure future supply. Chinese imports of iron ore are expected to increase due to the decreasing grades of China's domestic iron ore¹¹. It is expected that China will supplement its declining domestic iron ore production with iron ore sourced from African mining projects.

Given the lack of infrastructure and remote location of iron ore deposits in Africa, the development and commercialisation of these deposits is heavily capital intensive. To assist in the development of these projects, owners encourage Chinese investment in order to gain access to low cost capital.

In addition to the Proposed Scheme, key Chinese investment in the iron ore sector in Africa announced since 2010 include:

- ▶ Aluminium Corporation of China ("Chinalco")/Chalco - In July 2010 Rio Tinto and Chinalco signed a binding agreement whereby Chinalco's subsidiary Chalco would acquire 47% of Rio Tinto's share in the Simandou iron ore project (pending regulatory approvals and preliminary engineering assessment reports). Chalco also recently created a joint venture between China based companies for its interest in associated port and rail infrastructure¹².
- ▶ Shandong Iron & Steel Group ("SISG") - In August 2011 SISG acquired a 25% interest in the Tonkolili iron ore projects. The agreement entitles SISG to an off-take agreement for the production from all three stages of the projects at discounted prices to the prevailing spot price¹³.
- ▶ China International Fund ("CIF") - In August 2010 CIF signed an agreement with Bellzone Mining to fund and develop rail, port and other infrastructure associated with the Kalia iron ore project in Guinea, West Africa. The agreement entitles CIF to the first rights to purchase up to 100% of ore produced from the project at market price. CIF has also provided a market based finance package to Bellzone Mining to assist in funding the development of Kalia¹⁴.

The development of iron ore projects in West Africa presents a number of challenges, including the lack of infrastructure, geopolitical risk, geographical isolation and an unestablished and largely untrained local workforce. The lack of infrastructure is the most significant constraint, as existing roads, rail and ports are generally inadequate to support planned iron ore projects. It has been estimated that 5,000km of rail and 11 new or expansion ports will need to be developed in order to meet the forecast production for the region¹⁵. Companies have looked to reduce geopolitical risk by securing long term in-country mining conventions, which establish the taxation, royalties and general terms up-front. Most African countries appear to support the development of mining conventions¹⁶.

⁹ JP Morgan - West Africa the new iron ore province - 9 December 2011

¹⁰ Ibid

¹¹ RBC Capital Markets - African Iron Ore Projects - 4 February 2011

¹² JP Morgan - West Africa the new iron ore province - 9 December 2011

¹³ Ibid

¹⁴ Ibid

¹⁵ Ibid

¹⁶ RBC Capital Markets - African Iron Ore Projects - 4 February 2011

5.6 Republic of Cameroon

The Republic of Cameroon is located in Central Africa and has significant mineral resources, such as bauxite, cobalt, iron ore, nickel and uranium. All mineral resources belong to the State and investors must obtain permits before performing any prospecting, exploration or development activities. The major export industries of the Republic of Cameroon are petroleum and agricultural related products. In 2010 the population of the Republic of Cameroon was approximately 20.4 million¹⁷.

The Republic of Cameroon follows a multiparty system of politics. The Cameroonian People's Democratic Movement ("CPDM") has been in power for 29 years, with its 78 year old President Paul Biya being re-elected during the October 2011 elections. While corruption can be an issue in Cameroon, it is considered low in comparison to other Central African countries. An anti-corruption commission has been recently established. A significant issue that investors face in Cameroon is the poor condition of national infrastructure, in particular around transportation.

The consumer price index income in 2011 in the Republic of Cameroon was approximately 2.6% and is forecast to remain stable over the coming five years. The Republic of Cameroon's key sectors include Agriculture and Retail Trade, which accounted for 23.6% and 11.0% of nominal gross domestic product in 2011¹⁸.

Republic of Cameroon's major trading partners in 2010 for exports included Spain, Netherlands, China, Italy, France and the United States, which collectively amounted to approximately US\$2.7 billion¹⁹. In terms of imports, Republic of Cameroon's principal import sources in 2010 were Nigeria, France and China, which accounted for approximately 43.4% of total imports²⁰.

5.7 Republic of Congo

Republic of Congo is also located in Central Africa, neighbouring Cameroon, Gabon, Central African Republic and the Democratic Republic of Congo ("DRC"). The major export industry for Republic of Congo is petroleum related, with approximately 93% of the country's exports and about 70% of government revenues resulting from petroleum sales during 2009²¹. Other natural resources contained within Republic of Congo include timber, potash, lead, zinc, uranium, copper, phosphates, gold, magnesium, natural gas and hydropower²².

President Nguesso was returned to power in 2009, securing another seven year term in addition to the 25 years he has already served as the country's leader. Efforts are being made to improve the standard and administrative capacity of the taxation system with assistance from the International Monetary Fund. Taxes are considered to be high in the Republic of Congo, largely due to the country's high level of foreign debt, and the World Bank ranks the Republic of Congo as one of the most difficult countries in the world to do business in²³. National infrastructure is currently not suited to freight and transport usage and development has at times been delayed as a result of competing development options.

The Republic of Congo's main trading partners in terms of exports during 2010 were the United States and China, accounting for 31.6% and 29.6% of exports respectively²⁴. In relation to exports, in addition to petroleum they include lumber, plywood, sugar, cocoa and coffee. Gross domestic product real growth rates were estimated to be 7.5% and 8.8% for 2009 and 2010 respectively, and were estimated to have decreased to 5.5% in 2011²⁵.

¹⁷ Department of Foreign Affairs and Trade, Cameroon fact sheet.

¹⁸ IHS Global Insight - Country Intelligence Report Cameroon - 2 February 2012.

¹⁹ Ibid

²⁰ Department of Foreign Affairs and Trade, Cameroon fact sheet.

²¹ JP Morgan - West Africa the new iron ore province - 9 December 2011

²² Central Intelligence Agency, Online Factbook, Republic of Congo.

²³ IHS Global Insight - Country Intelligence Report Congo - 2 February 2012.

²⁴ IHS Global Insight - Country Intelligence Report Congo - 2 February 2012.

²⁵ Central Intelligence Agency, Online Factbook, Republic of Congo.

6. Valuation methodology and approach

6.1 Definition of fair value

In forming our opinion as to whether or not the Proposed Scheme is in the best interests of Sundance Shareholders, we have assessed the fair value of a Sundance share in order to compare that amount with the Scheme Consideration being offered by Hanlong of \$0.45 per share. Fair value is generally defined as:

"the price at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer both acting at arm's length"

Our assessment of the fair value of Sundance has been completed on a basis consistent with this definition. As Hanlong intends to acquire all of the shares in Sundance, the Proposed Scheme should be assessed on a basis consistent with a takeover offer. Consequently, in assessing the fair value of a Sundance share we have valued Sundance assuming 100% ownership, which implicitly includes a control premium.

6.2 Valuation methodology and approach

RG 111 provides guidance on the valuation methods that an independent expert should consider when valuing a company. These methods include the:

- ▶ Discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- ▶ Application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- ▶ Amount that would be available for distribution to security holders on an orderly realisation of assets;
- ▶ Quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale;
- ▶ Recent genuine offers, if any, received by the target for any business units or assets as a basis for valuation of those business units or assets; and
- ▶ Amount that any alternative acquirer might be willing to offer if all the securities in the target were available for purchase.

Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the asset being valued, the methodology most commonly adopted in valuing such an asset and the availability of appropriate information.

The DCF methodology involves calculating the net present value of cash flows that are expected to be derived from future activities. The forecast cash flows are discounted by a discount rate that reflects the time value of money and the risk inherent in the cash flows. This methodology is particularly appropriate in valuing projects, businesses and companies that are in a start up phase and are expecting considerable volatility and/or growth in earnings during the growth phase, as well as businesses with a finite life (such as mining projects). The utilisation of this methodology generally requires that the asset be sufficiently advanced to enable management to provide long term cash flows with some degree of robustness.

The capitalisation of earnings methodology involves capitalising the earnings of a project, a business or a company at an appropriate multiple, which reflects the risks underlying the earnings together with growth prospects. This methodology is theoretically most appropriate where a company or business is expected to generate a relatively stable level of earnings but in practice, is also frequently used in a range of other circumstances.

The net asset backing methodology involves consideration of the net realisable value of the assets of a business or company on a going concern basis, assuming an orderly realisation of those assets. This value includes a discount to allow for the time value of money and for reasonable costs of undertaking the realisation. It is not a valuation on the basis of a forced sale, where assets may be sold at values materially different to their fair value. This methodology is appropriate where a project, a business or company is not making an adequate return on its assets or where there are surplus non-operational assets. This method is also appropriate for companies that are holding assets that are not sufficiently advanced to enable the preparation of long term cash flow forecasts.

Market based assessments relate to the valuation of companies, the shares of which are traded on a stock exchange. While the relevant share price would, prima facie, constitute the market value of the shares, such market prices usually reflect the prices paid for small parcels of shares and as such do not include a control premium relevant to a significant parcel of shares.

6.3 Valuation methodology adopted

Given the nature of Sundance as an iron ore exploration and development company, we have assessed the value of the Company on a net asset backing basis after considering the underlying value of its assets and liabilities on a going concern basis. In adopting this approach, a key component of the valuation is the assessment of the value of Sundance's mineral assets. The methodologies applied in valuing the Company's mineral assets were primarily selected based on the stage of development of each asset. Details of the methods adopted in valuing Sundance's mineral assets are summarised in the remainder of this section.

6.3.1 The Mbalam-Nabeba Iron Ore Project

In valuing the Mbalam-Nabeba Iron Ore Project we have applied the discounted cash flow ("DCF") methodology as our primary valuation method. We have adopted this methodology for the following key reasons:

- ▶ The Mbalam-Nabeba Iron Ore Project is at an advanced stage of exploration and evaluation and has been subject to a number of feasibility studies, including the DFS on Stage 1 and the PFS for Stage 2, together targeting annual production of 35 Mtpa, inclusive of the rail and port infrastructure that is required as part of the project;
- ▶ Life of mine ("LOM") forecast cash flows are available for the Mbalam-Nabeba Iron Ore Project;
- ▶ The Mbalam-Nabeba Iron Ore Project has a finite life based on available reserves and resources; and
- ▶ The DCF methodology enables us to consider different scenarios in relation to pricing, foreign exchange and operational assumptions.

6.3.2 Exploration Projects

Sundance's exploration interests (collectively, the "Exploration Projects") have been valued by Optiro as the independent mineral specialist. Consistent with the requirements of the VALMIN Code, Optiro has assessed the 'fair value' of the Exploration Projects, on a basis representing "*estimates of the amount of money, or cash equivalent, which would be likely to change hands between a willing buyer and a willing seller in an arm's length transaction, wherein each party had acted knowledgeably, prudently and without compulsion*". This is consistent with the definition noted in Section 6.1. The Optiro Report is contained in Appendix H.

6.3.3 Other assets and liabilities

The value of Sundance's other assets and liabilities such as cash, property, plant and equipment and net debt were considered to be commensurate with their book values.

6.3.4 Valuation cross-check

In section 7.6 we calculated enterprise value to resource ("EV/resource") multiples and enterprise value to contained Fe ("EV/contained FE") multiples using our assessed fair value of Sundance and with reference to the Company's recent share prices. We also calculated trading and transaction EV/resource and EV/contained Fe multiples using the JORC-compliant resources of broadly comparable companies operating within the iron ore mining sector.

Prior to finalising our valuation conclusion we considered the reasonableness of our assessed valuation range in comparison to the prices at which Sundance' shares traded at on the ASX prior to the announcement of the offer from Hanlong and the Proposed Scheme, which is outlined in section 8.3.3.

7. Valuation of Sundance

7.1 Valuation of the Mbalam-Nabeba Iron Ore Project

7.1.1 DCF valuation

To assess the fair value of the Mbalam-Nabeba Iron Ore Project, we adopted the DCF methodology. The forecast cash flows used in the valuation of the Mbalam-Nabeba Iron Ore Project were based on LOM plans provided by Management with cash flow estimates out to 2040 (the "LOM Model"). The cash flows in the LOM Model are on an ungeared after tax nominal basis. The LOM Model has been prepared based on:

- ▶ The DFS completed in March 2011 for Stage 1 of the Project and the PFS completed in April 2011 for Stage 2;
- ▶ Construction and development for Stage 1 to commence in late 2013 and continue until 2016. Production for Stage 1 to commence in 2016, ramping up to 35 Mtpa in 2017 and continuing to early 2027;
- ▶ Construction and development for Stage 2 to commence in 2023 and continue until 2027, with Stage 2 production of concentrate and pellets commencing in 2028 and operations continuing until 2040;
- ▶ Updates to incorporate changes to Sundance's assumptions from the date of the DFS and PFS; and
- ▶ The latest JORC compliant reserves and resource estimates, as at 20 June 2012.

The LOM Model incorporates the free cash flows of five entities that will be involved in the ownership and operation of the Mbalam-Nabeba Iron Ore Project, including Cam Iron (the Mbarga operations), Congo Iron (the Nabeba operations), Rail Co (the rail operations), Port Co (the port operations) and Market Co (the marketing company). The ownership structure for each of these entities is different in terms of Sundance's interest, the Cameroon and Congo governments' interests, the minority investors' interests and the free carry and loan carry arrangements. The ownership structure is outlined in section 3.1.1 of this report.

Under the structure of the LOM Model, the operations of each of the entities are forecast separately, with Rail Co, Port Co and Market Co charging Cam Iron and Congo Iron for the services provided. In undertaking the DCF we have determined the net present value ("NPV") of the forecast free cash flows for each of the entities, with the total of the NPV's equating to the fair value of the Mbalam-Nabeba Iron Ore Project on a 100% basis. We have assessed the fair value of Sundance's interest in the Mbalam-Nabeba Iron Ore Project by considering the Company's interest in each of the entities. While Rail Co and Port Co are treated separately within the LOM these entities are effectively held within Cam Iron. As such we have presented NPV values of Cam Iron inclusive of Rail Co and Port Co.

Optiro was engaged to assist us in considering the technical aspects underpinning the LOM Model. The technical aspects considered by Optiro included the following matters:

- ▶ the planned mine, processing, utility and transport infrastructure, including port and rail;
- ▶ the JORC compliant reserves and resources statements prepared by the Company;
- ▶ the forecast capital expenditure associated with the establishment of the Mbalam-Nabeba Iron Ore Project (inclusive of infrastructure);
- ▶ forecast production volumes, grade, recovery, blending (any geotechnical aspects that may be specific to Mbalam-Nabeba Iron Ore Project) and depletion of resource;

- ▶ forecast operational expenses for mining, processing, transport and general and administration;
- ▶ forecast time to development; and
- ▶ environmental issues and stage of approval.

Further details of the Mbalam-Nabeba Iron Ore Project and Optiro's assessment are contained in sections 7 to 12 of the Optiro Report, included at Appendix H of this report. While Optiro did not identify any matters that required adjustments to the LOM Model, in discussing the Mbalam-Nabeba Iron Ore Project, Optiro did comment on the areas of risk associated with the ongoing development of both Stage 1 and Stage 2. To obtain an understanding of these matters, it is recommended that Sundance Shareholders read in full the Optiro Report.

We have based our DCF valuation of the Mbalam-Nabeba Iron Ore Project on the cash flows forecast in the LOM Model after consideration, and adjustment where appropriate, for the following:

- ▶ Adjustments to iron ore pricing and the discount rate; and
- ▶ Consideration of technical input from Optiro regarding production, operational and capital expenditure.

Optiro's assessment was based on the financial models that were prepared as part of the DFS for Stage 1 and the PFS for Stage 2. Since then the models have been revised by Sundance to the form of the LOM Model used in our valuation assessment. The revisions made by Sundance were not material.

We note that we have not audited the LOM Model, however we have performed the following:

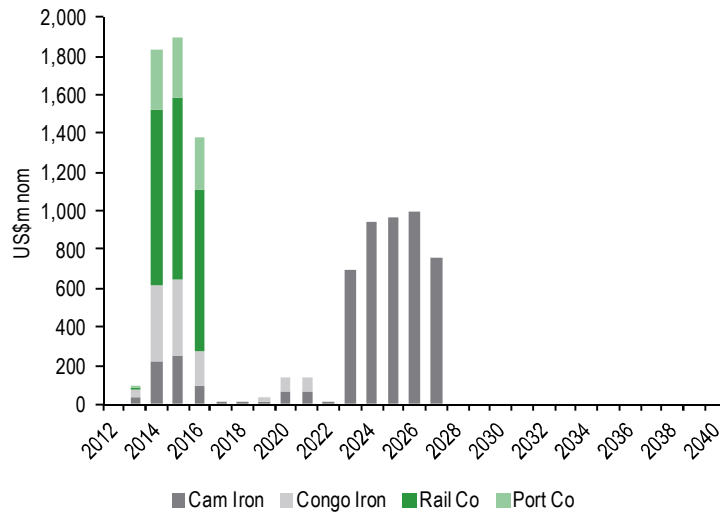
- ▶ Held discussions with Sundance management regarding the preparation of the LOM Model and the assumptions underlying the LOM Model; and
- ▶ We have performed limited analytical procedures regarding the mathematical accuracy of the model.

Outlined in the remainder of this section are the details of key assumptions upon which the valuation of the Mbalam-Nabeba Iron Ore Project is based together with our valuation assessment. We note that all assumptions outlined below represent 100% of the Mbalam-Nabeba Iron Ore Project. All values are presented on a calendar year basis.

7.1.1.1 Capital expenditure

In developing the Mbalam-Nabeba Iron Ore Project significant capital expenditures are forecast to be incurred across Stage 1 and Stage 2. Capital expenditure of US\$5.5 billion relating to Stage 1 and the construction of rail and port infrastructure is forecast to be incurred from late 2013 to late 2016. Capital expenditure of US\$4.4 billion relating to Stage 2 is forecast to be incurred from 2022 to 2026. The nominal capital expenditures estimates are illustrated in the graph below:

Capital expenditure profile for the Mbalam-Nabeba Iron Ore Project



Source: LOM Model and EY analysis

Capital expenditure profile for the Mbalam-Nabeba Iron Ore Project

(US\$m)	Cam Iron (Stage 1)	Cam Iron (Stage 2)	Congo Iron	Rail Co	Port Co
Mine Development	96	-	146	-	-
Process Plant & Infrastructure	482	2,641	607	-	-
Infrastructure	15	-	-	57	18
Pellet Plant	-	554	-	-	-
Rail	-	-	272	2,077	-
Port Materials Handling	-	-	-	-	460
Port Marine	-	-	-	-	233
Owners Costs	70	674	71	258	84
Contingency	80	483	82	297	97
Total	743	4,351	1,179	2,688	892

Source: LOM Model and EY analysis

Stage 1 high grade hematite ore will initially be processed using crushing and screening facilities to be located at the Mbarga and Nabeba mines. Blending of ore will be done at the mine sites. In the latter years of Stage 1 some lower grade transition ore will be mined from Mbarga and sub-grade and transition ore will be mined from Nabeba. The mining of the lower grade ore will require the installation of beneficiation facilities. The upgraded concentrate product will be mixed with lower grade Stage 1 ore. The processing of Stage 2 itabirite ore will require the construction of new processing facilities where ore will be milled, subjected to reverse flotation, thickened and filtered at the mine site.

Stage 1 also includes the construction of a 510km rail line dedicated to the transport of iron ore from the Mbarga mine to the port at Kribi and the construction of a 70km rail spur line to the Nabeba mine. A deepwater port capable of berthing bulk iron ore carriers will also be need to be constructed at Kribi, together with ore handling and storage facilities.

In relation to the above table we note the following:

- ▶ Cam Iron is forecast to incur approximately US\$5.1 billion in capital expenditure over Stage 1 and Stage 2 of the project (excluding rail and port capital expenditure). Stage 1 and Stage 2 capital expenditure relates largely to the construction of processing plants, the pellet plant and related infrastructure, which amount to approximately US\$3.7 billion. Remaining capital expenditure consists of mine development, infrastructure, owners' costs and a cost overrun contingency.

- ▶ Congo Iron is forecast to incur approximately US\$1.2 billion in capital expenditure, which relates solely to Stage 1. Of the US\$1.2 billion, approximately US\$879 million relates to the construction of the processing plant, related infrastructure and the rail spur that connects the Nabeba mine to the mainline at Mbarga. Other capital expenditure incurred consists of mine development, owners' costs and a cost overrun contingency.
- ▶ Rail Co, being the entity that is to be established to own and operate the rail system from mine to port, is forecast to incur approximately US\$2.7 billion in capital expenditure, of which approximately US\$2.1 billion relates to the construction of the rail line, with the remaining amount relating to other infrastructure, owners' costs and a cost overrun contingency.
- ▶ Port Co, being the entity that is to be established to own and operate the port, is forecast to incur approximately US\$0.9 billion in capital expenditure, of which approximately US\$0.7 billion relates to the construction of port materials handling and marine facilities and the remaining relates to other infrastructure, owners costs' and a cost overrun contingency.

7.1.1.2 Revenue

In performing our valuation of the Mbalam-Nabeba Iron Ore Project we have analysed the key revenue inputs assumptions, being production and iron ore pricing.

Production

Saleable production volumes forecast over the LOM are summarised in the chart on the following page. Production at Mbarga and Nabeba is forecast to commence in December 2016, with production in the first full year of operation forecast at 32 Mt and 35 Mtpa thereafter. DSO production forecast for Stage 1 across the first 10 years of operation is to come from the mining of the high grade hematite resource, with the production of concentrate and pellets under Stage 2 coming from the mining and processing of itabirite resource from Mbarga. The Mbalam-Nabeba Iron Ore Project is expected to produce a fines product from the high grade DSO material and a mix of concentrate and pellets from the itabirite material.

Key inputs in converting tonnes mined to tonnes shipped for the Stage 1 high grade hematite resource and Stage 2 itabirite resource are outlined in the table below.

Stage 1 production summary							
(fines)	unit	2016	2017	2018	2019	2020	2021
High grade hematite mined	wmt	3.53	34.19	37.45	37.45	37.45	37.45
Moisture content	%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
High grade hematite mined	dmt	3.30	31.95	35.00	35.00	35.00	35.00
Ore recovery	%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
High grade hematite shipped	dmt	3.29	31.85	34.90	34.90	34.90	34.90

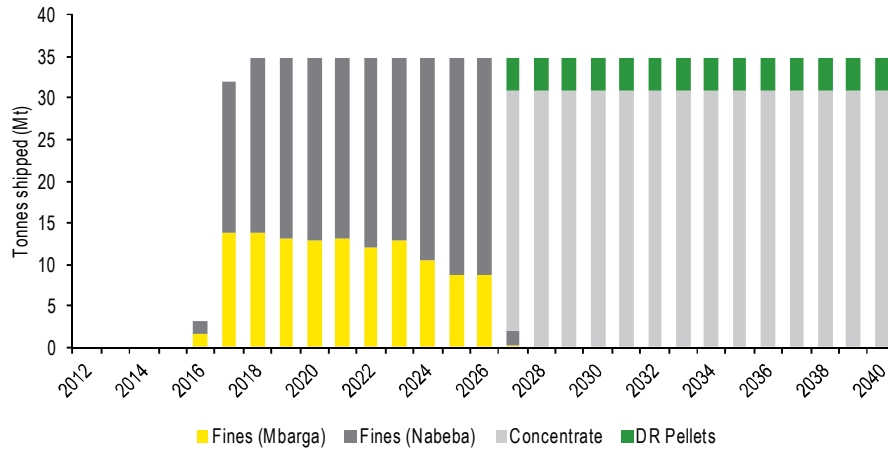
Source: Sundance LOM

Stage 2 production summary							
(pellets and concentrate)	unit	2027	2028	2029	2030	2031	2032
Itabirite mined	dmt	71.54	74.63	74.63	74.63	74.63	74.63
Concentrate produced	dmt	32.94	35.00	35.00	35.00	35.00	35.00
Pellet produced	dmt	4.00	4.00	4.00	4.00	4.00	4.00
Ore recovery	%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Concentrate shipped	dmt	28.85	30.91	30.91	30.91	30.91	30.91
Pellet shipped	dmt	3.99	3.99	3.99	3.99	3.99	3.99

Source: Sundance LOM

The conversion of high grade hematite tonnes mined to high grade hematite tonnes shipped can be calculated using the inputs contained in the table above. The conversion of itabirite tonnes mined to concentrate and pellet tonnes produced under Stage 2 are based on tonnage inputs contained in the LOM Model. Optiro considered Stage 2 mining and production tonnages and confirmed that the conversion of 75 Mtpa of ore mined to 35 Mtpa concentrate and pellets produced reflects the processing techniques to be applied. Tonnes shipped are outlined in the chart below.

Forecast production profile of the Mbalam-Nabeba Iron Ore Project



Source: Sundance LOM

In relation to the above chart we note the following:

- ▶ The LOM production forecasts reflect the DFS for the high grade hematite resource and the PFS for the itabirite hematite resource;
- ▶ During Stage 1, approximately 65% of ore shipped will be sourced from the Nabeba deposit with the remaining 35% sourced from the Mbarga deposit. The PFS for Stage 2 was based on sourcing all of the itabirite ore from the Mbarga deposit. The recently defined itabirite resources at Nabeba of 1,391 Mt have not been included in the LOM; and
- ▶ Tonnes mined for the Mbalam-Nabeba Iron Ore Project across the LOM from the high grade hematite resource is estimated at 352 Mt, which corresponds to the Mbalam-Nabeba Iron Ore Project’s current reserves of 352 Mt and the November 2011 stated resources, inclusive of reserves, of 522 Mt (202 Mt at Mbarga and 320 Mt at Nabeba). Tonnes forecast to be mined under Stage 2 total 1,042 Mt, all of which are to be sourced from the itabirite resources at Mbarga. Current the itabirite resources at Mbarga total 2,235 Mt. Stage 2 production represents 73% of indicated itabirite resources or 28% of total itabirite resources (inclusive of the itabirite resources at Nabeba).

Iron ore prices

The iron ore prices we have applied in our valuation of the Mbalam-Nabeba Iron Ore Project are based on consensus estimates. The forecast iron ore fines prices that we have adopted are outlined in the following table. Full details of the determination of our forecast iron ore prices are detailed in Appendix C. The forecast cash flows in the LOM Model are determined on a nominal basis. In stating this the LOM Model requires iron ore prices to be entered in real terms and then converts these real prices to nominal prices using an annual inflation factor of 2.5%.

Real Iron Ore Prices - Fines FOB Australia					
(100% Fe) (Us cents / dmtu)	2013E	2014E	2015E	2016E	Long term
Fines	169.0	142.1	148.3	133.0	132.6
Concentrate	169.0	142.1	148.3	133.0	132.6
Pellets	202.8	170.5	177.9	159.6	159.1

Source: Broker reports, Thomson Datastream and Reuters

The characteristics of the Mbalam-Nabeba Iron Ore Project iron ore product are considered to be most comparable to a Pilbara fines product. Accordingly, the fines price forecasts are based on consensus estimate for Pilbara fines FOB product. As noted in the table, the concentrate prices used in our assessment are the same as the fines price forecasts. Based on our analysis of the historical pellet price premium to fines prices, the forecast pellet price is based on a 20% premium to the fines prices.

In forecasting iron ore prices we have considered the freight rate differential between shipping ore from the north west Western Australia to China and shipping ore from West Africa to China. In doing this we compared the rates charged for shipping iron ore from Port Hedland to China with the rates charged for shipping iron ore from Pointe Noire, in the Republic of Congo, to China. We note that we have used Pointe Noire as a proxy for estimated port costs from Cameroon. Based on historical freight rates sourced from Reuters from 1 September 2011 to 4 September 2012 we found that the median and average difference was US\$15.55/t and US\$15.34/t respectively, with shipments from Pointe Noire being the more expensive scenario. To take into account the freight differential we have subtracted 15.5 US cents/dmtu from the prices adopted in our valuation.

For the high grade DSO material sourced from the Mbarga and Nabeba deposits under Stage 1 the following price adjustments have been made to the forecast iron ore prices presented above to determine the realised price:

- ▶ a 15.5 US cents/dmtu freight discount;
- ▶ a Fe content for each respective period (ranging from 62.0% to 62.5%); and
- ▶ a 5% marketing fee (payable to Market Co).

For the concentrate produced from the Mbarga deposit the following price adjustments have been made to the forecast concentrate prices to determine the realised price:

- ▶ a 15.5 US cents/dmtu freight discount;
- ▶ a Fe content for each respective period of 66%; and
- ▶ a 5% marketing fee (payable to Market Co).

For the pellets produced from the Mbarga deposit the following price adjustments have been made to the forecast pellet prices to determine the realised price:

- ▶ a 15.5 US cents/dmtu freight discount;
- ▶ a Fe content for each respective period of 68%; and
- ▶ a 5% marketing fee (payable to Market Co).

By applying our real forecast iron ore benchmark prices and the discounts outlined above, we derived prices for the first six years of production for both Stage 1 and Stage 2, as illustrated in the following tables:

Real Forecast Realised Iron Ore						
Prices FOB Cameroon (US\$/t)	2016	2017	2018	2019	2020	2021
Fines	69.76	69.53	69.54	69.54	69.48	69.54

Nominal Forecast Realised Iron Ore						
Prices FOB Cameroon (US\$/t)	2016	2017	2018	2019	2020	2021
Fines	77.97	78.98	80.90	82.93	84.94	87.13

Source: Broker reports, Thomson Datastream, Reuters and Sundance LOM

Nominal forecast realised iron ore prices for the first six years of production for both Stage 1 and Stage 2 are illustrated in the tables below.

Nominal Forecast Realised Iron Ore Prices						
FOB Cameroon (US\$/t)	2016	2017	2018	2019	2020	2021
Fines	79.72	78.98	80.90	82.93	84.94	87.13

Nominal Forecast Realised Iron Ore

Prices FOB Cameroon (US\$/t)	2027	2028	2029	2030	2031	2032
Concentrate	106.75	109.39	112.12	114.92	117.80	120.75
Pellets	134.84	138.23	141.68	145.22	148.85	152.59

Source: Broker reports, Thomson Datastream, Reuters and Sundance LOM

Revenue of each of the entities

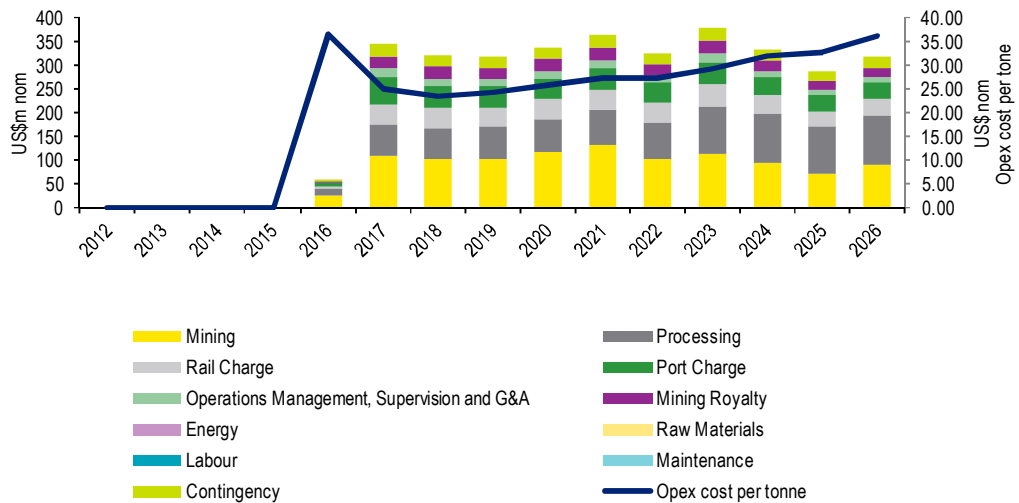
Forecast revenue attributed to Cam Iron and Congo Iron relates to the sale of iron ore fines, concentrate and pellets, which is calculated within the LOM Model by multiplying the tonnes shipped by the respective realised price. Market Co revenue consists of a 5% marketing fee applied against revenues from Cam Iron and Congo Iron.

Rail Co is to generate revenue for the transport of ore from the Mbarga and Nabeba mines to the Kribi port. The charge to Cam Iron and Congo Iron is priced at a 12% margin above cost, plus a capital cost recoupment charged at US\$7.19/t railed from the Mbarga operations, owned by Cam Iron, and US\$7.35/t railed from the Nabeba operations, owned by Congo Iron. Port Co is to generate revenue from the ore shipped through the Kribi port. The charge to Cam Iron and Congo Iron is priced at a 12% margin above cost, plus a capital cost recoupment charged at US\$2.41/t shipped.

7.1.1.3 Operating costs and other general and administration costs

The LOM Model includes forecast nominal cash costs for the Mbalam-Nabeba Iron Ore Project. Operating costs include costs associated with mining, processing, infrastructure, transportation and administration. Optiro was engaged to review the appropriateness of the forecast cash costs. No adjustments to the forecast operation costs were deemed necessary as a result of this review. The following chart summarises the forecast operating costs for the Mbarga operations of the Mbalam-Nabeba Iron Ore Project over Stage 1.

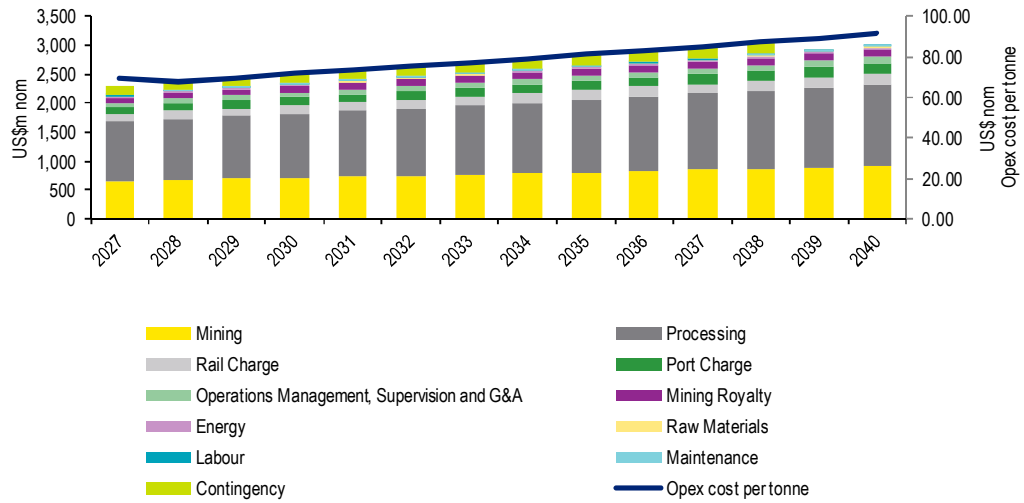
Stage 1 operating costs for Mbarga operations (nominal)



Source: LOM Model and EY analysis

The following chart summarises the forecast operating costs for the Mbarga operations of the Mbalam-Nabeba Iron Ore Project over Stage 2.

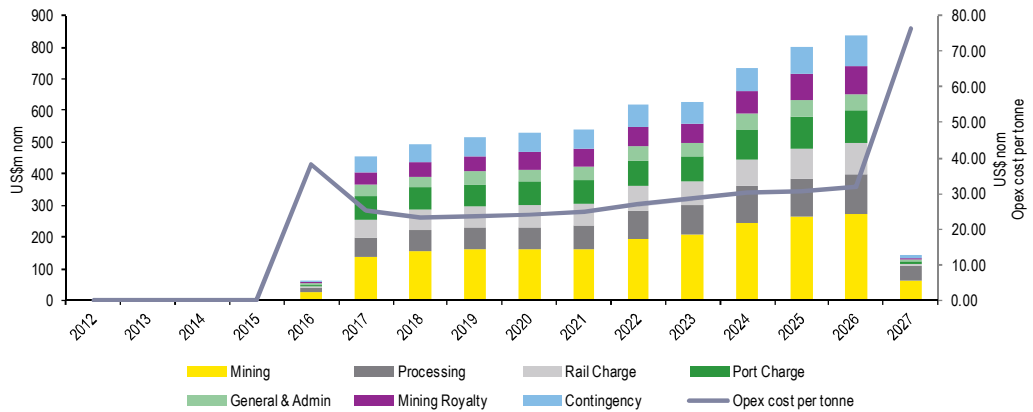
Stage 2 operating costs for Mbarga operations (nominal)



Source: LOM Model and EY analysis

The following chart summarises the forecast operating costs for the Nabeba operations of the Mbalam-Nabeba Iron Ore Project over Stage 1:

Stage 1 operating costs for Nabeba operations (nominal)



Source: LOM Model and EY analysis

In relation to the above charts we note the following:

- ▶ The Mbarga operations per tonne cost ranges from US\$23/t to US\$37/t from commencement of production in 2016 to 2026, which is the year prior to Stage 2 commencing. Apart from inflationary effects, the variance in the cost per tonne estimates is most impacted by inefficiencies during production ramp up, fleet positioning within each mine and the associated haulage costs, built in rain delays, maintenance down time and a high proportion of fixed costs compared to the level of variable costs. Operating costs per tonne increase from 2027 onwards as Stage 2 commences and concentrate and pellets are produced. The per tonne costs range from US\$68/t in 2025 to US\$92/t in 2040, which year on year representing increases of approximately 2.5% in line with inflation;
- ▶ The Nabeba operations per tonne cost ranges from US\$23/t to US\$38/t from commencement of production in 2016 to the second last year of production in 2026. Apart from inflationary effects, the variance in cost per tonne estimates is caused by similar matters as discussed for the Mbarga operations;

- ▶ Operating costs include costs associated with mining, processing, power supply, sales, distribution, administration, labour, maintenance, a cost overrun contingency and royalties. These costs vary by mine and in particular Mbarga operations are forecast to incur substantially higher operating costs overall due to the Stage 2 concentrate and pellet production from 2027 onwards;
- ▶ Mining and processing costs per tonne are based on the estimates determined under the DFS and PFS;
- ▶ Rail Co charges each mining operation an amount based on the tonnes railed at a cost per tonne plus a margin of 12%. The operating cost per tonne amount ranges from US\$2.62/t to US\$2.69/t in initial years, decreasing to US\$2.56/t to US\$2.60/t from 1 July 2020 onwards. In addition, a capital charge per tonne railed of US\$7.19/t for Cam Iron operations and US\$7.35/t for Cameroon operations is also charged by Rail Co;
- ▶ Port Co charges each mining operation a per tonne shipped amount, which represents an operating cost per tonne amount plus a margin of 12%.t. The operating cost per tonne amount is US\$3.86/t in initial years, decreasing to US\$2.80/t to from 1 July 2017 onwards. In addition, Port Co charges each mining operation a capital charge per tonne shipped, which is US\$2.41/t over the life of mine;
- ▶ Administration costs are based on estimated costs per saleable tonne increased at the rate of inflation. Administration costs in real dollars are slightly higher for the first year of production and thereafter remain constant at US\$1.46/t for the LOM. The Mbarga operations incur a management, supervision and administration cost of US\$1.76/t of itabirite resource mined increased at the rate of inflation;
- ▶ Other operating costs incurred specific to Mbarga's pellet production include energy, raw materials, labour and maintenance costs, which are based on an estimated cost per saleable tonne increased at the rate of inflation; and
- ▶ Mining royalties are charged at 2.5% of revenue less port and rail charges for fines, concentrate and pellet sales.

In addition to the per tonne operating costs outlined above for Rail Co and Port Co, an administrative cost is also incurred by each of these entities based on tonnes mined. Market Co also incurs an overhead cost of \$4 million per year once iron ore sales commence.

7.1.1.4 Other assumptions

Taxation

Sundance is forecast to incur income and employee taxes at the Mbarga Project level and also IRCM (a tax on income from securities) and social taxes at a corporate level, which are further detailed in section 7.3 of this report.

Income tax payable is the greater of the revenue tax amount or the income tax amount calculated for each quarter. Revenue tax is determined based on revenue multiplied by the revenue tax rate, whereas income tax is determined based on taxable income less employee taxes multiplied by the income tax rate. Tax free holidays are applied to the income tax calculations. The tax rate and holiday periods for Cam Iron, Congo Iron, Rail Co, Port Co and Market Co are outlined in the table below.

Tax inputs for the Mbalam-Nabeba Iron Ore Project

	Income tax (%)	Revenue tax (%)	Start of tax holiday	End of tax holiday
Cam Iron	25.0%	1.1%	31-Dec-16	21-Dec-21
Congo Iron	25.0%	1.0%	31-Dec-16	21-Dec-21
Market Co	17.0%	n/a	n/a	n/a

Source: LOM Model

Employee taxes consist of taxes on operating costs and taxes on capital expenditure. Each of these taxes is based on salary costs incurred in performing the respective operational and capital development activities, multiplied by a various employee taxes. Employee and employer contribution rates are calculated however Sundance is obliged to pay for both employee and employer tax contributions.

For operational employee taxes, the amount calculated above is converted to a per tonne basis and is then multiplied by dry tonnes mined in each quarter. Capital expenditure taxes are summed and allocated per quarter depending on the percentage of total capital expenditure incurred in the respective quarter.

The employee taxes for operational and capital development activities are outlined in the table below.

Employee tax inputs for the Mbalam-Nabeba Iron Ore Project

	Operational (US\$/t real)	Capital development (US\$m real)
Stage 1 (employee)	0.63	12.50
Stage 2 (employee)	0.07	1.70
Stage 1 (employer)	0.64	12.90
Stage 2 (employer)	0.08	1.40

Source: LOM Model

Discount rate

In valuing the Mbalam-Nabeba Iron Ore Project on a DCF basis, we have applied a US\$-based nominal post-tax discount rate range of 14.5% to 16.5%. A detailed description of the discount rate determination is set out in Appendix B.

7.1.1.5 Fair value range

Outlined in the tables below are the free cash flows ("FCF") forecast for the first six years of operations of Cam Iron, Congo Iron and Market Co on a 100% interest basis. The operations of these companies represent the operation of the Mbalam-Nabeba Iron Ore Project.

Cam Iron FCF

Cam Iron FCF (US\$m)	2013	2014	2015	2016	2017	2018	Total LOM
Revenue	-	-	-	192	1,694	1,750	93,742
Operating costs	-	-	-	(109)	(787)	(754)	(59,494)
Capex	(42)	(1,441)	(1,498)	(1,205)	(0)	(0)	(8,673)
Site rehabilitation	-	-	-	-	-	-	(101)
Net working capital	-	-	-	(45)	(33)	(2)	-
Tax payable	(0)	(2)	(5)	(10)	(20)	(20)	(5,994)
Free cash flow	(42)	(1,443)	(1,503)	(1,178)	855	974	19,479

Source: EY analysis and LOM Model

Congo Iron FCF

Congo Iron FCF (US\$m)	2013	2014	2015	2016	2017	2018	Total LOM
Revenue	-	-	-	128	1,426	1,714	20,429
Operating costs	-	-	-	(81)	(667)	(745)	(9,355)
Capex	(43)	(389)	(398)	(177)	-	-	(1,179)
Site rehabilitation	-	-	-	-	-	-	(66)
Net working capital	-	-	-	(44)	(57)	(3)	-
Tax payable	(0)	(2)	(2)	(4)	(26)	(31)	(1,807)
Free cash flow	(43)	(391)	(400)	(178)	676	935	8,021

Source: EY analysis and LOM Model

Market Co FCF

Market Co FCF (US\$m)	2016	2017	2018	2019	2020	2021	Total LOM
Revenue	14	132	149	152	156	160	4,958
Operating costs	(1)	(5)	(5)	(5)	(5)	(5)	(148)
Tax payable	(2)	(22)	(24)	(25)	(26)	(26)	(818)
Free cash flow	10	106	119	122	125	129	3,992

Source: EY analysis and LOM Model

Outlined in the table below is the fair value range for the Mbalam-Nabeba Iron Ore Project on a 100% and Sundance interest basis.

Assessed fair value of Mbalam-Nabeba Iron Ore Project

(A\$m)	100% interest		Sundance's interest	
	Low	High	Low	High
Cam Iron	(223)	164	(488)	(207)
Congo Iron	1,581	1,902	1,138	1,380
Market Co	437	533	437	533
Total	1,795	2,599	1,087	1,706

Source: LOM Model and EY analysis

The fair value has been calculated based on the free cash flow outlined above to 2040 with the use of mid period discounting. In converting the values to A\$ we have used a US\$/A\$ exchange rate of US\$1.00:A\$1.0323 at 31 August 2012.

In determining the fair value of Sundance's interest in the Mbalam-Nabeba Iron Ore Project we have considered the free carry agreements relevant to each entity for Stage 1 capital expenditure. Under these agreements Sundance is entitled to its equity share of returns generated however the Company incurs a greater share of capital expenditure for Stage 1, due to the free carry interests held by the Cameroon and Congo governments. Accordingly, the fair value of Sundance's interest in the Mbalam-Nabeba Iron Ore Project is a combination of its ownership interest and its contributing interest for Stage 1 capital expenditure.

Based on discussions with Management and with reference to the LOM Model we have used the following ownership percentages in our calculation of the fair value of Sundance's interest in the Mbalam-Nabeba Iron Ore Project.

Ownership percentages for the Mbalam-Nabeba Iron Ore Project

	Ownership	Contributing ¹
Cam Iron	76.5%	86.5%
Congo Iron	76.5%	86.5%
Market Co	100.0%	n/a

Source: LOM Model and Management

¹ Contribution of capital after free carry interest for Stage 1 capital expenditure.

We note that we have not considered the loan carry interests in the Mbalam-Nabeba Iron Ore Project held by the Cameroon Government, Hold Co and Congo Mining. Under the loan carry arrangements Sundance has agreed to fund part of the Stage 1 capital expenditure commitments of the Cameroon Government, Hold Co and Congo Mining, however these amounts with interest are to be repaid from each entity's share of the profits generated by the Mbalam-Nabeba Iron Ore Project. The loan carry interests of the Cameroon Government, Hold Co and Congo Mining are outlined in the table below.

	Cameroon		
	Government	Hold Co	Congo Mining
Cam Iron	5.0%	4.3%	n/a
Congo Iron	n/a	n/a	4.5%
Market Co	n/a	n/a	n/a

Source: LOM Model and Management

Given the timing of Sundance funding the additional capital costs and then receiving these amounts back plus interest at a later date, the inclusion of the loan carry arrangements in our valuation would have a negative fair value impact. We do note that the loan carry interests are relatively small and that the loan carry arrangements only apply to Stage 1 capital expenditure. Accordingly, while no adjustment has been made for the loan carry arrangements the impact is not likely to be material.

7.1.2 Sensitivity analysis

Given the nature of the Mbalam-Nabeba Iron Ore Project it is recognised that our valuation assessment is sensitive to a number of key assumptions. To test the impact of changes in these key assumptions on the fair value of the Mbalam-Nabeba Iron Ore Project we have undertaken a sensitivity analysis.

For each key assumption tested we have varied that one assumption and kept all other assumptions constant with the base case scenario. The base case assumes a nominal post-tax discount rate of 15.5%, which represents the mid-point of our selected discount rate range, resulting in a base case fair value of A\$1.375 billion. The key assumptions adjusted were as follows:

- ▶ Iron ore prices by +/- 5% and +/- 10% in relation to all prices. Since our long term price begins in FY17 and production does not commence until late FY16 our iron ore price sensitivities are largely reliant on the long term price. We have adjusted the iron ore fines price, which also impacts the concentrate and pellet prices given that these are dependent on the fines price;
- ▶ Operating costs by +/- 10% in relation to all operating costs;
- ▶ Capital expenditure by +/- 10% in relation to all capital expenditure;
- ▶ The commencement of production, delaying production by one and two years; and
- ▶ The discount rate by +/- 2% (from the midpoint of 15.5%); and

The following table summarises the impact on the adjustments on the fair value range of the Mbalam-Nabeba Iron Ore Project:

Mbalam-Nabeba Iron Ore Project fair value sensitivity analysis

(A\$m)	Sundance's interest		
	Low	Base	High
Iron ore fines price (-5% / +5%)	935	1,375	1,814
Iron ore fines price (-10% / +10%)	496	1,375	2,253
Opex (+10% / -10%)	1,104	1,375	1,648
Capex (+10% / -10%)	1,028	1,375	1,723
Delay (1 year)	1,230	1,375	n/a
Delay (2 years)	1,033	1,375	n/a
Discount rate (+2% / -2%)	836	1,375	2,155

Source: EY analysis

While analysis shows the valuation of the Mbalam-Nabeba Iron Ore Project is sensitive to changes in capital expenditure and operating assumptions, it is more sensitive to changes in iron ore prices and variations in the discount rate.

7.1.3 Conclusion

Based on the analysis summarised above, we have assessed the fair value of Sundance's interest in the Mbalam-Nabeba Iron Ore Project to be in the range of \$1.087 billion and \$1.706 billion, with a midpoint of \$1.375 billion. This assessment excludes corporate costs, IRCM (tax on income from securities) and social taxes relevant to having operations in the Republic of Cameroon and the Republic of Congo. These costs are considered in section 7.3.

7.2 Valuation of Additional Mineral Assets

The value of the Sundance's mineral resources and exploration potential outside the LOM ("Additional Mineral Assets") has been assessed by Optiro (such assessment was undertaken prior to, and does not take account of, the 26 October 2012 resource update which is referred to below). The Additional Mineral Assets consist of the JORC compliant mineral resources contained in the Mbalam-Nabeba Iron Ore Project tenements not included in our valuation of the Mbalam-Nabeba Iron Ore Project using the LOM Model (the "DCF Assessment"), as well as exploration potential. The valuation of the Additional Mineral Assets is detailed in Section 12 of the Optiro Report.

An overview of the Mbalam-Nabeba Iron Ore Project is included in Section 1 of the Optiro Report, an overview of related tenements and exploration potential is included in Section 4, an outline of the mineral resources is included in Section 6 and other considerations are outlined in Sections 7 to 10.

The mineral resources not included in the Mbalam-Nabeba Iron Ore Project DCF Assessment have been valued by Optiro using comparable transactions and joint venture terms. In relation to the comparable transactions valuation methodology, Optiro considered transactions involving iron ore deposits that occurred after September 2009. From these Optiro selected transactions that involved iron ore deposits with indicated and inferred mineral resources at a similar iron grade and material type to that estimated at the Mbarga, Mbarga South, Metzimevin and Nabeba deposits. Details of the valuation assumptions and methodology adopted by Optiro are contained in section 12.2 of the Optiro Report.

In valuing the exploration potential for iron mineralisation within Sundance's tenements, Optiro considered the Geoscientific ratings method, comparable transactions and joint venture terms, electing to use the Geoscientific ratings method as the preferred valuation approach. Details of the valuation assumptions and methodology adopted by Optiro in valuing the exploration potential are contained in section 12.3 of the Optiro Report.

Optiro's valuation of the Additional Mineral Assets is summarised in the table below:

Sundance - Value of Additional Mineral Assets			
A\$m	Low	High	Midpoint
Mbarga and Mbarga South mineral resources	114	213	163
Nebeba mineral resources	127	238	182
Exploration potential	7	14	11
	248	465	356

Source: Optiro

Optiro valued Sundance's Additional Mineral Assets in a range of \$248 million to \$465 million, with a preferred (i.e. midpoint) value of \$356 million.

On 26 October 2012 the Company announced that the Nabeba itabirite resource had increased from 1,391 Mt to 1,722 Mt based on additional drilling and interpretation of results. The value of these additional resources is not material and therefore we have not adjusted Optiro's valuation.

7.3 Corporate costs, IRCM and Social Taxes

Sundance incurs, and will in the future incur, corporate costs that are not included in the valuation of the Mbalam-Nabeba Iron Ore Project. Corporate costs include administration and general office costs, head office costs and listing fees and are estimated by Management to be approximately US\$5 million per year. Other corporate costs include forecast IRCM (tax on income from securities) and a social tax to be imposed by the Republic of Congo and Cameroon governments. IRCM is charged at 5.0% of the income received by Sundance from the Mbalam-Nabeba Iron Ore Project and the social tax is charged at 0.5% of income received by Sundance from the Mbalam-Nabeba Iron Ore Project.

Based on the forecasts contained in the LOM Model and applying a nominal post-tax discount rate range of 14.5% to 16.5%, the net present value ("NPV") of corporate is assessed to be in the range of US\$187.7 million to US\$223.9 million, with a mid-point of US\$204.7 million. In determining an equity value for Sundance this amount is deducted.

7.4 Valuation Summary

Our valuation of Sundance on a net asset backing basis after considering the underlying value of the Company's assets and liabilities on a going concern basis is summarised in the following table. Our assessment is primarily based on Sundance' balance sheet as at 30 June 2012, which Management have confirmed has not materially changed subsequent to that date and adjusted for the values assessed for the Company's mineral assets, property plant and equipment, capitalised corporate costs, and other assets and liabilities.

We summarise our fair market valuation of 100% of the issued shares in Sundance and the fair value per share as follows:

Sundance - Valuation Summary			
A\$000's	Low	High	Midpoint
Mineral assets:			
- The Mbalam Project	1,086,775	1,705,734	1,374,638
- Related corporate costs, IRCM and Social Taxes	(181,853)	(216,919)	(198,280)
- Additional Mineral Assets	248,000	465,000	356,000
	<u>1,152,922</u>	<u>1,953,815</u>	<u>1,532,359</u>
Other assets and liabilities:			
- Cash and cash equivalents	59,071	59,071	59,071
- Trade and other receivables	1,209	1,209	1,209
- Inventory	2,913	2,913	2,913
- Other current assets	941	941	941
- Property, plant and equipment	5,141	5,141	5,141
- Mine development	-	-	-
- Intangibles	-	-	-
- Trade and other payables	(5,249)	(5,249)	(5,249)
	<u>64,026</u>	<u>69,275</u>	<u>69,275</u>
Fair value of Sundance	<u>1,216,948</u>	<u>2,023,090</u>	<u>1,601,634</u>
*Number of shares on issue (millions)	3,091	3,091	3,091
Fair value assessed per Sundance share (\$)	<u>0.39</u>	<u>0.65</u>	<u>0.52</u>

Source: EY analysis

* Including the conversion of options and performance rights to shares.

Based on this assessment we have determined the fair value of a Sundance share on a 100% basis to be in the range of between \$0.39 and \$0.65, with a midpoint value of \$0.52.

7.5 Valuation cross check

7.5.1 Implied Resource Multiple Cross Check

7.5.1.1 Trading multiples of comparable companies

As a cross check the reasonableness of the fair value determined for Sundance under the DCF method we have considered the resource trading multiples of comparable companies, including the EV per tonne of resource and the EV per tonne of contained iron. In calculating comparable resource trading multiples, we considered listed iron ore companies that have projects broadly comparable to the Mbalam-Nabeba Iron Ore Project, being iron ore development projects located in Africa. In developing our set of comparable companies, we excluded companies without JORC compliant resources. The stage of development of the comparable companies considered ranged from scoping study completion to producing assets. The iron ore deposits owned by these companies contain either or both hematite and magnetite, whilst Sundance's mining assets contain hematite only.

The multiples were calculated based on each company's implied EV value per tonne of resource and EV per tonne of contained Fe. The implied value per tonne of resource and contained Fe was calculated as follows:

- ▶ obtained the market capitalisation for each company as at 31 August 2012 to calculate an equity value for the company;
- ▶ added back net debt or subtracted net cash as reported at the latest available reporting date prior to 31 August 2012, to obtain an EV for the company; and
- ▶ divided the EV by the number of resource tonnes ("EV/t of resource") and the number of tonnes of contained Fe ("EV/t of contained Fe") to obtain an implied EV per tonne of resource and an implied EV per tonne of contained Fe. The number of tonnes and number of tonnes of contained Fe is based on the latest reported resources disclosed by the company as at 31 August 2012.

It is of note that market prices usually reflect the prices paid for small parcels of shares representing minority interests and as such do not include a control premium relevant to a controlling interest. It is generally accepted that in order to acquire a controlling interest in a company, the acquirer must pay a premium over and above the prices at which the shares in the target are trading at prior to the announcement of the takeover bid. Takeover transactions in Australia are typically completed with an implied premium to the pre-bid trading price in the order of 20% to 40%. As a result, we have applied a control premium of 30% to the market capitalisation when determining the EV of each of the comparable companies. The application of a control premium is consistent with the RG 111 requirement to assess the fair value of Sundance on a 100% whole of company basis.

A summary of the implied trading multiples on a per tonne of resource basis and on a per tonne of contained Fe basis is included below. A summary description of the comparable companies is contained in Appendix D.

Trading Multiples	EV US\$m's	EV/Resource (US\$/t)	EV/Contained Fe (US\$/t)	Average Fe grade	Stage of development
African Minerals Limited	1,232	0.13	0.41	31%	Ramp up of production
Bellzone Mining PLC	93	0.01	0.06	22%	Production to commence 2015
London Mining Plc	555	0.24	0.76	32%	Ramp up of production
Zanaga Iron Ore Company Limited	280	0.13	0.39	33%	PFS completed
Ferrum Crescent Limited	22	0.09	0.32	27%	DFS in progress
Low	22	0.01	0.06	22%	
Mean	437	0.12	0.39	29%	
Median	280	0.13	0.39	31%	
High	1,232	0.24	0.76	33%	
Sundance	2,550	0.57	1.40	40%	DFS completed

Source: Annual reports, ASX announcements and S&P Capital IQ

The analysis of EV/t of resource shows the trading multiples of iron ore exploration companies with projects at a stage of development not dissimilar to the Mbalam-Nabeba Iron Ore Project have a median and average of US\$0.13/t, with a range of US\$0.01/t to US\$0.24/t. The EV/t of contained Fe shows a median of US\$0.39/t and an average of US\$0.43, with a range of US\$0.03/t to US\$0.76/t.

We note that there have been no significant changes to the trading multiples from 31 August 2012 to the date of this report.

The mix of classification of Measured and Indicated Resources for each of the comparable companies, together with Sundance, is shown in the table below. Those resources not in Measured and Indicated are in Inferred.

Resource Quality	Total Resources	Measured as a % of Total Resources	Measured + Indicated as a % of Total Resources	Reserves as a % of Resources
African Minerals Limited	9,563	19.9%	50%	0%
Bellzone Mining PLC	6,574	3.7%	17%	0%
London Mining Plc	2,281	0.0%	58%	0%
Zanaga Iron Ore Company Limited	2,170	3.4%	62%	0%
Ferrum Crescent Limited	260	20.2%	46%	0%
Low		0.0%	17%	
Mean		9.4%	47%	
Median		3.7%	50%	
High		20.2%	62%	
Sundance	4,491	0.0%	49%	8%

Source: Annual reports, ASX announcements and S&P Capital IQ

The following table summarises the average Fe content and various impurities of each of the comparable company's and Sundance resources.

Resource Quality	Average Fe				
	Grade for Total Resources	SiO ₂ %	Al ₂ O ₃ %	P %	LiO %
African Minerals Limited	31%	42.5%	5.6%	0.1%	n/a
Bellzone Mining PLC	22%	44.9%	5.9%	0.1%	2.9%
London Mining Plc	32%	41.0%	3.8%	0.1%	n/a
Zanaga Iron Ore Company Limited	33%	44.3%	3.3%	0.0%	1.3%
Ferrum Crescent Limited	27%	50.2%	4.2%	n/a	n/a
Low	22%	41.0%	3.3%	0.0%	1.3%
Mean	29%	44.6%	4.6%	0.1%	2.1%
Median	31%	44.3%	4.2%	0.1%	2.1%
High	33%	50.2%	5.9%	0.1%	2.9%
Sundance	40%	37.3%	1.8%	0.1%	1.6%

Source: Annual reports, ASX announcements and S&P Capital IQ

Note that London Mining Plc impurities relate to the Marampa and Isua deposits only as no impurity information was available for the Wadi deposit. The Marampa and Isua deposits represent 85% of London Mining Plc's resources.

In determining the resources multiples implied by our fair value determined for Sundance we have added interest bearing debt and subtracted cash as at 30 June 2012 from our fair value to calculate Sundance's EV. We have divided Sundance's EV by the Company's total resource tonnes and contained Fe tonnes to determine the implied EV/t of resource and E/V per tonne of contained Fe multiples implied by our valuation of Sundance.

Sundance Implied Resource Multiples	Low	High	Midpoint
	EV / t resource multiple (A\$)	0.26	0.44
EV / t contained Fe multiple (A\$)	0.64	1.08	0.85

Source: S&P Capital IQ

The EV/t of resource implied by our valuation of Sundance ranges from \$0.26/t to \$0.44/t, with a midpoint of \$0.34/t. The EV/t of contained Fe implied by our valuation of Sundance ranges from \$0.64/t to \$1.08/t, with a midpoint of \$0.85. In comparing the resource multiples and contained Fe multiples implied by our fair value determination of Sundance against the resource trading multiples of comparable companies we note the following:

- ▶ The resources and Fe contained multiples implied by our fair value determination of Sundance are higher than the resource trading multiples of the comparable companies.
- ▶ Sundance's JORC compliant reserves represent 8% of its JORC compliant resources. None of the comparable companies have any JORC compliant reserves.
- ▶ African Minerals Limited and London Mining Plc are the only companies in our basket of comparable companies that have producing assets.
- ▶ Sundance's operations are located in the Republic of Cameroon and the Republic of Congo, which are considered to be relatively investor friendly in terms of political and economic risk. Some of the comparable companies have projects located in Sierra Leone and Guinea, which are not considered to be as stable or as investor friendly.
- ▶ Ferrum Crescent Limited has significantly less JORC compliant resources than Sundance.

7.5.1.2 Sundance's historical share price

As an additional cross check to our valuation of Sundance we have considered the resource multiples implied by the Company's recent trading prices on the ASX. The table below summarises Sundance's share price over various periods leading up to the date of the announcement of the Proposed Scheme. The implied enterprise values per tonne of JORC compliant resource and per tonne of contained Fe are also included. Sundance's enterprise value has been calculated based on the corresponding share price, grossed up for a 30% control premium, net of Sundance's cash balance as at 30 June 2012.

	Sundance share price (\$)	Sundance share price with control premium (\$)	EV/Resource (\$/t)	EV/Contained Fe (\$/t)
Close	0.34	0.44	0.28	0.70
1 Day VWAP	0.34	0.44	0.29	0.71
5 day VWAP	0.28	0.37	0.24	0.58
20 day VWAP	0.30	0.39	0.25	0.63
30 day VWAP	0.31	0.40	0.26	0.65
60 day VWAP	0.37	0.48	0.30	0.75

Source: S&P Capital IQ

*VWAPs include trading days only

The EV/t of resource implied by Sundance's recent trading prices, including a 30% control premium, ranges from \$0.24/t to \$0.30/t. The EV/t of contained Fe implied by Sundance's recent trading prices, including a 30% control premium ranges from \$0.58/t to \$0.75/t.

The EV/t of resource and EV/t of contained Fe multiples implied by Sundance's recent share trading prices are at the lower end of the range implied by our fair value determination of Sundance, as outlined in section 7.6.1.1. In this regard we note the following:

- ▶ Since the announcement of the Initial Offer in July 2011 of \$0.50 and the Secondary Offer in October 2011 of \$0.57, the trading prices of Sundance have been subject to speculation as to whether or not a transaction with Hanlong would or would not be completed.
- ▶ Sundance's share price has been trading relatively low in recent months in comparison to the shares prices experienced a year ago. This is in part due to generally weak market sentiment as well as falling iron ore prices.
- ▶ Investors appear to have become partially unresponsive to positive announcements made by the Company over the past six months, further suppressing Sundance's share price.

7.5.2 Transaction Multiple Analysis

We have also considered prices achieved in more recent transactions that involve the purchase of iron ore exploration and development companies and in some instances, the purchase of iron ore assets. These transactions varied from the sale and purchase of a 12.5% interest to a control interest and involved both hematite and magnetite deposits. A summary description of the transactions is contained in Appendix E.

Transaction Multiples			US\$ per resource	US\$ per contained
Target	Acquirer	Date	tonne	Fe tonne
African Minerals	China Railway Materials	06-Jan-10	0.39	1.30
Bong iron ore mine (CAD Fund)	Wuhan Iron and Steel	16-Mar-10	0.09	0.25
Simandou (Rio Tinto)	Chinalco	19-Mar-10	1.34	2.03
DMC Mining	Cape Lambert	23-Mar-10	2.42	4.37
Tonkolili (African Minerals)	Shandong Iron & Steel	13-Jul-10	1.20	4.00
Sphere Minerals	Xstrata	24-Aug-10	0.11	0.33
Cape Lambert (DMC Mining)	Stirling Minerals	05-Oct-10	3.13	5.59
African Iron	Exxaro	11-Jan-12	2.60	5.67
Low			0.09	0.25
Average			1.41	2.94
Median			1.27	3.02
High			3.13	5.67

Source: Mergermarket, S&P Capital IQ, company ASX announcements and annual reports

The analysis shows an EV/t of resource transaction multiple range of US\$0.09/t to US\$3.13/t, with a median of US\$1.27/t and an average of US\$1.41/t. The EV/t of contained Fe shows a range of US\$0.25/t to US\$5.67/t, with a median of US\$3.02/t and an average of US\$2.94/t.

In considering the transactions multiples in comparisons to those implied by our valuation of Sundance, we have had regard to the following:

- ▶ The nature of the asset acquired (hematite or magnetite), its stage of development and its location;
- ▶ The relative size of the transaction or the comparable companies; and
- ▶ The timing of the transaction.

It is possible that the transactions identified may involve an element of 'special' value which reflects additional benefits such as the ability to combine assets with infrastructure solutions or the increase in project optimisation through the combination of complimentary deposits. The extent to which this special value is reflected in the transaction price may depend on the level of synergies expected to be created as well as the alternatives available to the acquirer and the target.

8. Evaluation of the Proposed Scheme

8.1 Approach

In forming our opinion as to whether the Proposed Scheme is fair and reasonable, and therefore in the best interests of Sundance Shareholders, we have considered:

- ▶ whether the Scheme Consideration is fair;
- ▶ whether the Scheme Consideration includes a premium for control;
- ▶ the advantages and disadvantages relevant to Sundance Shareholders; and
- ▶ alternatives to the Proposed Scheme.

8.2 Valuation conclusion

In determining whether the Proposed Scheme is in the best interests of Sundance Shareholders we have compared the fair value assessed for a Sundance share with the Scheme Consideration, being \$0.45 for each Sundance share held.

The comparison of values, based on the values assessed in Section 7.4, is summarised in the following table:

Comparison of Values - 100% interest basis			
	Low	High	Midpoint
Fair value of a Sundance share - 100% basis (A\$)	0.39	0.65	0.52
Cash consideration per share (A\$)	0.45	0.45	0.45
Premium of Consideration over value of Sundance share (A\$)	0.06	(0.20)	(0.07)
Premium of Consideration over value of Sundance share (%)	15.4%	(30.8%)	(13.5%)

Source: EY analysis

On this basis, Sundance Shareholders are receiving a premium/(discount) in the range of 15.4% at the low and (30.8)% at the high end. Based on this analysis the fair value of the consideration being offered by Hanlong under the Proposed Scheme is within the range of values assessed for a Sundance share albeit at the lower end of the assessed range. On this basis, consistent with the approach detailed in RG 111, in our opinion, the Proposed Scheme is fair to the Sundance Shareholders.

Consideration of the prices at which Sundance' shares have traded on the ASX is contained in Section 8.3.

8.3 Commercial and qualitative factors

In accordance with RG 111 a takeover offer is reasonable if it is fair. On this basis, given we have assessed the Proposed Scheme as being fair; in our opinion the Proposed Scheme is also reasonable. However, as part of assessing the Proposed Scheme we also considered the potential advantages and disadvantages to the Sundance Shareholders of the Proposed Scheme and considered whether the advantages outweigh the disadvantages only in the context of the Proposed Scheme.

We consider that the advantages and disadvantages of rejecting the Proposed Scheme are in the inverse of accepting the Proposed Scheme.

In considering the commercial and qualitative factors relating to the Proposed Scheme, Ernst & Young Transaction Advisory Services considered factors relating to the Proposed Scheme. These factors are summarized below. We note that individual Sundance Shareholders may interpret these factors differently depending on their individual circumstances.

8.3.1 Advantages

Premium for control

The analysis in Section 8.2 shows that Hanlong is paying a premium to our assessed low value of a Sundance share. The payment of a premium is to the benefit of Sundance Shareholders.

If Sundance Shareholders do not approve the Proposed Scheme and there is no superior alternative offer for Sundance shares, Sundance Shareholders will lose this premium in that it would be expected that Sundance shares would trade at levels below the offer from Hanlong and our assessed value range.

Scheme Consideration will be paid in Cash

With the Scheme Consideration to be paid as cash, the Proposed Scheme allows Sundance Shareholders to immediately realise their investment in Sundance at a premium to the assessed value of a Sundance share. If Sundance Shareholders reject the Proposed Scheme and retain their investment in Sundance, they will face risks associated with the further development of the Mbalam-Nabeba Iron Ore Project.

Removal of need for Sundance to access finance

Based on the DFS and the PFS, the development of the Mbalam-Nabeba Iron Ore Project will require estimated capital expenditures of approximately US\$4.7 billion real (2010\$) for Stage 1 and US\$3.1 billion real (2010\$) for Stage 2. If Sundance Shareholders do not approve the Proposed Scheme it may be difficult for Sundance to secure this level of funding with a market capitalisation of approximately \$1.022 billion prior to the announcement of the Proposed Scheme. Any uncertainty with respect to funding will delay the development of the Mbalam-Nabeba Iron Ore Project, which in turn will have a negative valuation impact.

8.3.2 Disadvantages

No participation in the future growth of Sundance' mineral assets

By accepting the Proposed Scheme, Sundance Shareholders are giving up the right to participate in the future upside, if any, associated with the Mbalam-Nabeba Iron Ore Project and the associated exploration assets. While the Mbalam-Nabeba Iron Ore Project is at a relatively early stage of development, if the Company was able to source the required funding and the project commenced as forecast this may have a positive valuation impact.

One-off transaction costs

Management has estimated that incremental costs associated with the Proposed Scheme will be approximately \$5.2 million. These costs include advisory fees, costs for the preparation of the Scheme Booklet, professional fees and costs associated with the dispatch of documents, but exclude any success fees. We understand that some of these costs will be borne by Sundance regardless of whether the Proposed Scheme is approved.

8.3.3 Other factors

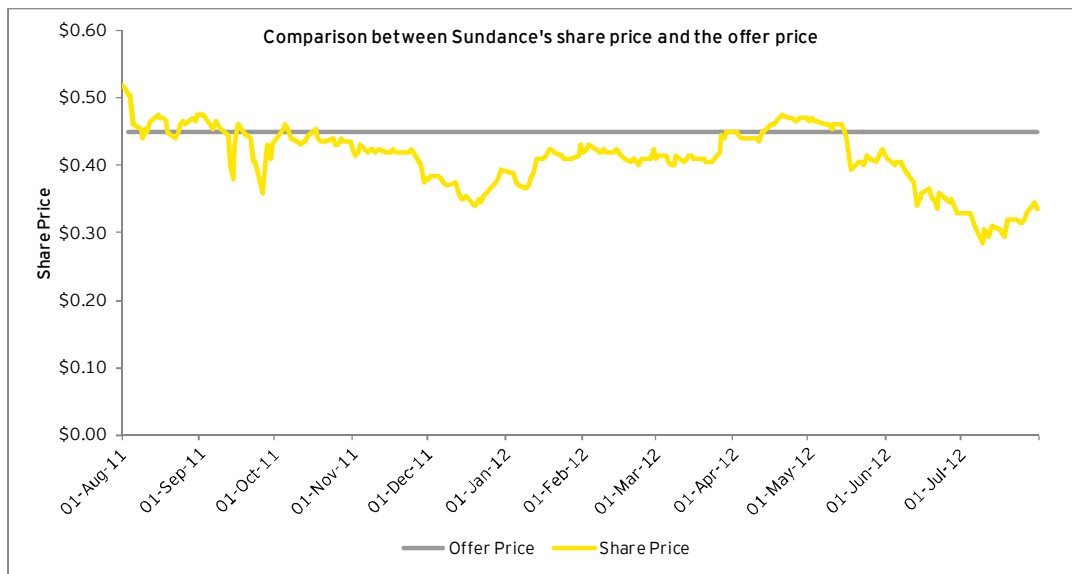
Implied premium based on market price

As part of our analysis we considered the historical share price of Sundance over the 12 months up until 31 July 12, being the last day the shares were traded prior to the announcement of the Proposed Scheme, and compared this to the offer price over this period. The results of this analysis are summarised in the following table and chart:

Sundance - Share Price \$'s	Sundance share price	Premium
Close	0.34	34.3%
1 day VWAP*	0.34	31.8%
5 day VWAP	0.28	59.3%
20 day VWAP	0.30	48.7%
30 day VWAP	0.31	45.0%
60 day VWAP	0.37	23.0%

Source: S&P Capital IQ

*VWAPs include trading days only



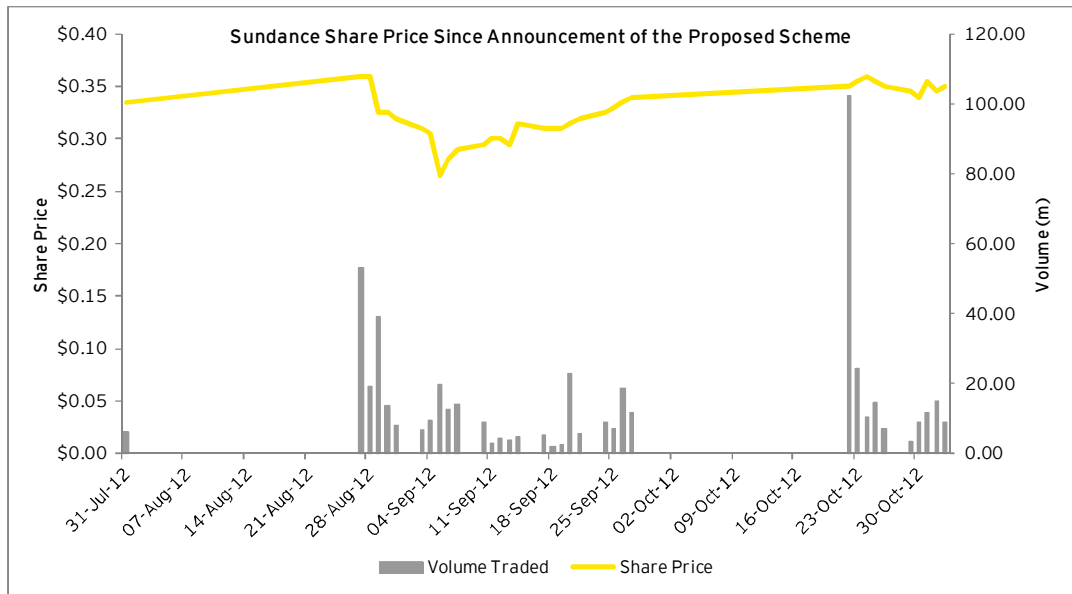
Source: S&P Capital IQ

The Scheme Consideration of \$0.45 per share being offered by Hanlong to Sundance Shareholders represents a substantial premium to the share price of Sundance over various periods prior to the announcement of the Proposed Scheme. The consideration represents a 34.3% premium to the closing price of \$0.335 per share on 31 July 2012. This premium is within the premium range typically paid in a takeover (i.e. 20% to 40%).

Accordingly, the Proposed Scheme provides Sundance Shareholders with the opportunity to realise value for their shares in excess of the price at which they traded prior to the announcement of the Proposed Scheme on 27 August 2012.

Market reaction post the announcement of the Proposed Scheme

The last trading price of Sundance’s shares on the ASX on 31 July 2012, being the last trading day prior to the announcement of the Proposed Scheme, was \$0.335. The following chart illustrates the prices and volumes at which the Company’s shares traded over the period 31 July 2012 and 2 November 2012.



Source: S&P Capital IQ, EY analysis

Sundance’s share price increased from \$0.335 on 31 July 2012 to \$0.360 on 27 August 2012, which was the day that the Second Amended and Restated SIA was announced with an offer price of \$0.45. Since the announcement of the \$0.45 offer price the market’s reaction to the Proposed Scheme has been indifferent. The last trading price on 2 November 2012 was \$0.350.

Directors’ view

We note that the Directors of Sundance have unanimously recommended the Proposed Scheme to Sundance Shareholders in the absence of a superior proposal. The support of the Directors should provide additional comfort to Sundance Shareholders.

No alternative offers

We have discussed with the management of Sundance the likelihood of alternative offers emerging for Sundance if the Proposed Scheme is successful. The management of Sundance have advised that they have not received an alternative or superior offer as at the date of this report.

Tax

Ernst & Young Transaction Advisory Services has not considered the specific taxation implications for individual Sundance Shareholders. If the Proposed Scheme is approved, Sundance Shareholders may be liable to pay tax on the disposal of their Sundance shares. The specific tax consequences of the Proposed Scheme will vary depending on the circumstances of each individual Sundance Shareholder. Sundance Shareholders should consider the information contained in the Scheme Booklet in relation to taxation implications. These specific tax consequences need to be borne in mind by each Sundance Shareholder in weighing up the merits of the Proposed Scheme. Sundance Shareholders who are in doubt as to the action they should take in relation to the Proposed Scheme should consult their own professional advisers.

8.3.4 Other considerations

This independent expert's report only provides general information. It does not take into account a shareholder's individual situation, objectives and needs. It is not intended to replace professional advice obtained by Sundance Shareholders. Sundance Shareholders should consider whether this report is appropriate for their circumstances, having regard to their own situation, objectives and needs before relying on or taking action based on this report. Sundance Shareholders should seek their own professional advice.

This report has been prepared to assist Sundance's Shareholders in assessing the merits of the Proposed Scheme.

Whether individual shareholders should vote to accept or not accept the Proposed Scheme depends upon their individual situation, objectives and needs, as well as each shareholder's views as to the reasonableness factors associated with either accepting or not accepting the Proposed Scheme.

8.4 Conclusion on the Proposed Scheme

In the absence of a superior proposal, Ernst & Young Transaction Advisory Services considers the Proposed Scheme to be fair and reasonable to Sundance Shareholders, and is therefore in the best interests of Sundance Shareholders.

Appendix A Statement of qualifications and declarations

Ernst & Young Transaction Advisory Services, which is wholly owned by Ernst & Young, holds an Australian Financial Services Licence under the Corporations Act and its representatives are qualified to provide this report. The directors of Ernst & Young Transaction Advisory Services responsible for this report have not provided financial advice to Sundance.

Prior to accepting this engagement, Ernst & Young Transaction Advisory Services considered its independence with respect to Sundance with reference to Regulatory Guide 112, *Independence of experts*.

This report has been prepared specifically for the Shareholders of Sundance in relation to the Proposed Scheme. Neither Ernst & Young Transaction Advisory Services, Ernst & Young and any employee thereof undertakes responsibility to any person, other than the Sundance Shareholders, in respect of this report, including any errors or omissions howsoever caused.

The statements and opinions given in this report are given in good faith and the belief that such statements and opinions are not false or misleading. In the preparation of this report Ernst & Young Transaction Advisory Services has relied upon and considered information believed after due inquiry to be reliable and accurate. Ernst & Young Transaction Advisory Services has no reason to believe that any information supplied to it was false or that any material information has been withheld from it. Ernst & Young Transaction Advisory Services has evaluated the information provided to it by Sundance, its advisors, as well as other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base its report. Ernst & Young Transaction Advisory Services does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its inquiries could have verified any matter which a more extensive examination might disclose.

The information relied upon in the preparation of this report is set out in Appendix F to this report.

Sundance has provided an indemnity to Ernst & Young Transaction Advisory Services for any claims arising out of any mis-statement or omission in any material or information provided to it in the preparation of this report.

Ernst & Young Transaction Advisory Services provided draft copies of this report to the directors and management of Sundance for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of Ernst & Young Transaction Advisory Services alone. Changes made to this report as a result of this review by the directors and management have not changed the methodology or conclusions reached by Ernst & Young Transaction Advisory Services.

Ernst & Young Transaction Advisory Services will receive a professional fee based on time spent in the preparation of this report estimated at approximately \$150,000 (exclusive of GST). Ernst & Young Transaction Advisory Services will not be entitled to any other pecuniary or other benefit whether direct or indirect, in connection with the making of this report.

Mr Ken Pendergast, a director and representative of Ernst & Young Transaction Advisory Services and a partner of Ernst & Young and Ms Brenda Moore, a representative of Ernst & Young Transaction Advisory Services and an Executive Director of Ernst & Young have assumed overall responsibility for this report. Both have the necessary experience and professional qualifications appropriate to the advice being offered. Other Ernst & Young Transaction Advisory Services staff have been consulted in the preparation of this report where appropriate.

It is not intended that the report should be used for any other purpose other than to be included in the Notice of Meeting and Scheme Booklet to be sent to Sundance shareholders with respect to the Proposed Scheme. In particular, it is not intended that this report should be used for any other purpose other than as an expression of its opinion as to whether or not the Proposed Scheme is in the best interests of Sundance Shareholders.

Ernst & Young Transaction Advisory Services consents to the issue of this report in the form and context in which it is included in the Notice of Meeting and Scheme Booklet.

Appendix B Determination of discount rates

Introduction

Our valuation of the Mbalam-Nabeba Iron Ore Project is based on US denominated cash flows that have been prepared on a nominal, un-gearred and post-tax basis. To determine the net present value of these cash flows we have assessed the appropriate discount rate on a nominal, post-tax weighted average cost of capital ("WACC") basis. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided.

Under a classical tax system the post tax WACC is commonly calculated as follows:

$$WACC = R_e \times \frac{E}{D + E} + R_d (1 - t_c) \times \frac{D}{D + E}$$

Where:

WACC - post tax weighted average cost of capital

R_e - required rate of return on equity capital

E - market value of equity capital

D - market value of debt

R_d - required rate of return on debt capital

t_c - statutory corporate tax rate

In the following paragraphs we comment on each of the assumptions we make in respect of each of the main variables in this formula.

Required rate of return on equity

The capital asset pricing model ("CAPM") is a model for estimating the rate of return required by an equity investor on an investment.

Under CAPM the required rate of return on equity (R_e) is calculated as follows:

$$R_e = R_f + \beta_e \times (R_m - R_f) + R_s$$

Where:

R_e - rate of return on equity

R_f - risk free rate of return

β_e - expected equity beta of the investment

R_m - expected rate of return on the market portfolio of risky investments

$(R_m - R_f)$ - excess return of the market over the risk free rate, or the market risk premium

R_s - specific risk premium

Risk free rate

In the absence of an official risk free rate, most valuation practitioners adopt the yield on Government Bonds (in the appropriate jurisdiction) of a term matching the cash flow forecast period as a proxy. Typically for global market the 10-year US Government Bond rate is used as a proxy for the risk free rate.

Our selected risk free rate is based on the yield on 10-year US Government Bonds as at 31 August 2012. On this basis we have adopted a nominal risk free rate of 1.55% for the purposes of determining an appropriate cost of equity.

Market risk premium

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned. Our assessment of the expected return of the market over the risk free rate is based on various studies based on historic returns over the short term and long term, forward-looking premium estimates, recent published views, academic studies and current market research. These sources generated a range of indications of market risk premium.

With 10-year US Government Bond rates being lower than they have typically been over the past 30 years, our recent consideration of the data led us to the conclusion that 7.0% represented a consensus of reasonable viewpoints of a market risk premium, and for the purpose of this report we have adopted a market risk premium of 7.0%.

Beta

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation. In order to determine an appropriate beta to use for the valuation of the Mbalam-Nabeba Iron Ore Project, we have considered the observed betas of comparable companies with similar assets.

Beta can be expressed as an equity beta, which includes the effect of gearing on equity returns, and as an asset beta, which removes the impact of gearing. The asset beta will be lower than the equity beta for any given investment, with the extent of the difference dependent on the level of debt in the capital structure. The greater the level of gearing, the greater is the risk faced by equity holders (as debt holders have a contractual right of return and so first claim on the operating income). Accordingly, for a given asset beta, the equity beta will increase as the level of gearing increases.

We used the following formula to undertake the de-gearing and re-gearing exercise:

$$\beta_e = \beta_a \left(1 + \frac{D}{E} (1 - t_c) \right)$$

Where:

β_e - the equity or geared beta

β_a - the ungeared beta

t_c - the statutory corporate tax rate

D/E - equals the market value of debt divided by the market value of equity capital

In our analysis of un-gearred betas we chose to consider a range of companies with African based iron ore exploration, development and early production companies. Our analysis of un-gearred betas is set out in the table below.

Beta analysis

Comparable Company	Country	Raw Beta ¹	Market Capitalisation ²	Net Debt/Equity ³	Asset Beta ⁴
African Minerals Limited	United Kingdom	2.57	834.69	-10.4%	2.57
Bellzone Mining PLC	Channel Islands	1.56	94.03	-30.4%	1.56
London Mining Plc	United Kingdom	1.56	188.14	-13.8%	1.56
Equatorial Resources Limited	Australia	2.02	225.09	-9.8%	2.02
Legend Mining Ltd.	Australia	2.24	33.84	-16.9%	2.24
Waratah Resources Limited	Australia	2.66	10.18	-64.4%	2.66
Zanaga Iron Ore Company Limited	British Virgin Islands	1.20	157.03	-7.8%	1.20
Sundance Resources Ltd.	Australia	2.00	975.86	-10.8%	2.00
Low		1.20		-64.4%	1.20
Simple Average		1.98		-20.5%	1.98
Median		2.01		-12.3%	2.01
Weighted Average		2.10		-11.6%	2.10
High		2.66		-7.8%	2.66

Notes

1. Raw beta calculated over a 5 year period with monthly observations except where otherwise stated.
2. Market Capitalisation at last reporting period in currencies of the local exchange.
3. Net debt is total debt less cash and cash equivalents over a four year historic period (where available). Equity value is at the valuation date.
4. Where the Net Debt/Equity ratio is negative the ungeared Beta has been taken to equal the Geared Beta

We have adopted an asset in the range of 1.85 to 2.15 and in selecting this beta range, we have considered the following:

- ▶ We have adopted the S&P Capital IQ five year monthly beta calculated against the MSCI as the chosen beta for the following reasons:
 - The five year monthly betas for the comparable companies take into account a longer term view that is relatively smoother than the recent market volatility; and
 - The comparable companies include companies with operations based in Africa, thus using the MSCI is more appropriate;
- ▶ The asset betas of the companies with iron ore operations based in Africa have a low of 1.20 and a high of 2.66, with a weighted average and median of 2.10 and 2.01 respectively;
- ▶ Sundance's asset beta was 2.00;
- ▶ Comparable producing companies African Minerals Limited and London Mining Plc have assets betas of 2.57 and 1.56 respectively, equating to an average and median of 2.06;
- ▶ These comparable producing companies have operations based in Sierra Leone, which is considered to have high economic and political risk in comparison to the Republic of Cameroon and the Republic of Congo;
- ▶ A number of the companies used in our asset beta analysis have early stage mineral exploration operations without JORC compliant reserves or resources.

Capital structure

In calculating the WACC, we need to determine an optimal capital structure at which to re-gear the asset beta, and with which to weight the cost of equity and cost of debt. Generally, the gearing level adopted should reflect the level of debt that can reasonably be sustained by any company operating in an industry, rather than actual gearing maintained by the current business owners.

In order to determine an appropriate capital structure for the Mbalam-Nabeba Iron Ore Project, we have had regard to both Sundance's capital structures, and the capital structure of other companies in the industry. In relation to the capital structure, we note that Sundance's average debt to equity ratio over the last four years was consistently below zero, implying a net cash position. The average debt to equity ratio of comparable companies over the past four years was also negative.

We have assessed the debt to equity ratio to be 11%, which translates to a debt to enterprise value ratio of 10%.

Specific risk premium

Specific risk premium represent the additional return an investor expects to receive to compensate for country, size and project related risks not reflected in the beta of the comparable companies analysed. With Sundance's Mbalam-Nabeba Iron Ore Project being located in Central Africa there is additional country risk associated with Mbalam-Nabeba Iron Ore Project in comparison to iron ore projects located in Australia or North America for example. Given that we have used companies with iron ore operations based in Africa the assets betas of these companies already account for country risk. In this regard we have not added a further specific risk premium in calculating the WACC.

Cost of debt

We have developed an estimate of the cost of debt for the WACC on the basis of a margin over the yield on 10 year US Government bonds.

The debt premium over the risk free rate reflects debt related risks specific to the business being valued (i.e. the risk that the business will default on payments). The cost of debt represents the cost of funding over the life of the cash flow models. In arriving at an appropriate debt premium we have had regard to a number of factors including:

- ▶ The margin implicit in US corporate bond yields over US government bond yields. Implied yields reflect the market's view of risk as at a point in time and care should be exercised before incorporating these into any assessment of an entity's cost of debt; and
- ▶ The debt ratings of comparable companies, in particular, Standard & Poor's BBB credit ratings.

After considering the above factors, with particular emphasis on the long-term spread of US BBB rated corporate bonds, we adopted a cost of debt of 3.35%.

Corporate tax rate

The effective rate of tax may differ from the statutory corporate rate due to differences between tax and accounting depreciation and items not deducted for tax purposes. The comparable corporate tax rate for each company's home country has been taken into account when calculating betas.

We adopted a tax rate of 25.0% when calculating the WACC, which represents the corporate tax rate agreed between Sundance and the Republic of Cameroon and the Republic of Congo.

WACC calculation for Sundance

On the basis of the above, we have adopted the following inputs in our calculation of a range of nominal, post-tax WACC:

Parameter	Low WACC	High WACC	Source
Risk Free Rate (R_f)	1.55%	1.55%	10 Year US Government bond
Market Risk Premium ($R_m - R_f$)	7.0%	7.0%	Industry Standard
Asset Beta (β_a)	1.85	2.15	Comparative Analysis
Equity Beta (β_e)	2.00	2.33	$= \beta_a * (1 + ((D / E) * (1 - t_c)))$
Debt Premium	1.80%	1.80%	10 Year US Corporate Bond
Nominal Pre-Tax Cost of Debt (R_d)	3.35%	3.35%	$R_f + 1.80\%$
Tax Rate (t_c)	25.0%	25.0%	Proposed Scheme
Debt Equity (D / E)	11.1%	11.1%	$= (D / V) / (E / V)$
Debt Proportion (D / V)	10.0%	10.0%	Company and Comparative Analysis
Equity Proportion (E / V)	90.0%	90.0%	Company and Comparative Analysis

Parameter	Low WACC	High WACC	
Cost of Equity (R_e)	15.6%	17.9%	$= R_f + \beta_e * (R_m - R_f) + R_s$
Nominal Post Tax WACC (R_w)	14.3%	16.4%	$= (E / V) * R_e + (D / V) * (1 - t_c) * R_d$
Say,	14.5%	16.5%	

Source: EY analysis

Based on the above analysis, we have assessed the following nominal, post-tax discount rates to apply in the discounted cash flow valuation of Sundance in the range of 14.5% to 16.5%.

Appendix C Determination of commodity price forecasts

Forecast iron ore prices applied in the valuation of the Mbalam-Nabeba Iron Ore Project are based on our consideration of consensus forecast pricing, which is calculated based on a range of broker' forecasts that were publicly available prior to valuation date. In determining the consensus forecast price, we undertook the following steps:

- ▶ Using the research tools available to us, including but not limited to Thomson Reuters, we identified as many analyst reports as possible which published pricing estimates immediately prior to the valuation date. We note that analysts typically report short term price estimates on a nominal basis, and long term prices on a real basis.
- ▶ Where analysts have provided forecast estimates for both calendar year (ending December) and financial year (ending June), because the LOM Model is in calendar years we converted financial year forecasts to calendar year.
- ▶ We have only considered analyst forecast relating to Australian based iron ore assets.
- ▶ Where analysts have provided forecast estimates on an FOB, CIF (including insurance and freight) or CFR (including freight) basis, we have only used FOB based estimates.
- ▶ Where analysts have not provided forecasts on a dmtu basis (i.e. 100% Fe) we have converted the forecasts to a dmtu basis using the analyst's stated Fe content.
- ▶ Identified the most recent industry-wide forecast prior to the valuation date for each of the major analysts, excluded outliers and determined the median of the analyst estimates.
- ▶ Converted the nominal median prices for the short term forecasts to real prices based on a forecast rate of inflation. The inflation forecast was based on estimates of the consumer price index ("CPI") from independent forecasting sources.
- ▶ We have applied short term price estimates to CY16 based on analyst consensus. We have applied the consensus long term price from CY17.

With regards to iron ore, we were able to source forecasts from eight analysts. Of the forecasts reviewed, only two had estimated prices for CY17, with none of the analysts forecasting to CY18. Due to insufficient data points, we excluded CY17 from the analysis.

The following table summarises the forecast data we considered for iron ore fines prices.

Nominal Iron Ore Prices - Fines FOB Australia (100% Fe) (US cents / dmtu)	2013E	2014E	2015E	2016E	LT (2012\$)
Average	172.4	156.0	155.6	154.7	130.5
Median	173.3	149.3	159.7	146.8	132.6
High	256.5	241.9	229.0	225.8	153.2
Low	95.3	89.0	97.0	99.3	109.7

Source: various analyst reports

We note that short term iron ore prices are typically forecast in nominal terms, with the long term price expressed in real terms (in 2012 dollars). To convert the nominal prices to real terms, we have deflated consensus forecast iron ore fines prices for the period CY13 to CY16, to convert the prices to real terms. Inflation forecast assumptions have been based on independent inflation estimates which average 2.5% over the forecast period.

The table below show represents the iron ore fines price forecast adopted in our valuation.

Real Iron Ore Prices - Fines FOB Australia (100% Fe) (Usc / dmtu)	2013E	2014E	2015E	2016E	LT (2012\$)
Real median iron ore prices	169.0	142.1	148.3	133.0	132.6

Source: EY analysis

Appendix D Description of comparable companies

African Minerals Limited

African Minerals Limited (“AML”) engages in the exploration and development of mineral properties primarily in Sierra Leone, West Africa. AML’s flagship project comprises the Tonkolili iron ore deposit in central Sierra Leone and the associated 200 km rail and port infrastructure. Tonkolili currently has a JORC compliant ore resource of 12.8 billion tonnes, which extends over a combined strike length of 30km, and includes a substantial DSO and saprolite mineral resource overlying a large magnetite ore body. AML has proposed a three stage development for the Tonkolili deposit, with the first phase exploiting the secondary iron mineralisation in the duricrust, the second phase exploiting the saprolite material and the third phase focusing on the primary magnetite. The first phase is already advanced with the first export of ore occurring in late 2011, while a review of the proposed phase two development is being undertaken to assess costs and a potential expansion.

Bellzone Mining Plc

Bellzone Mining Plc (“Bellzone”) operates as an iron ore exploration and development company. Bellzone’s major asset is the Kalia Mine Project, located in South Central Guinea, West Africa. The Kalia Mine contains 6.4 billion tonnes of JORC compliant resources, with an estimated 1.4 billion tonnes of contained iron. The Kalia Mine is scheduled to start iron ore production in 2014 and ramp up to a production rate of 50 Mtpa in 2018. Bellzone’s partner, China International Fund Limited (“CIF”), is to fund and develop the rail and port infrastructure, which will have a designed capacity of 300 Mtpa. Bellzone is also in a 50/50 joint venture with CIF in relation to the Forecariah iron ore deposit, which does not have any JORC compliant resources however based on internally assessed resource estimates, production is expected to commence in early 2012.

London Mining Plc

London Mining Plc (“LMP”) engages in identifying, developing, and operating iron ore mines for the steel industry in the United Kingdom and internationally. The Marampa iron ore project is LMP’s major asset, located in Sierra Leone, West Africa, and contains approximately 1.1 billion tonnes of JORC compliant resources. LMP is developing Marampa in two phases, with the first phase is in production and will be expanded to produce 5 Mtpa of sinter concentrates from a blend of tailings from previous operations and soft highly weathered ore. A bankable feasibility study outlining an expansion to 9 Mtpa is being completed in 2012. A pre-feasibility study has been completed for a phase two expansion, which will produce over 16 Mtpa of concentrate from the remainder of the Marampa ore body over a 25 year mine life. An off-take agreement for Marampa was signed with Glencore International AG, covering 9.5 million wet metric tonnes of production. LMP also holds a 25% interest in the Wadi Sawawin iron ore project located in Saudi Arabia and a 100% interest in the Isua iron ore project located 150km northeast of Nuuk in Greenland. The Wadi Sawawin and Isua deposits contain approximately 382 Mt and 951 Mt of JORC compliant resources respectively.

Equatorial Resources Limited

Equatorial Resources Limited (“Equatorial”) engages in the exploration and development of iron ore projects in central West Africa. It owns a 100% interests in Mayoko-Moussondji Iron project that covers 1,000km² of the Massif du Chaillu formation located in the south west region of the Republic of Congo; and a 100% interests in Badondo Iron project covering 998 km² located in the northwest region of the Republic of Congo. The company was formerly known as Equatorial Coal Limited and changed its name to Equatorial Resources Limited in August 2010. Equatorial Resources Limited is headquartered in Perth, Australia.

Legend Mining Ltd

Legend Mining Limited (“Legend”), an Australian mining and exploration company, focused on the discovery of iron ore and precious metal deposits at its project areas in the Republic of Cameroon. It explores for nickel-copper, zinc-copper, copper-gold, and iron ore. The company’s flagship project, Ngovayang iron ore and gold project comprises three exploration permits covering an area of approximately 2,970 km² in the Republic of Cameroon. Legend Mining Limited is headquartered in Perth, Australia.

Waratah Resources Limited

Waratah Resources Limited (“Waratah”) engages in the exploration and development of mineral properties, primarily iron ore in the Republic of Congo. Its flagship property includes the Youkou iron project, located on the Ivindo Massif province in the north west of the Republic of Congo. The company was formerly known as Waratah Gold Limited and changed its name to Waratah Resources Limited in April 2011. Waratah Resources Limited was incorporated in 2007 and is headquartered in Perth, Australia.

Zanaga Iron Ore Company Limited

Zanaga Iron Ore Company Limited (“Zanaga”) engages in the exploration of mineral properties. Zanaga has a 50% interest in the Zanaga Iron Ore Project based in the Republic of Congo through its joint venture partnership with Xstrata. The Zanaga Iron Ore Project is focused on the management, development and construction of a world-class iron ore mine and related, processing, rail and port infrastructure. The Zanaga Iron Ore Project contains approximately 4.3 billion tonnes of JORC compliant resources with an iron content of 33.0%. Zanaga has completed a pre-feasibility study for the deposit and commenced a feasibility study in 2011, due to complete in 2013.

Ferrum Crescent Limited

Ferrum Crescent Limited (“Ferrum”) engages in the exploration of mineral properties in South Africa. Ferrum owns 74% of the Turquoise Moon Project (“the Moonlight project”) located in the Limpopo Province of South Africa. It is a magnetite deposit with approximately 299 million tonnes of JORC compliant resources and approximately 90 million tonnes of contain iron. During 2011 Ferrum completed a definitive feasibility study in relation to the Moonlight project, which considered possible pipeline routes, beneficiation processes, plant locations and transport options. In addition various supporting plans and studies relating to mining applications were advanced.

Appendix E Description of comparable transactions

Target: African Mineral Limited
Bidder: China Railways Materials Commercial Corporation
Announcement date: January 2010
Consideration: US\$244 million

On 6 January 2010, AML announced that it had entered into a conditional strategic agreement with China Railways Material Commercial Corporation (“CRM”), which would later be progressed to a definitive agreement. Under the definitive agreement CRM would enter into an off-take agreement with AML and CRM would subscribe for 30.4 million new shares in AML equating to a value of approximately US\$244 million and a 12.5% interest in AML. AML owns the Tonkolili hematite and magnetite iron ore deposit in Sierra Leone, West Africa, along with the related infrastructure projects.

Target: Bong Iron Ore Mine (China Africa Development Fund)
Bidder: Wuhan Iron and Steel Corporation
Announcement date: March 2010
Consideration: US\$68 million

On 12 March 2010 Wuhan Iron and Steel Corporation (“WISCO”) announced it had signed an agreement to invest US\$68 million to acquire a 60% interest in the Bong Iron Ore Mine from China Africa Development Fund (“CAD”). Under the agreement WISCO had the rights to four of the seven board seats, with CAD being entitled to two board seats and a third party had one seat. The Bong Iron Ore Mine is a hematite and magnetite asset located in Liberia, West Africa.

Target: Simandou Iron Ore Project (Rio Tinto Limited)
Bidder: Chinalco
Announcement date: March 2010
Consideration: US\$1,350 million

On 19 March 2010 Rio Tinto Limited (“Rio”) announced that it had entered into a non-binding memorandum of understanding (“MoU”) with Chinalco to establish a joint venture covering the development and operation of the Simandou Iron Ore Project. Under the MoU Rio’s 95% interest in the project venture would be held in the joint venture, of which Chinalco would acquire a 47% interest by providing US\$1.35 billion of funding, which equates to a 44.65% interest in the project. The Simandou Iron Ore Project is a hematite deposit located in the Guinea, West Africa.

Target: DMC Mining Limited
Bidder: Cape Lambert Resource Limited
Announcement date: March 2010
Consideration: A\$46 million

On 23 March 2010 Cape Lambert Resources Limited (“Cape Lambert”) announced its intention to make an all cash takeover bid for the shares in DMC Mining Limited (“DMC”). The initial offer was for A\$0.40 cash for each DMC share however this offer was increased to A\$0.53 per share on 1 June 2010. DMC had an 80% interest the Mayoko hematite deposit located in the Republic of Congo, West Africa.

Target: Tonkolili Iron Ore Project (African Minerals Limited)
Bidder: Shandong Iron & Steel Group Co Limited
Announcement date: July 2010
Consideration: US\$1,500 million

On 13 July 2010 AML announced it had entered into a strategic, binding MoU with Shandong Iron & Steel Group Co Limited (“SISG”) in relation to the Tonkolili Iron Ore Project and related infrastructure projects. The transaction involved SISG investing US\$1.5 billion in the project over three stages, representing a 25% interest in the project. In return SIGSG had the right to elect at the closing date of each stage of the funding, to receive either iron ore production or a dividend (if paid) in each case corresponding to SISG’s 25% interest in the project. The Tonkolini project contains hematite and magnetite mineralisation and is located in Sierra Leone, West Africa.

Target: Sphere Minerals Limited
Bidder: Xstrata Plc
Announcement date: August 2010
Consideration: A\$428 million

On 24 August 2010 Xstrata Plc (“Xstrata”) announced that its wholly owned subsidiary Sidero Pty Limited had entered into an offer implementation agreement with Sphere Minerals Limited (“Sphere”) to acquire all of the outstanding shares in Sphere. Under the offer A\$2.50 cash would be paid by Xstrata for each share in Sphere, valuing Sphere at approximately A\$428 million. Sphere owns the Lebtheinia and Guelb El Aouj iron ore projects, which contain magnetite mineralisation and are located in Mauritania, West Africa.

Target: Cape Lambert Resources Limited (DMC Mining Limited)
Bidder: Stirling Minerals Limited
Announcement date: October 2010
Consideration: A\$85 million

On 5 October 2010 Stirling Minerals Limited (“Stirling”) announced that it had entered into an agreement to acquire 100% of the issued capital of DMC Mining Limited (“DMC”) from Cape Lambert Resources Limited (“Cape Lambert”). Under the agreement Stirling would issue 120 million shares to Cape Lambert and pay A\$47 million in cash to Cape Lambert, valuing DMC at A\$85 million. DMC had an 80% interest in the Mayoko hematite deposit located in the Republic of Congo, West Africa.

Target: African Iron Limited
Bidder: Exxaro Resources Limited
Announcement date: January 2012
Consideration: A\$320 million

On 11 January 2012 African Iron Limited (“AIL”) announced that it had received a conditional all cash off-market takeover bid from Exxaro Resources Limited (“Exxaro”) for all of AIL’s issued shares and options. The consideration was for \$0.57 cash for each share in AIL and A\$0.37 for each option in AIL, which values AIL at approximately A\$320 million. AIL had a 92% interest in the Mayoko-Lekoumou hematite deposit located in the Republic of Congo, West Africa.

Appendix F Sources of information

In preparing this report, Ernst & Young Transaction Advisory Services had regard to the following sources of information:

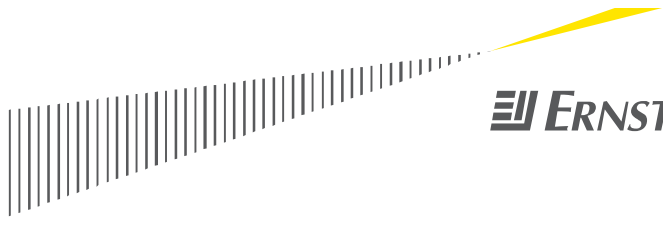
- ▶ Sundance' annual reports for FY10, FY11 and FY12;
- ▶ Sundance's Africa Down Under Presentation dated 1 September 2011;
- ▶ Sundance's Mbalam-Nabeba Iron Ore Project Presentation dated 8 February 2012;
- ▶ Sundance's Global Iron Ore Conference Presentation dated 21 March 2012;
- ▶ Cam Iron's Cameroon Mining Forum Presentation dated 29 May 2012;
- ▶ The various Sundance and Hanlong Scheme Implementation Agreements;
- ▶ Sundance shareholder information at various dates, as provided by the Company's share registry;
- ▶ Sundance option holder information at various dates, as provided by the Company and sourced from Appendix 3B's released to the ASX'
- ▶ final draft Notice of Meeting and Scheme Booklet prepared by Sundance for the Meeting;
- ▶ Sundance's DFS for Stage 1 of the Mbalam-Nabeba Iron Ore Project'
- ▶ Sundance' PFS for Stage 2 of the Mbalam-Nabeba Iron Ore Project;
- ▶ Sundance' LOM model for the Mbalam-Nabeba Iron Ore Project dated 21 August 2012;
- ▶ The Optiro Report dated 31 August 2012;
- ▶ discussions with Sundance management;
- ▶ various public disclosure documents lodged by Sundance with the ASX, including public announcements in relation to the Proposed Scheme;
- ▶ various public disclosure documents lodged by companies used in our trading and transaction multiple analysis, detailing the transactions and JORC compliant reserves and resources for each company;
- ▶ information from Sundance' website, *sundanceresources.com.au*;
- ▶ Various broker reports for Sundance and the iron ore industry;
- ▶ ASIC Regulatory Guides;
- ▶ Reuters;
- ▶ S&P Capital IQ;
- ▶ IBISWorld;
- ▶ Thompson Research;
- ▶ Thomson Datastream;
- ▶ IHS Global Insight;
- ▶ the Act and the Regulations;
- ▶ DatAnalysis; and
- ▶ other publicly available information.

Appendix G Glossary

Abbreviation	Full Title / Description
30Junxx	30 June 20xx
A\$	Australian dollar
A\$m	Australian dollar millions
ACCC	Australian Competition and Consumer Commission
Act	The Corporations Act
Additional Mineral Assets	Sundance's mineral resources and exploration potential outside the life of mine
AIL	African Iron Limited
Amended and Restated SIA	The first amended and restated Scheme Implementation Agreement entered into by Sundance and Hanlong
AML	African Minerals Limited
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Bannerman	Bannerman Resources Limited
Bellzone	Bellzone Mining Plc
BHPB	BHP Billiton Limited
BMI	Business Monitor International
Bt	Billion tonnes
Cam Iron	Cam Iron (SA)
Cape Lambert	Cape Lambert Resources Limited
CHEC	China Harbour Engineering Company Ltd
China International Fund	CIF
Chinalco	Aluminium Corporation of China
CITIC	CITIC Securities Co Ltd
Company	Sundance Resources Limited
Congo Iron	Congo Iron (SA)
Congo Mining	Congo Mining Investments SA
Court	The Federal Court of Australia
CPDM	Cameroonian People's Democratic Movement
CRCC	CRCC China-Africa Construction Limited
CRM	China Railways Material Commercial Corporation
DCF	Discounted cash flow
DFS	Definitive feasibility study
DMC	DMC Mining Limited
DRC	Democratic Republic of Congo
DSO	Direct shipping ore
Equatorial	Equatorial Resources Limited
Ernst & Young Transaction Advisory Services	Ernst & Young Transaction Advisory Services Limited
EV	Enterprise value
EV/t of contained FE	Enterprise value divided by the iron contained in JORC compliant mineral resources held by a company
EV/t of resource	Enterprise value divided by the JORC compliant mineral resources held by a company
Exxaro	Exxaro Resources Limited
Fe	Iron
Ferrum	Ferrum Crescent Limited
FOB	Free on board
FSG	Financial Services Guide
FYxx	Financial year ended 30 June 20xx
Hanlong	Hanlong (Africa) Mining Investment Limited
Hanlong Break Fee	Break fee payable by Hanlong
Hanlong Group	Sichuan Hanlong and its Subsidiaries, including Hanlong, Hanlong Resources and Hanlong Mining

Abbreviation	Full Title / Description
Hanlong Mining	Hanlong Mining Investment Pty Ltd
Hanlong Resources	Hanlong Resources Limited
Hold Co	Hold Co SARL
Initial Offer	The first offer made by Hanlong to Sundance Shareholders of \$0.50
IRCM	A tax on income from securities payable by Sundance to the Government's of the Republic of Cameroon and the Republic of Congo
JORC Code	Code for Reporting of Mineral Resources and Ore Reserves as prescribed by the Australasian Joint Ore Reserves Committee
Legend	Legend Mining Ltd
LMP	London Mining Plc
LOM	Life of mine
LOM Model	Sundance's life of mine model
Mbalam-Nabeba Iron Ore Project	The Mbalam-Nabeba Iron Ore Project located in the Republic of Cameroon and the Republic of Congo
Moonlight Project	The Moonlight iron ore project owned by Ferrum Crescent Limited
MOU	Memoranda of Understanding between Sundance and CRCC China-Africa Construction Limited and China Harbour Engineering Company Ltd
Mt	Million tonnes
Mtpa	Million tonnes per annum
NDRC	National Development and Reform Commission of China
Option Deed	An agreement between Sundance and Sundance option holders for the cancellation of their options should the Proposed Scheme become effective
Optiro	Optiro Pty Ltd
Optiro Report	Independent report prepared by Optiro Pty Ltd
Original SIA	The first Scheme Implementation Agreement entered into by Sundance and Hanlong
OTC	Over the counter
PFS	Pre-feasibility study
Proposed Scheme	Hanlong to acquire all of Sundance' issued shares for a cash consideration of \$0.45 per share
Regulations	Corporations Regulations 2001
Report	Independent Expert's Report
RG 111	ASIC Regulatory Guide 111: Content of expert reports
Rio Tinto	Rio Tinto Limited
Scheme Booklet	The booklet that is to be sent to Sundance Shareholders in relation to the Proposed Scheme
Scheme Consideration	The cash consideration payable by Hanlong to Sundance Shareholders
Scheme Meeting	The general meeting to be held on or about 30 November 2012 for Sundance Shareholders to vote on the Proposed Scheme
Second Amended and Restated SIA	The second amended and restated Scheme Implementation Agreement entered into by Sundance and Hanlong
Secondary Offer	The second offer made by Hanlong to Sundance Shareholders of \$0.57
Section 411	Section 411 of the Act
Sichuan Hanlong	Sichuan Hanlong (Group) Co., Ltd
SISG	Shandong Iron & Steel
Sphere	Sphere Minerals Limited
Stirling	Stirling Minerals Limited
Subsidiaries	Has the meaning given in the Corporations Act
Sundance Break Fee	Break fee payable by Sundance
Sundance or the Company	Sundance Resources Limited

Abbreviation	Full Title / Description
Sundance Shareholders	The shareholders of Sundance Resources Limited other than Hanlong
t	Tonnes
UNDP	United Nations Development Programme
US\$	United States dollars
US\$m	United States dollars millions
Vale	Vale SA
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
Waratah	Waratah Resources Limited
WISCO	Wuhan Iron and Steel Corporation
Xstrata	Xstrata Plc
Zanaga	Zanaga Iron Ore Company Limited



Appendix H Optiro Report



Ernst & Young
Independent Specialist Report – Technical assistance
with the valuation of the mineral assets of Sundance
Resources Limited



J_1305_T

Principal Author:

Andrew Law *HND MMin, MBA, FAusIMM*

Principal Reviewer:

Mark Warren *MIE Aust, CPEng*

August 2012

Perth Office

Level 4, 50 Colin Street
West Perth WA 6005

PO Box 1646
West Perth WA 6872
Australia

Tel: +61 8 9215 0000
Fax: +61 8 9215 0011

Optiro Pty Limited
ABN: 63 131 922 739
www.optiro.com

Doc Ref:


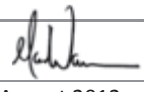
120831_J1305_E&Y_Sundance_Valuation

Print Date: 31 August 2012

Number of copies:

Optiro: 1

Ernst & Young: 1

Principal Author:	Andrew Law HND MMin, MBA, FAusIMM	Signature:	
		Date:	31 August 2012
Contributors:	Michael Andrew BSc Hons, MAusIMM Christine Standing BSc Hons MAusIMM, MAIG Jason Froud BSc Hons, MAusIMM Tony Showell BAppSc Metallurgy, FAusIMM Jeremy Ison BE Met Eng, SAIMM Keith Lindbeck BA, WDA, Dip Environ Studies		
Principal Reviewer:	Mark Warren MIE Aust, CPEng	Signature:	
		Date:	31 August 2012
Reviewers:	Ian Glacken FAusIMM (CP), CEng		
<p>Important Information:</p> <p>This Report is provided in accordance with the proposal by Optiro Pty Ltd ("Optiro") to Ernst & Young and the terms of Optiro's Consulting Services Agreement ("the Agreement"). Optiro has consented to the use and publication of this Report by Ernst & Young for the purposes set out in Optiro's proposal and in accordance with the Agreement. Ernst & Young may reproduce copies of this entire Report only for those purposes but may not and must not allow any other person to publish, copy or reproduce this Report in whole or in part without Optiro's prior written consent.</p> <p>Unless Optiro has provided its written consent to the publication of this Report by Ernst & Young for the purposes of a transaction, disclosure document or a product disclosure statement issued by Ernst & Young pursuant to the Corporations Act, then Optiro accepts no responsibility to any other person for the whole or any part of this Report and accepts no liability for any damage, however caused, arising out of the reliance on or use of this Report by any person other than Ernst & Young. While Optiro has used its reasonable endeavours to verify the accuracy and completeness of information provided to it by Ernst & Young and on which it has relied in compiling the Report, it cannot provide any warranty as to the accuracy or completeness of such information to any person.</p>			



Level 4, 50 Colin Street
West Perth WA 6005
PO Box 1646
West Perth WA 6872
Australia
T: +61 8 9215 0000
F: +61 8 9215 0011

31 August 2012

Our Ref: J-1305_T

The Directors
Ernst & Young Transaction Advisory Services Limited
11 Mounts Bay Road
Perth
Western Australia 6000

Dear Sirs

**INDEPENDENT SPECIALIST REPORT – TECHNICAL ASSISTANCE WITH THE VALUATION OF
THE MINERAL ASSETS OF SUNDANCE RESOURCES LIMITED**

At your request, Optiro Pty Limited (Optiro) has prepared an independent mineral specialist report on the mineral assets of Sundance Resources Limited (Sundance) in relation to Hanlong Mining Investment Pty Limited's (Hanlong) intention to make a conditional cash offer for the shares in Sundance that it does not own for 45 cents per share under a scheme of arrangement. Optiro understands that this report will be appended in its entirety to your independent expert report.

Sundance's principal mineral asset is its interest in the Mbalam Iron Ore Project, which is located either side of the border between Cameroon (90% ownership) and the Republic of Congo (85% ownership) in central West Africa. Sundance recently announced an increase in Mbalam's high grade hematite resource to 775.4 million tonnes at 57.2% Fe together with 3.7 billion tonnes of itabirite hematite resource at 36.9% Fe. The Mineral Resources underpin the proposed development of Stage One of the Project which is intended to produce 35 million dry tonnes of DSO per annum over a life of at least 10 years with Stage Two extending Mbalam for a further 15 years through the mining of the itabirite resource at the same production rate of 35 million dry tonnes of concentrate per annum. Evaluation of Stage One is at a Definitive Feasibility Study stage with the evaluation of Stage Two being at Pre-Feasibility.

Optiro was engaged by Ernst & Young Transaction Advisory Services Limited (Ernst & Young) to review the technical aspects underpinning the Mbalam Project and to value the mineral assets not included in Ernst & Young's assessment of the Mbalam Project based on Stage One and Stage Two. The objectives of this report are to present a technical summary of Mbalam; provide a summary of the mineral resources; comment on the reasonableness of the inputs into the financial model; summarise any environmental issues and stage of approval; and to provide a valuation of any mineral resource and/or mineral asset not included in the financial model.

Optiro has based its assessments of Sundance's mineral assets upon a visit to the Mbarga and Nabeba deposits in September 2011, discussions with key company personnel and data provided by Sundance.

Optiro has prepared this report with the understanding that the tenements of Sundance are in good standing and that there is no cause to doubt the eventual granting of any current tenement applications. Optiro has not independently verified the legal status of the tenements of Sundance and has relied upon information provided by Sundance.

Optiro has endeavoured, by making reasonable enquiry of Sundance, to ensure that all material information in the possession of Sundance has been fully disclosed to Optiro. However, Optiro has not carried out any type of audit of the records of Sundance to verify that all material documentation has been provided. A final draft version of this report was provided to the Directors of Sundance, along with a request to confirm that there are no material errors or omissions in the report and that the information in the report is factually accurate. Confirmation of these terms has been provided in writing and has been relied upon by Optiro. Optiro has based its review upon information known at 31 August 2012.

This report has been prepared by Mr Andrew Law (Director - Mining, Optiro), Mr Michael Andrew (Principal Consultant, Optiro), Mrs Christine Standing (Principal Consultant, Optiro), Mr Jason Froud (Principal Consultant, Optiro), Mr Tony Showell (Principal Metallurgist, BatteryLimits Pty Ltd), Mr Jeremy Ison (Principal Process Engineer, BatteryLimits Pty Ltd) and Mr Keith Lindbeck (Principal, Keith Lindbeck and Associates) and was reviewed by Mr Mark Warren (Director, Optiro) and Mr Ian Glacken (Director - Geology, Optiro). The report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets for Independent Expert Reports (2005) (the VALMIN Code) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004) (the JORC Code), as well as the Australian Securities and Investment Commission (ASIC) Regulatory Guides 111 and 112. Neither Optiro nor any of its staff or associates involved in the preparation of this report has any material interest in Sundance or in any of the properties described herein. Optiro has charged a fee for the preparation of this report, the magnitude of which is unrelated to the outcome of the transaction.

Optiro believes that it has taken all reasonable care to ensure that the information contained within this report is, to the best of its knowledge, based upon facts and stated assumptions and furthermore, that the report contains no omissions likely to affect its value.

Yours faithfully

OPTIRO



Andrew Law – Director, Mining
HND MMin, MBA, FAusIMM



Mark Warren - Director
MIE Aust, CPEng

TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY	6
1.1.	PROJECT DESCRIPTION	6
1.2.	GEOLOGY	6
1.3.	MINERAL RESOURCES	6
1.4.	ORE RESERVES	7
1.5.	MINING.....	8
1.6.	METALLURGY AND PROCESSING	9
1.7.	ENVIRONMENTAL	9
1.8.	VALUATION.....	10
2.	INTRODUCTION AND TERMS OF REFERENCE	11
2.1.	INTRODUCTION.....	11
2.2.	SCOPE OF WORK AND TERMS OF REFERENCE	11
2.3.	RESPONSIBILITY FOR REPORT	12
2.4.	DATA SOURCES	12
3.	PROPERTY DESCRIPTION AND LOCATION	13
3.1.	LOCATION	13
3.2.	PHYSIOGRAPHY AND CLIMATE.....	13
3.3.	REGIONAL INFRASTRUCTURE	13
4.	PROJECT HISTORY AND OWNERSHIP	15
4.1.	PROJECT HISTORY	15
4.2.	TENURE.....	15
5.	GEOLOGY SETTING AND MINERALISATION	18
5.1.	REGIONAL GEOLOGY	18
5.2.	PROJECT GEOLOGY AND EXPLORATION	22
6.	MINERAL RESOURCES AND ORE RESERVES.....	24
6.1.	MINERAL RESOURCES	24
6.2.	ORE RESERVES	25
7.	CAPITAL AND OPERATING COSTS	27
7.1.	CAPITAL COSTS	27
7.2.	TOTAL OPERATING COSTS.....	30
7.3.	MINING OPERATING COSTS	30
7.4.	PROCESS PLANT OPERATING COSTS.....	31
7.5.	RAIL OPERATING COSTS	32
7.6.	PORT AND MARINE OPERATING COSTS	32
8.	MINERAL PROCESSING AND METALLURGICAL TESTING	33
8.1.	PROCESSING OVERVIEW	33
8.2.	STAGE ONE METALLURGY AND PROCESSING	34
8.2.1.	METALLURGICAL TESTWORK.....	34
8.2.2.	PROCESS DESCRIPTIONS	38
8.2.3.	PREDICTED PLANT PERFORMANCE	41
8.3.	STAGE TWO (ITABIRITE) METALLURGY AND PROCESSING.....	41
8.3.1.	METALLURGICAL TESTWORK.....	41
8.3.2.	STAGE TWO ITABIRITE PROCESS DESCRIPTION	43
8.3.3.	PREDICTED PLANT PERFORMANCE	44
9.	INFRASTRUCTURE.....	45
10.	ENVIRONMENTAL.....	46

11.	VALUATION CONSIDERATIONS.....	47
11.1.	INTRODUCTION.....	47
11.2.	VALUATION APPROACH AND METHODOLOGY.....	48
11.3.	VALUATION METHODS.....	48
11.3.1.	GEOSCIENTIFIC RATINGS METHOD.....	48
11.3.2.	COMPARABLE TRANSACTION METHOD	50
11.3.3.	JOINT VENTURE TERMS METHOD	51
11.3.4.	APPRAISED VALUE METHOD	51
12.	VALUATION	52
12.1.	IRON ORE PRICE	52
12.2.	MINERAL RESOURCES	53
12.3.	EXPLORATION POTENTIAL	54
12.3.1.	COMPARABLE TRANSACTIONS	54
12.3.2.	GEOSCIENTIFIC RATINGS METHOD	55
12.3.3.	VALUATION OF THE EXPLORATION POTENTIAL WITH THE MBALAM PROJECT EXPLORATION LICENCES.....	56
12.4.	SUMMARY OF VALUATION	57
13.	DECLARATIONS BY OPTIRO PTY LTD.....	58
13.1.	INDEPENDENCE.....	58
13.2.	QUALIFICATIONS.....	58
14.	BIBLIOGRAPHY	60
15.	GLOSSARY OF ABBREVIATIONS AND TECHNICAL TERMS.....	61

TABLES

Table 1.1	Mbalam Iron Ore Project high grade hematite resource	7
Table 1.2	Mbalam Iron Ore Project itabirite hematite resource	7
Table 1.3	Mbalam Iron Ore Project global high grade Ore Reserves – April 2011 versus November 2011.	7
Table 1.4	November 2011 Mbalam Iron Ore Project high grade hematite Ore Reserves (ore products).	7
Table 1.5	Summary valuation of the mineral assets of Sundance (excluding the Mineral Resources included in Stage One and Stage Two) based on Sundance’s equity	10
Table 4.1	Sundance’s current tenement schedule	16
Table 6.1	Mbalam Project high grade hematite resource as at June 2012.....	24
Table 6.2	Mbalam Project itabirite hematite resource as at June 2012.....	25
Table 6.3	Mbalam Iron Ore Project global high grade Ore Reserves – April 2011 versus November 2011.	25
Table 6.4	November 2011 Mbalam Iron Ore Project high grade hematite Ore Reserves (ore products).	25
Table 7.1	Mbalam Iron Ore, Mbarga and Nabeba capital costs – Stage One (DFS) and Stage Two (PFS).	27
Table 7.2	Mbarga Mine capital cost breakdown	28
Table 7.3	Nabeba capital cost breakdown.....	28
Table 7.4	Rail capital cost breakdown	28
Table 7.5	Port capital cost breakdown	28
Table 7.6	Owners capital costs	29
Table 7.7	Total operating costs (2011 US\$ real)	30
Table 7.8	Mining unit operating costs by mine site – excluding processing (2011 US\$ real)	31
Table 7.9	Processing operating costs.....	31
Table 7.10	Average rail transport cost breakdown.....	32
Table 7.11	Average port and marine cost breakdown.....	32
Table 8.1	Mean analyses Stage One composite samples	35
Table 8.2	Transition gravity testwork calculated overall results	37
Table 8.3	Stage Two design comminution parameters	42
Table 8.4	Flotation circuit design parameters	43

Table 8.5	Thickening and filtration design parameters	43
Table 11.1	VALMIN categories of Sundance’s mineral assets	48
Table 11.2	Geoscientific rating criteria (developed by Kilburn, 1990 and modified by Optiro)	50
Table 12.1	Mineral Resources at the Mbalam Project.....	53
Table 12.2	Valuation based on Mineral Resources not included in Stage One or Stage Two and based on Sundance’s equity	54
Table 12.3	Geoscientific rating criteria applied to exploration potential.....	55
Table 12.4	Valuation for the exploration potential of the Sundance exploration licences (based on Sundance’s equity).....	56
Table 12.5	Summary valuation of the mineral assets of Sundance (excluding the Mineral Resources included in Stage One and Stage Two) based on Sundance’s equity	57

FIGURES

Figure 3.1	Mbalam Iron Ore Project location	13
Figure 4.1	Location of EP92, MRP2011-280 and MRP2011-281.....	17
Figure 5.1	Archaean Craton distribution in Africa	18
Figure 5.2	Geology of Cameroon	19
Figure 5.3	Geology of the Republic of Congo	20
Figure 5.4	Other deposits of the Congo Craton.....	21
Figure 5.5	Regional geological map of the area surrounding Mbarga.....	22
Figure 5.6	Geological map of the Nabeba prospect, Republic of Congo	23
Figure 8.1	Mbarga DSO flowsheet	38
Figure 8.2	Mbarga/Nabeba low grade beneficiation plant flowsheet.....	40
Figure 8.3	Stage Two itabirite process flowsheet	44
Figure 12.1	Iron ore price and ASX All Ordinaries index from February 2008 to August 2012 (source: IMF Commodity Prices and Intierra)	52

APPENDICES

Appendix A	Iron Ore Mineral Resource Transactions for Western, Central and Southern Africa
Appendix B	Early Stage Exploration Iron Ore Transactions for Western and Central Africa

1. EXECUTIVE SUMMARY

1.1. PROJECT DESCRIPTION

The principal mineral asset of Sundance Resources Limited (Sundance) is its interest in the Mbalam Iron Ore Project, which is located either side of the border between Cameroon and the Republic of Congo in central West Africa. Sundance is currently the owner of the Mbalam Iron Ore Project via its subsidiary companies, owning 90% in Cam Iron SA (subsidiary in Cameroon) and 85% in Congo Iron SA (subsidiary in the Republic of Congo). The Cameroon Government has a right to at least a 10% interest in Cam Iron SA pursuant to the Cameroon Mining Code. The Congo Government has a right to a 10% interest in Congo Iron SA pursuant to the Congo Mining Code.

On the 20 June 2012 Sundance announced an increase in the Mbalam high grade hematite resource to over 775 million tonnes at 57.2% Fe together with 2.3 billion tonnes of itabirite hematite resource (itabirite) at 38.0 % Fe at the Mbarga deposit in Cameroon and 1.4 billion tonnes of itabirite at 35 % Fe at the Nabeba deposit in the Republic of Congo. The increase in Mineral Resources underpins the proposed development of Stage One of the Project which is intended to produce 35 million dry tonnes of Direct Shipping Ore (DSO) per annum over a life of at least 10 years with Stage Two extending the project for at least a further 15 years through the mining of the itabirite resources at the same production rate of 35 million dry tonnes of concentrate per annum. Evaluation of Stage One is at a Definitive Feasibility Study (DFS) stage and the evaluation of Stage Two is at a Pre-Feasibility Study (PFS) stage for Mbarga. A scoping study has been prepared for the processing of the itabirite resource at Nabeba.

The Mbalam Iron Ore Project comprises Exploration Permit 92 (EP92) located in the East Province of Cameroon and Mining Research Permits MRP 2011-280 and MRP 2011-281, located in the Sangha Province of the Republic of Congo. The permits are adjacent to each other and cover a total of 1,740 km².

1.2. GEOLOGY

Archaean cratonic rocks and associated rocks of Palaeoproterozoic age host many of Africa's major iron deposits. Archaean and Palaeoproterozoic rocks of the north western edge of the Congo Craton straddle the border of Cameroon and the Republic of Congo. The Mbalam Project is hosted by Itabirite (Banded Iron Formation). The upper part of the Itabirite has undergone supergene enrichment in iron, up to 200 m in thickness. This supergene enrichment has produced iron mineralisation typically greater than 55% Fe and is considered to be Direct Shipping Ore (DSO), while the rest of the Itabirite has iron mineralisation in the order of 38% Fe and will undergo beneficiation to produce a saleable iron concentrate.

1.3. MINERAL RESOURCES

Indicated and Inferred Mineral Resources have been defined at Mbarga, Nabeba, Mbarga South, and Metzimevin and are reported in Table 1.1 and Table 1.2. An industry standard technique of ordinary block kriging has been used to estimate the resources. Different material types were modelled separately using data of suitable quality that had been collected following industry standard procedures. The resource classification of the Mbalam Project reflects the current understanding of the geology and controls on mineralisation, the quality of the data and the data density.

Table 1.1 Mbalam Iron Ore Project high grade hematite resource

Deposit	Classification	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Mbarga	Indicated	195.1	56.7	13.0	3.3	0.081	2.1
Mbarga South		20.7	57.5	10.4	3.6	0.068	3.2
Nabeba		472.0	57.9	7.6	4.7	0.107	4.1
Nabeba Northwest		50.3	52.8	9.2	5.6	0.090	7.9
Nabeba South		9.9	57.3	6.6	3.8	0.121	6.6
Subtotal		748.0	57.2	9.2	4.4	0.098	3.8
Mbarga	Inferred	12.2	54.7	18.2	1.8	0.104	0.9
Metzimevin		15.2	59.5	12.6	4.1	0.078	2.0
Subtotal		27.4	57.4	15.1	3.0	0.090	1.5
Total		775.4	57.2	9.4	4.3	0.098	3.8

Table 1.2 Mbalam Iron Ore Project itabirite hematite resource

Deposit	Classification	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O 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
Nabeba	Inferred	1,391.0	35.1	41.1	2.7	0.05	2.5
Total		3,716.0	36.9	43.2	1.3	0.04	1.2

1.4. ORE RESERVES

Initial Ore reserves for the Mbalam Project were published in April 2011 based on the ore products of the high grade hematite ore reserves for the Mbarga and Nabeba open pits, based on the DFS completed during March 2011. Sundance recently announced (15 November 2011) an increase in the Ore Reserves for the Mbalam Project (Table 1.3 and Table 1.5).

Table 1.3 Mbalam Iron Ore Project global high grade Ore Reserves – April 2011 versus November 2011.

Deposit	Classification	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
6 April 2011	Probable	252	63.6	3.6	2.5	0.08	2.4
15 November 2011	Probable	352	62.4	5.0	2.6	0.09	2.6

Table 1.4 November 2011 Mbalam Iron Ore Project high grade hematite Ore Reserves (ore products).

Deposit	Classification	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Mbarga supergene	Probable	94.8	62.1	7.3	2.0	0.08	1.5
Mbarga upgraded product		15.4	65.0	3.8	2.7	0.08	2.7
Mbarga South supergene		11.8	60.5	8.4	2.2	0.07	2.4
Subtotal		122.00	62.3	7.0	2.1	0.08	1.7
Nabeba supergene	Probable	212.6	62.6	3.9	2.9	0.09	3.0
Nabeba sub-grade upgraded product		17.7	60.5	5.5	2.4	0.10	3.7
Subtotal		230.3	62.4	4.0	2.9	0.09	3.1
Total		352.3	62.4	5.0	2.6	0.09	2.6

No Ore Reserves have been published for the Mbalam Iron Ore Project itabirite hematite mineral resource at this point in time. The itabirite component (Stage Two) of the project is currently at the PFS stage.

1.5. MINING

Initial mine production is targeted to be 35 million dry tonnes per annum (35 Mdtpa) of DSO high grade sinter fines from two mines, one at Mbarga in the Republic of Cameroon (Cameroon) and the other at Nabeba in the Republic of Congo (ROC).

Mining of and processing of the ore bodies is based on conventional open pit mining, processing and material handling (Stage One). Stage One is currently estimated to be in production for 10 years, based on the current Reserves. The ore, once processed, will be transferred by a proposed rail line to a port materials handling facility to be built at Lolabe, near Kribi on the west coast of Cameroon. The rail distance is approximately 510 km from Mbarga and 555 km from Nabeba. A 70 km spur line and loop connects the two mining centres. Rail cars are to be unloaded and the ore stacked and stored ready to be reclaimed as required and loaded onto Cape size (initial) or Chinamax vessels (future maximum 300,000 dwt capacity). Stage One has been defined with the completion of a DFS study to a tolerance of +/- 15% overall order of accuracy.

Stage Two of the project involves the mining of the itabirite hematite deposits at the Mbarga and Nabeba sites which currently holds a mineral resource of some 2,325 Mt at 38% Fe content. Stage Two has been defined in a recently completed PFS. Stage Two is essentially the construction of a new processing and concentrating facility and two hydroelectric power stations providing the some 350 MW of power required for the processing plant. Stage Two production products will be 35 Mdtpa pellet feed concentrate and 4 Mdtpa of pellets and is estimated to commence in year 11 of the project and last for a further 15 years, based on the current itabirite mineral resource.

The ore in Stage One is to be mined from three open pits, Mbarga, Mbarga South and Nabeba using conventional hydraulic excavators and dump trucks. The Mbarga mine operations will utilize 180t excavators and 100 t class trucks and the Nabeba site will utilize 250t class excavators and 150t class dump trucks and both fleets utilize matching ancillary equipment in adequate numbers. Mining is to be carried out by three separate contractors; i.e. a mining contractor, maintenance contractor and a drill and blast contractor. The productivity rates used in the schedule are reasonable for the equipment selected and have also been modified to take into account initial production ramp ups and annual inclement weather conditions (10 days per year). The production cycle and costs allow for extensive grade control drilling and is targeted to be 6 months ahead of production. This should be achievable with the equipment and resourcing planned. It is planned that all material is to be drilled and blasted by a contractor. Blast bench heights have been set at 5 m to match the equipment selected and this is considered prudent. Explosives are to be supplied as a downhole service on the sites and adequate security arrangements have been taken into account in the planning and cost assumptions that are reasonable and prudent. Additional equipment has been planned to handle the ROM and stockpile movement re-handle. Although the plan is to keep the re-handle to a minimum, it is prudent to allow for equipment and the associated cost to be accounted for.

Fleet numbers of the main loading and haulage tools vary from 2 excavators and 10 dump trucks at Mbarga to 4 excavators and 17 dump trucks at Nabeba (1 excavator to 4-5 trucks). The size of the proposed equipment is not expected to present any of the issues faced by the Pilbara sized iron ore operations where the “Super class size” of excavators (+600 t) and dump trucks (+300 t) present both equipment and, more importantly, tyre supply problems. The Mbalam operations equipment risk has been minimised to some extent by the use of the “small to medium class size” of equipment selected. The overall stripping ratio for the Mbalam project is 0.81 (Mbarga 0.66; Mbarga South 0.6 and Nabeba 0.9). Based on the above factors, the mining production schedule is reasonable and achievable.

Detailed planning of the workforce requirements has been done to a good standard taking into account of the requirement for a multinational workforce (expatriate, national and local). Total personnel numbers at the Mbarga operations average 275 with a peak of 316 and the total personnel numbers at Nabeba workforce average 313 with a peak of 399. Safety and training requirements and costs have not been under-estimated and appear to be reasonably accounted for. Both countries are “Francophile” so training and communication will be generally compatible across the border after taking into account cultural differences. This has been recognised in the planning, but experience has shown that the full implementation of these processes usually takes longer than anticipated and may require additional cost. Achieving the work force numbers should not be an issue as wages and pay scales look attractive, but accessing “reasonably skilled and semi to well-educated” national and local operators maybe a challenge and an increased amount of additional training maybe required. The overall effect of the above “soft” issues is that the planned production ramp ups may take longer (3 to 6 months estimated) than are planned for in the production schedules.

In reviewing the mine design inputs it was noted that none of the deposits have any notable issues with regards to geotechnical stability of walls; ground water inflows; potentially acid forming (PAF) materials and asbestiform minerals. A reasonable amount of work at the “desktop” and “initial” study levels has been completed to make the above assumptions. It is recognised that a significant amount of field work and data gathering is still required to be completed to underpin the current study level of knowledge, although prudent and conservative assumptions have been used and costed in the DFS study.

1.6. METALLURGY AND PROCESSING

Mbalam ore for processing will be sourced from the Mbarga deposit in Cameroon, and also the Nabeba deposit in Republic of Congo. Processing facilities will be developed in two main stages.

In Stage One, the predominant ore mined (80%) will be high grade material classified as Direct Shipping Ore (DSO) from both Mbarga and Nabeba mines, and the remaining 20% will be sourced from Mbarga and Nabeba lower grade transition and sub-grade ore via a dedicated beneficiation plant. The target product market is iron ore blended Sinter Fines with a design total production rate of 35 Mdtpa, at a target product specification of 62.4% Fe, 5.0% SiO₂ and 2.6% Al₂O₃. Mbarga ore and Nabeba ore complement each other for blending as Nabeba is low in silica and the Mbarga ore has only a moderate alumina grade.

In Stage Two, ore will be sourced from the Mbarga and the Nabeba itabirite resources. Processing of this material at a nominal throughput of 75 Mtpa will be undertaken in a new processing plant where the ore will be milled, and then subjected to reverse flotation to reject silica. The concentrate will be thickened and filtered and exported from site at a product production rate of approximately 35 Mdtpa.

Comprehensive metallurgical testwork programs have been undertaken to evaluate processing requirements for both Stage One and Stage Two of the project. Optiro consider that the programs generally satisfy the requirements of a feasibility study, but recommend that further variability testing be undertaken to confirm equipment selection especially in the area of DSO crushing and screening.

1.7. ENVIRONMENTAL

The environmental review indicated that at this early stage in the approval process, due process has been followed and that the Environmental and Social Assessment (ESA) document has been assessed by the Cameroon Government. A Certificate of Environmental Compliance was issued by the Cameroon Government to CamIron on 25 June 2010.

The baseline study programme for Congo Iron’s Nabeba Permit ESA was conducted early in 2011. On 13 August 2012, a letter was received from the Chairman of the Inter-Ministerial Commission stating that the working group is satisfied with the amended ESA document and the report has been accepted in its final form. The Certificate of Environmental Conformity was received on 3 September 2012 from the Minister of the Environment.

1.8. VALUATION

Indicated and Inferred Mineral Resources have been defined at Mbarga, Nabeba, Mbarga South, and Metzimevin. Optiro has valued the mineral assets of Sundance outside of the life of the Stage One and Stage Two mine (which has been valued separately by Ernst & Young using a DCF technique). The Optiro valuation therefore has only attributed value to the Mineral Resources outside of Stage One and Stage Two production and the exploration potential of the Sundance tenement area.

To attribute a value to the Mineral Resources not included in the DCF for Stage One and Stage Two, Optiro has used a combination of comparable transactions and joint venture terms. The exploration licences cover a large area that has not been fully explored. The areas covered by the exploration drilling are relatively small and Optiro believes that the exploration licences have value that is in addition to the defined Mineral Resources. Optiro has valued the exploration potential of the Mbalam Project using a Geoscientific ratings approach, comparable transactions and joint venture terms.

In summary the mineral assets of the Mbalam Project outside of the currently defined life of mine (which has been valued separately by Ernst & Young using a DCF technique) are valued as shown in Table 1.5.

Table 1.5 Summary valuation of the mineral assets of Sundance (excluding the Mineral Resources included in Stage One and Stage Two) based on Sundance’s equity

Mineral asset	Valuation (A\$M)		
	Low	High	Preferred
Additional Mineral Resources	241	451	345
Exploration potential	7	14	11
Total	248	465	356

The opinions expressed and conclusions drawn with respect to this valuation of the Mbalam Project mineral assets (outside of the life of mine) are appropriate at the valuation date of 31 August 2012. The valuation is only valid for this date and may change with time in response to variations in economic, market, legal or political conditions in addition to future exploration results.

2. INTRODUCTION AND TERMS OF REFERENCE

2.1. INTRODUCTION

Optiro was engaged by Ernst & Young Transaction Advisory Services Limited (Ernst & Young) who is acting as Independent Expert in relation to Hanlong Mining Investment Pty Limited's intention to make a conditional cash offer for the shares in Sundance Resources Limited that it does not own for 45 cents per share under a scheme of arrangement. Optiro understands that this report will be appended in its entirety to Ernst & Young's independent expert report.

Sundance recently announced an increase in the high grade hematite resource at Mbalam to 775.4 million tonnes at 57.2% Fe together with over 3.7 billion tonnes of itabirite hematite resource at 36.9% Fe. The Mineral Resources underpin the proposed development of Stage One of the Project which is intended to produce 35 million dry tonnes of DSO per annum over a life of at least 10 years with Stage Two extending Mbalam for a further 15 years through the mining of the itabirite resource at the same production rate of 35 million dry tonnes of concentrate per annum. Evaluation of Stage One is at a Definitive Feasibility Study (DFS) stage and the evaluation of Stage Two is at a Pre-Feasibility Study (PFS) stage.

2.2. SCOPE OF WORK AND TERMS OF REFERENCE

Ernst & Young is preparing an assessment of the mineral assets included in Stage One and Stage Two of the Project. The role of Optiro is as an independent mineral specialist advising Ernst & Young. This technical assessment and valuation report has been prepared at the request of Ernst & Young, on behalf of Sundance, to provide an independent opinion on the production and physical inputs as well as capital and operating cost assumptions at the Mbalam Project and the fair market value of the company's resource and exploration assets not included in Stage One and Two Life of Mine. Specifically, Optiro has been instructed by Ernst & Young to:

- present a technical summary of Mbalam,
- provide a summary of the mineral resources,
- with respect to Stage One and Stage Two of the Project, consider the reasonableness of the following:
 - the planned mine, processing, utility and transport infrastructure
 - the forecast capital expenditure associated with the establishment of the Project (inclusive of infrastructure)
 - forecast production volumes, grade, recovery, blending (any geotechnical aspects that may be specific to Mbalam) and depletion of resource
 - forecast operational expenses for mining, processing, transport and general and administration
 - forecast time to development
 - environmental issues and stage of approval
- identify and provide a valuation of any resource and/or mineral asset not included in the assessment of Stage One and Stage Two of the Project. This valuation encompasses both the technical value and the fair market value of the assets.

The conclusions expressed in this report are appropriate as at 31 August 2012. The valuation is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results.

Optiro's terms of reference for the review and preparation of this report include the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets for Independent Expert Reports (2005) (the VALMIN Code) and the Australasian Code for Reporting of Exploration Results,

Mineral Resources and Ore Reserves (2004) (the JORC Code), as well as the Australian Securities and Investment Commission (ASIC) Regulatory Guides 111 and 112.

For the purposes of this report, value is defined as “fair market value”, being the amount for which a mineral asset should change hands between a willing buyer and a willing seller in an arm’s length transaction where each party is assumed to have acted knowledgeably, prudently and without compulsion.

In this report, all currencies are Australian dollars unless otherwise explicitly stated.

2.3. RESPONSIBILITY FOR REPORT

This report has been prepared by Mr Andrew Law (Director Mining, Optiro), Mr Michael Andrew (Principal Consultant, Optiro), Mrs Christine Standing (Principal Consultant, Optiro), Mr Jason Froud (Principal Consultant, Optiro), Mr Tony Showell (Principal Metallurgist, BatteryLimits Pty Ltd), Mr Jeremy Ison (Principal Process Engineer, BatteryLimits Pty Ltd) and Mr Keith Lindbeck (Principal, Keith Lindbeck and Associates) and was reviewed by Mr Mark Warren (Director, Optiro) and Mr Ian Glacken (Director Geology, Optiro).

For the technical assessment of the Mbalam Iron Ore Project, Mr Michael Andrew undertook a site visit to the Mbarga and Nabeba areas of the Mbalam Iron Ore Project from 21 September to 26 September 2011.

2.4. DATA SOURCES

In developing our its assumptions for this report, Optiro has relied upon information provided by Sundance and information gained from publically available sources.

The material on which this report is based consists of internal and open-file technical reports which were provided by Sundance. Optiro reviewed all relevant technical and corporate information made available to Optiro by the management of Sundance, which was accepted in good faith as being true, accurate and complete, having made due enquiry.

Optiro is not qualified to express legal opinion and has not sought any independent legal opinion on the ownership rights and obligations relating to the respective mineral assets under licence or any other fiscal or legal agreements that Territory may have with any third party.

3. PROPERTY DESCRIPTION AND LOCATION

3.1. LOCATION

Sundance’s Mbalam Iron Ore Project, which covers a total area of 1,740 km², is part of an emerging iron ore province which extends through Cameroon, Congo and Gabon. The Mbalam Project is located within the iron ore province in central West Africa within the Republic of Congo and Cameroon.

The Mbalam Iron Ore Project is located in the southern part of Cameroon about 300 km east-southeast of the capital city of Yaounde and approximately 485 km east of the coastal city of Kribi (Figure 3.1). It is based around a group of large scale iron ore deposits which were first investigated in work funded by the United Nations Development Programme between 1976 and 1984.

Sundance commenced a DFS in January 2010 based on an integrated development of the Mbarga deposits located within EP92 in Cameroon and the Nabeba Deposit located within MRP2011-280 in the Congo. Nabeba is located 42 km to the south of Mbarga.

Figure 3.1 Mbalam Iron Ore Project location



3.2. PHYSIOGRAPHY AND CLIMATE

The terrain in the vicinity of the Mbalam Project is characterised by tree covered rolling hills at an average elevation of between 850 m and 1,000 m. The permit area is covered by tropical rainforest with small scale agriculture near the main roads.

At Mbalam temperatures are relatively high, averaging between 24°C and 30°C throughout the year. Precipitation averages between 100 mm and 300 mm from April to October and from 0 mm to 50 mm from November to March. Humidity is high from May to October.

3.3. REGIONAL INFRASTRUCTURE

Transport in Cameroon is often difficult. With the exception of several relatively good toll roads that connect major cities, roads are poorly maintained and as only a small percentage is tarred, frequently deteriorate following inclement weather. The Wouri River estuary provides a harbour for Douala, the country's principal seaport. Existing business infrastructure has developed in Cameroon associated with the country's most significant exports, including petroleum, cocoa and rubber.

Cameroon has developed a network of hydroelectric power stations that provide most of the country's electricity. The rest of the country's energy is provided by oil-powered thermal generators. Despite this supply, much of the country remains without reliable power.

Within the Republic of Congo the general climatic conditions can make transportation difficult, especially by road. The country has an international sea port at Pointe Noire and while the rail infrastructure in the Republic of Congo is not extensive, there is a line in operation between Point Noire and Brazzaville.

4. PROJECT HISTORY AND OWNERSHIP

4.1. PROJECT HISTORY

The Mbalam Iron Ore Project was identified in 1982 by the United Nations Development Fund. It is based around a group of large scale iron ore deposits which were first investigated in work funded by the United Nations Development Programme between 1976 and 1984.

Sundance Resources Limited was listed on the Australian Securities Exchange (ASX) in 1993, under the name of St Francis Mining NL (SFM). It changed this name to St Francis Mining Limited in October 1999 and then to the St Francis Group Limited (SFG) in June 2000. In December 2003, the St Francis Group Limited became Sundance Resources Limited (SDL).

In March 2006, Sundance announced the acquisition of a 100% interest in Cam Iron SA, a company incorporated in Cameroon. This has since been reduced to 90% with the remaining 10% being owned by private Cameroon investors. Cam Iron SA was incorporated in the Republic of Cameroon for the purpose of developing the iron ore deposits identified by the United Nations Development Programme. Cam Iron SA owned two exploration permits at Mbalam (EP92) and Mbalam East (EP143) in the East Province of the Republic of Cameroon, West Africa. EP143 was surrendered on 19 October 2010 and EP92 is still current. The Cameroon Government has a right to at least a 10% interest in Cam Iron SA pursuant to the Cameroon Mining Code.

Sundance also owns 85% of Congo Iron SA, a subsidiary company in Republic of Congo. The remaining 15% of Congo Iron SA is owned by private Congolese investors. Congo Iron SA owns Mining Research Permits Nabeba-Bamegod 2011-280 and Ibanga 2011-281. The Congo Government has a right to at least a 10% interest in Congo Iron SA pursuant to the Congo Mining Code.

4.2. TENURE

Sundance, through its Cameroon subsidiary Cam Iron SA, owns EP92 which covers an area of 783 km² and contains the Mbarga iron ore deposit, part of the Mbalam Iron Ore Project. EP92 was granted to Cam Iron SA on 28 September 2005 and is currently within Year 7 of its available 11-year tenure.

Permit conditions are as follows:

- the Permit is for iron and other related minerals
- the Permit is recorded in the Ministry of Mines register as Exploration Permit No 92 valid for 3 years and renewable every two years for a maximum of four times (total of up to 11 years)
- the validity of EP92 was extended for a further two years on 7 July 2012 in accordance with Decision No 003207 issued by the Cameroon Minister of Industry, Mines and Technological Development
- the Permit was extended to be coincident with the Cameroon - Republic of Congo border under the terms of Arrete No 45 dated 22 May 2007
- a mining permit application was lodged with the Ministry of Mines of the Republic of Cameroon on 17 December 2009. On 27 April 2012, Sundance announced it has reached agreement with the Government of Cameroon on significant key terms underpinning the Mbalam Iron Ore Project Mining Convention.

Sundance, through its Republic of Congo subsidiary Congo Iron SA, owns Mining Research Permits Nabeba-Bamegod (MRP2011-280) and Ibanga (MRP2011-281) which cover a combined area of 957 km² in the Sangha Province located in the northern part of the Republic of Congo. MRP2011-280 and MRP2011-281 were granted to Congo Iron on 2 August 2007 and are currently within Year 5 of their tenure.

Permit conditions are as follows:

- the Permits are for iron ore in the Sangha Division of the Republic of Congo
- the Permits are recorded in the Ministry of Mines register as Nabeba-Bamegod Mining Research Permit 2011-280 valid for three years and renewable every two years for a maximum of two times (total of up to seven years); and Ibanga Mining Research Permit 2011-281 valid for three years and renewable every two years for a maximum of two times (total of up to seven years)
- MRP2011-280 has an area of 476 km² and MRP2011-281 has an area of 481 km²
- On 20 April 2012 Sundance announced that the Minister of Mines and Geology of the Republic of Congo had recommended that the Council of Ministers approve the issue of a Mining Permit over Nabeba.

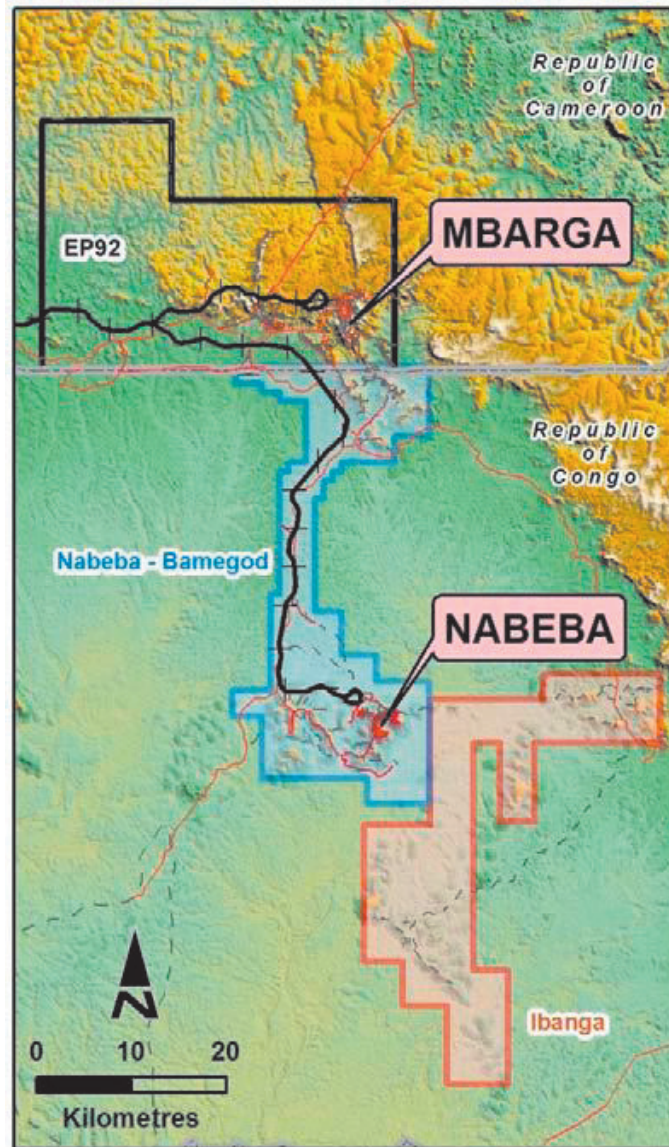
The MRP2011-280 and MRP2011-281 areas lie immediately adjacent to the Sundance’s EP92 and bring the total permit area to 1,740 km². The tenement details are included in Table 4.1 and their location is illustrated in Figure 4.1.

Table 4.1 Sundance’s current tenement schedule

Exploration permit	Country	Principal owner	Grant date	Expiry date*	Sundance interest	Area (km ²)
EP92	Cameroon	Cam Iron SA	29 September 2006	28 September 2016	90%	783
MRP2011-280	Republic of Congo	Congo Iron SA	3 August 2007	2 August 2014	85%	476
MRP2011-281	Republic of Congo	Congo Iron SA	3 August 2007	2 August 2014	85%	481
Total						1,740

Note: *assuming maximum renewable extensions are granted

Figure 4.1 Location of EP92, MRP2011-280 and MRP2011-281



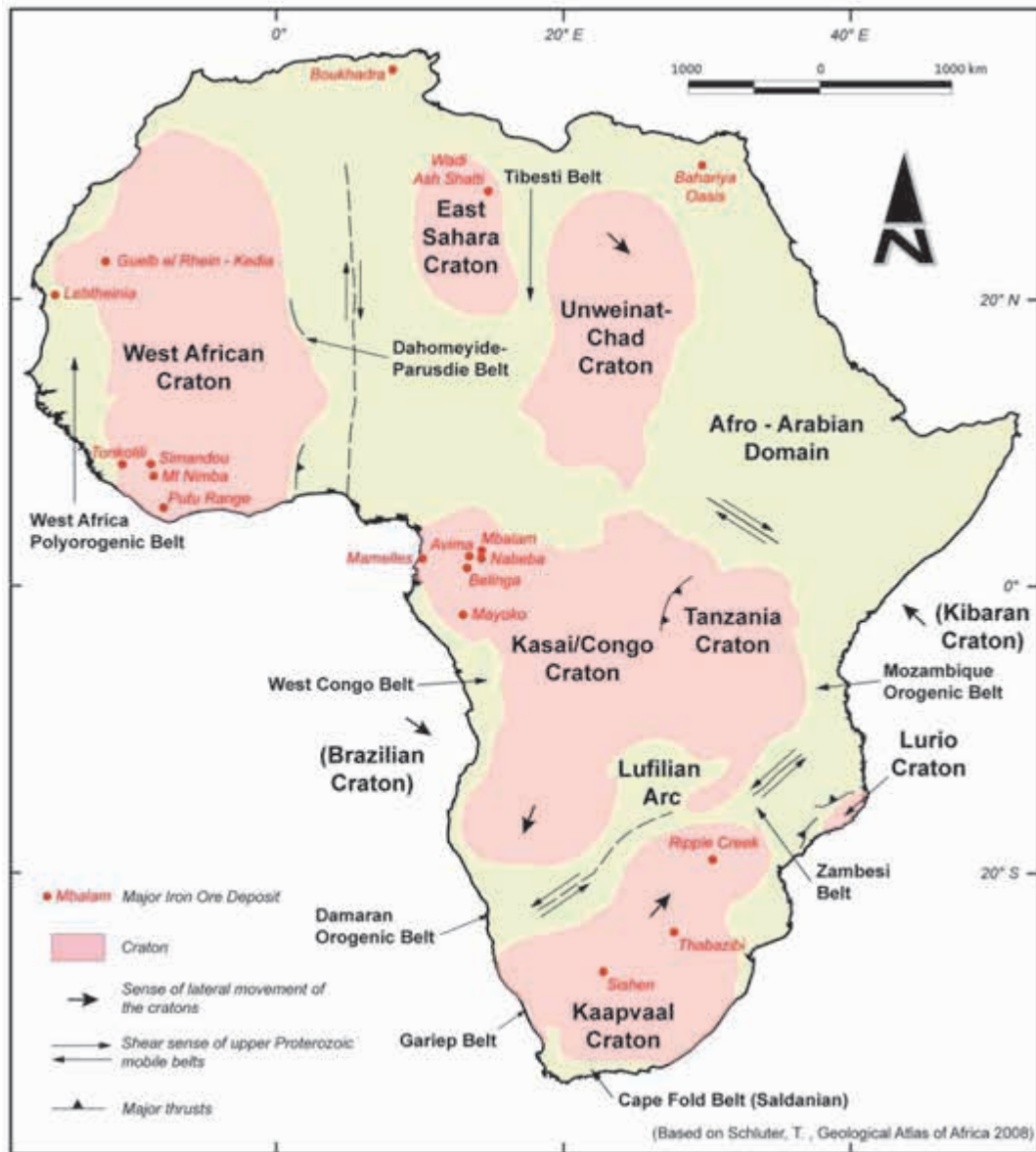
5. GEOLOGY SETTING AND MINERALISATION

Material in this section has been sourced from the Sundance DFS.

5.1. REGIONAL GEOLOGY

Archaean cratonic rocks and associated rocks of Palaeoproterozoic age host many of Africa's major iron deposits. The distribution of these Archaean cratons and Africa's major iron ore mines and deposits are illustrated in Figure 5.1.

Figure 5.1 Archaean Craton distribution in Africa



Interpreted Extent of Archaean Cratonic Nucleii and Major Iron Ore Deposits

Archaean and Palaeoproterozoic rocks of the north western edge of the Congo Craton straddle the border of Cameroon (Figure 5.2) and the Republic of Congo (Figure 5.3). In Congo, the cratonic rocks are overlain by Cenozoic sediments of the Congo Basin. In Cameroon the Congo Craton is overthrust from the north by Precambrian basement rocks of the Central African Mobile Zone, which are mainly Pan-African (late Proterozoic) igneous and metamorphic rocks .

Figure 5.2 Geology of Cameroon

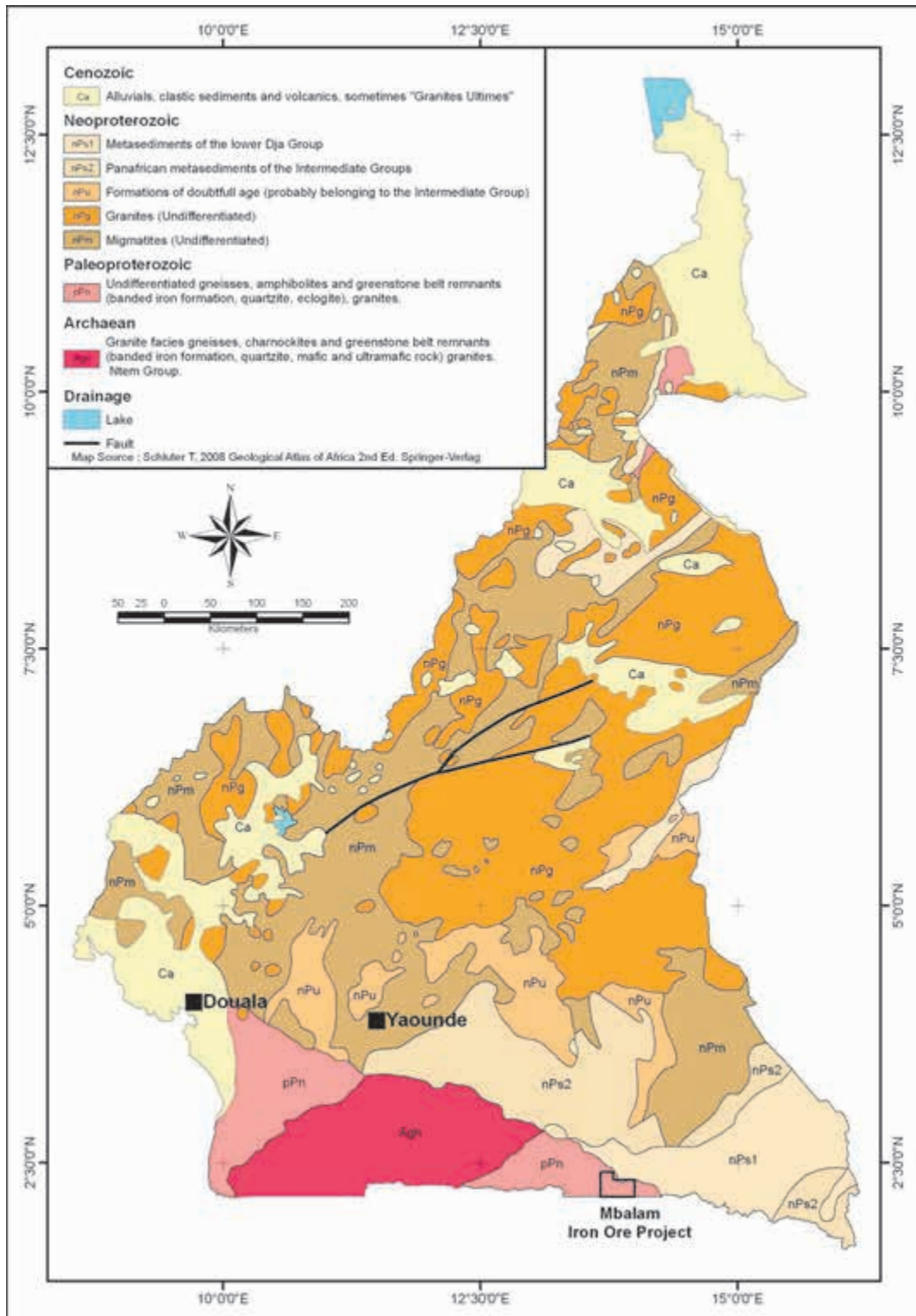
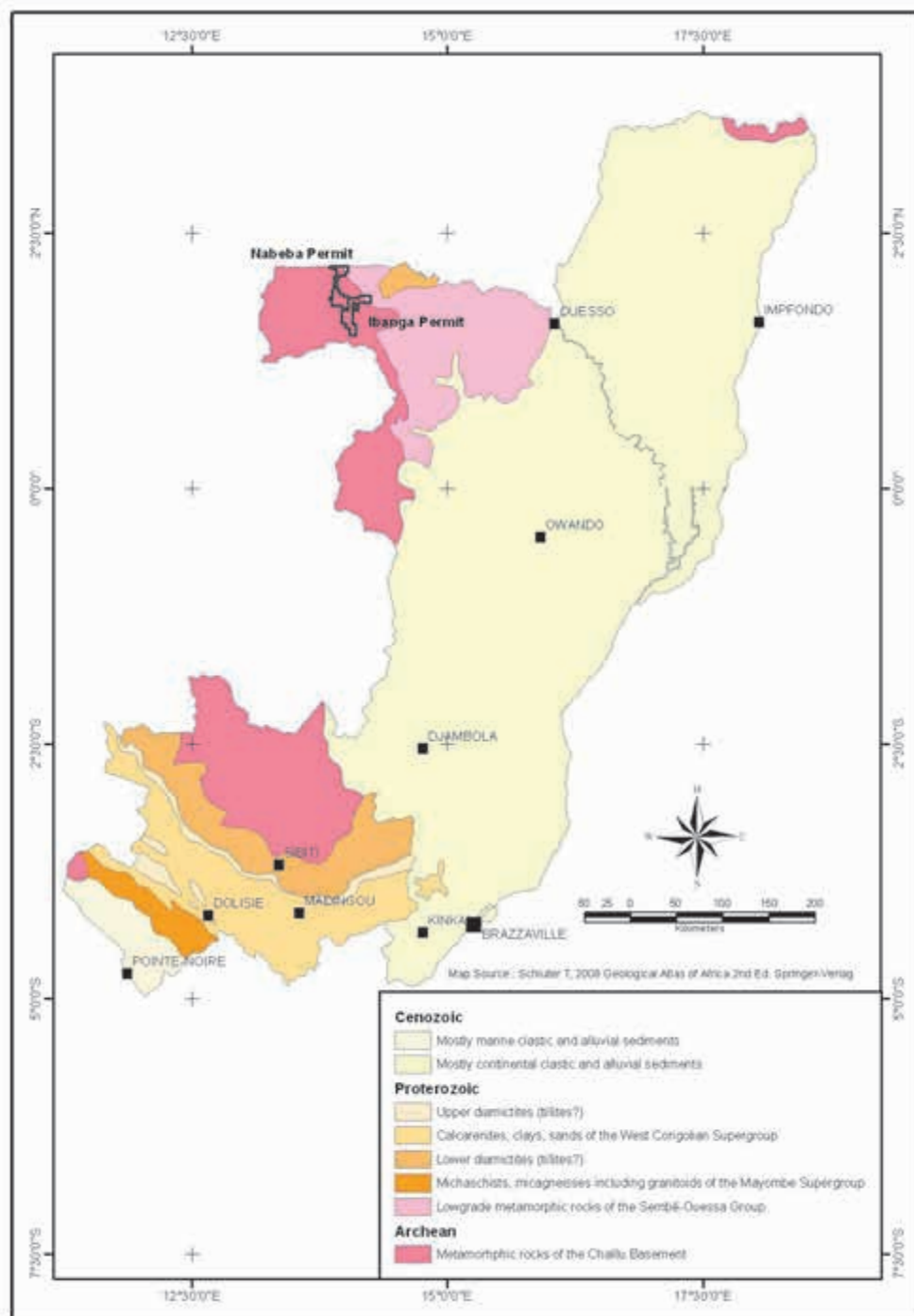


Figure 5.3 Geology of the Republic of Congo



The hematitic iron deposits at Nabeba and Mbalam lie within the Congo Craton and are hosted by recrystallised, hematitic banded iron formations (known as itabirites) within narrow remnant greenstone belts. Similar Archean greenstone-hosted hematitic iron deposits are known elsewhere in the Congo Craton (Figure 5.4) and geographically close to Mbalam and Nabeba; especially in Gabon (Belinga) and in the Republic of Congo (Avima).

Figure 5.4 Other deposits of the Congo Craton



The level of geological knowledge of southern Cameroon and north-western Congo can be directly related to the availability of access. The area is characterised by dense tropical forest and there is generally a paucity of outcrop. In the southwest of Cameroon, the forests have been subjected to logging and that area is serviced by a widely-spaced network of public roads and logging tracks. In contrast, southeastern Cameroon and north western Congo have very few roads or tracks. At Mbalam, existing road access was used by Bureau de Recherches Géologiques et Minières, France (BRGM) between 1976 and 1984 but the area later became inaccessible to vehicles and remained that way until early 2007. BRGM also investigated the Nabeba area during 1985 and 1986, when they drilled four diamond core holes.

Regional geological mapping of Southern Cameroon, at a scale of 1:500,000, was carried out by BRGM in the 1950s and 1960s and the map of the Abong-Mbang East sheet (which covers the Mbalam area) was published in 1970 (BRGM, 1970). In 1979, the Cameroon Department of Mines and Geology published a 1:1,000,000 scale geological map of the whole country (Direction des Mines et de la Géologie, 1979), comprising two map sheets, but this map provided little additional information in the Mbalam area beyond the 1:500,000 map.

Much of the research that has been carried out on rocks of the Cameroon portion of the Congo Craton has focused on the (relatively accessible) southwest of Cameroon. A 1:500,000 scale geological map of this area shows that Archaean rocks dominate the central portion of this area, with Palaeoproterozoic rocks near the Cameroon coast and eastward from latitude 13°E (Figure 6.6).

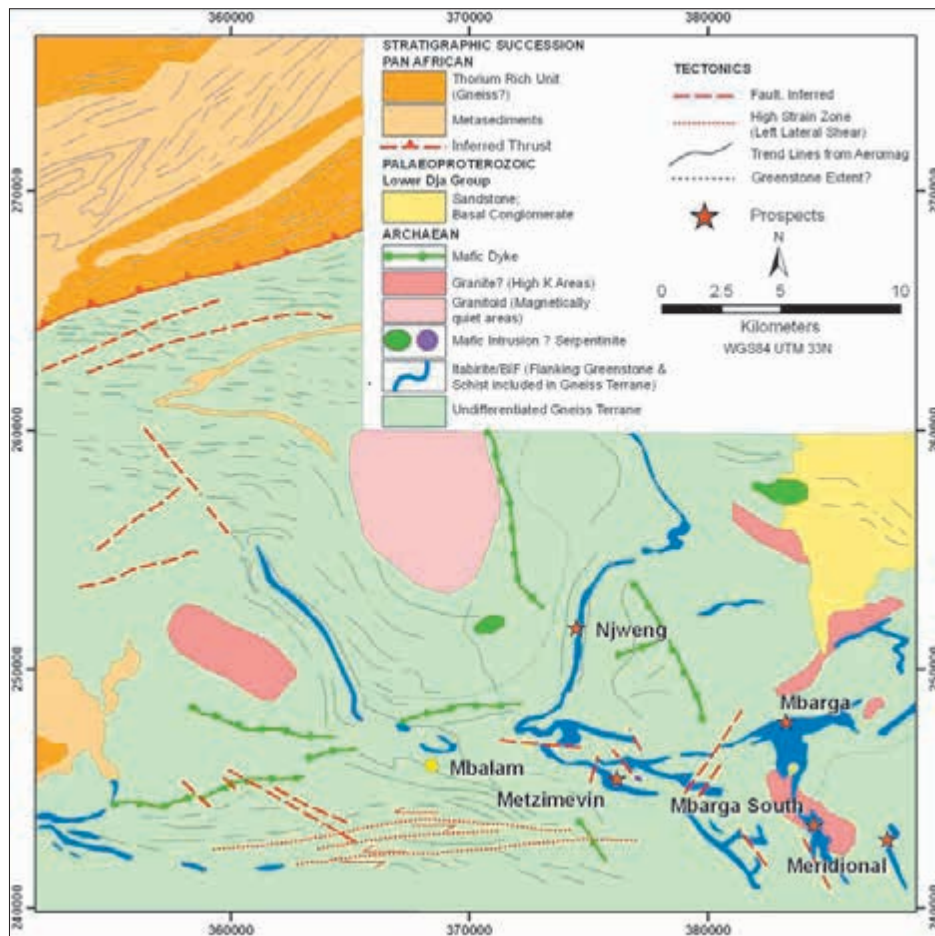
There is much debate about whether the cratonic rocks at Mbalam are Palaeoproterozoic or Archaean in age, but recent research appears to favour a Palaeoproterozoic age.

In summary, the basement rocks of the Congo Craton in Southern Cameroon are dominantly gneiss, granite, charnockite and syenite of the Ntem Group. Narrow remnant greenstone belts lie within these basement rocks and comprise banded iron formation, itabirite, quartzite, amphibolite, chloritic (or amphibole) schist and minor serpentinite, with small granodiorite intrusions and scattered mafic dykes.

5.2. PROJECT GEOLOGY AND EXPLORATION

The Mbarga, Mbarga South and Metzimevin deposits are located within EP92 in Cameroon. Mbarga South is a satellite deposit located 3 km south of the main Mbarga deposit. The Metzimevin deposit is located 6 km west of Mbarga. Within EP92 additional exploration targets have been identified at Cabosse Hills, Njweng and Meridional. Six vertical diamond holes, for a total of 476 m, were drilled at Meridional during 2009/2010. Cabosse Hills is located 6 km to the south-west of Mbarga. Drilling in 2011 intersected significant thicknesses of itabirite from surface to depths of 26 m to 100 m. Regional mapping (Figure 5.5) has identified several zones of itabirite to the east and north of Mbarga.

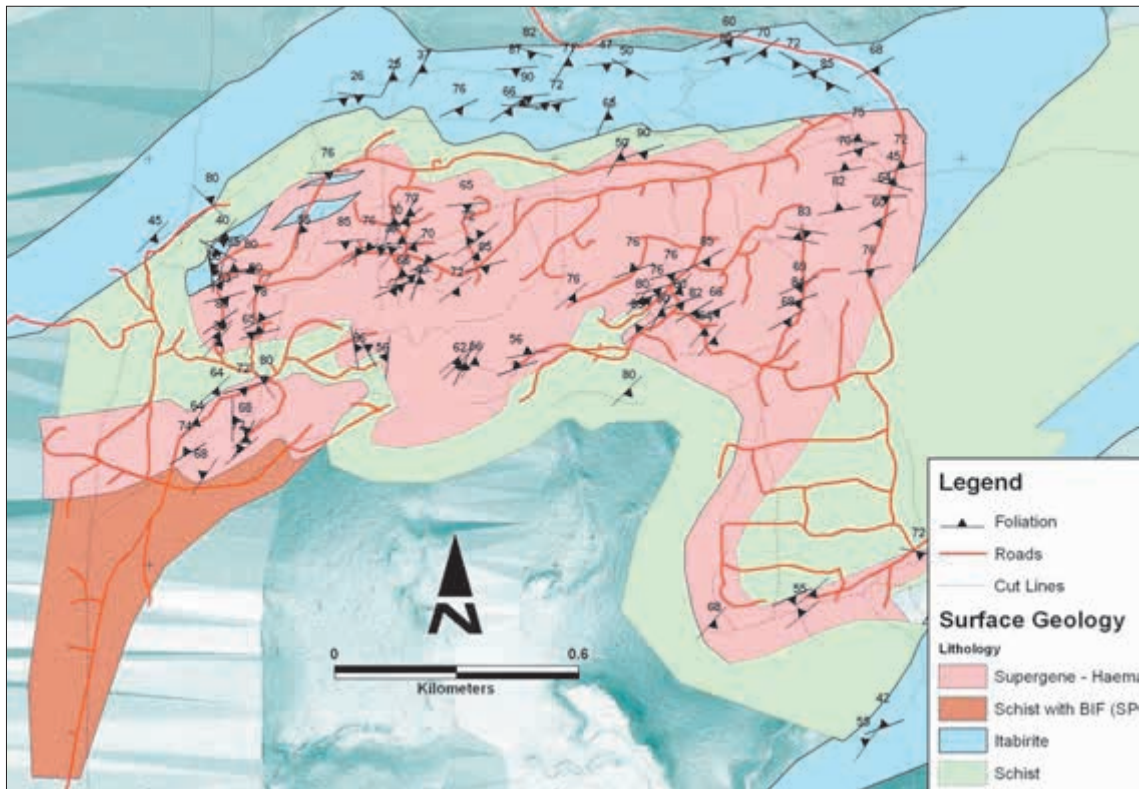
Figure 5.5 Regional geological map of the area surrounding Mbarga



Nabeba is located in the Republic of Congo, 40 km to the south of Mbarga and is within MRP2011-280. Figure 5.6 shows the geology of the Nabeba deposit. An exploration target has been identified at Nabeba Northwest, approximately 1 km north-west of Nabeba. Drilling at Nabeba Northwest has intersected supergene mineralisation from surface with thicknesses ranging from 14 m to 80 m with grades of 54% to 60% Fe.

Within MRP2011-281 exploration targets have been identified at Letioukba, approximately 28 km south east of Nabeba and at Bamegod/Elogo, approximately 25 km east of Nabeba. These are associated with magnetic anomalies. Encouraging rock chip sampling results have been returned from Bamegod/Elogo and geological mapping at Letioukba has identified iron-enriched itabirite.

Figure 5.6 Geological map of the Nabeba prospect, Republic of Congo



6. MINERAL RESOURCES AND ORE RESERVES

6.1. MINERAL RESOURCES

Optiro completed a site visit to the Mbarga and Nabeba deposits which comprise the bulk of the Mbalam Project, between 21 September and 26 September 2011. The geology of the deposits was reviewed along with sampling procedures and protocols. Optiro found that Sundance was following industry standard procedures and protocols in sampling and data capture. The review of the data found that it is of sufficient quality to be used as the basis for the resource estimate.

Sundance has recognised different mineralised domains occurring over the Mbalam Project and have modelled each domain separately. High grade hematite and the itabirite hematite resource have been estimated separately. Within the high grade hematite mineralisation there are different material types, surficial, supergene, transition, low grade and hypogene. These have all been modelled separately as they occur over the different deposits which comprise the Mbalam Project. The model was developed from the geological mapping and logged drill data from each deposit.

An industry standard approach, ordinary block kriging, was used to estimate grades [Fe, SiO₂, Al₂O₃, P and Loss on Ignition (LOI)] into the resource estimate on a domain by domain basis. Sulphur was assayed but not estimated. Optiro found that the average sulphur grade was 0.01% for material with a Fe grade of >50%; at these levels Optiro does not consider it will impact on quality of the DSO material. There are some elevated sulphur grades in this material and these should be managed during production by scheduling and blending. Optiro recommends that sulphur is modelled in the next iteration of the resource modelling. Metallurgical testwork on the Itabirite resource should confirm that will not be an issue with the concentrate produced by beneficiating the Itabirite material.

The input data was validated against the resource estimate, with the resource estimates reflecting the grade trends of the input data. The resource estimates have been classified reported in accordance with the 2004 JORC Code. The resource classification reflects the current understanding of the deposit geology and controls on mineralisation, the quality and density of the data. Areas that have been classified as Indicated Resources reflect drill coverage on a nominal 100 m by 100 m (or better) grid.

Table 6.1 and Table 6.2 present the Mbalam Project resource estimate for the high grade hematite and itabirite respectively.

Table 6.1 Mbalam Project high grade hematite resource as at June 2012

Deposit	Classification	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Mbarga	Indicated	195.1	56.7	13.0	3.3	0.081	2.1
Mbarga South		20.7	57.5	10.4	3.6	0.068	3.2
Nabeba		472.0	57.9	7.6	4.7	0.107	4.1
Nabeba Northwest		50.3	52.8	9.2	5.6	0.090	7.9
Nabeba South		9.9	57.3	6.6	3.8	0.121	6.6
Subtotal		748.0	57.2	9.2	4.4	0.098	3.8
Mbarga	Inferred	12.2	54.7	18.2	1.8	0.104	0.9
Metzimevin		15.2	59.5	12.6	4.1	0.078	2.0
Subtotal		27.4	57.4	15.1	3.0	0.090	1.5
Total		775.4	57.2	9.4	4.3	0.098	3.8

Table 6.2 Mbalam Project itabirite hematite resource as at June 2012

Deposit	Classification	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O 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
Nabeba	Inferred	1,391.0	35.1	41.1	2.7	0.05	2.5
Total		3,716.0	36.9	43.2	1.3	0.04	1.2

In addition to the announced Mineral Resources, Sundance announced an exploration target size of 1.5 to 2.5 Bt at 30 to 40% Fe. The exploration target size was based on the footprint size of BIF at Nabeba as defined by drilling and extrapolated to 500 m below surface. Furthermore, in the Sundance March 2012 quarterly report, a further DSO exploration target size of 90 to 150 Mt over six prospect areas was announced. The DSO exploration target size tonnage was based on the areal extent of DSO type material mapped on the ground with an assumed thickness of 25 m and a bulk density of 2.8 t/m³.

The tonnes and grade of the exploration target size announced by Sundance is conceptual in nature and should not be misconstrued as an estimate of Mineral Resources. There has been insufficient exploration to date to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

6.2. ORE RESERVES

Initial Ore reserves for the Mbalam Project were published in April 2011 based on the ore products of the high grade hematite ore reserves for the Mbarga and Nabeba open pits, based on the DFS completed during March 2011. Sundance recently announced (15 November 2011) an increase in the Ore Reserves for the Mbalam Project (Table 6.3 and Table 6.4).

Table 6.3 Mbalam Iron Ore Project global high grade Ore Reserves – April 2011 versus November 2011.

Deposit	Classification	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
6 April 2011	Probable	252	63.6	3.6	2.5	0.08	2.4
15 November 2011	Probable	352	62.4	5.0	2.6	0.09	2.6

Table 6.4 November 2011 Mbalam Iron Ore Project high grade hematite Ore Reserves (ore products).

Deposit	Classification	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Mbarga supergene	Probable	94.8	62.1	7.3	2.0	0.08	1.5
Mbarga upgraded product		15.4	65.0	3.8	2.7	0.08	2.7
Mbarga South supergene		11.8	60.5	8.4	2.2	0.07	2.4
Subtotal		122.00	62.3	7.0	2.1	0.08	1.7
Nabeba supergene	Probable	212.6	62.6	3.9	2.9	0.09	3.0
Nabeba sub-grade upgraded product		17.7	60.5	5.5	2.4	0.10	3.7
Subtotal		230.3	62.4	4.0	2.9	0.09	3.1
Total		352.3	62.4	5.0	2.6	0.09	2.6

No Ore Reserves have been published for the Mbalam Iron Ore Project itabirite hematite mineral resource at this point in time. The itabirite component (Stage Two) of the project is currently at the PFS stage.

As per the Optiro Scope of Work, Optiro has not completed an independent audit of the Ore Reserves as reported by Sundance Resources limited.

7. CAPITAL AND OPERATING COSTS

7.1. CAPITAL COSTS

The DFS capital cost estimates for the Stage One mining, processing, and ore handling facilities, as well as associated mine site infrastructure and services, was prepared by engineering company Lycopodium. Lycopodium have project implementation experience in Africa, as well as iron ore project experience in the Western Australia Pilbara iron ore operations, and are considered to be competent mineral processing engineers. AMC Consultants provided the mine design and ore reserve statement. Calibre Rail the rail design and costs; Sogreah Groupe Artelia of Echirrolles, France for the Port design and costs. Additionally, Promet Engineers provided input for the itabirite treatment Stage Two of the project as well as EDF Hydro Engineering Centre of Le Bourget du Lac France for the design and costing of the Hydroelectric Power station required in Stage Two of the project.

The estimate was developed in quarter 4, 2010 US dollars to an estimated accuracy of $\pm 15\%$. Budget pricing for equipment and infrastructure facilities were obtained from potential vendors and contractors.

The total capital costs reported in the DFS (Stage One) was approximately US\$4.7 billion as presented in Table 7.1. An overall 10.3% contingency allowance was applied to the costs. Table 7.1 outlines the estimated cost of Stage Two of the project and is estimated at approximately US\$3.2 billion, again with an overall 7.1% contingency applied.

Table 7.1 Mbalam Iron Ore, Mbarga and Nabeba capital costs – Stage One (DFS) and Stage Two (PFS).

Product Years	Stage One Y1-10	Stage Two Y11-25
Mine development	203	-
Processing	633	-
Infrastructure	78	-
Beneficiation	-	1,908
Pellet plant	-	400
Rail	2,019	-
Port materials handling	330	-
Port infrastructure and marine works	207	-
Subtotal of direct costs	3,471	2,308
EPCM costs	318	263
Owners costs	414	349
Contingency	482	223
Total (US\$ M 2011)	4,685	3,143

Optiro is of the opinion that the capital cost of the Mbalam project compares favourably with other large scale iron ore projects planned around the world. This comparison is based on the fact that the total Stage One capital cost of \$4.7 billion equates to a capital cost of \$134 per annual tonne of production capacity and is the midpoint of a range of current proposed greenfield and brownfield iron ore projects around the world. The current range is \$57 to \$200 per annual tonne of production capacity (*Source: Metalytics, selected company reports*).

Table 7.2 Mbarga Mine capital cost breakdown

Sales Years	Mbarga - Stage One	Mbarga - Stage Two
	15 Mdtpa	35 Mdtpa
	Y1-10	Y11-25
Mine development	113	-
Processing	362	-
Beneficiation	-	1,908
Pellet plant	-	400
Infrastructure	78	-
EPCM	78	263
Contingency	80	349
Total (US\$ M 2011)	710	2,920

Table 7.3 Nabeba capital cost breakdown

Product Sales Years	Nabeba - Stage One
	20 Mdtpa
	Y1-10
Mine development	91
Processing	282
EPCM	76
Contingency	50
Total (US\$ M 2011)	498

Table 7.4 Rail capital cost breakdown

Product	Rail
Sales	35 Mdtpa
Years	Y1-25
Rail	2,019
EPCM	87
Contingency	234
Total (US\$ M 2011)	2,340

Table 7.5 Port capital cost breakdown

Product	Port
Sales	35 Mdtpa
Years	Y1-25
Port Materials handling	330
Port Marine	207
EPCM	68
Contingency	77
Total (US\$ M 2011)	682

Table 7.6 Owners capital costs

Amounts (US\$ M)	Total
Labour, consultants and other	222
Emergency, security and medical	60
Air transportation	40
Insurance	84
Land compensation and community	15
Contingency	34
Total (US\$ M 2011)	455

Optiro notes that equipment design and construction quotations were received from reputable mineral processing vendors, power, rail, port and material handling construction groups and consider that the capital cost estimate is within expectations in comparison with similar projects in a remote location.

Having made the above comment, Optiro would like to make a few comments about possible additional risks that would affect the capital cost estimate as stated:

1. The infrastructure at the mine sites and processing plants is considered to be “stock standard” iron ore infrastructure and should not present any additional significant risk in development, construction and delivery, all things being reasonable. The area of greatest risk is in delivering the required product quality and significant increases (spikes) in the cost of major consumables, e.g. fuel, explosives, parts and tyre availability. An additional risk is in the acquisition of adequately skilled expatriate staff as well as reasonable skilled local staff/labour.
2. Although the rail system is viewed as being reasonably “standard” there is a risk that the cost of the rail bridge crossing could increase as more detailed geotechnical work on the bridge footings have not been completed. Although the estimations have used base geology for the surrounding areas, further advanced work could possibly detect a problem that requires additional re-design. This could add delay time with possible increased construction costs. There is also a risk that if the project start-up is delayed, then the actual construction could be further delayed due to further “rainy season” adjustment in the time delay. Again this would have an impact on costs and delivery time.
3. The construction of the new port facility has been estimated by a reputable port construction company, but again more detail geotechnical modelling may uncover additional re-work and the associated costs and time.
4. In Stage Two of the project (itabirite processing) there is the requirement to construct a 350 MW hydroelectric power supply. Two sites have been identified: A) the Nki-Ngoila complex on the Dja River in Cameroon and this requires two plants and two dams to be constructed to provide the power and a 90 km power line (cost estimate \$2,250 M); and B) the Ivindo River option which requires two dams on two rivers and a power station on the downstream dam (cost estimate \$1,700 M). Both options require, some three to four years prior to construction, permitting approvals as well as complete detailed designs. Construction is estimated to take anywhere between three to four years for option A, and possibly six to seven years for option B.

Optiro considers there is a risk that the cost estimate for the power supply has not been accounted for in the Stage Two capital cost and there is a significant risk that the preferred site will not be constructed in time. Stage Two is not feasible without access to the required power supply. Understanding on how this power is to be sought is the key to the Stage Two, be it third party supply, Build Own Operate or Build Own Operate Transfer.

7.2. TOTAL OPERATING COSTS

The operating cost estimates include all operational aspects of the Mbalam Project in Stage One and Stage Two. The cost are inclusive of costs to support the operating facilities, including labour (operating, maintenance and support), materials and consumables (operating, maintenance and support), utilities (power, water, communications) and all accommodation of operational personnel. The provision of power is based on third party delivery under build-own-operate arrangements. The operating cost estimate includes all relevant Government royalties and taxes and charges but excludes VAT, withholding tax, fuel excise, import duties, etc. (as defined in the Mbalam and Nabeba mining conventions), escalation, foreign exchange variations, financing charges and any non-project owners costs.

The operating cost estimates have estimated order of accuracy of $\pm 15\%$ for the Stage One (DFS) and have a base date of Quarter 4 2010. The order of accuracy for the Stage Two is $\pm 25\%$ to 30% .

Table 7.7 Total operating costs (2011 US\$ real)

Product	Stage One	Stage Two
Sales	35 Mdtpa	35 Mdtpa
Years	2014 - 2023	2024 - 2038
Rate	US\$ / t	US\$ / t
Mining	7.0	13.0
Processing	4.9	19.3
Rail	2.6	2.7
Port	2.9	2.5
General and administrative	1.5	1.8
Subtotal	18.9	39.3
Contingencies	2.4	2.9
Royalties	1.2	1.0
Total (US\$ M 2011)	22.5	43.2

Optiro considers that the total cost of \$22.5/t of product within the DFS for Stage One is within expectations based on costs developed for other similar projects. Furthermore, Optiro reviewed the operating costs within Sundance’s most recent life on mine model (21 August 2012) in comparison to the DFS. Whilst the operating costs in the life of mine do fluctuate and are slightly different to the DFS, these differences are considered immaterial and are largely related to varying mining rates over the life of mine.

7.3. MINING OPERATING COSTS

The mining operating costs in Stage One of the operations have been generated on an owner operator basis and a contractor margin of 30% has been applied for each of the contractors. It is intended that a mining contractor will be engaged for the work, but no tender rates have been sought, hence the above basis has been applied. Explosive costs have been generated by indicative tenders and budget numbers for a downhole supply from suppliers who have numerous explosive supply contracts in remote locations in Africa.

Optiro has produced Table 7.8 based on the total unit operating costs at the two mining sites (Mbarga and Mbarga South Combined). The unit costs have been split into pre-production and production based on the mining schedule and mining costs as presented in the DFS study. Optiro is unable to replicate the costs exactly, but our cost table is showing an average 3% to 6% less unit cost than the unit cost summary in the DFS. In Optiro’s opinion this is not of concern as the tolerance of the DFS study is $\pm 15\%$. Optiro believes that the differences may be attributed to slight differences in

the production schedule used and the total cost used in the models – a version control issue. Optiro is cognisant that the DFS study was based on the April 2011 Ore Reserves and there has now been an upgrade of the Ore Reserves by some 100 Mt in total for the deposits.

Table 7.8 Mining unit operating costs by mine site – excluding processing (2011 US\$ real)

Deposit	Unit	Pre-production	Production	Total
Mbarga and Mbarga South (combined)	\$/t mined	6.36	4.76	4.94
	\$/t Ore feed	25.59	6.65	7.44
	\$/t Ore product	25.59	7.32	8.16
Nabeba	\$/t mined	8.39	3.78	3.95
	\$/t Ore feed	32.36	7.06	7.51
	\$/t Ore product	32.36	7.06	7.51
Total	\$/t mined	7.13	4.10	4.29
	\$/t Ore feed	28.23	7.20	7.48
	\$/t Ore product	28.23	7.16	7.76

Optiro considers that the average total unit mining cost range of \$7.06/t to \$7.32/t of product is within expectations for the two mine sites, based on costs developed for other similar projects and is reasonable based on the selected production rates, cost assumptions and productivities. Any delays in achieving the pre-production and production ramp ups will affect the operating unit costs in the early years. Productivity risk is an issue and will impact the average unit costs.

7.4. PROCESS PLANT OPERATING COSTS

Stage One operating costs for the processing plant and process associated infrastructure were estimated by Lycopodium for inclusion in the Sundance 2010 DFS. The costs were prepared to an estimated accuracy of ± 15% accuracy in Quarter 4 2010 US dollars.

The cost of power has been based on diesel generation at each mine site by a third party Build Own Operate (BOO) supply cost of US\$0.213/kWh. This cost may be subject to increases when the contract is negotiated.

Mean processing costs per tonne of product covering a ten year period for Stage One operations from the two mines are presented in Table 7.9.

Table 7.9 Processing operating costs

Cost area	US\$/t product
Fixed costs	
Mbarga operations	2.23
Nabeba operations	1.86
Variable costs	
Mbarga operations	0.29
Nabeba operations	0.49
Total	4.87

Optiro considers that a total cost of \$4.87/t of product for Stage One is within expectations based on costs developed for other similar projects.

7.5. RAIL OPERATING COSTS

These unit costs are for the transport of the mines products of fines and concentrates to the Port Site materials handling facility.

Table 7.10 Average rail transport cost breakdown

Cost centre	Stage One (US\$ / tonne)
Operations	0.41
Maintenance	0.85
Fuel	1.34
Total	2.60

Optiro considers that the above costs are appropriate and reasonable for the project. The biggest influence to the rail costs is the price of fuel as it represents some 51% of the total costs and is thus a significant risk to increased operating costs with price fluctuations.

7.6. PORT AND MARINE OPERATING COSTS

These unit costs are for the Port Site materials handling activities and include train unloading, stockpile stacking and reclaim, stockpile management, ship loading and product transfers. Marine operations are to be contracted out to third parties at contracted rates.

Table 7.11 Average port and marine cost breakdown

Cost centre	Stage One (US\$ / tonne)
Labour	1.30
Maintenance	0.20
Operating consumables	0.10
Materials	0.30
Power	0.60
General and administrative	0.50
Total	2.91

Optiro considers that the above costs are appropriate and reasonable for the project. The above costs are based on operational efficiencies of world class bulk iron ore ports and that ship movements are not restricted by third party access to the port. Optiro sees this as a potential risk area, as high demurrage costs would be the result, thus driving up the average Port and Marine unit costs significantly.

8. MINERAL PROCESSING AND METALLURGICAL TESTING

8.1. PROCESSING OVERVIEW

Mbalam ore for processing will be sourced from the Mbarga deposit in Cameroon, and also the Nabeba deposit in Republic of Congo, as discussed in the earlier geology and mining sections of this report.

The Mbarga deposit consists of a lower grade hematite rich cap (surficial) underlain by a high grade hematite material (supergene) and lower grade transition material (transition). Below the high grade/transition zone is a large hematite/silica banded iron formation (itabirite) resource. Hypogene material exists as hematite intrusions in the itabirite that extend into the supergene and transition layers of the deposit. The Mbarga deposit also includes a smaller resource south of the main Mbarga ore zone called Mbarga South.

The Nabeba deposit is similar to Mbarga in that it also consists of a lower grade hematite rich cap (surficial) underlain by a high grade hematite material (supergene). Nabeba supergene ore is further classified by Sundance into supergene or sub-grade, depending on the alumina grade. The sub-grade is made up of a top layer of high kaolinite type material with high alumina and a lower layer of transitional material with high silica. The sub-grade material can be upgraded to reduce its silica and alumina content using simple wet screening and gravity processing techniques as proposed for Mbarga transition ore. It is noted that the alumina grade is the constraint on the tonnage of the total mining reserve. Over the life of the mine the alumina product assay is planned to be controlled to meet the upper limit for premium fines.

Processing facilities for the Mbalam Project will be developed in two main stages. Stage One will operate for the first 10 years of the project. A Definitive Feasibility Study (DFS) was undertaken to evaluate Stage One of the project, and reported in 2011. Stage Two has been evaluated to a lesser level of accuracy in line with a Pre-Feasibility Study, and the results of this study have been included in the DFS report. Lycopodium Engineers from Perth, Western Australia were the principal engineering and metallurgical consultants to Sundance in preparing the metallurgy and process engineering aspects of the DFS studies.

A value engineering and improvement exercise was undertaken in the second half of 2011 to review the DFS design with the goal of reducing costs and providing a good match for the most recent mine schedule. A significant result from this phase of work was that the Mbarga transition plant could be delayed. A revised mine plan based on an Ore Reserve of 352 Mt showed that processing facilities to treat Mbarga transition ore and sub-grade ore at Nabeba could be delayed to processing year seven.

In Stage One, the predominant ore mined will be high grade material classified as Direct Shipping Ore (DSO) from both Mbarga and Nabeba mines. The processing facilities for the early operations on DSO ore will utilise only simple crushing and screening operations, as well as blending of products prior to export from site. The target product market is Sinter Fines products, and the design total production rate is 35 Mdtpa of exported product. The Nabeba mine will produce the majority of the DSO product with a design capacity of 21 Mdtpa. The capacity of the Mbarga DSO facility is 14 Mdtpa. In the latter parts of Stage One operations, some lower grade transition ore will be mined from the Mbarga deposit, as well as sub-grade and transition ore from the Nabeba deposit. These lower grade ore types will require installation of dedicated beneficiation processing facilities using simple wet screening and gravity concentration techniques. The upgraded concentrate product will be blended with the DSO products prior to export and then transported east by rail to the Lolabé port in Cameroon. Stage Two operations will commence when the high grade supergene deposits have been exhausted. The feed ore for Stage Two will be the Mbarga itabirite resource. Processing of this material at a nominal throughput of 75 Mtpa will be undertaken in a new processing plant

where the ore will be milled, and then subjected to reverse flotation to reject silica. The concentrate will be thickened and filtered and exported from site at a product production rate of approximately 35 Mdtpa.

8.2. STAGE ONE METALLURGY AND PROCESSING

8.2.1. METALLURGICAL TESTWORK

A number of metallurgical testwork programs on samples from the Mbarga and Nabeba Stage One ore deposits have been undertaken.

Testwork commenced in late 2007, and initial tests consisted of scouting testwork on samples from the Mbarga deposit. The next program of work was undertaken in 2008 on further Mbarga samples, and then a more comprehensive program of work has been undertaken since late 2009 on a wide range of drill core from the Mbarga, Mbarga South and Nabeba deposits. A significant proportion of the testwork was undertaken by Ammtec metallurgical laboratory in Perth, Western Australia, with other supporting programs of work being undertaken by SGS Oretest Laboratory, Amdel Mineral Laboratories, Allied Mineral Laboratories, and Tunra Bulk Solids Laboratory. In addition some ore testing was undertaken in vendor test facilities of Metso and Outotec.

The objective of the work programs has been to determine the metallurgical characteristics of each ore type in sufficient detail to allow subsequent process design and flowsheet development for each of the relevant process plants. Testwork has included:

- head analysis
- particle size analyses, and size by size analysis
- determination of the natural lump/fines ratio
- comminution testwork
- bulk density measurement and bulk solids characteristics
- mineralogical analysis and heavy liquid separation (HLS)
- gravity and upgrading testwork
- material handling and screenability testwork.

Sundance has advised that future metallurgical testwork and drilling would be aimed at obtaining and testing variability samples of each of the ore types corresponding to given periods of the Mbalam mining schedule. A further aim of this work would be preparation of customer drum samples to support future marketing and contract negotiations.

SAMPLES

Metallurgical testwork samples for the Mbarga ore domains (surficial, supergene, hypogene and transition) has mostly been undertaken on PQ diamond core specifically drilled for testing purposes. The drillhole locations were targeted to obtain core from specific ore domains, and also aimed at gaining a good spatial spread of drillhole locations. Drillholes are mostly as sub-vertical.

Metallurgical testwork samples for the Nabeba ore domains have been sourced almost completely from PQ half core that was drilled for geological ore body definition work.

CHEMICAL ANALYSES OF FEED SAMPLES

A summary of the mean chemical analyses from a range of Stage One composite samples prepared during the most recent phases of testwork is presented in Table 8.1.

Table 8.1 Mean analyses Stage One composite samples

Deposit	Ore type	Head grade analysis				
		Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
Mbarga	Surficial	60.6	2.82	5.72	0.123	4.00
	Supergene	65.9	3.33	1.27	0.052	0.92
	Transition	51.8	24.3	0.85	0.030	0.48
	Hypogene	63.8	7.13	1.02	0.013	0.39
Mbarga South	Surficial	63.1	1.92	4.28	0.032	3.44
	Supergene	61.7	9.00	0.91	0.056	2.04
	Transition	49.0	26.74	0.50	0.051	2.24
Nabeba	Surficial	64.0	0.80	3.40	0.199	2.61
	Supergene	65.1	1.90	2.63	0.080	1.84
	Supergene sub-grade	62.0	3.35	4.22	0.080	3.22

Observations that can be made regarding feed sample analyses are:

- Mbarga supergene is characterised by a high silica grade, moderate alumina grade and low LOI. Nabeba supergene material has high iron, moderately high alumina grade and a lower silica grade. There is therefore potential to blend the two DSO ore types to control silica and alumina in blended product to suit the required product specification.
- Surficial material from both deposits is characterised by high alumina, phosphorus and LOI grades. Due to the elevated alumina grade this material is regarded as mineralised waste. In mining operations this material will be stockpiled separately from other waste to allow possible future upgrading to produce a saleable product.
- Transition material has high silica and low iron and alumina grades and therefore could be upgraded by rejection of silica and associated increase of iron grade.
- Mbarga hypogene material has high iron and silica grades and a low alumina grade and if processed, would require upgrading to reduce the silica grade or blending with low silica ores.
- Nabeba sub-grade material has high alumina and LOI grades and a low iron grade and if processed, would require upgrading to reduce the alumina to achieve a product suitable for blending with other ores.

Optiro notes that the grades of samples used in testwork were generally higher than the equivalent mean resource grades. Proposed future testwork on samples representing the mine schedules should focus on more accurately representing resource grades.

MINERALOGY

QEMSCAN mineralogical examinations were performed on samples from Mbarga and Nabeba deposits to examine mineral abundance values, silicon and aluminium department, and iron liberation.

The majority of the iron in the Mbarga supergene ore is present as hematite minerals which typically comprise of 73% to 84% of the total minerals. The balance of the iron minerals are mostly goethite. The silica in Mbarga ore is shown to be mostly well liberated and concentrated in the minus 300 micron (µm) size range in a form that geologists term “sugary quartz”. The work suggested that there is potential to reduce the silica grade of the lower grade and transition ore through physical separation methods such as size classification or gravity separation.

The alumina is present as both gibbsite and kaolinite minerals. Gibbsite is a weathering product of kaolinite and the proportion of gibbsite reduces with depth to typically 100 m from the surface where the alumina is almost completely present as kaolinite. Kaolinite minerals tend to be concentrated in the -25 µm size range of the crushed fines product. Gibbsite tends to be finely associated with goethite and hematite minerals and, therefore, there is only low potential to reject gibbsite through mineral processing.

The iron in Nabeba supergene ore is also predominantly hematite but Nabeba has higher levels of goethite than Mbarga. The silica in Nabeba ore is present in the form of ‘sugary quartz’ as observed with Mbarga, and also in clay minerals. As with Mbarga, the form of the silica allows silica rejection through simple screening and gravity processing techniques. The overall alumina content of Nabeba ore is higher than that of Mbarga, due to an increased proportion of aluminous goethite and gibbsite both finely associated with goethite, and therefore there is less potential with this ore type for alumina rejection.

COMMUNITION TESTING

Comminution testing has shown that both Mbarga and Nabeba high grade ores typically have low competency and are very friable. The exception to this is the Mbarga hypogene ore which has significantly higher competency and strength.

Initial testing examined the potential for both lump and fines products by stage crushing drill core samples to 30 mm and screening at 8 mm. However due to the low competency of the high grade ores, the amount of lump product (nominally -31.5 +6.3 mm) produced during processing would be low. The Mbalam processing plant therefore will make only iron ore fines products.

As the majority of drill core available for Stage One processing testwork was friable, it did not contain sufficient competent particles for a full evaluation of all comminution parameters. The observations from the comminution testwork programs undertaken were:

- Mbarga supergene and transition samples have low competency, are highly friable and have mostly low abrasion indices.
- Mbarga hypogene samples have high competency and strength and are classified as medium abrasive. It must be noted, however, that there is no competent hypogene ore within the Mbarga supergene and transition components, and therefore it is understood that no competent hypogene ore will be treated through the DSO crushing circuits.
- Nabeba and Mbarga South drill core tested did not contain any sufficiently competent material for comminution testwork.

As no realistic crushing work index (CWi) could be determined for the friable high grade ores, the itabirite CWi 7.9 kWh/t and an abrasion index (Ai) of 0.05 was assumed in the DSO comminution circuit crusher modelling, and subsequent selection of crushing and screening circuit equipment. Optiro is concerned that the lack of systematic test data may result in a crushing circuit that is not optimum for the proposed ore bodies, and therefore recommend a more detailed and comprehensive comminution variability test program be undertaken in the proposed future mine schedule sample testing.

UPGRADING TESTWORK BY SCREENING AND GRAVITY

A comprehensive program of work was undertaken to establish the upgrading characteristics of Mbarga and Nabeba ores using standard wet screening and gravity beneficiation techniques. The results from these programs of work were used in flowsheet development for upgrading of the Mbarga and Nabeba lower grade transition and sub-grade ore types.

Assays of size fractions showed that silica and alumina mineral distribution appear to be independent of each other, with any combination of the silica and alumina groups possible. Silica

size assay data indicated the presence of three main silica distribution groups and suggested that silica grade can be reduced by gravity upgrading to remove the -600 +45 µm sugary quartz and/or desliming to remove the high silica slimes. Three main alumina distribution groups were identified and size by size assay data suggested that the alumina grade could be reduced by removal of the high alumina slimes in some of the samples. The gravity flowsheet developed for the Mbarga transition ore is therefore based on removal of the nominally +45 µm gravity fraction to product, and rejection of the alumina rich -45 µm sized fraction directly to tails. The beneficiated product of medium silica grade is then suitable for blending with low silica DSO product.

For Mbarga transition samples, an initial screening of the minus 8 mm beneficiation feed at a screen size of 1 mm was shown to recover approximately 66% iron in 56% mass to product with only 25% of the silica and 40% of the alumina. Subsequent desliming of the + 1 mm product at a separation size of 45 µm removes the alumina rich slimes fraction and improves gravity circuit performance by reducing the hindered settling effects in the slurry, thus increasing separation efficiency.

Pre-sizing of the gravity plant feed improves gravity circuit performance by providing closely sized feed ranges best suited to the equipment employed. The Mbarga/Nabeba transition plant design incorporates up-current classifiers (UCC) to classify the deslimed gravity feed. Air tabling was initially used in testwork to reflect the predicted performance of the proposed UCCs and showed that the high SG iron minerals preferentially reported to the air table coarse fraction (50% of the iron in 34% weight). The predicted beneficiation performance for the UCCs was confirmed in later pilot testwork using a pilot scale Floatex Density separator.

Spiral classifiers were chosen for upgrading the classified silica rich fines. The initial gravity testwork program used wet (Wilfley) tabling to upgrade the sized air table products. An average grade recovery curve for each ore type was developed that was used to estimate the material upgrade potential. Tests on the Mbarga transition ore showed that it was possible to upgrade the air table products further with high grade iron products being recovered. Later gravity testwork used a pilot spiral for testing of UCC pilot test fines.

Based on the test results it was estimated that Mbarga transition ore is amenable to gravity upgrading with over 85% iron recovered to 73% mass with rejection of over 67% silica and 50% alumina. Using an average Mbarga transition feed analysis the calculated overall mass balance based on test results is presented in Table 8.2.

Mbarga hypogene ore and Mbarga South ore also appeared to be amenable to gravity upgrading. Nabeba ore on the other hand did not appear amenable to gravity upgrading and it appears that the silica and alumina appear are more finely disseminated in this ore type ore.

Table 8.2 Transition gravity testwork calculated overall results

Stream	Mass %	Grade				Elemental distribution			
		Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	Fe	SiO ₂	Al ₂ O ₃	P
Product									
-8 +1 mm	55.9	61.6	10.4	0.61	0.028	65.8	24.9	40.0	55.9
-1 + 0.3 mm	12.4	64.7	8.0	0.50	0.027	15.4	4.3	7.3	12.4
-0.3 + 0.045 mm	4.5	54.2	15.0	0.44	0.023	5.5	3.4	2.3	2.3
Total	72.8	61.6	10.3	0.58	0.027	86.7	32.5	49.5	70.6
Tails	27.2	27.2	58.4	1.59	0.028	13.3	67.5	50.5	29.4
Head	100	52.3	23.4	0.86	0.028	100	100	100	100

MATERIAL HANDLING AND ANCILLARY TESTWORK

Iron ore screenability testwork at 8 mm aperture at varying feed moistures was performed on Mbarga supergene ore to determine screening characteristics for plant design. Maximum stickiness was found at 10% moisture. Although the project area experiences high rainfall, geologists have advised that the Mbalam ore bodies are well drained and that a moisture content of 7% (w/w) is expected in the supergene ores. The screen efficiency and panel build up was considered to be satisfactory at this moisture.

Several Tunra materials handling tests were conducted on a sample of -8 mm crushed Mbarga supergene ore. The sample was very free draining down to levels of 12% to 14%, and was found to have a very low tendency for liquefaction in transport.

Thickening testwork was performed on the Mbarga transition gravity tailings by thickener vendor Outotec and the results used for thickener design.

8.2.2. PROCESS DESCRIPTIONS

During Stage One Mbalam high grade ores will be treated in processing facilities at both Mbarga and Nabeba mines to produce a combined blended sinter fines product. Initial production will be predominantly from the Mbarga and Nabeba DSO plants, and then Mbarga transition ore will be treated in a beneficiation plant in the latter stages of Phase 1. The processing plants and their relevant design production capacities are:

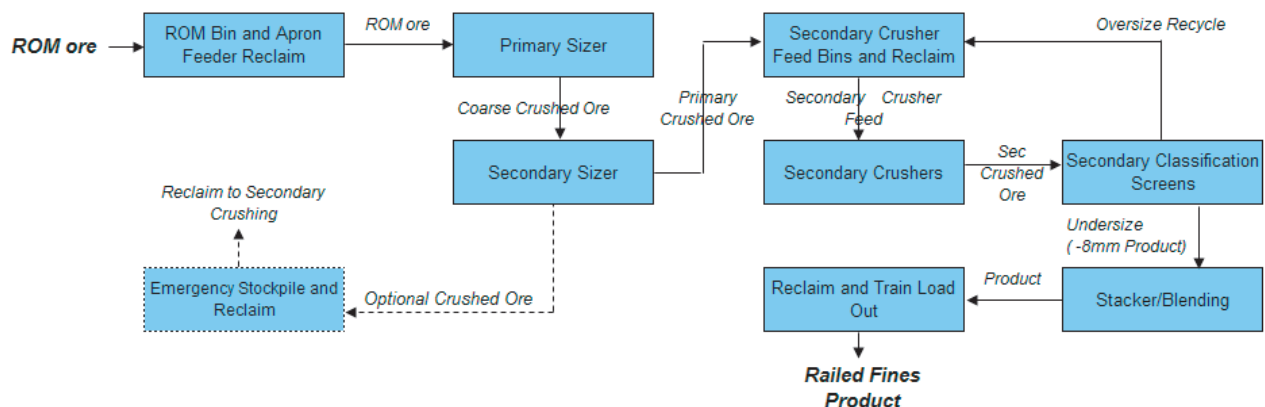
- Mbarga DSO plant, located adjacent to the Mbarga mine in Cameroon. The facility will be sized to produce 14 Mdtpa of DSO sinter fines product.
- Nabeba DSO plant, located adjacent to the Nabeba mine in Congo. The facility will be sized to produce 21 Mdtpa of sinter fines product.
- The beneficiation facilities for treating low grade transition and sub-grade ore from Mbarga and Nabeba deposits are expected to be constructed and ready for operation in Year 7.

The DSO and transition products will be blended continuously into rail stockpiles for transport to the port of Lolabé by rail.

MBARGA AND NABEBA DSO PLANTS

Both the Mbarga and Nabeba processing flowsheets are very similar. A simplified block flowsheet for Mbarga DSO operations is presented in Figure 8.1.

Figure 8.1 Mbarga DSO flowsheet



The key unit operations common to both plants are:

- Ore feed to primary crushing section by haul trucks to the ROM bin, and/or by front end loader as required.
- Reclaim from the ROM bin by apron feeder.
- Two stage open circuit primary crushing to a size of approximately 100% passing 70 mm utilising primary and secondary rolls crushers (sizers) in series.
- Optional emergency crushed ore stockpiling and reclaiming.
- Closed circuit secondary crushing and screening using parallel crushing/screening trains. For Mbarga there are two parallel trains, and the larger Nabeba plant uses four parallel crushing/screening trains.
- Each crushing train utilises a HPC 2400 cone crusher and dry double deck banana 3.6 m by 7.3 m screen. Oversize from the screen decks report back in closed circuit to the crusher feed bins.
- Product sampling facilities and then stockpiling using a slewing and luffing stacker.
- Product stockpile reclaiming via a rail mounted 8000 tph reclaimer and train loader.

The larger Nabeba process flowsheet differs only slightly from the Mbarga plant as presented in Figure 8.1, in that an additional roller screen is installed between the primary and secondary sizers. With this modification only the oversize product from the primary sizer reports to the secondary sizer. This variation in flowsheet allows the Nabeba circuit to achieve the required higher primary crushing design throughput. The Nabeba plant also includes an overland downhill conveyor to direct primary crushed ore to the secondary crushing plant located at a lower elevation.

Although the processing is limited to simple crushing and screening operations, Optiro has some concerns on combination of crushing equipment selected for the plant. The primary crushing uses two stage sizers which are normally chosen for softer clay type ores prior to wet processing, but it is noted that the secondary crushing uses traditional cone crushing and dry screening which is more applicable to harder rock applications. If the mine produces considerable amounts of competent abrasive rock then wear on the primary crushing sizers may reach unacceptable levels. There has been little systematic variability testwork to establish the full range of A_i and CW_i values across the DSO deposits, and the reference for these values in the design criteria is based on assumptions. It is recommended that a defined variability program be undertaken as part of the next phase of the project to confirm the crushing equipment selection made in the DFS. It is also recommended that a composite test parcel of ore be supplied to an equipment vendor for further confirmation of the selection.

MBARGA AND NABEBA TRANSITION/SUB-GRADE PLANT

The beneficiation flowsheet for treatment of low grade ore from Mbarga and Nabeba is presented in simplified block flow form in Figure 8.2 and consists of a crushing plant and a wet gravity beneficiation plant. The front end crushing plant will be similar to those proposed for Mbarga DSO operations. Provision will be made to bypass the wet beneficiation plant to direct the crushed ore to final product, should the ore quality be of suitable DSO quality.

8.2.3. PREDICTED PLANT PERFORMANCE

Optiro considers that the Mbarga and Nabeba DSO plants are simple processing circuits and should be able to ramp up within 12 months to design production rates of 14 Mdtpa and 21 Mdtpa respectively. It is considered necessary however that more variability testing is undertaken to confirm the selected crushing and screening requirements in the next phase of project engineering.

The principal constraint on the Mbalam product quality is considered to be alumina. Optiro consider that careful mine grade control at each mine, and careful product blending will be required to consistently produce a blended Mbalam fines product that meets the upper alumina specification for premium iron ore fines.

When treating Mbarga transition ore there appears to be sufficient flexibility within the selected processing flowsheet to meet the requirements for a product suitable for blending with DSO material.

8.3. STAGE TWO (ITABIRITE) METALLURGY AND PROCESSING

On completion of Stage One high grade ore resources, Stage Two processing will commence using Mbarga itabirite ore as a feed source to a new beneficiation plant designed for itabirite ore. The new processing facility will be designed for a nominal throughput of 75 Mtpa. The itabirite ore will be milled and contained hematite concentrated utilising reverse flotation to reject silica. The concentrate will be thickened and filtered and exported from site at a product production rate of approximately 35 Mdtpa using stockpiling, train load out and rail facilities installed for Stage One operations.

Evaluation of the Stage Two itabirite ore processing has been assessed at Pre-Feasibility level rather than the more definitive feasibility assessment of Phase 1 operations.

8.3.1. METALLURGICAL TESTWORK

Three phases of metallurgical testwork on Mbarga itabirite ores have been undertaken since 2008. Phase 1 testwork showed that although the grain size of the iron minerals is very fine, reasonably good grade and recovery could be achieved by flotation. Phase 2 testwork provided parameters necessary for comminution circuit design and evaluated flotation parameters necessary to produce saleable quality iron ore concentrate. Flotation variability testwork on the available range of itabirite feed samples was also completed in this phase. Phase 3 testwork provided flotation parameters for Pre-Feasibility level plant design.

Metallurgical samples for Mbarga itabirite testing were predominantly sourced from geological half PQ core. Interval samples were prepared to produce both variability composites, and orebody master composites based on geological information available at that time.

COMMINUTION TESTING

A suite of comminution testwork was conducted to determine the parameters required for design of the crushing and milling circuits, and to evaluate the variability of the comminution parameters for available itabirite samples. Phase 2 testwork included SAG mill comminution (SMC) tests which are required for comminution modelling, and these results have been used for comminution circuit design.

All tests were conducted at Perth Ammtec laboratory and the results from the SMC tests were interpreted and ranked by comminution consultants JKTech Pty Ltd.

The results of the testwork showed that comminution parameters were variable with a spread in the ore competency and grinding energy requirements. The main test outcomes were:

- UCS test results indicated low to medium strength rock
- Crushing Work Index (CWi) testing indicated low resistance to impact breakage in the range 3 to 9 kWh/t
- Bond Rod Mill Work Index (RWi) and Bond Ball Mill Work Index (BWi) test results suggested a low to moderate grinding power requirement with mean values of approximately 17 kWh/t and 13 kWh/t respectively. The RWi:BW i ratio suggests critical size build-up in the SAG mill is not expected
- The abrasion indices (Ai) exhibited a wide range from 0.06 to 0.54, with an average high Ai of approximately 0.36
- The Drop Weight test parameters (A x b) values ranged from 33 to 95, with an average of 50. This measure of resistance to impact breakage (smaller the number more resistance) indicates that the itabirite ore types range from average to high competency.

The selected comminution parameters for the Pre-Feasibility design are presented in Table 8.3.

Table 8.3 Stage Two design comminution parameters

Parameter		Units	Value
Crushing work index	CWi	kWh/t	7.3
Bond work index	RWi	kWh/t	18.0
Bond ball work index	BWi	kWh/t	15.0
JK breakage parameters	A x b		34.1
Abrasion index	Ai		0.47

FLOTATION TESTING

Reverse flotation to reject silica is a well-established technology. A significant amount of flotation testwork was undertaken on Mbarga itabirite samples to determine the optimum flotation conditions for rejecting gangue minerals. The testing targeted a high grade concentrate product specification with an iron grade of 66% to 68% Fe and a maximum of 3.5% silica.

Mineralogical investigations were undertaken as part of the flotation testing using QEMSCAN particle analysis and quantitative automated mineralogical analysis (AMA). All composites tested showed small and relatively uniform average particle sizes at around 12 µm. The work showed that quartz and hematite make up the majority of the mineral assemblage of the samples, and that the average hematite grain size is marginally smaller than the corresponding average particle size, while quartz is slightly coarser than the respective average particle size. The hematite grains were shown to be well liberated and generally free of inclusions.

Initial flotation testing on a master composite sample investigated a range of grind sizes and collector types and showed that the optimum grind was at 80% passing (P₈₀) size of 38 µm. A standard reverse flotation collector LilaFlot (LF) D817M, and using starch (Dextrin TY) for a depressant, at natural pH, was shown to be the most effective flotation regime. Variability testing showed significant variance in flotation performance.

Varying flotation configurations were trialled investigating scavenger flotation of reground rougher middlings, and subsequent cleaner flotation on reground middlings. Recoveries in these tests were lower than that achieved in the P₈₀ 38 µm tests. Further reagent testing with causticised cornstarch (C165) as the depressant showed benefits in that iron recovery and yield to product increased.

The flotation circuit parameters selected for the DFS design are presented in Table 8.4.

Table 8.4 Flotation circuit design parameters

Parameter		Units
Grind size	P ₈₀ μm	38
Flotation density	% solids	35
pH		Natural
Collector	LF817M g/t	80
Depressant	Causticised cornstarch C165 g/t	400
Laboratory float residence	mins	16
Product recoveries	% mass	46.9
	% Fe	82.7
	% SiO ₂	3.7
Target product grade	Fe%	66.0
	SiO ₂ %	3.5
Design concentrate production	Mdtpa	35

Subsequent work has shown that improved results are achieved with a lower solids density of 25% solids but at a coarser grind size of P₈₀ 53 μm.

TAILINGS AND CONCENTRATE HANDLING

At the time of selection of equipment for the itabirite engineering study, no thickening and filtration testwork had been undertaken. Equipment was sized by Lycopodium based on typical rates sourced from other equivalent projects and is summarised in Table 8.5.

Table 8.5 Thickening and filtration design parameters

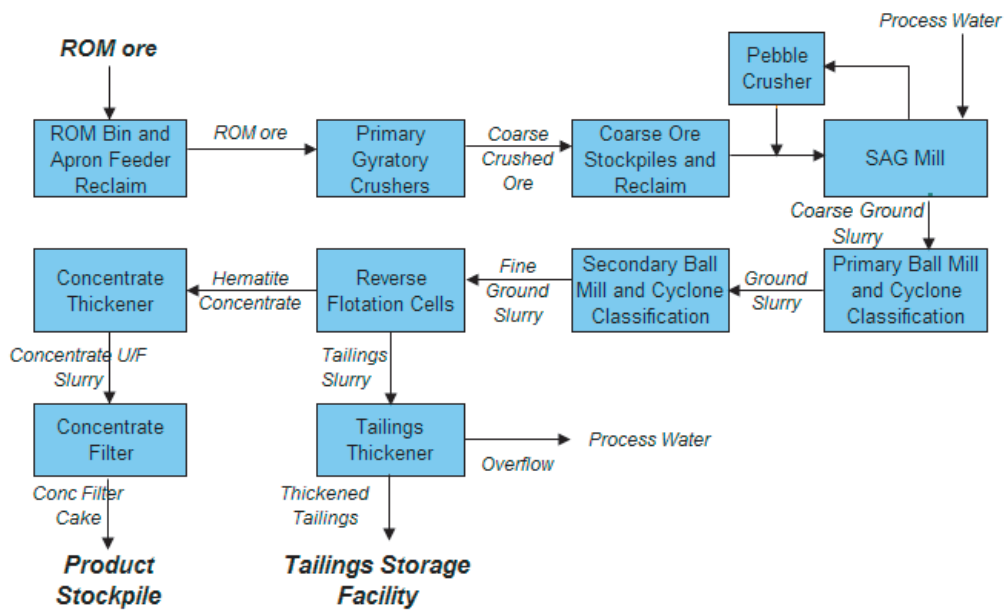
Parameter		Flotation Concentrate	Flotation Tailings
Thickening			
Assumed specific settling rate	t/m ² h	0.26	0.26
Underflow solids concentration	% w/w	65	65
Flocculant addition	g/t	30	30
Filtration			
Assumed filterability	t/m ² h	0.26	0.26
Cake moisture	% solids	15	-

Some preliminary thickening and filtration testwork has since been completed by Outotec on bulk flotation test products. Thickening testwork achieved specific settling rates of 1.0 t/m²h for flotation iron concentrate, and 0.5 to 1.0 t/m²h for flotation silica tailings. These rates are higher than those assumed in the study, and suggest that the size of the thickeners is conservative and could be reduced. Preliminary filtration testwork achieved lower filtration rates than assumed for design and suggests that the size and/or type of the filters selected for design requires further evaluation.

8.3.2. STAGE TWO ITABIRITE PROCESS DESCRIPTION

The selected process flowsheet for the Stage Two itabirite processing is presented in simplified block flow form in Figure 8.3.

Figure 8.3 Stage Two itabirite process flowsheet



The beneficiation plant will consist of the following unit operations:

- three trains of gyratory crushing each consisting of:
 - a ROM bin and apron feeder feeding a 1,550 by 4,140 mm gyratory crusher
 - coarse ore stockpile and associated reclaim facilities
- six concentrator trains each with the following operations:
 - a single 11.58 m diameter by 6.26 m EGL (effective grinding length) SAG mill fitted with 21 MW installed power
 - pebble crusher for SAG mill oversize
 - a primary 7.0 m diameter by 10.25 m EGL ball mill in closed circuit with cyclones to produce 80% passing particle size (P_{80}) of approximately 110 μm
 - two secondary ball mills in closed circuit with secondary cyclones to produce a P_{80} of approximately 53 μm
 - reverse flotation of silica rich floats from iron rich tail in a train of six 300 m³ self-aerated tank cells.
- two concentrate thickening and filtration streams each equipped with one thickener and seven belt filters to produce a concentrate product with approximately 15% entrained moisture
- two tailings thickeners taking the combined flow of the flotation tailings
- three parallel three stage duty and standby tailings pumps to transfer thickened tailings slurry from each tails thickener to the TSF.

The Mbarga stockpiling and reclaiming facilities from Stage One will be used for concentrate load out.

8.3.3. PREDICTED PLANT PERFORMANCE

The Stage Two beneficiation plant is made up of relatively simple unit operations, but the feed tonnage is very high, and there are multiple processing trains to commission, ramp up, and optimise in a very remote location. Optiro considers that the processing facility would require a two year ramp to achieve design tonnage of 35 Mdt/a and design iron recovery of 83%.

9. INFRASTRUCTURE

The scope of the Mbalam Project Stage One comprises the development of the following infrastructure:

- Mine Operations to extract and process hematite iron ore from the Mbarga, Mbarga South (combined) and Nabeba Mine sites. Mbarga and Mbarga South are within 5 km of each other and will share infrastructure. The sites are treated as remote sites so all infrastructure roads, airstrips, accommodation villages, power plants, water supply and communications are accounted for outside of the required operations mining, maintenance and processing infrastructure.
- Rail infrastructure of some 580 km in total connects the two mines sites to the dedicated storage facility at the port of Kribi. The rail system is a single track standard gauge heavy haulage, 32 t axle load rolling stock system. The single track is currently designed to have six passing loops to manage the average 6 trains per day (3 engines and 190 cars per train = 20,330 t per train) to meet the 35 Mtpa production target. The average cycle time is approximately 24 hours round trip. The system has substantial expansion capacity should it be required, by additional passing loops. The rail system corridor has been selected and does not impact on any identified conservation areas or large population centres, encounters no significant topographical challenges and minimises river crossings. A significant amount work has been completed in identifying and thus costing the rail construction materials quarry sites, water sources construction camp sites and embankment volumes required for construction. The total number of level crossings is 152 that have been classified by the type of crossing infrastructure required as Active (high cost – booms, flashing lights), Passive / occupational (medium to low cost – signs, bitumen crossing). A total of nine bridges have been identified with the maximum span being 140 m. The eight other bridges have spans that range from 40 m to 100 m. Rail maintenance facilities will be based mainly at the storage facility and the rail system has an extensive communications system.

The storage facility at the port has been designed to a capacity of 1.6 Mt with all operational infrastructure, utilities and maintenance facilities. The storage facility has the capacity to be expanded to 2.4 Mt, should it be required. The storage facility is a standard automatic car unloader and rail mounted boom type stacking machines and a boom type bucket wheel reclaiming machine.

- A deep water iron ore port and ship loading infrastructure is to be built at Lolabe on the South west of Cameroon, south of the town of Kribi. This is to be a purpose built facility to be able to handle bulk material transport ships up to 300,000 DWT. Initially, the channel will be dredged to handle Cape class ships and has the capacity to be dredged to handle Chinamax ships with a 4 m channel depth extension. Currently there are no existing facilities at the port and all infrastructure including an accommodation village will need to be constructed.

Stage Two of the project (Itabirite Resource) comprises of the development of the following infrastructure:

- Construction of the Mbarga Itabirite process and pellet plant and additional tailings storage facility. The construction of a 350 MW hydroelectric power facility and a 90 km power line to the mine site from the preferred power plant site. The upgrading of accommodation village to account for additional mining and processing labour requirements. It is assumed additional mining fleet replacement will be required and that the contractor will relocate his fleet from Nabeba mine site or acquire replacement equipment from another source.

No additional capital infrastructure other than the above is planned for Stage Two at this stage.

10. ENVIRONMENTAL

The environmental review was carried out by Keith Lindbeck of Keith Lindbeck and Associates. The environmental documents available in the data room were reviewed and the following discussion outlines the findings of the review.

The review included documents outlining the environmental approval process applicable to the proposed iron ore development in the Cameroon and the Congo.

The review indicated that at this early stage in the approval process, due process has been followed and that the Environmental and Social Assessment (ESA) document has been assessed by the Cameroon Government. A Certificate of Environmental Compliance was issued by the Cameroon Government to CamIron on 25 June 2010. The Certificate permits CamIron to develop the project providing the ESA documents were updated. It appears that an amended ESA document was prepared in April 2011. This document was available on the project (Sundance) web-site but not available in the data room.

The General Counsel for Sundance Resources Limited advised by email on 23 April 2012 that the updated (final) ESA was submitted to MINEP on 25 June 2011 and that the assessment by MINEP was incomplete at the date of the email.

The baseline study programme for Congo Iron's Nabeba Permit ESA was conducted early in 2011. The ESA documentation was first submitted on 24 January 2012, to the Ministry for Sustainable Development, Forest Economy and the Environment (MDDEFE) and also presented to the public. The ESA was reviewed by the MDDEFE Inter-Ministerial Commission and amendments to the ESA were requested.

The revised ESA was re-submitted on 15 May 2012 and was then followed up with a project site visit from 12 to 19 June 2012 by members of the MDDEFE. A second assessment meeting was held by the MDDEFE Inter-Ministerial Commission on 6 July 2012 and their report (transmitted on 24 July 2012) requested further amendments, which were provided on 26 July 2012.

On 13 August 2012, a letter was received from the Chairman of the Inter-Ministerial Commission stating that the working group is satisfied with the amended ESA document and the report has been accepted in its final form (translated copy sighted). The Certificate of Environmental Conformity was received on 3 September 2012 from the Minister of the Environment.

11. VALUATION CONSIDERATIONS

11.1. INTRODUCTION

There are a number of recognised methods used in valuing mineral assets. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the extent and reliability of information available in relation to the asset. The VALMIN Code classifies mineral assets according to the maturity of the asset:

- **Exploration areas** – these are properties where mineralisation may or may not have been identified, but where no Mineral Resource (defined as in the JORC Code) has been defined.
- **Advanced exploration areas** – properties where considerable exploration has been undertaken and specific targets have been identified. These targets warrant further detailed evaluation, usually involving some form of geological sampling. There is no requirement for a resource estimate to have been carried out but there is an understanding that there will be sufficient encouragement that further work will elevate one or more prospects to the resource category.
- **Pre-development projects** – these are properties where Mineral Resources have been defined, but also where a final decision to proceed with development has not been made.
- **Development projects** – properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or which are not yet operating at design levels.
- **Operating mines** – properties which have been commissioned and which are in production.

The VALMIN Code defines value as the fair market value of a mineral asset. The fair market value is the amount of money (or the cash equivalent of some other consideration) for which the mineral asset should change hands on the valuation date in an open and unrestricted market between a willing buyer and a willing seller in an ‘arm’s length’ transaction, with each party acting knowledgeably, prudently and without compulsion. In times of high commodity prices and/or buoyant share market conditions the fair market value ascribed to mineral assets may be higher or lower than their technical value. The fair market value of the mineral asset comprises:

- The underlying or technical value which is an assessment of a mineral asset’s future economic benefit under a set of assumptions, excluding any premium or discount for market, strategic or other considerations.
- The market component which is a premium or discount relating to market, strategic or other considerations.

Many of the valuation methodologies discussed below introduce the concept of fair market value by the consideration of the implied value of current or recent transactions which are deemed to be arm’s length. For instance, in the valuation of exploration potential the consideration of the value per km² of exploration ground from recent market transactions can be derived – this imparts the perspective of current and fair market value on the valuation. In other cases, for instance the DCF valuation of Ore Reserves, the notion of fair market value is implicitly built into the valuation via the discount rate, which has been adjusted to cater for risk.

Ernst & Young have assessed the Stage One and Stage Two Mineral Resources and Optiro has excluded the Stage One and Stage Two Mineral Resources from this valuation. Optiro’s valuation is based on Sundance’s mineral assets outside of the currently defined life of mine and includes the Mineral Resources that have not been included in the assessment prepared by Ernst & Young and the exploration potential of the tenements. In assessing the value of the Mineral Resources and exploration potential of the Mbalam Iron Ore Project, Optiro has considered both the technical value and the fair market value of these mineral assets. It is important to note that the Optiro valuation is based on the mineral assets held by Sundance and not on the corporate entity itself.

11.2. VALUATION APPROACH AND METHODOLOGY

In determining the appropriate valuation method(s) to be used for the Mbalam Project tenements, Optiro has taken into consideration the classification of these assets according to the categories defined in the VALMIN Code and the different methodologies that are generally accepted as industry practice for each classification.

Within the Mbalam Project the mineral assets identified by Sundance can be divided into the VALMIN Code categories as listed in Table 11.1.

Table 11.1 VALMIN categories of Sundance’s mineral assets

VALMIN category	Sundance mineral assets
Exploration areas	Njweng, Letioukbala, Bamegod/Elogo, and Cabosse Hills
Advanced exploration areas	Meridional, Metzimevin, Bidoumou Hill, Nabeba Nothwest and Nabeba South
Pre-development projects	Mbarga, Mbarga South and Nabeba
Development projects	None
Operating mines	None

Generally there are three broad methods of valuation that are used for valuing mineral assets: these are the market approach, cost approach and income approach. The market and cost approaches are used for grass-roots through to advanced exploration stages and the income approach is used for projects with defined reserves through to operating mines.

Valuation methodologies generally used for early and advanced stage exploration properties are market and cost approaches. The valuation approaches that are generally adopted for early exploration areas are generally defined as inferential methods and rely on comparative or subjective inputs such as a “rule of thumb” or appraised value method. Such a method values the property in dollars per unit area.

For more advanced exploration projects, where a resource or an exploration target tonnage has been defined, the property can then be valued in terms of dollar per tonne of resource or exploration target. The value would be discounted by any specific site factors as well as factors pertaining to the status of the resource classification.

The valuation of Mineral Resources which have not been converted into Ore Reserves can be carried out by assuming a value per unit of contained metal. This value per unit is derived by considering Mineral Resources in a similar geologic environment or a similar regional setting, and by examining recent transactions where a resource was purchased in an arm’s length transaction.

11.3. VALUATION METHODS

11.3.1. GEOSCIENTIFIC RATINGS METHOD

The most well-known method of the Geoscientific ratings is the modified Kilburn Geological Engineering/Geoscientific method which was developed by a Canadian geologist who wished to introduce a more systematic and objective way of valuing exploration properties. The Kilburn or similar rating approaches are acknowledged as industry-standard valuation tools. This is the Optiro preferred valuation method for early stage exploration projects.

The Kilburn method uses a Geoscientific rating which has as its fundamental value a base acquisition cost (BAC) of the tenement. The BAC is the average cost to acquire a unit of exploration tenement (generally one square kilometre or one hectare) and maintain it for one year, including statutory fees and minimum expenditure commitments.

Determination of the BAC for the exploration licences in Cameroon and the Republic of Congo considered the application, tax and duty costs and the average exploration expenditure commitment cost. Optiro has determined a BAC of A\$220 per km² for the exploration licences in Cameroon and the Republic of Congo.

Four technical factors are then applied serially to the BAC of each tenement which enhance, downgrade or have no impact on the value of the property and which allow a value per tenement to be determined.

The four technical factors are:

- Off-property factor – relates to physical indications of favourable evidence for mineralisation such as workings and mining on the nearby properties, which may or may not be owned by the company being valued. Such indications are mineralised outcrops, old workings through to world-class mines.
- On-property factor – this is similar to the off property factor but relates to favourable indications on the property itself, such as mines with significant production.
- Anomaly factor – the anomaly factor relates to the degree of exploration which has been carried out and the level and/or number of the targets which have been generated as a consequence of that exploration. Properties which have been subject to extensive exploration without the generation of sufficient or quality anomalies are marked down under the Kilburn approach.
- Geological factor – this refers to the amount and exposure of favourable lithology and/or structure (if this is related to the mineralisation being valued) on the property. Thus properties which have a high coverage of favourable lithology and through-going structures will score most highly.

The ratings applied by Optiro are listed in Table 11.2.

This methodology is used to determine the technical value and a fifth factor, reflecting the current state of the market, is applied to determine the market value. This market value determined from the Geoscientific ratings method is verified by consideration of the current market for iron ore exploration properties.

The attraction of the Geoscientific ratings method for valuation is that it is transparent and defensible, and while it does require a subjective assessment of the various multipliers, supporting information for these judgments is readily available.

Table 11.2 Geoscientific rating criteria (developed by Kilburn, 1990 and modified by Optiro)

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor	
0.1				Generally unfavourable geological setting	
0.5				Extensive previous exploration with poor results	Poor geological setting
0.9				Poor results to date	Generally favourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within tenement	No targets defined	Generally favourable geological setting	
1.5	Minor workings	Minor workings or mineralised zones exposed	Target identified, initial indications positive		
2.0	Several old workings in district	Several old workings or exploration targets identified	Significant intersections - not correlated on section	Favourable geological setting	
2.5					
3.0	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production	Several significant ore grade intersections that can be correlated	Mineralised zones exposed in prospective host rocks	
3.5					
4.0	Along strike from a major mine(s)	Major mine with significant historical production			
5.0	Along strike from world class mine				

11.3.2. COMPARABLE TRANSACTION METHOD

The comparable market value approach is a market based approach and is an adaptation of the common real estate approach to valuation. For the purposes of mineral asset valuation, a valuer compiles and analyses 100% equity acquisitions of projects of similar nature, time and circumstance with a view to establishing a range of values that the market is likely to pay for a project. The comparable market approach:

- is intuitive, easily understood and readily applied
- implies a market premium/discount for the prevailing sovereign risk
- captures market sentiment for specific commodities or locations
- accounts for intangible aspects of a transaction (i.e. intellectual property).

The transactions deemed to be analogous to the mineral asset being valued are used to determine a unit price (e.g. \$/km² or \$/tonne iron ore, etc.) for the asset being valued. However, there is an intricate value dynamic between the quantity (size) and quality (grade or prospectivity) that may result in the exclusion of a large number of comparable transactions which in turn may undermine the accuracy of this method.

The comparable market value approach is widely used throughout the minerals industry; however, the valuer must take into account that this approach is largely retrospective and does not take into account anticipated or recent commodity or other market price movements.

11.3.3. JOINT VENTURE TERMS METHOD

The joint venture terms method is a variation of the comparable market value method. This technique involves transactions where only partial ownership of a project is acquired. The joint venture terms method provides the valuer with a larger acquisitions dataset than the comparable market value method, and consequently these approaches are often used simultaneously in mineral asset valuations.

It is recognised that the market will attribute a sliding-scale premium in accordance with the level of ownership acquired (i.e. a joint venture agreement for a 51% interest in a project may attract a market value significantly above that for an identical project in which a 49% interest is acquired). The valuer needs to account for any potential associated with ownership premiums.

11.3.4. APPRAISED VALUE METHOD

The cost approach or Appraised Value method is founded on the assumption that the intrinsic value of the exploration tenement is based on the exploration expenditure, and that a highly prospective tenement will generally encourage a higher level of exploration expenditure.

This valuation methodology relies upon the premise that a project is at least worth what the owner has previously spent and/or committed to spending in the future. It considers historical and/or planned future expenditure on the mineral asset and includes the amount of expenditure that has been meaningfully used in the past to define a target or resource and the future costs in advancing the exploration.

The value of the property may be determined from the sum of past effective exploration expenditure (usually limited to the past three years) plus any committed exploration expenditure in the current year and the application of a prospectivity enhancement multiplier (PEM). The PEM is determined by the level of sophistication of the exploration for which positive exploration results have been obtained.

The principal shortcomings of this method are that there is no consistent base from which to derive the valuation and there is no systematic approach taken in determining the PEM. Optiro places less reliance on values determined this method than those determined from the Geoscientific ratings and comparable transaction methods.

Optiro has not used this method for the Sundance exploration potential. Much of the exploration to date has been focussed on the development of the Mbarga, Mbarga South and Nabeba deposits with the advancement of the other exploration areas having less importance and receiving less expenditure.

12. VALUATION

Indicated and Inferred Mineral Resources have been defined at Mbarga, Nabeba, Mbarga South, and Metzimevin. Mineral Resources included in Stage One and Stage Two at Mbarga and Nabeba have been included in a discounted cash-flow (DCF) analysis by Ernst & Young. The Mineral Resources not included in the DCF have been valued by Optiro. Optiro has elected to value the Mineral Resources within the Mbalam Project, which are not included in Stage One or Stage Two, using comparable transactions and joint venture terms.

The exploration licences cover a large area that has not been fully explored. The areas covered by the exploration drilling are relatively small and Optiro believes that the exploration licences have value that is in addition to the defined Mineral Resources. Optiro has chosen to value the exploration potential of the Mbalam Project using a Geoscientific ratings approach, comparable transactions and joint venture terms.

12.1. IRON ORE PRICE

A chart of the iron price data (based on CFR China, Tianjin Port, 62% iron ore fines) from February 2008 to August 2012 and the ASX All Ordinaries Index is included in Figure 12.1. Optiro notes that the ASX All Ordinaries Index has recovered from a major downturn towards the end of 2008 and has remained relatively steady from September 2009 to the present.

The iron price increased steadily from 2010 to 2011, remaining relatively constant during 2011 until the last quarter in 2011 when it decreased from approximately US\$180/tonne to US\$138/tonne. The iron ore price dropped below US\$100 per tonne at the end of August following slowing construction activity in China and an oversupply of steel. Industry forecasts on the iron price are somewhat divided but general consensus appears to be a price recovery towards the end of 2012 or during 2013.

For the selection of comparable transactions Optiro has used transactions that occurred after September 2009.

Figure 12.1 Iron ore price and ASX All Ordinaries index from February 2008 to August 2012 (source: IMF Commodity Prices and Intierra)



12.2. MINERAL RESOURCES

As discussed in Section 6, Indicated and Inferred Mineral Resources have been defined at Mbarga, Mbarga South, Metzimevin and Nabeba. The total Mineral Resources, Mineral Resources included in Stage One and Stage Two and those in addition to the Stage One and Stage Two Mineral Resources (remaining Mineral Resource) are included in Table 12.1.

Table 12.1 Mineral Resources at the Mbalam Project

	Deposit	Material	Category	Tonnes (Mt)	Grade (% Fe)	Contained Fe (Mt)
Total Mineral Resource	Mbarga, Mbarga South and Metzimevin	Hematite	Indicated	215.8	56.8	122.5
			Inferred	27.4	57.4	15.7
	Nabeba	Hematite	Indicated	532.2	57.4	305.5
			Inferred	0	0	0
	Mbarga Nabeba	Itabirite	Indicated and Inferred	2,325	38.0	883.5
			Inferred	1,391	35.1	488.2
Stage One Included in DCF	Mbarga and Mbarga South	Hematite	Indicated	122.0	62.3	76.0
	Nabeba	Hematite	Indicated	230.3	62.4	143.7
Stage Two Included in DCF	Mbarga	Itabirite	Indicated	1042.0	38.0	396.0
Remaining Mineral Resource	Mbarga, Mbarga South and Metzimevin	Hematite	Indicated	93.8	49.6	46.5
			Inferred	27.4	57.4	15.7
	Nabeba	Hematite	Indicated	301.9	53.6	161.8
			Inferred	0.0	0.0	0.0
	Mbarga Nabeba	Itabirite	Indicated and Inferred	1,283	38.0	487.5
			Inferred	1,391.0	35.1	488.2

For the purpose of valuing Sundance’s mineral assets outside of the life of mine (which has been valued separately by Ernst & Young using a DCF technique), Optiro has used a combination of comparable transactions and joint venture terms.

Optiro reviewed recent transactions involving iron ore deposits. To obtain a dataset that is relevant under the current time and circumstance Optiro reviewed transactions that occurred after September 2009. From these Optiro selected transactions that involved iron ore deposits with Indicated and Inferred Mineral Resources at a similar iron grade and material type to that estimated at the Mbarga, Mbarga South, Metzimevin and Nabeba deposits. The selected transactions are summarised in Appendix A.

Optiro notes that the transactions with a higher price per iron resource tonnes were for projects with significant high grade DSO iron ore that are well located, with respect to existing railway infrastructure or are nearer the coast than the Mbalam Project, and some had off-take arrangements incorporated into the transaction. In Optiro’s opinion these transactions have attracted a premium. Infrastructure is not yet in place at the Mbalam Project. Also at a number of properties large and in some cases highly speculative exploration targets have been defined in addition to the Mineral Resources. Optiro has elected to attribute the value of the transaction to the defined Indicated and/or Inferred resources and to the exploration target discounted by 50%.

Optiro has established from its search of publically available information on recent market transactions of similar iron ore projects with Inferred and Indicated Mineral Resources that the

market has generally been paying in the range of A\$0.23 to A\$0.43 per resource tonne of Fe metal in the ground for iron ore resource projects which do not yet have infrastructure in place. Optiro has applied this range and a preferred (average) value of A\$0.33 per resource tonne of Fe metal to determine the value of the iron ore resources within the Mbarga, Mbarga South, Metzimevin and Nabeba deposits that have not been included in Stage One or Stage Two.

Furthermore, Optiro notes that the majority of the value in the Mbalam Project is associated the Mineral Resources inside the current pit shells. If economic, any additional or remnant mineralisation would likely be processed at the end of the current mine life and will therefore have a highly discounted value in today's dollars. Should additional high grade supergene hematite mineralisation be discovered this would also likely be processed prior to the Stage Two material.

Optiro's estimate of the current market value of the iron ore resources within Mbarga and Nabeba (that are not included the Stage One and Two) lies in the range A\$276 M to A\$516 M with a preferred value of A\$396 M. Optiro's estimate of the current market value of these iron ore resources and based on the equity held by Sundance is included in Table 12.2. In Optiro's opinion, the market value of these iron ore resources lies in the range A\$241 M to A\$451 M with a preferred value of A\$345 M.

Table 12.2 Valuation based on Mineral Resources not included in Stage One or Stage Two and based on Sundance's equity

Deposit	Mineral Resource			Value (A\$M)		
	Tonnes (Mt)	Grade (% Fe)	Contained Fe (Mt)	Low	High	Preferred
Mbarga and Mbarga South (90%)	1,404	39.2	550	114	213	163
Nabeba (85%)	1,693	38.4	650	127	238	182
TOTAL				241	451	345

12.3. EXPLORATION POTENTIAL

Optiro's approach has been to use the following valuation methodologies for the exploration potential for iron mineralisation within Sundance's tenements:

- the Geoscientific ratings method
- comparable transactions
- joint venture terms.

The value determined for the exploration potential of the iron mineralisation within Sundance's tenements is in addition to the value implied from the Mineral Resource.

12.3.1. COMPARABLE TRANSACTIONS

Optiro reviewed recent transactions involving early-stage iron ore exploration projects within Central and West Africa. To obtain a dataset that is relevant under the current time and circumstance, Optiro has selected transactions (including joint venture terms) that occurred after September 2009 and are for early stage exploration projects with similar characteristics to the exploration potential of the Mbalam Project. These are listed in Appendix B.

Optiro notes that smaller projects ($\leq 600 \text{ km}^2$) have generally traded at higher prices, of A\$20,000 to A\$30,000/ km^2 than those with larger landholdings. The Mbalam Project exploration licences have a combined area of $1,740 \text{ km}^2$. Optiro selected transactions for projects with a total area of 900 km^2 to $2,400 \text{ km}^2$ for further analysis. These transactions have a positive correlation with property size and form two groups with the more desirable transactions having a range of A\$2,840/ km^2 , for a property of 936 km^2 , to A\$8,875/ km^2 , for a property of $2,400 \text{ km}^2$. For a property of $1,740 \text{ km}^2$ this

implies an upper value of A\$6,600/km². The transactions with a lower value are A\$896/km², for a property of 1,458 km², and A\$2,785/km², for a property of 1,998 km². For a property of 1,740 km² this implies a lower value of A\$2,000/km².

Optiro’s analysis of the selected transactions suggests that early-stage, iron exploration projects similar to Sundance’s exploration tenements may attract market values in the range \$2,000/km² to \$6,600/km².

Based on the comparable transactions method and a 100% equity the value implied based on the exploration potential for iron mineralisation within the Mbalam Project exploration licences could be expected to lie in the range A\$3.5 M to A\$11.5 M. Considering the high iron prospectivity of the project area, Optiro considers the preferred value lies towards the upper end of the range and has applied a preferred value at \$5,375/km², implying a preferred value of A\$9.4 M.

Optiro’s analysis of comparable transaction data was used to validate the valuation determined from the Geoscientific ratings method as described below.

12.3.2. GEOSCIENCIFIC RATINGS METHOD

Optiro reviewed the prospectivity study of the regional tenements and determined Geoscientific ratings for each tenement in reference to the off-property, on-property, anomaly and geology factors (Table 12.3).

In assigning these factors Optiro has considered the following:

- Mineral Resources have been defined at Mbarga, Nabeba, Mbarga South and Metzimevin which are located within EP92 and MRP2011-280. While these do not contribute to the value assigned to the exploration potential this does impact on the prospectivity of the exploration licence.
- The announced DSO exploration target proximal to Mbarga and Nabeba.
- Aeromagnetic data has identified a number of magnetic anomalies in all three exploration licences. Drilling of some these indicates that they are related to iron ore mineralisation.
- Drilling at the Meridional and Cabosse Hills prospects in EP92 and at Nabeba Northwest prospect in MRP2011-280 has returned encouraging results.
- Rock chip sampling has returned anomalous iron grades at Bamegod/Elogo in MRP2011-281.
- Regional mapping within EP92 has located the presence of itabirite zones to the north and west of Mbarga.
- Geological mapping within MRP2011-281 at Letioukbala has identified iron-enriched itabirite.

Table 12.3 Geoscientific rating criteria applied to exploration potential

Tenement	Equity (%)	Off property factor		On property factor		Anomaly factor		Geology factor	
		Low	High	Low	High	Low	High	Low	High
EP92	90	1	1.2	3	3.5	3	3.5	3	3.5
MRP2011-280	85	1	1.2	3	3.5	3	3.5	3	3.5
MRP2011-281	85	1	1.2	2	2.5	1.5	2	2	3

Fair market value is the technical value (as determined by the Geoscientific ratings) plus a premium or discount to account for market, strategic considerations and special purposes. Optiro has examined the past and forecast iron ore price and has elected to not apply a premium or discount to this valuation.

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the iron mineralisation potential of the Sundance exploration tenements:

- BAC of A\$220 per km²
- the value of the tenements is based on equity owned by Sundance.

Optiro has used the Geoscientific ratings approach to determine the market value of the exploration potential of the Mbalam Iron Ore Project exploration tenements based on the iron mineralisation. This is in addition to the value implied from the Mineral Resources defined at Mbarga, Nabeba, Mbarga South and Metzimevin.

Optiro’s analysis of the selected transactions suggests that exploration projects with similar exploration potential to the Mbalam project tenements and a tenement size of 1,740 km² may attract market values in the range \$2,000 to \$6,600/km².

Based on the Geoscientific ratings of the iron mineralisation within the Sundance tenements and 100% equity, a range of A\$4,700 to A\$9,300/km² with an average value of \$6,900/km² has been determined. Considering the prospectivity of the project area, the range determined from the Geoscientific ratings is consistent with the upper range determined from the comparable transactions.

Based on the comparable transactions method (as discussed above) and the equity held by Sundance, the value implied for the exploration potential for iron mineralisation within the Mbalam Project, could be expected to lie in the range A\$3.0 M to A\$10.0 M with a preferred value of A\$8.2 M. Based on the Geoscientific ratings of the exploration potential for iron mineralisation within the Mbalam Project, the tenements could be expected to have a value that lies in the range A\$7.1 M to A\$14.2 M with a preferred value of A\$10.7 M. The preferred value from the Geoscientific ratings methods is in line with that determined from comparable transactions.

12.3.3. VALUATION OF THE EXPLORATION POTENTIAL WITH THE MBALAM PROJECT EXPLORATION LICENCES

The Optiro opinion of the fair market value of exploration potential for iron mineralisation within the exploration licences of the Mbalam Project, using the methodologies described above, is summarised in Table 12.4. Optiro has selected the values derived from the Geoscientific rating method as the preferred valuation for the exploration potential. This reflects the results obtained from the regional exploration at the Mbalam Project and the geological potential in the as yet unexplored areas.

Table 12.4 Valuation for the exploration potential of the Sundance exploration licences (based on Sundance’s equity)

Mineral asset	Method	Value (A\$M)		
		Low	High	Preferred
Exploration potential	Comparable transactions	3.0	10.0	8.2
	Geoscientific ratings	7.1	14.2	10.7
Overall		7.1	14.2	10.7

12.4. SUMMARY OF VALUATION

In summary the mineral assets of the Mbalam Project outside of the life of mine (which has been valued separately by Ernst & Young using a DCF technique) may be valued as shown in Table 12.5. Optiro has determined the fair market value of the mineral assets of the Mbalam Project outside of the life of mine at an effective valuation date of 31 August 2012.

Table 12.5 Summary valuation of the mineral assets of Sundance (excluding the Mineral Resources included in Stage One and Stage Two) based on Sundance’s equity

Mineral asset	Valuation (A\$M)		
	Low	High	Preferred
Additional Mineral Resources	241	451	345
Exploration potential	7	14	11
Total	248	465	356

The opinions expressed and conclusions drawn with respect to this valuation of the Mbalam Project mineral assets are appropriate at the valuation date of 31 August 2012. The valuation is only valid for this date and may change with time in response to variations in economic, market, legal or political conditions in addition to future exploration results.

Optiro is not aware of any previous valuations for the exploration potential or the Mineral Resources outside of Stage One and Stage Two of the Mbalam Project.

13. DECLARATIONS BY OPTIRO PTY LTD

13.1. INDEPENDENCE

Optiro Pty Ltd is an independent consulting organisation which provides a range of services related to the minerals industry including independent geological services, resource evaluation, corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 50 Colin Street, West Perth, Western Australia, but Optiro staff work on a variety of projects in a range of commodities worldwide.

This report has been prepared independently and in accordance with the VALMIN and JORC Codes of the AusIMM. The authors do not hold any interest in Sundance Resources Limited or Hanlong Mining Investment Pty Limited, their associated parties, or in any of the mineral properties which are the subject of this report. Fees for the preparation of this report are being charged at Optiro's standard rates, whilst expenses are reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report.

Optiro is aware that Ernst & Young will rely upon its independent mineral specialist report (this document) in the preparation of its independent expert report and consents to the attachment of this report to that document.

13.2. QUALIFICATIONS

The principal personnel responsible for the preparation and review of this report are Mr Andrew Law (Director - Mining), Mr Michael Andrew (Principal), Mrs Christine Standing (Principal), Mr Jason Froud (Principal), Mr Ian Glacken (Principal) and Mr Mark Warren (Principal) of Optiro and Associates Mr Tony Showell (Principal), Mr Jeremy Ison (Principal) and Mr Keith Lindbeck (Principal).

Mr Andrew Law (HND MMIN, MBA, FAusIMM, FIQA) is mining engineer with over 28 years' experience in the mining industry in Australia, Africa and South America. His extensive technical and management experience ranges from deep level underground mining environments (bulk and narrow vein); to large open pit environments (across multi commodities); and to large mineral sands dredging environments. His specialist skills are in corporate strategic business planning and due diligence; management of feasibility studies; operational optimization, mentoring and performance reviews.

Mr Michael Andrew [BSc (Hons), MAusIMM] is a geologist who has over 27 years of technical and operational experience in the mining industry working in roles in exploration and mining throughout Australia and overseas. Prior to joining Optiro, he spent 8 years with a major mining consultancy. Before entering consultancy Michael spent 10 years with Newmont Australia and 5 years with BHP Steel. Michael has specific experience in geostatistical resource estimation, optimisation of resources, grade control and risk assessment, technical audits, due diligence studies and mine valuation studies, technical training and mentoring. Michael has had substantial and varied exposure to iron ore, gold and precious metals, base metals, copper, uranium and industrial mineral resources both within Australia and around the world.

Mrs Christine Standing [BSc (Hons) Geology, Grad Cert (Min Econs), MAusIMM, MAIG] is a geologist with 30 years extensive experience in the exploration and mining industry. She has been consulting in resource estimation and generating independent experts' reports since 1988, and her skills include resource evaluation studies, grade control and reconciliation work. Christine is a Principal for Optiro in Perth and is involved in independent technical reviews, audits and valuations of exploration assets.

Mr Jason Froud [BSc (Hons), Grad Dip (Fin Mkts), MAusIMM] is a geologist with over 16 years experience in mining geology, exploration, resource definition, mining feasibility studies, reconciliation, consulting and corporate roles in gold, iron ore, base metal and uranium deposits principally in Australia and Africa. Jason has previously acted as a Competent Person and Independent Expert across a range of commodities with expertise in mineral exploration, grade control, financial analysis, reconciliation and quality assurance and quality control.

Mr Ian Glacken [BSc (Hons) Geology, MSc (Mining Geology), MSc (Geostatistics), FAusIMM (CP), CEng] is a geologist with 30 years experience worldwide in the mining industry. He specialises in resource audit and independent expert reports and has in recent times compiled IGR reports for the IPO of Tusker Gold Ltd, the Finnish assets of Vulcan Resources Ltd and a report on the assets of Aditya Birla Ltd for an IPO, and has recently generated a report on the assets of two copper companies for a merger. Ian was formerly the Group General Manager Resources and Geology for a major consulting firm.

Mr Tony Showell [BAppSc Metallurgy, FAusIMM] is a metallurgist with over 40 years of metallurgy and mineral processing experience in the mining industry. Tony is the Principal Metallurgist for process consulting company BatteryLimits Pty Ltd, and undertakes project management, metallurgical audits, due diligence and process consulting work.

Mr Jeremy Ison [BE Met Eng, SAIMM] is metallurgist with over 20 years metallurgical and process engineering experience within the mining industry. Jeremy is Principal Process Engineer for BatteryLimits Pty Ltd and has been responsible for the process design of many processing plants including CIP/CIL, flotation, gravity, dense media and heap leaching.

Mr Keith Lindbeck (BA, WDA, Dip Environ Studies) has 30 years of environmental experience. During this time he has prepared formal and informal environmental impact assessment documents, reviewed many hundreds of assessments (as Environmental Manager in the Department of Minerals and Energy), prepared environmental management strategies and rehabilitation plans for the mining and agriculture industries, undertaken rural and urban land capability assessment and landform/soils surveys. Keith specialises in minesite approvals, closure planning and auditing of minesite operations.

Mr Mark Warren, [BE (Mech), MIEAUST, CPEng] is an engineer with 30 years experience in the global mining industry. His experience includes technical, management consulting and managerial roles. Mark has experience in most aspects of the resources industry across most commodities and geographies. This includes experience in design, project management, strategy development and corporate activities. Mark has experience in consulting and advisory services businesses to the mining sector mining equipment supply and manufacturing companies as well as working as an engineer in mining operations. Mark is also a Director of Austmine representing the mining technology and services industry of Australia. Mark has general knowledge across the mining industry and experience in a number of mergers and acquisitions and has worked on a number of due diligence reviews, independent expert reports and valuations of mineral assets.

14. BIBLIOGRAPHY

- JORC Code, 2004. *The Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves*. Joint Ore Reserve Committee.
- Kilburn L C, 1990. *Valuation of Mineral Properties which do not Contain Exploitable Reserves*; CIM Bulletin, 83:90-93.
- Sundance Resources Ltd, 2009. *Pre-Feasibility Study*. Internal company report.
- Sundance Resources Ltd, 2011. *Definitive Feasibility Study*. Section No 1 to 21. Internal company report.
- Sundance Resources Ltd, 2011. *Sundance reaches half a billion tonnes of high grades hematite and signs scheme implementation agreement with Hanlong Mining*. Quarterly report for the period ended 30 September 2011. ASX announcement and media release dated 27 October 2011.
- Sundance Resources Ltd, 2012. *Sundance strengthens its first mover advantage in world class iron ore region in Central West Africa*. Quarterly report for the period ended 30 March 2012. ASX announcement and media release dated 13 April 2012.
- VALMIN, 2005. *Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports*. VALMIN Committee.

15. GLOSSARY OF ABBREVIATIONS AND TECHNICAL TERMS

Term	Explanation
Abbreviations	A\$ – Australian dollars, B – billion, BAC – base acquisition cost, DCF – discounted cash flow analysis, DFS – Definitive feasibility study, DSO – direct shipping ore, km – kilometre, km ² – square kilometre, kWh – kilowatt hours, m – metre, mm – millimetre, M – million, Mtpa – million dry tonnes per annum, Mtpa – million tonnes per annum, PFS – Pre-feasibility study, ROM – run of mine, t – tonnes, US\$ – United States dollars, µm - micron.
Chemical elements	Al – aluminium, Fe – iron, P – Phosphorus, O – oxygen, S – sulphur, Si – silica
amphibole	Any of a large group of structurally similar hydrated double silicate minerals, such as hornblende, containing various combinations of sodium, calcium, magnesium, iron, and aluminium. Amphiboles are found principally in metamorphic and igneous rocks.
amphibolite	A rock composed largely of amphibole and other similar minerals.
Archaean	Era of the geological time scale within the Precambrian aeon containing rocks greater than 2500 million years old.
banded iron formation (BIF)	Iron formation that shows banding, generally of iron-rich minerals and chert or fine-grained quartz.
basement	In general terms, older or Archaean rocks which are often covered by younger rocks.
Cenozoic	The most recent geological era which began 65 million years ago.
charnockite	Orthopyroxene-bearing granite, composed mainly of quartz, perthite or antiperthite and orthopyroxene.
chloritic schist	A metamorphic rock, chiefly notable for the preponderance of chlorite.
comminution	The crushing and grinding of ore in order to reduce the particle size for further processing.
cratonic	An old and stable part of the continental lithosphere characteristically composed of ancient crystalline basement rock, which may be covered by younger sedimentary rock. They have a thick crust and deep lithospheric roots that extend as much as a few hundred kilometres into the Earth's mantle.
diamond hole/drilling	Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit.
dykes	A tabular igneous intrusive rock that cuts across the bedding or foliation of the country rock.
gibbsite	One of the mineral forms of aluminium hydroxide - Al(OH) ₃ .
gneiss	A common and widely distributed type of rock formed by high-grade regional metamorphic processes from pre-existing formations that were originally either igneous or sedimentary rocks. Gneissic rocks are coarsely foliated and largely recrystallised.
goethite	An iron bearing oxide mineral found in soil and other low temperature environments (FeO(OH)).
granite	A coarse grained intrusive felsic igneous rock.
granodiorite	An intrusive igneous rock similar to granite, but containing a certain type of feldspar. It contains abundant mica and hornblende, giving it a darker appearance than true granite.
greenstone	A suite of weakly metamorphosed, mainly basic igneous rocks with associated sediments.
greenstone belt	Greenstone belts are zones of variably metamorphosed mafic to ultramafic volcanic sequences with associated sedimentary rocks that occur within Archaean and Proterozoic cratons between granite and gneiss bodies.
hematite	An iron oxide mineral.
hypogene	A geological process, and its resultant features occurring within and below the crust of the Earth.
igneous	Rock formed through the cooling and solidification of magma or lava. Igneous rock may form with or without crystallization, either below the surface as intrusive (plutonic) rocks or on the surface as extrusive (volcanic) rocks.
Indicated Mineral Resource	'An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.' (JORC 2004).
Inferred Mineral Resource	'An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.' (JORC 2004).

intrusion	A body of igneous rock that invades older rocks.
itabirite	A laminated, metamorphosed oxide-facies iron formation in which the original chert or jasper bands have been recrystallised into megascopically distinguishable grains of quartz and in which the iron is present as thin layers of hematite, magnetite, or martite.
JORC Code	Code of the Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia Code. The JORC Code sets out minimum standards, recommendations and guidelines for Public Reporting of exploration results, Mineral Resources and Ore Reserves in Australasia.
kaolinite	A clay mineral with the chemical composition $Al_2Si_2O_5(OH)_4$. It is a layered silicate mineral.
loss on Ignition (LOI)	The LOI is reported as part of an elemental or oxide analysis of a mineral. The volatile materials lost usually consist of “combined water”.
mafic	Silicate minerals, magmas, and volcanic and intrusive igneous rocks that have relatively high concentrations of the heavier and darker minerals.
magnetite	A black, cubic, opaque, strongly magnetic mineral with chemical formula Fe_3O_4 . It reacts with oxygen to produce hematite.
metamorphic	The process of metamorphism or its results.
Mineral Resource	‘A ‘Mineral Resource’ is a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.’ JORC 2004.
Ore Reserve	An Ore Reserve is an economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Palaeoproterozoic	The first of the three sub-divisions (eras) of the Proterozoic occurring between 2500 Ma and 1600 Ma (million years ago).
quartzite	Metamorphosed sandstone.
sediments	Loose, unconsolidated deposit of debris that accumulates on the Earth’s surface.
serpentinite	A metamorphic rock comprised of an admixture of serpentine minerals.
supergene	A mineral deposit or enrichment formed near the surface.
surficial (material)	Of, relating to, or occurring on or near the surface of the earth.
syenite	A coarse-grained intrusive igneous rock of the same general composition as granite but with the quartz either absent or present in relatively small amounts (<5%).
transitional	The partially oxidised zone between oxidised and fresh material.

Appendix A Iron Ore Mineral Resource Transactions for Western, Central and Southern Africa

Project	Date	Transaction	Property	Implied value (A\$/Fe tonne)
Mayoko Congo	Jan-12	Cash takeover offer of African Iron Ltd by Exxaro. Values African Iron at approximately A\$338 M. African Iron's principal asset is the Mayoko project.	DSO Indicated resource of 25.2 Mt at 54.7% Fe, DSO Inferred resource of 18.3 Mt at 55.1% Fe and a DSO Inferred resource of 77.3 Mt at 40.6% Fe.	6.22
Mayoko Congo	Sept-11	African Iron acquired an additional 12% of DMC Iron (Congo) from two minority shareholders for A\$5.8 M cash; 22,315,436 shares and a deferred consideration of A\$0.15/t of iron ore sold from the Mayoko project.	DSO Inferred Resource of 33.1 Mt at 55% Fe and an exploration target of 110 to 135 Mt of hematite enrichment at 55 to 58% Fe and 750 to 800 Mt of magnetite at 35 to 45% Fe.	0.50
Mayoko Congo	June-11	Equatorial Resources acquired 19.9% of African Iron Ltd through a combination of cash and shares. African Iron holds an 80% interest in the Mayoko-Lekoumou project.	DSO Inferred Resource of 33.1 Mt at 55% Fe and an exploration target of 110 to 135 Mt of hematite enrichment at 55 to 58% Fe and 750 to 800 Mt of magnetite at 35 to 45% Fe.	0.64
Zanaga Congo	Feb-11	Xstrata exercised its option to acquire a 50% interest in the Zanaga project with Zanaga Iron Ore Company Ltd for a commitment to fund a Feasibility Study to a minimum of US\$100 M.	Indicated resource of 0.6 Bt at 39.38% Fe and an Inferred resource of 2.74 Bt at 31.4% Fe of hematite dominated itabirite.	0.23
Mayoko Congo	Nov-10	Cape Lambert Resources Ltd sold its wholly owned subsidiary DMC Mining Ltd to Stirling Minerals Ltd for A\$83 M (A\$47 M cash and a 25% interest in Stirling Minerals) and a US\$1/t production royalty.	DSO Inferred Resource of 33.1 Mt at 55% Fe and an exploration target of 110 to 135 Mt of hematite enrichment at 55 to 58% Fe and 750 to 800 Mt of magnetite at 35 to 45% Fe.	0.50
Turquoise Moon Limpopo	Nov-10	Ferrum Crescent Limited entered into an agreement with Mkhombi Investments Pty Ltd to purchase its 26% holding for A\$4.4 M, increasing Ferrum's effective interest in the project from 74% to approximately 81.5%.	Contains the Moonlight Deposit with an Inferred resource of 320 Mt of 32% Fe and the De Loskop Prospect with an exploration target of 200 to 1,000 Mt at 30 to 40% Fe.	0.43
Mayoko Congo	Aug-10	Cape Lambert acquired the project via a takeover of DMC Mining for \$55 M. DMC had an 80% interest in the project.	DSO Inferred Resource of 33.1 Mt at 55% Fe and an exploration target of 110 to 135 Mt of hematite enrichment at 55 to 58% Fe and 750 to 800 Mt of magnetite at 35 to 45% Fe.	0.33
Tonkolili Sierra Leone	July-10	Shandong Iron & Steel Group entered into a binding MOU with African Minerals Limited for a 25% interest in Tonkolili and up to 10 Mtpa of iron ore at discounted prices in exchange for a US\$1.5 B investment.	Indicated resource of 6.1 Bt at 29.5% Fe and 4.4 Bt Inferred at an average grade of 28.3% Fe.	2.26
Simandou Guinea	Mar-10	Chinalco enter into a joint venture agreement to acquire 47% of the RioTinto's stake (95%) in the Simandou project for US\$1.35 B for funding development work over next 2 to 3 years.	Indicated resource of 1.3 Bt at 66.6% Fe and Inferred resource of 0.955 Bt at 65.9% Fe of hematite rich itabirite mineralisation.	2.20

Appendix B Early Stage Exploration Iron Ore Transactions for Western and Central Africa

Project	Date	Transaction	Property	Area (km ²)	Implied value (A\$/km ²)
Jubilee Reef Tanzania	Nov-11	Liontown Resources Ltd has secured the right to earn up to 70% in the iron ore rights of tenements held by African Barrick Gold PLC by spending \$10 M within 4 years (for 60%) and an additional \$10 M over another 2 year period.	Project contains extensive strike lengths and thicknesses of BIF. Anomalous surface samples of up to 60.7% Fe returned.	530	31,447
Sheini Hills Ghana	Oct-11	Cardeo Resource Corp has signed joint venture agreements with Emmaland Resources Ltd to acquire a 100% interest in 3 prospecting licences for a minimum expenditure of US\$9.18 M within 2 years and a total expenditure of US\$16.55 M over 5 years.	Project area containing iron formations that outcrop over a strike length of 35 km.	403	21,802
Okanabora Congo	July-11	Waratah Resources Limited entered into an agreement to acquire Galina Iron Ltd, which owns a 80% interest in Nyive Congo SA with a 100% interest in the Okanabora project, for A\$3 M and 14 M shares in Waratah and additional shares upon achievement of project milestones.	Project area contains ferruginous quartzites and is prospective for itabirite mineralisation.	479	19,520
Mt Ginka Liberia	July-11	Hummingbird Resources PLC and Petmin Ltd entered into a joint venture whereby Petmin's total investment of US\$2 M earned a 50% interest.	Prospective area for iron mineralisation with grab samples having returned 33 to 54% Fe.	155	23,990
Forecariah Guinea	Jan-11	Westward Explorations Ltd entered into an agreement to acquire Sky Alliance Resources Guinea SA for US\$1 M and 24.5 M Westward shares, and additional shares at project milestones.	Magnetic anomalies coincident with outcropping magnetite quartzite identified. Area contains 4 ferruginous quartzite horizons of 3 to 11 km strike length and surface samples indicate grades of ~36% Fe. Exploration target of 10 Bt identified.	1,900	8,135
Tapeta Liberia	Dec-10	Rand Mining granted conditional option to acquire Iron Resources Ltd, which has 100% of Tapeta Iron Ore Project, for 96 M Rand shares, 8 M shares held by Rand in Tribune Resources NL, US\$30,000 option payment and up to US\$250,000 reimbursement of costs. Additional shares and options to be issued at project milestones.	Project area contains sequences of iron formations and identified outcrops of itabirite. Rock chip samples returned ~57% Fe with deleterious elements within acceptable ranges.	600	65,799
Cetal and Kaoua El Khadhra Mauritania	Nov-10	Charter Pacific Corporation Ltd entered into an agreement to acquire up to a 75% interest in the projects via a shareholding in Sonko Lowenthal Mauritanie sarl for a fee of US\$650,000 (for 51%) and an additional US\$5 M for the remaining 24%.	Prospective for magnetite mineralisation within BIF. Along strike from the Lebtheinia iron ore project.	1,458	5,293
Cetal and Kaoua El Khadhra Mauritania	Nov-10	Charter Pacific Corporation Ltd entered into an agreement to acquire up to a 51% interest in the projects via a shareholding in Sonko Lowenthal Mauritanie sarl for a fee of US\$650,000.	Prospective for magnetite mineralisation within BIF. Along strike from the Lebtheinia iron ore project.	1,458	896

Project	Date	Transaction	Project	Area (km ²)	Implied value (A\$/km ²)
Kogi State Nigeria	Nov-10	Energio Ltd entered into a conditional put and call option deed with TGP Australia Ltd to acquire 100% of KCM Holdings Pty Ltd which holds 70% of KCM Mining Ltd which owns the Kogi state iron ore tenements.	The project area contains magnetite BIF and iron rich oolitic deposits with an exploration target of 1 to 2 Bt of iron mineralisation with a potential minimum grade of 30% Fe.	427	27,791
Youkou Republic of Congo	Oct-10	Waratah Gold Limited entered into an agreement to acquire 90% of Afiresources Congo SA, which holds 100% of the Youkou Iron Ore Project, for US\$1.7 M and 5.5 M fully paid shares, at settlement and an additional 14 M shares at project milestones.	Favourable geological province with large scale hematite DSO and magnetite potential. Outcrops of hematite and itabirite identified.	936	2,840
Mayoko-Moussondji and Badondo Republic of Congo	June-10	Equatorial Coal Limited to acquire Congo Mining Limited, which has the Mayoko-Moussondji Project, for US\$3.2 M and 4.2 M shares and additional shares to be issued at project milestones.	Ridges of 7 to 9 km identified that are prospective for hematite and itabirite mineralisation. Limited surface sampling returned 46 to 61% Fe.	1,998	2,785
Cetal and Kaoua El Khadhra Mauritania	Apr-10	Gleneagle Gold Limited entered an agreement to acquire up to a 75% interest in 2 projects via an acquisition and joint venture agreement with Sonko Lowenthal I Mauritanie sarl.	Prospective for magnetite mineralisation within BIF. Along strike from the Lebtheinia iron ore project.	1,458	1,375
Ngovayang Cameroon	Sept-09	Legend Mining Ltd has a right to earn a 90% interest in 2 EPs and an EPA via a 90% ownership of Camina for A\$170,000, 50 M fully paid shares and a minimum expenditure of A\$1 M within a 12 month period and an additional 350 M shares.	Within Ngovayang a zone extending over 57 km strike has been identified with 13 itabirite zones of 20 to 45% Fe.	2,400	8,875

**THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE
INDEPENDENT EXPERT'S REPORT**

2 November 2012

PART 2 - FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Expert's Report ("Report") in connection with a financial product of another person. The Report is set out in Part 1.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$200,000 (inclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services, if any, is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

<p>Contacting Ernst & Young Transaction Advisory Services</p> <p>AFS Compliance Manager Ernst & Young 680 George Street Sydney NSW 2000</p> <p>Telephone: (02) 9248 5555</p>	<p>Contacting the Independent Dispute Resolution Scheme:</p> <p>Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08</p>
---	---

Annexure 2 Scheme Implementation Agreement

Second Amended and Restated Scheme Implementation Agreement

Dated 24 August 2012

Hanlong (Africa) Mining Investment Limited ("Hanlong")
Sichuan Hanlong Group Co., Limited ("Sichuan Hanlong")
Sundance Resources Limited (ABN 19 055 719 394) ("Sundance")

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com
Ref: DLF:DE:PS

Contents

Details	1
General terms	3
1 Definitions and interpretation	3
1.1 Definitions	3
1.2 References to certain general terms	11
1.3 Next day	12
1.4 Next Business Day	12
1.5 Headings	12
2 Agreement to propose and implement Scheme	12
2.1 Target to propose Scheme	12
2.2 Agreement to implement Merger	12
3 Conditions precedent	12
3.1 Benefit of certain Conditions Precedent	12
3.2 Waiver of Conditions Precedent	13
3.3 Reasonable endeavours	13
3.4 Regulatory matters	14
3.5 Provision of information in relation to Conditions Precedent	14
3.6 Effect of waiver or non-fulfilment	15
3.7 Consultation on failure of Condition Precedents	16
3.8 Failure to agree	16
3.9 Regulatory Approval	16
4 General obligations in relation to Conditions Precedent	17
4.1 General obligations	17
4.2 Funding Arrangements	17
4.3 Regulatory Approvals	17
5 Intentionally Blank	17
6 Outline of Scheme	17
6.1 Scheme	17
6.2 Scheme Consideration	18
6.3 Undertakings held as agent	18
6.4 Payment to Scheme Participants	18
6.5 Sundance Options	18
6.6 Optionholder Consideration	18
6.7 Performance Rights, incentive plan arrangements and discharge of contractual obligations	18
7 Co-operation and timing	19
7.1 General obligations	19
7.2 Access to people and Sundance Information	20
7.3 Hanlong's right to separate representation	21
8 Implementation obligations of the parties	21
8.1 Sundance's obligations	21

8.2	Hanlong's obligations	21
8.3	Appointment/retirement of Sundance directors	21
8.4	Congo convention	21
9	Scheme Booklet	22
9.1	Preparation	22
9.2	Content of Scheme Booklet	22
9.3	Hanlong information	23
9.4	Disagreement on content	23
9.5	Verification	23
10	Court proceedings	24
10.1	Appeal process	24
10.2	Defence of proceedings	24
10.3	Costs	24
11	Reimbursement of costs	24
11.1	Background	24
11.2	Payment by Sundance to Hanlong	25
11.3	Payment by Hanlong to Sundance	25
11.4	Guarantee	25
11.5	No amount payable if Scheme becomes Effective	26
11.6	Timing of payment	26
11.7	Nature of payment	26
11.8	Sundance's Limitation of Liability	26
11.9	Hanlong's Limitation of Liability	26
11.10	Compliance with law	27
11.11	Survival	27
12	Intentionally Blank	27
13	Conduct of business	27
13.1	Overview	27
13.2	Specific obligations	27
13.3	Prohibited actions	28
13.4	Working Capital Funding Arrangements	29
14	No Exclusivity	29
15	Representations and warranties	29
15.1	Sundance's representations and warranties	29
15.2	Sundance's indemnity	29
15.3	Sundance warranty certificate	29
15.4	Hanlong's representations and warranties	29
15.5	Hanlong's indemnity	30
15.6	Sichuan Hanlong's representations and warranties	30
15.7	Sichuan Hanlong's indemnity	30
15.8	Hanlong warranty certificate	30
16	Termination	30
16.1	Termination events	30
16.2	Termination	31
16.3	Effect of Termination	31

16.4	Damages	32
17	Public announcements	32
17.1	Required disclosure	32
17.2	Other announcements	32
18	Confidential Information	32
18.1	Disclosure of Hanlong Confidential Information	32
18.2	Use of Hanlong Confidential Information	33
18.3	Disclosure of Sundance Confidential Information	33
18.4	Use of Sundance Confidential Information	33
18.5	Disclosure by recipient of Confidential Information	33
18.6	Excluded Information	33
18.7	Return of Confidential Information	33
18.8	Termination	34
19	Notices and other communications	34
19.1	Form - all communications	34
19.2	Delivery	34
19.3	When effective	34
19.4	When taken to be received	34
19.5	Receipt outside business hours	35
20	Goods and services tax (GST)	35
20.1	Consideration does not include GST	35
20.2	Recovery of GST	35
20.3	Time of payment	35
20.4	Adjustment of additional amount	35
20.5	Reimbursement	35
20.6	Survival	35
21	Miscellaneous	35
21.1	Discretion in exercising rights	35
21.2	Partial exercising of rights	35
21.3	No liability for loss	35
21.4	Approvals and consents	36
21.5	Remedies cumulative	36
21.6	Variation and waiver	36
21.7	No merger	36
21.8	Indemnities	36
21.9	Enforceability	36
21.10	Further steps	36
21.11	Construction	36
21.12	Costs	37
21.13	Stamp duty	37
21.14	Entire agreement	37
21.15	Assignment	37
21.16	No representation or reliance	37
21.17	Governing law	37
21.18	Counterparts	37
	Schedule 1 - Prescribed Events	38
	Schedule 2 - Conditions Precedent (clause 3)	41
	Schedule 3 - Fixed Timetable (clause 7.1)	45

<u>Illustrative Representation of Fixed Timetable</u>	46
	46
Schedule 4 - Sundance's Obligations (clause 8.1)	47
Schedule 5 - Hanlong's Obligations (clause 8.2)	50
Schedule 6 - Sundance's representations and warranties (clause 15.1)	52
Schedule 7 - Hanlong's and Sichuan Hanlong's representations and warranties (clause 15.4)	54
Signing page	56
Annexure A - Intentionally Blank	58
Annexure B - Scheme	60
Annexure C - Hanlong Deed Poll	62
Annexure D - Sichuan Hanlong Deed Poll	64

Details

Parties	Hanlong and Sundance	
Hanlong	Name	Hanlong (Africa) Mining Investment Limited
	Address	C/O Hanlong Mining Investment Pty Ltd 29/F, 9 Castlereagh Street, Sydney NSW 2000
	Telephone	+61 2 9235 2386
	Fax	+61 2 9235 2482
	Attention	Nelson Chen
Sichuan Hanlong	Name	Sichuan Hanlong Group Co., Limited
	Address	C/O Hanlong Mining Investment Pty Ltd 26/F, Hongda Building Jingli east Road Chengdu City Sichuan Province, P.R. China
	Telephone	+86 28 86133718
	Fax	+86 28 86128787
	Attention	Mr Kang Huanjun
Sundance	Name	Sundance Resources Limited
	ABN	19 055 719 394
	Address	Level 35, 2 The Esplanade Perth WA 6000
	Telephone	+61 8 9220 2300
	Fax	+61 8 9220 2311
	Attention	Peter Canterbury
Recitals	A	Sundance and Hanlong propose to merge by means of a members' scheme of arrangement under Part 5.1 of the Corporations Act.

- B** The parties to this agreement entered into a scheme implementation agreement dated 4 October 2011 ("**Original SIA**").
- C** The parties to this agreement agreed certain further changes to the terms set out in the Original SIA and consequently agreed to terminate the Original SIA and enter into an amended and restated scheme implementation agreement dated 23 May 2012 ("**Amended and Restated SIA**").
- D** The parties to this agreement along with Sichuan Hanlong have now agreed certain further changes to the Amended and Restated SIA and consequently have agreed to terminate the Amended and Restated SIA and enter into this agreement ("**Second Amended and Restated SIA**") to revise the terms of the scheme implementation.

Governing law Western Australia

Date of agreement See Signing page

General terms

1 Definitions and interpretation

1.1 Definitions

These meanings apply unless the contrary intention appears.

ACCC means the Australian Competition and Consumer Commission.

Agreed Terms means the terms of the Mbalam Convention being agreed with the Government of the Republic of Cameroon to the satisfaction of Sundance and Hanlong (in a manner which is consistent with the disclosures made between Sundance and Hanlong prior to the date of this agreement).

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited or Australian Securities Exchange, as appropriate.

Authorised Officer means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this agreement.

Business Day means a business day as defined in the Listing Rules but excluding a day which is a public holiday in Western Australia or the PRC.

Cam Iron means Cam Iron S.A., the company incorporated in the Republic of Cameroon, 90% of the share capital of which is beneficially owned by Sundance.

Cam Iron Shareholders Deed means the shareholders deed between Sundance, Hold Co SARL and Cam Iron dated 4 July 2007 as amended or replaced from time to time.

Commercial-in-Confidence means information which can be reasonably considered to be confidential to Hanlong and in respect of which disclosure to Sundance pursuant to the terms of this agreement would be reasonably likely to cause a material financial detriment to Hanlong or breach the contractual terms of an agreement which Hanlong has with a third party (provided that documentation which is required to be provided to Sundance to enable it to satisfy the requirements of the Court in connection with the Scheme or by Hanlong to Sundance to evidence satisfaction of any of the Conditions Precedent shall not be deemed to be Commercial-in-Confidence for the purposes of this agreement).

Conditions Precedent means the conditions precedent set out in schedule 2.

Confidential Information means Hanlong Confidential Information or Sundance Confidential Information.

Congo Iron means Congo Iron S.A., the company incorporated in the Republic of Congo, 85% of the share capital of which is beneficially owned by Sundance.

Congo Iron Letter Agreement means the letter from Sundance to Cam Iron and Olivier-Fabrice Sil Mbanang (in his personal capacity and as representative of Congo Mining Investments S.A.) dated 19 September 2008, as amended or replaced from time to time.

Congo Mining Permit means a mining permit to be issued to Congo Iron by the Republic of Congo in relation to the Nabeba Project.

Constitution means the constitution of Sundance.

Controller has the meaning it has in the Corporations Act.

Conventions means:

- (a) the convention to be agreed between Cam Iron and the Government of the Republic of Cameroon in relation to the Mbalam Project ("**Mbalam Convention**"); and
- (b) the Congo Mining Permit.

Corporations Act means the Corporations Act 2001 (Cwlth).

Corporations Regulations means the Corporations Regulations 2001 (Cwlth).

Court means a court of competent jurisdiction under the Corporations Act.

Credit Approved Term Sheet means a binding agreement, in a form which is reasonably satisfactory to Sundance (for the avoidance of doubt, if the Credit Approved Term Sheet includes any terms and/or conditions which adversely impact the terms and/or conditions of this agreement (including, inter alia, the Fixed Timetable) or the ability of either party to perform their respective obligations as set out herein then it will not be in a form which is reasonably satisfactory to Sundance), between Hanlong and the Financier in relation to the Funding Arrangements, which:

- (a) confirms that credit approval has been obtained by the Financier;
- (b) sets out any conditions to which the funding is subject (and the end dates that these conditions will be satisfied (which are to be no later than the Second Court Date)); and
- (c) sets out the principal terms of the financing documentation to be executed by the parties to that documentation.

Details means the section of this agreement headed "Details".

Effective, when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having the same effect.

End Date means 31 December 2012.

Excluded Information means Confidential Information which:

- (a) is in or becomes part of the public domain other than through breach of this agreement or an obligation of confidence owed to the party providing the Confidential Information; or
- (b) the recipient of the Confidential Information can prove by contemporaneous written documentation was already known to it at the time of disclosure by the party providing the Confidential Information (unless the knowledge arose from disclosure of information in breach of an obligation of confidentiality); or

- (c) the recipient of the Confidential Information acquires from a source other than the party providing the Confidential Information or any Related Body Corporate or Representative of the party providing the Confidential Information where the source is entitled to disclose it.

Financier means China Development Bank and/or another bank which proposes or agrees to lend money to Hanlong as part of the Funding Arrangements.

Financier Commitment Letter means a letter from the Financier to Hanlong in a form reasonably satisfactory to Sundance confirming the Financier's commitment to fund the debt being borrowed by Hanlong for the Scheme Consideration (in accordance with the provisions of clause 6.2) which Hanlong shall provide to Sundance together with a letter from Hanlong stating its view (having taken advice from its Australian legal advisors) as to the prospects of the letter from the Financier (i) leading to any objections being raised by ASIC following lodgement of the Scheme Booklet prior to the First Court Date and (ii) being acceptable to the Court at the First Court Date and not preventing the Court from making an order pursuant to section 411(1) of the Corporations Act that Sundance should convene a meeting of the Shareholders to consider and vote on the Scheme.

First Court Date means the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.

Fixed Timetable means the timetable set out in schedule 3.

Funding Arrangements means the funding arrangements to be put in place by Hanlong to meet its obligations to pay the Scheme Consideration.

GST means a goods and services or similar tax imposed in Australia.

GST Act means the A New Tax System (Goods and Services Tax) Act 1999 (Cwlth).

Hanlong means Hanlong (Africa) Mining Investment Limited.

Hanlong Board means the board of directors of Hanlong.

Hanlong Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on, or after the date of this agreement relating to the business, technology or other affairs of Hanlong.

Hanlong Deed Poll means a deed poll substantially in the form of Annexure C to this agreement.

Hanlong Group means Sichuan Hanlong and its Subsidiaries.

Hanlong Indemnified Parties means Hanlong, its officers, employees and advisers, its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

Hanlong Information means the information regarding Hanlong as is required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60. For the avoidance of doubt, Hanlong Information does not include information about the Sundance Group (except to the extent it relates to any statement of intention relating to the Sundance Group following the Effective Date).

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to Sundance.

Implementation Date means the fifth Business Day following the Record Date.

Incoming Directors means those persons identified by Hanlong and agreed by Sundance to be “Incoming Directors” (whose appointment shall be made at the time specified in clause 8.3).

Independent Expert means Ernst & Young of 11 Mounts Bay Road, Perth, Western Australia.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Input Tax Credit has the meaning it has in the GST Act.

Key Executives means those persons agreed between Sundance and Hanlong prior to the date of this agreement, arrangements in respect of whom have been agreed in accordance with Condition Precedent 1 set out in schedule 2.

Key Executive Contracts means the employment contracts (or other terms of employment) of the Key Executives.

Listing Rules means the Listing Rules of ASX Limited.

Losses means all claims, demands, damages, losses, costs, expenses and liabilities.

Material Adverse Change means:

- (a) any event or circumstance which constitutes or gives rise to or may (upon the passage of time, the fulfilment of any condition, or the giving of notice or taking of any other action by a Regulatory Authority or any other person) give rise to the suspension, revocation, disclaimer, invalidity, unenforceability, variation, lapse or termination of all or any material rights under any Mining Interest or any Material Contract (other than the Key Executive Contracts);
- (b) the occurrence of the outbreak of war (including civil war), outbreak of hostilities with another country (whether war is declared or not) or terrorism, mobilisation of

armed forces, insurrection, general civil unrest, or similar event in the Republic of Congo or the Republic of Cameroon in each case which would, or is likely to, have a material adverse impact on the Project;

- (c) the occurrence of the nationalisation or expropriation by a Regulatory Authority in the Republic of Congo or the Republic of Cameroon without market value compensation of privately owned or held natural resource exploration or mining rights or other property or rights required for the use or enjoyment of those natural resource exploration or mining rights (other than by reason of non-compliance by the property owner or owner of rights);
- (d) the grant of mining or other rights or interests of any kind over all or part of any area covered by or the subject of a Mining Interest to any person other than a member of the Sundance Group which materially conflict, or could reasonably be expected to materially conflict, with the enjoyment of the rights conferred, or purported to be conferred, by the Mining Interest; or
- (e) any one or more undisclosed events, occurrences, circumstances or matters which individually or when aggregated with all events, occurrences, circumstances or matters of a like kind or category has (or would be likely to have) the effect of diminishing the fair market value of the consolidated net assets of the Sundance Group by at least A\$80 million,

but does not include:

- (f) any matter fairly disclosed to Hanlong or its Representatives or to ASX or otherwise widely known publicly on or before the date of this agreement;
- (g) any other event, occurrence, circumstance or matter affecting the iron ore industry generally;
- (h) any change in general economic, financial, currency exchange, securities or commodities market conditions;
- (i) any change in taxation or interest rates;
- (j) any change in accounting policy required by law; or
- (k) any change occurring directly or indirectly as a result of any event, occurrence, circumstance or matter required by this agreement, the Scheme or the transactions contemplated by them.

Material Contract means each of:

- (a) the Congo Iron Letter Agreement;
- (b) the Cam Iron Shareholders Deed; and
- (c) the Key Executive Contracts.

Material Departure from the Agreed Terms means a material adverse difference to Sundance or Hanlong from the Agreed Terms.

Mbalam Project means any activity relating to or associated with Cam Iron's mining of the iron ore deposits discovered by Cam Iron near the village of Mbalam in the East Province of Cameroon (as part of its exploration activities pursuant to the exploration permit no. 92 granted and renewed to Cam Iron by the Government of the Republic of Cameroon) including, without limitation, transformation, marketing and transportation and any related activities.

Merger means the combination of Sundance and Hanlong through the implementation of the Scheme.

Mining Interest means any agreement, instrument, lease, tenement, licence, permit, approval, consent, concession, grant, permission, authorisation, renewal or right of any kind and however described issued, granted or entered into by any Regulatory Authority, which:

- (a) confers or is expressed or intended to confer a right to explore for, appraise, test, extract, produce, mine, remove, sell, own, export, deal with or otherwise exploit in any way minerals of any kind and/or to conduct related activities and/or to construct, install or develop and/or operate infrastructure, plant, equipment or facilities of any kind in relation to any such activity; and/or
- (b) confers or is expressed or intended to confer rights to or in respect of any such agreement, instrument, lease, tenement, licence, permit, approval, consent, concession, grant, permission, authorisation or right which falls within paragraph (a) above or imposes obligations (including without limitation rights in relation to fiscal, environmental, infrastructure or health and safety matters) in respect of any activity referred to in paragraph (a) above,

and is either:
 - (c) held by or for the benefit of any member of the Sundance Group (whether alone or together with any other person or persons); or
 - (d) issued or granted or entered into by virtue of or in substitution for or which overlaps in whole or part with any such agreement, instrument, lease, tenement, licence, permit, approval, consent, concession or other grant or authorisation falling within paragraph (c) above; or
 - (e) granted pursuant to an application made by or on behalf of the Sundance Group (whether alone or together with any other person or persons), subsequent to the signing of this agreement, for any agreement, instrument, lease, tenement, licence, permit, approval, consent, concession, grant, permission, authorisation, renewal or right of any kind.

Nabeba Project means any activity relating to or associated with Congo Iron's mining of the iron ore deposits discovered by Congo Iron in the Sangha Province of the Republic of Congo (as part of its exploration activities pursuant to the mineral research permit no. 2007-362 and mineral research permit no. 2007-363 granted and renewed to Congo Iron by the Council of Ministers of the Republic of Congo) including, without limitation, transformation, marketing and transportation and any related activities.

NDRC Provisional Approval means the appointment of Hanlong by the National Development Reform Commission (NDRC) as its preferred party issuing a confirmation letter to Hanlong for the transaction contemplated by this agreement, in accordance with the provisions of the circular promulgated by the NDRC on 8 June 2009 entitled "Circular on Improving the Administration of Offshore Investment", read with the regulation entitled "Provisional Administrative Measures on Verification of Offshore Investment Projects" issued by NDRC on 9 October 2004 (commonly referred to as No.21 Decree), as evidenced through the issue of a written confirmation by NDRC that such appointment is effective (in accordance with clause 3.5(b)).

Option means an option to acquire a Share issued by Sundance from time to time.

Option Consideration means the amount per Option, expressed in A\$, equal to the difference (if positive) between the Scheme Price and the exercise price of the Option in question.

Optionholder Deed means a deed (in the form agreed by the Optionholder, Hanlong and Sundance) executed by each Optionholder, Hanlong and Sundance pursuant to which the Optionholder agrees, subject to the Scheme becoming Effective, to the cancellation or transfer of each Option held by him or her in return for the Option Consideration.

Optionholders means each person who is registered in the register of Optionholders as a holder of an Option.

Outgoing Directors means those persons identified by Hanlong and agreed by Sundance to be "Outgoing Directors" (whose appointment shall be made at the time specified in clause 8.3).

Parent Company Guarantee shall have the meaning set out at clause 11.4.

Performance Rights means the 10,534,449 performance rights (subject to variance in the ordinary course of business), the terms and conditions of which are set out in the Performance Rights Plan.

Performance Rights Plan means the Performance Rights Plan adopted by the Sundance Board on 4 October 2010, and any other performance rights plan disclosed in writing to Hanlong prior to the date of this agreement.

PRC means People's Republic of China.

Prescribed Event means, except to the extent contemplated by this agreement or the Scheme, any of the events listed in schedule 1 provided that a Prescribed Event listed in items 1 to 11 of schedule 1 will not occur where Sundance has first consulted with Hanlong in relation to the event and Hanlong has approved the proposed event in writing.

Project means the Mbalam Project and the Nabeba Project.

Record Date means 5.00pm on the fifth Business Day following the Effective Date or any other date as Sundance and Hanlong agree.

Register means the share register of Sundance and **Registry** has a corresponding meaning.

Regulator's Draft means the draft of the Scheme Booklet in a form acceptable to both parties which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

Regulatory Approval means any approval of a Regulatory Authority to the Merger or any aspect of it which a party, acting reasonably, determines is necessary or desirable to implement the Merger.

Regulatory Authority includes:

- (a) ASX, ACCC, ASIC;
- (b) a government or governmental, semi-governmental or judicial entity or authority;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute.

Regulatory Review Period means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC confirms that it does not intend to make any submissions at the Court hearing on the First Court Date or otherwise object to the Scheme.

Reimbursement Fee means the sum of A\$13,720,000 (being approximately 1% of the equity value of Sundance calculated by reference to the total number of issued Shares at the date of this agreement multiplied by the Scheme Price).

Related Body Corporate has the meaning it has in the Corporations Act.

Relevant Interest has the same meaning as given by sections 608 and 609 of the Corporations Act.

Representative means any person acting for or on behalf of a party including any director, officer, employee, agent, contractor or professional advisor of a party.

Scheme mean the scheme of arrangement under part 5.1 of the Corporations Act under which all the Shares (other than those held by a member of the Hanlong Group) will be transferred to Hanlong (or another member of the Hanlong Group nominated by Hanlong) substantially in the form of Annexure B together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.

Scheme Booklet means, in respect of the Scheme, the information booklet to be approved by the Court and despatched to Shareholders which must:

- (a) include the Scheme, an explanatory statement complying with the requirements of the Corporations Act and notice(s) of meeting and proxy form(s); and
- (b) comply with the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 and the Listing Rules.

Scheme Consideration means the consideration payable by Hanlong for the Shares under the Scheme and in accordance with clause 6.

Scheme Meeting means the meeting to be convened by the Court at which Shareholders will vote on the Scheme.

Scheme Participants means each person who is a Shareholder at the Record Date.

Scheme Price means A\$0.45 per Share.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share means an ordinary fully paid share in the capital of Sundance.

Shareholder means each person registered in the Register as a holder of Shares.

Sichuan Hanlong means Sichuan Hanlong Group Co., Limited.

Sichuan Hanlong Deed Poll means a deed poll substantially in the form of Annexure D to this agreement.

Subsidiaries has the meaning it has in the Corporations Act.

Sundance means Sundance Resources Limited ABN 19 055 719 394.

Sundance Board means the board of directors of Sundance.

Sundance Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on or after the date of this agreement relating to the business, technology or other affairs of Sundance.

Sundance Group means Sundance and its Subsidiaries.

Sundance Indemnified Parties means Sundance, its officers, employees, and advisers and its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

Sundance Information means all information contained in the Scheme Booklet other than the Hanlong Information and the Independent Expert's report.

Superior Proposal means a transaction which the Sundance Board in its absolute discretion determines is more favourable to Shareholders than the Scheme.

Tax Invoice has the meaning it has in the GST Act.

Treasurer means the Treasurer of the Commonwealth of Australia.

Unvested Performance Rights has the meaning given in the Performance Rights Plan.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in this agreement to:

- (a) **(variations or replacement)** a document (including this agreement) includes any variation or replacement of it;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (g) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) **(reference to a group of persons)** a group of persons or things is a reference to any 2 or more of them jointly and to each of them individually;
- (i) **(Australian dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (j) **(United States dollars)** United States dollars, US dollars or US\$ is a reference to the lawful currency of the United States of America;
- (k) **(Calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;

- (l) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (m) **(accounting terms)** an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;
- (n) **(meaning not limited)** the words “include”, “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (o) **(time of day)** time is a reference to Perth time; and
- (p) **(parties)** “the parties” means Hanlong and Sundance.

1.3 Next day

If an act under this agreement to be done by a party on or by a given day is done after 5.30 pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this agreement.

2 Agreement to propose and implement Scheme

2.1 Target to propose Scheme

Sundance agrees to propose the Scheme on and subject to the terms and conditions of this agreement.

2.2 Agreement to implement Merger

Subject to it becoming Effective, the parties agree to implement the Merger generally on the terms and conditions set out in this agreement.

3 Conditions precedent

3.1 Benefit of certain Conditions Precedent

A Condition Precedent may only be waived in writing by a party entitled to the benefit of that Condition Precedent and will be effective only to the extent specifically set out in that waiver.

A party entitled to waive the breach or non-fulfilment of a Condition Precedent under this clause 3.1 may do so in its absolute discretion.

3.2 Waiver of Conditions Precedent

If either Sundance or Hanlong waives the breach or non-fulfilment of a Condition Precedent in accordance with clause 3.1, then:

- (a) subject to subclause 3.2(b), that waiver precludes that party from suing the other for any breach of this agreement arising as a result of the breach or non-fulfilment of that Condition Precedent or arising from the same event which gave rise to the breach or non-fulfilment of that Condition Precedent; but
- (b) if the waiver of the Condition Precedent is itself conditional and the other party:
 - (i) accepts the condition, the terms of that condition apply notwithstanding any inconsistency with subclause 3.2(a); or
 - (ii) does not accept the condition, the Condition Precedent has not been waived.

3.3 Reasonable endeavours

Each of Sundance and Hanlong agree to use reasonable endeavours to procure that:

- (a) each of the Conditions Precedent:
 - (i) is satisfied as soon as practicable after the date of this agreement; and
 - (ii) continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and
- (b) there is no occurrence that would prevent the Conditions Precedent being satisfied;
- (c) Sundance shall:
 - (i) facilitate meetings between Hanlong, the Financier and the Governments of the Republic of Cameroon and the Republic of Congo (and their respective officers and advisers) in respect to the Conventions (provided that Sundance shall attend any such meeting between Hanlong and the Financier and either Government);
 - (ii) permit Hanlong and the Financier to attend meetings it convenes with either Government;
 - (iii) use all reasonable endeavours to:
 - (A) agree the terms of the Conventions with the relevant governments; and
 - (B) progress the conclusion and authorisation of the Conventions.
- (d) Without derogating from clause 4, Hanlong shall use all reasonable endeavours to procure the delivery of the Credit Approved Term Sheet in accordance with the Fixed Timetable.

3.4 Regulatory matters

Without limiting clause 3.3, each party:

- (a) **(Regulatory Approvals)** must promptly apply for all relevant Regulatory Approvals and take all steps it is responsible for as part of the approval process, including responding to requests for information at the earliest practicable time;
- (b) **(representation)** has the right to be represented and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval; and
- (c) **(consultation)** must consult with the other party in advance in relation to all communications (whether written or oral, and whether direct or via a Representative) with any Regulatory Authority relating to any Regulatory Approval ("**Communications**") and, without limitation:
 - (i) provide the other party with drafts of any material written Communications to be sent to a Regulatory Authority and make those amendments which the other party reasonably requires; and
 - (ii) provide copies of any material written Communications sent to or received from a Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),

(provided that Hanlong will not be required to provide to Sundance any information or access to any records which are Commercial-in-Confidence).

3.5 Provision of information in relation to Conditions Precedent

- (a) Hanlong must, 5 Business Days before each Condition Precedent is to be satisfied by Hanlong, provide to Sundance:
 - (i) documentary evidence to a standard sufficient to satisfy a Court on the Condition Precedent for the purposes of implementing the Merger; and
 - (ii) a written report on the status of the Condition Precedent including whether the Condition Precedent will be satisfied.
- (b) Hanlong must upon the Condition Precedent being satisfied, provide to Sundance all relevant documentation in its possession to support satisfaction of the Condition Precedent including, inter alia, a certified copy of the written approval provided by the relevant Regulatory Authority confirming satisfaction of each Regulatory Approval (for the avoidance of doubt, Hanlong must provide to Sundance all relevant documentation other than documents that are Commercial-in-Confidence).
- (c) In addition to clause 3.5(b), each party must:
 - (i) **(access to information)** to the extent permitted by law, afford the other reasonable and prompt access to records, where reasonably required, and reasonable and prompt cooperation to allow the other party as well as the National Development Reform Commission and the Financier to stay informed of all relevant material developments in relation to procuring satisfaction of the Conditions Precedent, including provision of

copies of any information relating to the progress of the satisfaction of the Conditions Precedent (provided that Hanlong, the National Development Reform Commission and the Financier will not be required to provide to Sundance any information or access to any records which are Commercial-in-Confidence or which is otherwise precluded from being disclosed by law);

- (ii) **(notice of satisfaction)** promptly notify the other of satisfaction of a Condition Precedent (together with all relevant documentation required to evidence satisfaction of the Condition Precedent) and must keep the other informed of any material development of which it becomes aware that may lead to the breach or non-fulfilment of a Condition Precedent;
 - (iii) **(notice of failure)** immediately give written notice to the other of a breach or non-fulfilment of a Condition Precedent, or of any event which will prevent a Condition Precedent being satisfied; and
 - (iv) **(notice of waiver)** upon receipt of a notice given under paragraph 3.5(c)(iii), give written notice to the other party as soon as possible as to whether or not it waives the breach or non-fulfilment of any Condition Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question.
- (d) Hanlong represents and warrants (and it is a condition of this agreement in favour of Sundance) that:
- (i) the copy of the National Development Reform Commission application that has been provided to Sundance prior to the date of this agreement is a true and complete copy of the application which was submitted to the National Development Reform Commission (and such application has not been replaced or varied since its submission); and
 - (ii) the Scheme Price is a reasonable acquisition price for the purposes of the Financier and all of the PRC Regulatory Authorities which are required to provide their approval by the Second Court Date in accordance with Condition Precedent 10(c) in schedule 2; and
 - (iii) Hanlong will not at any time seek to reduce the Scheme Price.

3.6 Effect of waiver or non-fulfilment

A waiver of a breach or non-fulfilment in respect of one Condition Precedent does not constitute:

- (a) a waiver of the breach or non-fulfilment of any other Condition Precedent resulting from the same event; or
- (b) a waiver of the breach or non-fulfilment of that Condition Precedent resulting from any other event.

3.7 Consultation on failure of Condition Precedents

If:

- (a) there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this agreement by the time or date specified in this agreement for the satisfaction of the Condition Precedent;
- (b) there is an act, failure to act or occurrence which will prevent a Condition Precedent being satisfied by the time or date specified in this agreement for the satisfaction of the Condition Precedent (and the breach or non-fulfilment which would otherwise occur has not already been waived in accordance with this agreement); or
- (c) if the Scheme has not become Effective by the End Date,

then the parties must consult in good faith with a view to determining whether:

- (d) the Scheme may proceed by way of alternative means or methods;
- (e) to extend the relevant time for satisfaction of the Condition Precedent or to adjourn or change the date of an application to the Court; or
- (f) to extend the End Date.

3.8 Failure to agree

If the parties are unable to reach agreement under clause 3.7 within 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date):

- (a) subject to subclause 3.8(b), either party may terminate this agreement (for the avoidance of doubt where a Condition Precedent is expressed to be for the benefit of "Both" parties then either party may terminate this agreement); or
- (b) if a Condition Precedent may be waived and exists for the benefit of one party only, that party only may waive that Condition Precedent or terminate this agreement,

within 10 Business Days (or any shorter period ending before 8.00am on the Second Court Date). A party will not be entitled to terminate this agreement pursuant to this clause 3.8 if the relevant Condition Precedent has not been satisfied or agreement cannot be reached as a result of:

- (c) a breach of this agreement by that party; or
- (d) a deliberate act or omission of that party.

3.9 Regulatory Approval

A Regulatory Approval will be regarded as having been obtained notwithstanding that a condition or conditions may have been attached to that Regulatory Approval if that condition is reasonably satisfactory to the party it affects (and if it affects both parties, then both parties).

4 General obligations in relation to Conditions Precedent

4.1 General obligations

Each of Sundance and Hanlong must:

- (a) use all reasonable endeavours and commit all necessary resources (including management and corporate relations resources and the resources of external advisers); and
- (b) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party (including by attending meetings and by providing information),

to progress the Conventions and the Funding Arrangements.

4.2 Funding Arrangements

Hanlong shall provide Sundance with:

- (a) regular updates on the status and any outstanding issues relating to the Funding Arrangements; and
- (b) copies of all relevant documentation relating to the Funding Arrangements, including any conditions attached to the Funding Arrangements (provided that Hanlong may redact any information contained in such documentation which is Commercial-in-Confidence or which it is otherwise precluded from disclosing by law).

4.3 Regulatory Approvals

Hanlong shall provide Sundance with:

- (a) regular written updates on the status and any outstanding issues relating to the Regulatory Approvals; and
- (b) copies of all correspondence relating to the approval process for the Regulatory Approvals (provided that Hanlong will not be required to provide to Sundance any information or access to any records which are Commercial-in-Confidence or which it is otherwise precluded from disclosing by law).

5 Intentionally Blank

6 Outline of Scheme

6.1 Scheme

On the Implementation Date:

- (a) all of the Shares will be transferred to Hanlong (or another member of the Hanlong Group nominated by Hanlong); and
- (b) each Scheme Participant will be entitled to receive the Scheme Consideration.

6.2 Scheme Consideration

Hanlong covenants in favour of Sundance (in its own right and on behalf of each Scheme Participant) that in consideration of the transfer to Hanlong on the Implementation Date of each Share held by a Scheme Participant, Hanlong will, no later than two Business Days before the Implementation Date, deposit in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to the Scheme Participants in a trust account operated by Sundance to be held on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with the Scheme (except that the amount of any interest on the amount deposited will be to Hanlong's account).

6.3 Undertakings held as agent

Sundance acknowledges that the undertaking by Hanlong in clause 6.2 is given to Sundance in its capacity as agent for each Scheme Participant.

6.4 Payment to Scheme Participants

Sundance must:

- (a) receive in a trust account in accordance with the Scheme and as agent for each Scheme Participant, the payment referred to in clause 6.2;
- (b) pay to each Scheme Participant the moneys each Scheme Participant is entitled to receive in accordance with the Scheme; and
- (c) otherwise comply with its obligations under the Scheme.

6.5 Sundance Options

Sundance must use reasonable endeavours to ensure that, as soon as reasonably practicable but in any event by the First Court Date, each Optionholder enters into an Optionholder Deed in a form reasonably acceptable to Hanlong under which they each agree to the cancellation of each of their Options, with effect from the Effective Date, for the Option Consideration.

6.6 Optionholder Consideration

Hanlong covenants in favour of Sundance (in its own right and on behalf of each Optionholder) that in consideration of the cancellation of each Option held by an Optionholder as at the First Court Date, Hanlong will, on the Implementation Date, pay to each Optionholder for each Option held at the Record Date an amount equal to the Option Consideration.

6.7 Performance Rights, incentive plan arrangements and discharge of contractual obligations

- (a) As soon as reasonably possible after the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme, the Sundance Board will, in accordance with clause 9.1 of the Performance Rights Plan:
 - (i) determine that all Unvested Performance Rights will become Vested Performance Rights; and
 - (ii) issue (or procure the transfer):
 - (A) as soon as reasonably practicable but before the Record Date;

- (B) subject to the Listing Rules; and
- (C) in accordance with clause 9.2 of the Performance Rights Plan,

to the holder of the Vested Performance Rights, the number of Shares in respect of which the Performance Rights have vested.

(b) For the purposes of clause 6.7(a):

- (i) “Unvested Performance Rights”;
- (ii) “Vested Performance Rights”; and
- (iii) “Performance Conditions”,

have the meanings given to each of those terms in the Performance Rights Plan.

(c) Prior to the Sundance Board changes required under clause 8.3 Sundance will:

- (i) determine in its reasonable discretion an appropriate date upon which all cash sums payable under any incentive plan operated by Sundance shall be deemed to become due and payable; and
- (ii) following the passing of such date arrange for the appropriate payments to be made.

(d) As soon as reasonably practicable after the payment of the Scheme Consideration by Hanlong pursuant to clause 6.2 (and prior to the Sundance Board changes required under clause 8.3), Sundance will discharge any contractual obligations which are due and payable to any employees, contractors or third parties (including, inter alia, any financial advisor mandates or other professional advisory fees).

7 Co-operation and timing

7.1 General obligations

Sundance and Hanlong must each:

- (a) use all reasonable endeavours and commit necessary resources (including management and corporate relations resources and the resources of external advisers); and
- (b) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party (including by attending meetings and by providing information),

to produce the Scheme Booklet and implement the Scheme as soon as reasonably practicable and in accordance with the Fixed Timetable, recognising that certain dates contained in the Fixed Timetable may need to be delayed to account for delays arising from directions made by the Court. In the event that delays to the Fixed Timetable are required to take account of the above mentioned circumstances, the parties will act reasonably in agreeing to amendments to the Fixed Timetable, having regard to the need to present current information in the Scheme Booklet and for the Second Court Date to occur within a reasonable period of the Scheme Meeting. For the avoidance of doubt, subject to clauses 3.7 and 3.8, the End Date and all dates stipulated in

the Fixed Timetable for satisfaction of Conditions Precedent are fixed and neither party shall be obliged to agree any amendment to such dates (or act reasonably in considering any request made by the other party to amend any such date).

7.2 Access to people and Sundance Information

Sundance must:

- (a) between the date of this document and the earlier of 5.00pm on the Business Day immediately before the Second Court Date and the date this agreement is terminated:
- (i) as soon as reasonably practicable provide Hanlong, the National Development Reform Commission and the Financier and their officers and advisers with any documents, records, and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws) reasonably requested by them; and
 - (ii) provide Hanlong, the National Development Reform Commission and the Financier and their officers and advisers with reasonable access to Sundance's officers and advisers,

which they reasonably require for the purposes of:

- (iii) understanding Sundance's financial position (including its cashflow and working capital position), trading performance and management control systems;
 - (iv) concluding and performing the Funding Arrangements; and
 - (v) advancing the Conventions; and
- (b) between 30 June 2012 and 5.00pm on the Business Day immediately before the Second Court Date:
- (i) as soon as reasonably practicable provide Hanlong, the National Development Reform Commission and the Financier and their officers and advisers with any documents, records, and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws) reasonably requested by them; and
 - (ii) provide Hanlong, the National Development Reform Commission and the Financier and their officers and advisers with reasonable access to Sundance's officers and advisers,

which they reasonably require for the purposes of:

- (iii) implementing the Scheme;
- (iv) preparing for carrying on the business of Sundance following implementation of the Merger; and
- (v) any other purpose which is agreed in writing between the parties,

provided in every case that the access is reasonably necessary to Hanlong and does not place an unreasonable burden on the ability of Sundance to run its business.

7.3 Hanlong's right to separate representation

Hanlong is entitled to separate representation at all Court proceedings relating to the Scheme. Nothing in this agreement is to be taken to give Sundance any right or power to make or give undertakings to the Court for or on behalf of Hanlong.

8 Implementation obligations of the parties

8.1 Sundance's obligations

Sundance must comply with the obligations of Sundance set out in schedule 4 and take all reasonable steps to implement the Scheme as soon as is reasonably practicable. For the avoidance of doubt, nothing in this clause 8.1 shall prejudice any of Sundance's rights under the terms of this agreement (or require Sundance to take any step which may prejudice any such right).

8.2 Hanlong's obligations

Hanlong must comply with the obligations of Hanlong set out in schedule 5 and take all reasonable steps to assist Sundance to implement the Scheme as soon as reasonably practicable. For the avoidance of doubt, nothing in this clause 8.2 shall prejudice any of Hanlong's rights under the terms of this agreement (or require Hanlong to take any step which may prejudice any such right).

8.3 Appointment/retirement of Sundance directors

Not later than 5 Business Days following the date upon which Hanlong has paid the Scheme Consideration in full in accordance with clause 6.2, Sundance must use its reasonable endeavours to:

- (a) cause the appointment of each Incoming Director to the Sundance Board; and
- (b) procure that each of the Outgoing Directors retire from the Sundance Board (provided that all entitlements due to the Outgoing Directors and other Sundance officers/employees have been paid (including, inter alia, the payments referred to at clause 6.7(c)) and the obligations referred to at clause 6.7(d) have been settled) and provide written notice to the effect that they have no claim outstanding for loss of office, remuneration or otherwise against Sundance.

8.4 Congo convention

In the case of the Congo, notwithstanding the issue of the Congo Mining Permit, the parties must use endeavours that are reasonable in the circumstances in working towards obtaining a convention between Congo Iron and the Government of the Republic of Congo for the Nabeba Project. The parties acknowledge that such a convention is not expected to be obtained by the parties thereto prior to the Implementation Date.

9 Scheme Booklet

9.1 Preparation

Without limiting clauses 8.1 or 8.2:

- (a) **(preparation)** Sundance is generally responsible for the preparation of the Scheme Booklet but will provide drafts to and consult with Hanlong in accordance with clause 9.2;
- (b) **(compliance)** Hanlong and Sundance must take all necessary steps to endeavour to ensure that the Scheme Booklet:
 - (i) complies with the requirements of:
 - (A) the Corporations Act;
 - (B) ASIC Regulatory Guide 60; and
 - (C) the Listing Rules; and
 - (ii) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission).

9.2 Content of Scheme Booklet

Sundance must:

- (a) **(consult Hanlong):**
 - (i) provide to Hanlong a draft of the Scheme Booklet for the purpose of enabling Hanlong to review and comment on that draft document;
 - (ii) take the comments made by Hanlong into account in good faith when producing a revised draft of the Scheme Booklet; and
 - (iii) provide to Hanlong a revised draft of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised and to enable Hanlong to review the Regulator's Draft at least 5 Business Days before its submission;
- (b) **(amend Scheme Booklet)** implement the changes to those parts of the Scheme Booklet relating to Hanlong which are provided in accordance with clause 9.2(a) as reasonably requested by Hanlong and prior to finalising the Regulator's Draft;
- (c) **(Regulatory Review Period)** during the Regulatory Review Period:
 - (i) promptly provide to Hanlong, and include in a revised draft of the Scheme Booklet, any new information not included in the Regulator's Draft which is required by the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 or the Listing Rules to be included in the Scheme Booklet; and
 - (ii) keep Hanlong informed of any matters raised by ASIC in relation to the Scheme Booklet and use all reasonable endeavours, in co-operation with Hanlong, to resolve these matters;

- (d) **(Hanlong Information)** obtain approval from Hanlong for the form and context in which the Hanlong Information appears in the Scheme Booklet;

Hanlong must consult with Sundance as to the content of the Hanlong Information.

9.3 Hanlong information

Hanlong:

- (a) consents to the inclusion of the Hanlong Information in the Scheme Booklet;
- (b) acknowledges that:
 - (i) it is responsible for ensuring that the Hanlong Information is not misleading or deceptive in any material respect (whether by omission or otherwise) and that Sundance will not verify or edit that information in the Scheme Booklet; and
 - (ii) the Scheme Booklet will state that Hanlong is responsible for the Hanlong Information;
- (c) will respond fully and promptly to any requests made by Sundance for information or comments in connection with the content of the Scheme Booklet; and
- (d) will provide to Sundance all information and documentation which is necessary for Sundance to satisfy its disclosure obligations in connection with the Scheme.

9.4 Disagreement on content

If Hanlong and Sundance disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

- (a) if the disagreement relates to the form or content of the Hanlong Information contained in the Scheme Booklet, Sundance will make the amendments which Hanlong requires; and
- (b) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the Sundance Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet.

9.5 Verification

Each party must undertake appropriate verification processes for the information supplied by that party for the Scheme Booklet.

10 Court proceedings

10.1 Appeal process

If the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, Sundance must appeal the Court's decision except to the extent that:

- (a) Queen's Counsel or Senior Counsel indicates that, in their opinion, an appeal would likely have less than a 50% prospect of success;
- (b) there is, in the bona-fide view of the Sundance Board, a Superior Proposal which should be recommended in preference to the Scheme; or
- (c) the parties agree otherwise,

in which case either party may terminate this agreement.

10.2 Defence of proceedings

Each of Hanlong and Sundance must vigorously defend, or must cause to be vigorously defended, any lawsuits or other legal proceeding brought against it (or any of its Subsidiaries) challenging this agreement or the completion of the Merger. Neither Hanlong nor Sundance will settle or compromise (or permit any of its Subsidiaries to settle or compromise) any claim brought in connection with this agreement without the prior written consent of the other, the consent not to be unreasonably withheld.

10.3 Costs

Any costs incurred as a result of the operation of this clause 10 will be borne equally by each party.

11 Reimbursement of costs

11.1 Background

This clause 11 has been agreed in circumstances where:

- (a) Hanlong and Sundance believe that the Merger will provide significant benefits to Hanlong, Sundance and their respective shareholders, and Hanlong and Sundance acknowledge that, if they enter into this agreement and the Scheme is subsequently not implemented, both Hanlong and Sundance will incur significant costs;
- (b) each of the parties requested that provision be made for the payments outlined in clause 11.2 and 11.3, without which the parties would not have entered into this agreement;
- (c) both the Hanlong Board and Sundance Board believe that it is appropriate for both parties to agree to the payment referred to in this clause 11 to secure each party's participation in the Merger; and
- (d) both parties have received legal advice on this agreement and the operation of this clause 11.

11.2 Payment by Sundance to Hanlong

Sundance agrees to pay to Hanlong a payment equivalent to the Reimbursement Fee for actual and anticipated third party transaction / due diligence costs if the Merger does not proceed because after the First Court Date (provided that the Court has given its approval to convene a meeting of the Shareholders to consider and vote on the Scheme at the hearing held on the First Court Date), Hanlong validly terminates this agreement in accordance with clause 16.1(b)(ii).

11.3 Payment by Hanlong to Sundance

Hanlong agrees to pay to Sundance a payment equivalent to the Reimbursement Fee for actual and anticipated third party transaction / due diligence costs if the Merger does not proceed because Sundance validly terminates this agreement in accordance with:

- (a) clause 16.1(b)(ii) (breach), as a result of any material breach which occurs after the First Court Date; or
- (b) clause 16.1(c) (attempt to reduce Scheme Price).

Nothing in this clause 11.3 obliges Sundance to accept any reduction in the Scheme Price below A\$0.45 and nothing in this clause derogates from or limits any other right of Sundance whether as to termination or otherwise with respect to the obligations of Hanlong under this agreement.

11.4 Guarantee

- (a) Subject to obtaining the necessary approvals from the State Administration of Foreign Exchange for the issuance of the Parent Company Guarantee and registering the Parent Company Guarantee in the PRC with the State Administration of Foreign Exchange, Sichuan Hanlong unconditionally and irrevocably and as a primary liability guarantees payment to Sundance of any money due by Hanlong to Sundance as a result of Hanlong's obligations under clause 11.3(b) ("**Parent Company Guarantee**").
- (b) Sichuan Hanlong acknowledges that Sundance is acting in reliance on Sichuan Hanlong incurring obligations and giving rights under the Parent Company Guarantee.
- (c) If Hanlong does not pay any money due by Hanlong to Sundance under Hanlong's obligations under clause 11.3(b) on time and in accordance with this agreement, then Sichuan Hanlong agrees to pay it on demand from Hanlong. A demand may be made at any time and from time to time and whether or not Hanlong has made demand on Sichuan Hanlong.
- (d) Sichuan Hanlong and Hanlong will:
 - (i) use their respective best endeavours to procure as soon as possible following execution of this agreement the approvals and registration referred to in clause 11.4(a) (together with any necessary stamping requirements); and
 - (ii) provide Sundance with regular updates in writing in connection with the matters referred to in clause 11.4(a); and
 - (iii) provide to Sundance written notice immediately upon completing the matters referred to in clause 11.4(a).

11.5 No amount payable if Scheme becomes Effective

Notwithstanding the occurrence of any event under clause 11.2 or 11.3 no amount is payable under clause 11.2 or 11.3 if the Scheme becomes Effective.

11.6 Timing of payment

- (a) Sundance must pay Hanlong the Reimbursement Fee referred to in clause 11.2 within 3 Business Days of receipt by Sundance of a demand for payment from Hanlong. The demand may only be made after the occurrence of an event referred to in clause 11.2.
- (b) Hanlong must pay Sundance the Reimbursement Fee referred to in clause 11.3 within 3 Business Days of receipt by Hanlong of a demand for payment from Sundance. The demand may only be made after the occurrence of an event referred to in clause 11.3.

11.7 Nature of payment

The Reimbursement Fee payable by Sundance to Hanlong or Hanlong to Sundance under clause 11.2 or 11.3 (as applicable) is an amount to compensate Hanlong or Sundance (as applicable) for:

- (a) advisory costs (including costs of advisers other than success fees);
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses; and
- (d) reasonable opportunity costs incurred by Hanlong or Sundance in pursuing the Merger or in not pursuing other alternative acquisitions or strategic initiatives which Hanlong or Sundance could have developed to further its business and objectives,

but, subject to clauses 11.8 and 11.9, is without prejudice to and does not limit any rights which Hanlong or Sundance, any Hanlong Indemnified Party, any Sundance Indemnified Party, any Hanlong Shareholder or any Sundance Shareholder may have against Sundance or Hanlong (as appropriate).

11.8 Sundance's Limitation of Liability

Notwithstanding any other provision of this agreement but subject to clause 11.10:

- (a) the maximum liability of Sundance to Hanlong under or in connection with this agreement including in respect of any breach of the agreement will be the Reimbursement Fee referred to in clause 11.2; and
- (b) a payment by Sundance in accordance with this clause 11 represents the sole and absolute liability of Sundance under or in connection with this agreement and no further damages, fees, expenses or reimbursements of any kind will be payable by Sundance in connection with this agreement.

11.9 Hanlong's Limitation of Liability

Notwithstanding any other provision of this agreement but subject to clauses 6.2 and 11.10:

- (a) the maximum liability of Hanlong to Sundance under or in connection with this agreement including in respect of any breach of the agreement will be the Reimbursement Fee referred to in clause 11.3; and
- (b) a payment by Hanlong in accordance with this clause 11 represents the sole and absolute liability of Hanlong under or in connection with this agreement and no further damages, fees, expenses or reimbursements of any kind will be payable by Hanlong under or in connection with this agreement.

11.10 Compliance with law

If it is finally determined following the exhaustion of all reasonable avenues of appeal to the Takeovers Panel or a Court (as applicable) that all or any part of the amount payable under clause 11.2 or 11.3:

- (a) is unlawful;
- (b) involves a breach of the duties of the Sundance Board or the Hanlong Board; or
- (c) constitutes unacceptable circumstances within the meaning of the Corporations Act,

then Sundance's obligation to pay the amount payable under clause 11.2 or Hanlong's obligation to pay the amount payable under clause 11.3 does not apply and if Hanlong or Sundance have received any part of the payment due under clause 11.2 or 11.3 it must refund the relevant amount within ten Business Days of the final determination.

11.11 Survival

Any accrued obligations under this clause survive termination of this agreement.

12 Intentionally Blank

13 Conduct of business

13.1 Overview

From the date of this agreement up to and including the Implementation Date, Sundance must conduct its business in the ordinary and proper course and in substantially the same manner as previously conducted and must regularly consult with Hanlong on the manner of conduct of the business.

13.2 Specific obligations

Without limiting clause 13.1 and other than with the prior approval of Hanlong (which approval must not be unreasonably withheld or delayed) or as required by this agreement, Sundance must, during the period contemplated by clause 13.1, use all reasonable endeavours to:

- (a) **(Conventions)** progress and finalise the Conventions;
- (b) **(business and assets)** maintain the condition of its business and assets;

- (c) **(officers and employees)** keep available the services of its officers and employees;
- (d) **(relationships)** preserve its relationships with all parties with whom it has business dealings;
- (e) **(change of control provisions)** identify any change of control or similar provisions in any significant contracts or any joint venture documentation and obtain the consents of relevant persons who have rights in respect of those persons to the transactions contemplated by the Merger; and
- (f) **(cash)** ensure there is no material decrease in the amount of cash in Sundance other than as:
 - (i) used in the ordinary course of business; or
 - (ii) a result of reasonable costs incurred directly in relation to the transactions contemplated by the Merger.

13.3 Prohibited actions

Other than:

- (a) with the prior approval of Hanlong; or
- (b) as required by this agreement, or
- (c) in the ordinary course of business; or

Sundance must not, during the period referred to in clause 13.1:

- (d) **(Material Contracts)** terminate or vary a Material Contract (other than as may be required to satisfy the requirements of Condition Precedent 1 (as set out in Schedule 2)) without the prior written consent of Hanlong;
- (e) **(directors' compensation)** increase the remuneration of or pay any bonus or issue any securities or options to, or otherwise vary its agreements with, any of its directors (other than as may be required to satisfy the requirements of Condition Precedent 1 (as set out in Schedule 2));
- (f) **(accelerate rights)** accelerate the rights of any of its directors to benefits of any kind;
- (g) **(termination payments)** pay a director or executive a termination payment, other than as provided for in an existing employment contract, a copy of which has previously been provided to Hanlong;
- (h) **(financial arrangements)** amend in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this agreement;
- (i) **(dividends)** announce, declare or pay any dividends;
- (j) **(Prescribed Event)** take any action which would be reasonably expected to give rise to a Prescribed Event;
- (k) **(information technology)** take any action in respect of its information technology systems which would have a material impact on those systems (other than in accordance with existing arrangements); or

(l) **(agreement)** agree to do any of the matters set out above.

13.4 Working Capital Funding Arrangements

Sundance may procure working capital financing (in amounts as may be reasonably determined by Sundance from time to time) either through third party debt arrangement(s) or through the equity capital markets (by way of placement, rights issue, share purchase plan or similar arrangement involving the issue of shares or securities by Sundance) without the need to consult with or seek the prior consent of Hanlong to such fundraising. Provided that if Hanlong makes a submission to Sundance for the provision of such financing, Sundance will be obliged to consider the submission in good faith.

14 No Exclusivity

Sundance and Hanlong hereby acknowledge that Sundance is not subject to any exclusivity obligations in favour of Hanlong in connection with the Merger contemplated by this agreement. As such, any direct or implicit solicitation of offers made by Sundance to any third party regarding a potential sale of any of its securities or assets will not breach any term of this agreement or any other obligation which Sundance may owe to Hanlong.

15 Representations and warranties

15.1 Sundance's representations and warranties

Sundance represents and warrants to Hanlong (on its own behalf and separately as trustee or nominee for each of the Hanlong directors) that each of the statements set out in schedule 6 is true and correct in all material respects as at the date of this agreement and as at 5.00pm on the Business Day immediately prior to the Second Court Date.

15.2 Sundance's indemnity

Sundance indemnifies the Hanlong Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 15.1 not being true and correct.

15.3 Sundance warranty certificate

Sundance must provide to Hanlong by 5.00pm on the Business Day immediately prior to the Second Court Date a certificate signed by a director of Sundance and made in accordance with a resolution of the Sundance Board stating, as at that date, that the representations or warranties given by Sundance in clause 15.1 remain true and accurate or, if any such representation or warranty is not true and accurate as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or inaccurate.

15.4 Hanlong's representations and warranties

Hanlong represents and warrants to Sundance (on its own behalf and separately as trustee or nominee for each of the Sundance directors) that each of the statements set out in schedule 7 is true and correct in all material respects as at the date of this agreement and as at 5.00pm on the Business Day immediately prior to the Second Court Date.

15.5 Hanlong's indemnity

Hanlong indemnifies the Sundance Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 15.4 not being true and correct.

15.6 Sichuan Hanlong's representations and warranties

Sichuan Hanlong represents and warrants to Sundance (on its own behalf and separately as trustee or nominee for each of the Sundance directors) that each of the statements set out in paragraph 10 of schedule 7 are true and correct in all material respects as at the date of this agreement and as at 5.00pm on the Business Day immediately prior to the Second Court Date.

15.7 Sichuan Hanlong's indemnity

Sichuan Hanlong indemnifies the Sundance Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 15.6 not being true and correct.

15.8 Hanlong warranty certificate

Hanlong must provide to Sundance by 5.00pm on the Business Day immediately prior to the Second Court Date a certificate signed by a director of Hanlong and made in accordance with a resolution of the Hanlong Board stating, as at that date, that the representations and warranties given by Hanlong in clause 15.4 remain true and accurate or, if any representation or warranty is not true and accurate as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or inaccurate.

16 Termination

16.1 Termination events

Without limiting any other provision of this agreement (including clauses 3.8 and 10.1), this agreement may be terminated:

- (a) **(End Date)** by either party, if the Scheme has not become Effective on or before the End Date; or
- (b) **(lack of support or breach)** at any time prior to 8.00am on the Second Court Date:
 - (i) by Hanlong if the Sundance Board publicly changes its recommendation to the Scheme Participants that they vote in favour of the resolution to approve the Scheme, including any adverse modification to its recommendation, or otherwise makes a public statement indicating that it no longer supports the Merger; or
 - (ii) by either Hanlong or Sundance if the other is in material breach of any clause of this agreement (including a warranty), taken in the context of the Merger as a whole, provided that either Hanlong or Sundance, as the case may be, has, if practicable, given notice to the other setting out the relevant circumstances and stating an intention to terminate and, the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 5:00 pm on the day before the Second Court Date) after the time the notice is given;

- (c) **(attempt to reduce Scheme Price)** by Sundance in the event that Hanlong makes any approach to Sundance the purpose of which is (or could reasonably be construed to be by Sundance) seeking to reduce the Scheme Price below A\$0.45 provided that Sundance has given Hanlong at least 2 Business Days to confirm in writing it is, in response to any such approach, not seeking any such reduction and Hanlong has failed to do so;
- (d) **(competing interest)** by Hanlong, if a person (other than Hanlong or its Related Bodies Corporate) acquires a Relevant Interest in more than 12.5% of the Shares (other than if the person is an institutional portfolio investor or the person is any person otherwise agreed between Sundance and Hanlong);
- (e) **(Superior Proposal)** by Sundance if a Superior Proposal arises;
- (f) **(not approved)** by either party if the resolution submitted to the Scheme Meeting is not approved by the requisite majorities;
- (g) **(restraint)** by either party if a Court or other Regulatory Authority has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Merger;
- (h) **(consultation or appeal failure)** in accordance with and pursuant to clause 10.1;
- (i) **(Independent Expert)** by either party if the Independent Expert opines that the Scheme is not in the best interests of Shareholders;
- (j) **(Insolvency)** by either party if the other party or any of their Related Bodies Corporate becomes Insolvent;
- (k) **(Conditions Precedent)** in accordance with clause 3;
- (l) **(Material Adverse Change)** by Hanlong in the event of a Material Adverse Change between the date of this agreement and 8.00am on the Second Court Date;
- (m) **(Prescribed Event)** by Hanlong in the event that a Prescribed Event occurs between the date of this agreement and 8.00am on the Second Court Date;
- (n) **(agreement)** if agreed to in writing by Hanlong and Sundance.

16.2 Termination

Where a party has a right to terminate this agreement, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this agreement.

16.3 Effect of Termination

In the event that a party terminates this agreement, or if this agreement otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this agreement, other than the obligations set out in clauses 10.1, 18 and 21 will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this agreement.

16.4 Damages

In addition to the right of termination under clause 16.1 where there is no appropriate remedy for the breach in the agreement (other than termination), the non-defaulting party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of the terms of this agreement.

17 Public announcements

17.1 Required disclosure

- (a) Each party must give the other reasonable notice, and consult with the other, prior to making public announcements in connection with the Scheme, provided that where a party is required by law or the Listing Rules to make any announcement or make any disclosure relating to a matter the subject of the Scheme, it must, to the extent practicable, consult with the other party, unless acting reasonably a party considers that an immediate announcement is required to be made. For the avoidance of doubt, Sundance is not required to give reasonable notice and consult with Hanlong prior to making any public announcement in connection with:
 - (i) a confirmation by Sundance that it is not subject to exclusivity obligations towards Hanlong in connection with the Scheme and is able to actively seek third party offers (except insofar as that confirmation is given in the announcement of the execution of this agreement); and / or
 - (ii) to update the market on the status of discussions with any such third party.
- (b) Hanlong acknowledges Sundance is listed on ASX and is subject to the Listing Rules and, in particular, Listing Rule 3.1 which requires Sundance to notify the market and ASX of any information that a reasonable person would expect to have a material effect on the price or value of the Shares. Sundance represents that, depending on the confidential information provided under the terms and conditions of this agreement, it may form a view, in its absolute discretion, from time to time that it may rely on the exemptions to disclosure in Listing Rule 3.1A in relation to that information and the matters under this agreement.

17.2 Other announcements

Subject to clause 17.1, no party may make any public announcement or disclosure in connection with the Merger other than in a form approved by each party (acting reasonably). Each party will use all reasonable endeavours to provide the approval as soon as practicable.

18 Confidential Information

18.1 Disclosure of Hanlong Confidential Information

No Hanlong Confidential Information may be disclosed by Sundance to any person except:

- (a) Representatives of Sundance or its Related Bodies Corporate requiring the information for the purposes of this agreement; or

- (b) with the consent of Hanlong which consent may be given or withheld in its absolute discretion; or
- (c) if Sundance is required to do so by law or by a stock exchange; or
- (d) if Sundance is required to do so in connection with legal proceedings relating to this agreement.

18.2 Use of Hanlong Confidential Information

Sundance must use the Hanlong Confidential Information exclusively for the purpose of due diligence and preparing the Scheme Booklet and for no other purpose (and must not make any use of any Hanlong Confidential Information to the competitive disadvantage of Hanlong or any of its Related Bodies Corporate).

18.3 Disclosure of Sundance Confidential Information

No Sundance Confidential Information may be disclosed by Hanlong to any person except:

- (a) Representatives of Hanlong or its Related Bodies Corporate requiring the information for the purposes of this agreement; or
- (b) with the consent of Sundance which consent may be given or withheld in its absolute discretion; or
- (c) if Hanlong is required to do so by law or by a stock exchange; or
- (d) if Hanlong is required to do so in connection with legal proceedings relating to this agreement.

18.4 Use of Sundance Confidential Information

Hanlong must use the Sundance Confidential Information exclusively for the purpose of due diligence and preparing the Scheme Booklet and for no other purpose (and must not make any use of any Sundance Confidential Information to the competitive disadvantage of Sundance or any of its Related Bodies Corporate).

18.5 Disclosure by recipient of Confidential Information

Any party disclosing information under clause 18.1(a) or 18.1(b) or clause 18.3(a) or 18.3(b) must use all reasonable endeavours to ensure that persons receiving Confidential Information from it do not disclose the information except in the circumstances permitted in clause 18.1 or clause 18.3.

18.6 Excluded Information

Unless otherwise required by law or regulation, Clauses 18.1, 18.2, 18.3, 18.4 and 18.5 do not apply to the Excluded Information.

18.7 Return of Confidential Information

A party who has received Confidential Information from another under this agreement must, on the request of the other party, immediately deliver to that party all documents or other materials containing or referring to that information which are in its possession, power or control or in the possession, power or control of persons who have received Confidential Information from it under clause 18.1(a) or 18.1(b).

18.8 Termination

This clause 18 will survive termination (for whatever reason) of this agreement.

19 Notices and other communications

19.1 Form - all communications

Unless expressly stated otherwise in this agreement, all notices, certificates, consents, approvals, waivers and other communications in connection with this agreement must be:

- (a) in writing;
- (b) in English or accompanied by a certified translation into English
- (c) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (d) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

19.2 Delivery

Communications must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
- (c) sent by fax to the fax number set out or referred to in the Details; or
- (d) given in any other way permitted by law.

However, if the intended recipient has notified a changed address, fax number or email address, then communications must be to that address, fax number or email address.

19.3 When effective

Communications take effect from the time they are received or taken to be received under clause 19.4 (whichever happens first) unless a later time is specified.

19.4 When taken to be received

Communications are taken to be received:

- (a) if sent by post, 3 days after posting (or 7 days after posting if sent from one country to another); or
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent.

19.5 Receipt outside business hours

Despite clauses 19.3 and 19.4, if communications are received or taken to be received under clause 19.4 after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

20 Goods and services tax (GST)

20.1 Consideration does not include GST

The consideration specified in this agreement does not include any amount for GST.

20.2 Recovery of GST

If a supply under this agreement is subject to GST, the recipient must pay to the supplier an additional amount equal to the Amount of the Consideration multiplied by the applicable GST rate.

20.3 Time of payment

The additional amount is payable at the same time as the consideration for the supply is payable or is to be provided. However, the additional amount need not be paid until the supplier gives the recipient a Tax Invoice.

20.4 Adjustment of additional amount

If the additional amount differs from the amount of GST payable by the supplier, the parties must adjust the additional amount.

20.5 Reimbursement

If a party is entitled to be reimbursed or indemnified under this agreement, the amount to be reimbursed or indemnified does not include any amount for GST for which the party is entitled to an Input Tax Credit.

20.6 Survival

This clause will survive termination of this agreement.

21 Miscellaneous

21.1 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise.

21.2 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

21.3 No liability for loss

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this agreement.

21.4 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

21.5 Remedies cumulative

The rights and remedies in this agreement are in addition to other rights and remedies given by law independently of this agreement.

21.6 Variation and waiver

A provision of this agreement or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

21.7 No merger

The warranties, undertakings and indemnities in this agreement do not merge on the Implementation Date.

21.8 Indemnities

The indemnities in this agreement are continuing obligations, independent from the other obligations of the parties under this agreement and continue after this agreement ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this agreement.

21.9 Enforceability

For the purpose of this agreement:

- (a) Sundance is taken to be acting as agent and trustee on behalf of and for the benefit of all Sundance Indemnified Parties; and
- (b) Hanlong is taken to be acting as agent and trustee on behalf of and for the benefit of all Hanlong Indemnified Parties,

and all of those persons are to this extent taken to be parties to this agreement.

21.10 Further steps

Each party agrees, at its own expense, to do anything the other party asks (including obtaining consents, signing and producing documents and getting documents completed and signed):

- (a) to bind the party and any other person intended to be bound under this agreement; or
- (b) to show whether the party is complying with this agreement.

21.11 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

21.12 Costs

Subject to clause 11, the parties agree to pay their own legal and other costs and expenses in connection with the preparation, execution and completion of this agreement and other related documentation except for stamp duty.

21.13 Stamp duty

Hanlong agrees to pay all stamp duty (including fines and penalties) payable and assessed by legislation or by any revenue office on this agreement or the Scheme and in respect of a transaction evidenced by this agreement or the Scheme.

21.14 Entire agreement

This agreement constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

21.15 Assignment

A party may not assign or otherwise deal with its rights under this agreement (other than pursuant to any security granted before the date of this agreement or to a secured lender, security trustee or other financier providing finance for the purposes of this agreement) or allow any interest in them to arise or be varied in each case, without the consent of the other party unless in the case of Hanlong, the transferee is a member of the Hanlong Group.

21.16 No representation or reliance

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement;
- (b) it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement; and
- (c) paragraphs 21.16(a) and 21.16(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

21.17 Governing law

This agreement is governed by the law in force in the place specified in the Details. Each party submits to the non-exclusive jurisdiction of the courts of that place.

21.18 Counterparts

This agreement may be executed in counterparts. Each counterparts when taken together are to be taken to constitute one instrument.

EXECUTED as an agreement

Schedule 1 - Prescribed Events

- 1 **(Conversion)** Sundance converts all or any of its shares into a larger or smaller number of shares.
- 2 **(Reduction of share capital)** Sundance resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
- 3 **(Buy-back)** Sundance:
 - (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
- 4 **(Distribution)** Sundance makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
- 5 **(Issuing or granting shares or options)** Sundance or any of its Subsidiaries:
 - (a) issues shares;
 - (b) grants an option over its shares, including a performance right under the Performance Rights Plan; or
 - (c) agrees to make an issue of shares or grant an option over its shares, including a performance right under the Performance Rights Plan,in each case to a person outside the Sundance Group other than pursuant to:
 - (d) clause 6.7 of this agreement; or
 - (e) clause 13.4 of this agreement; or
 - (f) Sundance's obligations to issue shares to Congo Mining Investments SA under the Congo Iron Letter Agreement (which obligation Sundance and Hanlong acknowledge will endure if not satisfied prior to completion of the Scheme); or
 - (g) the exercise of any option over shares subsisting as at the date hereof; or
 - (h) the grant or exercise of any option over shares following the date hereof which is issued under any employee incentive arrangement operated by Sundance as at the date hereof;or unless notified to Hanlong or ASX prior to the date of this agreement.

- 6 **(Securities or other instruments)** Sundance:
- (a) issues securities or other instruments convertible into shares or debt securities; or
 - (b) agrees to issue securities or other instruments convertible into shares or debt securities,
- in each case to a person outside the Sundance Group other than pursuant to:
- (c) clause 6.7 of this agreement; or
 - (d) clause 13.4 of this agreement; or
 - (e) Sundance's obligations to issue shares to Congo Mining Investments SA under the Congo Iron Letter Agreement (which obligation Sundance and Hanlong acknowledge will endure if not satisfied prior to completion of the Scheme); or
 - (f) the exercise of any option over shares subsisting as at the date hereof; or
 - (g) the grant or exercise of any option over shares following the date hereof which is issued under any employee incentive arrangement operated by Sundance as at the date hereof;
- or unless notified to Hanlong or ASX prior to the date of this agreement.
- 7 **(Constitution)** Sundance adopts a new constitution or modifies or repeals its constitution or a provision of it.
- 8 **(Disposals)** Sundance disposes, or agrees to dispose of the whole or a substantial part of the Sundance Group's business or property.
- 9 **(Acquisitions, disposals or tenders)** Unless in the ordinary course of business, Sundance directly or indirectly acquires or agrees to acquire any assets, properties or businesses, or directly or indirectly incurs, agrees to incur or enters into a commitment or a series of commitments involving capital expenditure, whether in one or more transactions, where the amounts or value involved in the transaction, transactions, commitments or series of commitments exceeds A\$15 million in aggregate (unless otherwise agreed by Hanlong, provided that Hanlong's consent shall not be unreasonably withheld or delayed);
- 10 **(Encumbrances)** Sundance creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property.
- 11 **(Contracts)** Sundance enters into any material marketing, blending, offtake, port or rail-related, shareholders, joint venture, asset or profit sharing, partnership or cooperation agreement;
- 12 **(Insolvency)** Sundance or any of its Related Bodies Corporate becomes Insolvent.

A Prescribed Event will also occur if a Subsidiary of Sundance undertakes any of the actions in 2 to 11 above and the recipient or counterparty includes an entity outside the Sundance Group.

For the avoidance of doubt, none of (i) Sundance entering into talks in respect of, a Superior Proposal (ii) Sundance recommending a Superior Proposal to the Shareholders or (iii) Sundance terminating this agreement by reason of a Superior Proposal emerging

pursuant to clause 16.1(d) shall constitute a Prescribed Event and Sundance shall not thereby be in breach of this agreement.

Schedule 2 - Conditions Precedent (clause 3)

Condition	Party entitled to benefit
A) By 31 May 2012:	
1. (Key Executives) the Key Executives agree to remain employees of Sundance for periods reasonably agreed by the parties (save that any obligation on Sundance to procure such agreement shall be on a reasonable endeavours basis only). Hanlong and Sundance acknowledge this Condition Precedent has been satisfied.	Both
2. (FIRB application) Hanlong re-submits its FIRB application to the Treasurer. Hanlong and Sundance acknowledge this Condition Precedent has been satisfied.	Sundance
B) By 30 June 2012:	
3. (NDRC provisional approval) NDRC Provisional Approval. Hanlong and Sundance acknowledge this Condition Precedent has been satisfied.	Sundance
4. (FIRB approval) either:	Both
(a) the Treasurer (or his delegate) has provided written notice which is unconditional or subject only to conditions reasonably acceptable to both Hanlong and Sundance that there are no objections under Australia's foreign investment policy to the proposed Merger; or	
(b) following notice of the proposed Merger having been given by Hanlong to the Treasurer under the Foreign Acquisitions and Takeovers Act 1975 (Cwth), the Treasurer has ceased to be empowered to make any order under Part II of that Act because of lapse of time.	
Hanlong and Sundance acknowledge this Condition Precedent has been satisfied.	

- C) Within 7 days of 31 May (7 June 2012): Hanlong
5. **(Mbalam Convention on Agreed Terms)** the Mbalam Convention is on Agreed Terms. Hanlong and Sundance acknowledge this Condition Precedent has been satisfied.
- D) By 1 October 2012:
6. **(Funding)** Hanlong concludes the Financier Commitment Letter. Both
- E) Between the date of this agreement and the date of the Scheme Booklet:
7. **Hanlong Deed Poll and Sichuan Hanlong Deed Poll**
Hanlong signs and delivers the Hanlong Deed Poll and procures that Sichuan Hanlong signs and delivers the Sichuan Hanlong Deed Poll. Cannot be waived
- F) Before the date on which the Scheme Booklet is lodged with ASIC: Sundance
8. **(Independent Expert)** the Independent Expert issues a report which concludes that the Scheme is in the best interests of Scheme Participants.
- G) Before 5.00pm on the Business Day prior to the Scheme Meeting:
9. **(Funding)** Hanlong concludes the Credit Approved Term Sheet. Both
- H) Before 8.00am on the Second Court Date:
10. **Regulatory Approvals**
- (a) **(ASIC and ASX)** ASIC and ASX have issued or provided those consents or approvals or have done all other acts which the parties agree are reasonably necessary or desirable to implement the Merger. Both
- (b) **(Court orders)** no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Merger and no such order, decree, ruling, other action or refusal is in effect. Both

(c)	<p>(PRC Regulatory Approvals) Hanlong obtains all approvals (including but not limited to final approval from the National Development Reform Commission (final NDRC approval), the Ministry of Commerce of the People's Republic of China approval (MOFCOM approval) and the State Administration of Foreign Exchange approval (SAFE approval)) that are necessary or desirable to implement the Merger;</p>	Both
11.	<p>Scheme approval</p> <p>Shareholders approve the Scheme by the requisite majorities in accordance with the Corporations Act.</p>	Cannot be waived
12.	<p>Court approval</p> <p>The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.</p>	Both
13.	<p>No termination</p> <p>This agreement has not been terminated in accordance with clause 16.</p>	Both
14.	<p>Conventions approved</p> <p>(a) The Mbalam Convention is on Agreed Terms and the Government of the Republic of Cameroon confirms in a written document (signed by the Prime Minister or an official of the Government of the Republic of Cameroon who is duly authorised by the Prime Minister) which is made available to Sundance and Hanlong that such terms (or terms which do not represent a Material Departure from the Agreed Terms) are acceptable.</p> <p>(b) The Congo Mining Permit is granted to Congo Iron in relation to the Nabeba Project in the Republic of Congo.</p>	Hanlong
15.	<p>No further distributions</p> <p>Between the date of this agreement and the Second Court Date, Sundance not declaring or paying any interim, final or special dividend.</p>	Hanlong

16. No material transaction

Hanlong

Sundance not making before 8.00am on the Second Court Date (other than in the ordinary course of business), without the approval of Hanlong:

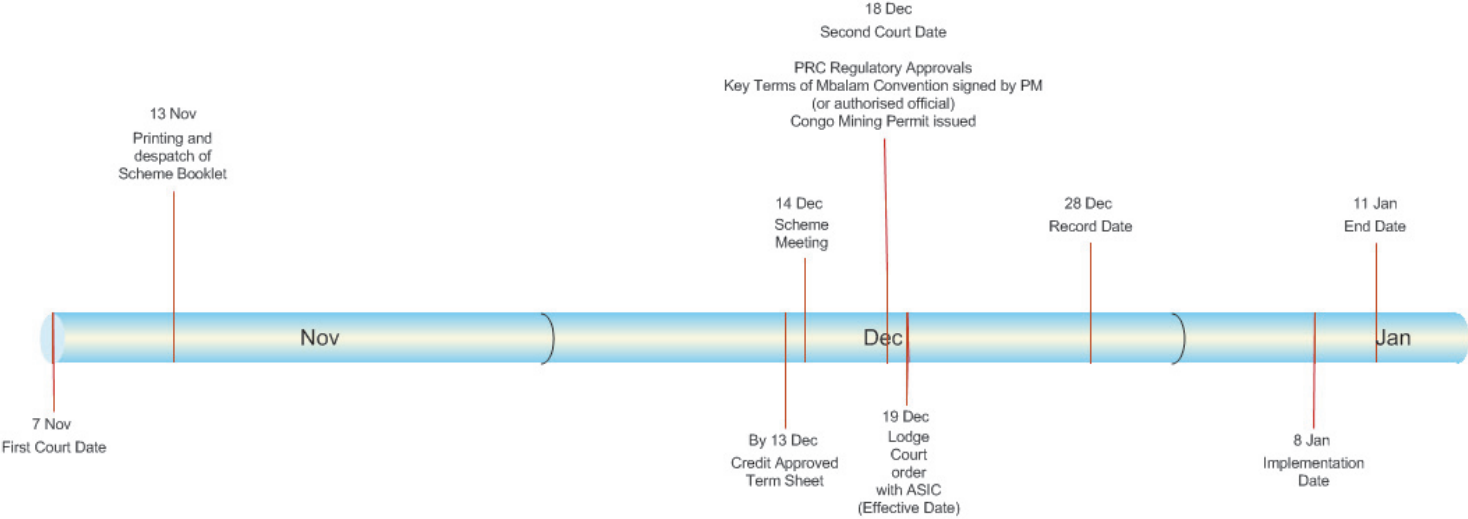
- any material changes to the terms of the Key Executive Contracts (other than as required pursuant to Condition Precedent 1 above);
- amending or terminating any Material Contract (other than as required pursuant to Condition Precedent 1 above);
- acquiring or disposing of any material asset or incurring a material liability, other than a material transaction about which Sundance provides Hanlong with comprehensive written information prior to the date of this agreement.

Schedule 3 - Fixed Timetable (clause 7.1)

Note: Schedule 3 reflects the letter agreement made between Sundance and Hanlong dated 21 October 2012 extending the Fixed Timetable.

Event	Timing
First Court Date	7 November 2012
Printing and despatch of Scheme Booklet	13 November 2012
Credit Approved Term Sheet	By 5.00pm on Business Day prior to Scheme Meeting (13 December 2012)
Scheme Meeting held	14 December 2012
PRC Regulatory Approvals	By 8.00am on Second Court Date (18 December 2012)
Written document reflecting Key Terms of Mbalam Convention signed by Prime Minister of Cameroon (or duly authorised official) and Congo Mining Permit issued	By 8.00am on Second Court Date (18 December 2012)
Second Court Date	18 December 2012
Lodge Court order with ASIC (Effective Date)	19 December 2012
Record Date (5.00pm on the date which is the Effective Date plus 5 Business Days or any other date as Sundance and Hanlong agree)	28 December 2012
Implementation Date (Record Date plus 5 Business Days)	8 January 2013
End Date	11 January 2013

Illustrative Representation of Fixed Timetable



Schedule 4 - Sundance's Obligations (clause 8.1)

- 1 **(Sundance Information)** ensure that the Sundance Information included in the Scheme Booklet complies with applicable law, the Listing Rules and applicable ASIC Regulatory Guides.
- 2 **(Further Sundance Information)** provide to Hanlong and Scheme Participants any further or new Sundance Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the Sundance Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).
- 3 **(Independent Expert)** Sundance must provide Hanlong with a reasonable opportunity to review and comment on factual matters in the final draft Independent Expert report before the Independent Expert's report is provided to ASIC in draft form before it is finally issued.
- 4 **(Information)** on a monthly basis (by the last business day of each month up to and including the Implementation Date of the Scheme) provide to Hanlong a written update on the status and any outstanding issues relating to the fulfilment of Conditions Precedent within its control and any other information reasonably requested by Hanlong from time to time.
- 5 **(Provide a copy of the report)** on receipt, provide Hanlong with a copy of any draft or final report received from the Independent Expert.
- 6 **(Directors' recommendation)** state in the Scheme Booklet and any public announcements relating to the Merger on or after the date of this agreement (on the basis of statements made to Sundance by each member of the Sundance Board) that the majority (at the least) of the Sundance Board recommends to Scheme Participants that the Scheme be approved in the absence of a Superior Proposal, unless:
 - (a) the Independent Expert opines that the Scheme is not in the best interest of Shareholders; or
 - (b) a Superior Proposal arises; or
 - (c) in relation to matters occurring after the date of this agreement, the Sundance Board obtains written legal advice that compliance or continued compliance with this clause would involve a breach of their fiduciary duties or would be unlawful on any other basis,and that each director (excluding any dissenter) will to the extent permitted by law vote any Shares which they control in favour of the Scheme.
- 7 **(Directors' voting)** use its reasonable endeavours to procure that:
 - (a) each member of the Sundance Board votes any Shares in which they have a Relevant Interest in favour of the Scheme and any other resolution submitted to Shareholders for their approval in connection with the Scheme; and
 - (b) each member of the Sundance Board does not change that voting intention,

unless a Superior Proposal arises or the Independent Expert opines that the Scheme is not in the best interests of Shareholders.

- 8 **(Support)** seek the approval of Participants for the Scheme and participate in efforts to promote the Scheme reasonably required by Hanlong (unless a Superior Proposal arises).
- 9 **(Registry details)** subject to the terms of the Scheme:
- (a) provide all necessary information about the Scheme Participants to Hanlong which Hanlong requires in order to assist Hanlong to solicit votes at the Scheme Meeting; and
 - (b) provide all necessary directions to the Registry to promptly provide any information that Hanlong reasonably requests in relation to the Register, including any sub-register, and, where requested by Hanlong Sundance must procure the information to be provided to Hanlong in an electronic form as is reasonably requested by Hanlong.
- 10 **(Section 411(17)(b) statement)** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.
- 11 **(Court application)** apply to the Court for an order under section 411(1) of the Corporations Act directing Sundance to convene the Scheme Meeting.
- 12 **(Registration of explanatory statement)** request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act.
- 13 **(Send Scheme Booklet)** send the Scheme Booklet to Shareholders as soon as practicable after the Court orders Sundance to convene the Scheme Meeting.
- 14 **(Scheme Meeting)** convene the Scheme Meeting in accordance with any orders made by the Court and seek the approval of Shareholders for the Scheme and, for this purpose, the directors of Sundance must participate in reasonable efforts to promote the merits of the Scheme, including meeting with key Scheme Participants at the reasonable request of Hanlong.
- 15 **(Court order)** arises apply to the Court for an order approving the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act.
- 16 **(Lodge)** lodge with ASIC an office copy of any the Court order approving the Scheme as approved by the Shareholders at the Scheme Meeting in accordance with section 411(10) of the Corporations Act.
- 17 **(Registration)** register all transfers of Shares to Hanlong on the Implementation Date.
- 18 **(Listing)** take all reasonable steps to maintain Sundance's listing on ASX, notwithstanding any suspension of the quotation of Shares, up to and including the Implementation Date, including making appropriate applications to ASX and ASIC.
- 19 **(information)** provide to Hanlong:
- promptly any information reasonably requested by Hanlong in connection with the matters contemplated in this agreement (and its performance) from time to time. The provisions of this paragraph shall not oblige Sundance to provide Hanlong with any information in relation to a Superior Proposal.

20 **(Other steps)** do all other things necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

Schedule 5 - Hanlong's Obligations (clause 8.2)

- 1 **(Hanlong Information)** provide to Sundance for inclusion in the Scheme Booklet all Hanlong Information as Sundance reasonably requires to prepare and issue the Scheme Booklet (including any information required under the Corporations Act, Corporations Regulations, or ASIC Regulatory Guide 60).
- 2 **(Further Hanlong Information)** provide to Sundance any further or new Hanlong Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the Hanlong Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).
- 3 **(Independent Expert information)** provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's report to be included in the Scheme Booklet.
- 4 **(Regulatory and government approvals)** on a monthly basis (by the last business day of each month up to and including the date of implementation of the Scheme) provide to Sundance a written update on the status and any outstanding issues relating to all regulatory and government approvals which Hanlong needs to obtain as a Condition Precedent, and promptly provide Sundance with copies of all correspondence relating to the approval process (provided that Hanlong will not be required to provide to Sundance any information or access to any records which are Commercial-In-Confidence or which it is otherwise precluded from disclosing by law).
- 5 **(Other information)** provide promptly any other information reasonably requested by Sundance from time to time.
- 6 **(Scheme Booklet)** review the drafts of the Scheme Booklet and provide comments.
- 7 **(Hanlong Board)** convene a meeting of the Hanlong Board for the purpose of verifying and approving the information provided by Hanlong in the Scheme Booklet.
- 8 **(Representation)** procure that it is represented by counsel at the court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel Hanlong must undertake (if requested by the court) to do all things and take all steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this agreement and the Scheme.
- 9 **(Deed polls)** prior to the Scheme Booklet being sent, execute the Hanlong Deed Poll (and procure that Sichuan Hanlong executes the Sichuan Hanlong Deed Poll).
- 10 **(Scheme Consideration)** provide the Scheme Consideration.
- 11 **(Financier Commitment Letter)** instruct its Australian legal counsel to:
 - (a) prepare the first draft Financier Commitment Letter in a form which, as far as practically possible, minimises the risks of objections being raised

by ASIC prior to the First Court Date or by the Court on the First Court Date (“**Objection**”);

- (b) advise it forthwith, and Hanlong undertakes in turn to advise Sundance, if such legal counsel considers that the amendments requested by the Financier raise materially the risk of an Objection.

Hanlong undertakes to engage fully with Sundance and undertakes to instruct its advisers to so engage, in an attempt to agree with the Financier, a Financier Commitment Letter which minimises the risk of an Objection.

Schedule 6 - Sundance's representations and warranties (clause 15.1)

- 1 **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.
- 2 **(Execution)** the execution and delivery of this agreement has been properly authorised by all necessary corporate action of Sundance.
- 3 **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this agreement and to consummate and perform or cause to be performed its obligations under this agreement in accordance with its terms.
- 4 **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations on it.
- 5 **(Sundance Information)** the Sundance Information provided in accordance with this agreement and included in the Scheme Booklet, as at the date of the Scheme Booklet, will not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Listing Rules and all relevant regulatory guides, practice notes and other guidelines and requirements of ASIC.
- 6 **(Reliance)** the Sundance Information contained in the Scheme Booklet will be included in good faith and on the understanding that:
 - (a) Hanlong and its directors will rely on that information for the purposes of considering and approving the Hanlong Information in the Scheme Booklet before it is despatched, approving the entry into the Hanlong Deed Poll and implementing the Scheme; and
 - (b) Sichuan Hanlong and its directors will rely on that information for the purposes of approving the entry into the Sichuan Hanlong Deed Poll.
- 7 **(Further information)** Sundance will, as a continuing obligation, provide to Hanlong all further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of 5 if it applied as at the date upon which that information arose.
- 8 **(Disclosure)** Sundance has provided to Hanlong all information actually known to it (having made reasonable enquiries) as at the date of this agreement regarding matters affecting or relating to it:
 - (a) which is not already in the public domain; and
 - (b) the disclosure of which might reasonably be expected to have resulted in Hanlong not entering into this agreement at all or only entering into this agreement on materially different terms.
- 9 **(Continuous disclosure)** Sundance is not in breach of its continuous disclosure obligations under the Listing Rules and is not relying on the carve-out in Listing Rule 3.1A to withhold any information from disclosure.

- 10 **(Complete and accurate)** all the information provided to Hanlong by Sundance in connection with this agreement, whether under due diligence or not, is complete and accurate and is not misleading, whether by way of omission or otherwise
- 11 **(Reasonable assumptions)** to the extent information provided to Hanlong, whether under due diligence or not, in connection with this agreement, includes forward looking statements, those forward looking statements are based on assumptions which Sundance believes, as at the date the information was provided and continues to believe, to be reasonable.
- 12 **(Opinions)** any statement of opinion or belief contained in the Sundance Information is honestly held and there are reasonable grounds for holding the opinion or belief.
- 13 **(Provision of information to Independent Expert)** all information provided by or on behalf of Sundance to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.
- 14 **(Compliance)** it and its Subsidiaries have complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over them and have all material licenses, permits and franchises necessary for them to conduct their respective businesses as presently being conducted.
- 15 **(No default)** neither it nor any of its Subsidiaries is in default under any document, agreement or instrument binding on it or its assets nor has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party thereto a termination right or right to accelerate any right or obligation, under any document or agreement with such an effect, to the extent that this would have (or would be likely to cause) a Material Adverse Change.
- 16 **(Securities)** Sundance's issued securities as at the date of this agreement (which are subject to variance in the ordinary course of business) are:
- 3,049,577,034 Shares
- 30,986,866 Options
- 10,534,449 Performance Rights
- and it has not issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into Shares other than rights arising under the Options or the Performance Rights or otherwise as disclosed in writing to Hanlong prior to the date of this agreement or as otherwise expressly contemplated under this agreement (including, inter alia, the issue of Shares (or other securities) by Sundance to satisfy its working capital arrangements pursuant to clause 13.4 of this agreement).
- 17 **(No Encumbrances)** there is no Encumbrance over all or any of Sundance Group's assets or revenues.

Schedule 7 - Hanlong's and Sichuan Hanlong's representations and warranties (clause 15.4)

- 1 **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.
- 2 **(Execution)** the execution and delivery of this agreement has been properly authorised by all necessary corporate action of Hanlong.
- 3 **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this agreement and to consummate and perform or cause to be performed its obligations under this agreement in accordance with its terms.
- 4 **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations on it.
- 5 **(Reliance)** the Hanlong Information provided to Sundance for inclusion in the Scheme Booklet will be provided in good faith and on the understanding that Sundance and its directors will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Scheme in accordance with the Corporations Act.
- 6 **(Hanlong Information)** the Hanlong Information provided in accordance with this agreement and included in the Scheme Booklet, as at the date of the Scheme Booklet, will not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Listing Rules and all relevant regulatory guides, practice notes and other guidelines and requirements of ASIC.
- 7 **(Further information)** Hanlong will, as a continuing obligation, provide to Sundance all further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of item 6 above if it applied as at the date on which that information arose.
- 8 **(Opinions)** any statement of opinion or belief contained in the Hanlong Information is honestly held and there are reasonable grounds for holding the opinion or belief.
- 9 **(Provision of information to Independent Expert)** all information provided by or on behalf of Hanlong to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.
- 10 **(Parent Company Guarantee):**
 - (a) the Parent Company Guarantee constitutes valid and legally binding obligations on Sichuan Hanlong and is enforceable against it in accordance with its terms, subject to obtaining the necessary approvals from the State Administration of Foreign Exchange for the issuance of the Parent Company Guarantee and registering it in the PRC with the


State Administration of Foreign Exchange and subject to stamping and laws affecting creditors' rights generally ;

- (b) Subject to obtaining the necessary approvals from the State Administration of Foreign Exchange for the issuance of the Parent Company Guarantee and registering it in the PRC with the State Administration of Foreign Exchange, the execution, delivery and performance of the Parent Company Guarantee by Sichuan Hanlong does not violate or breach any law or any document or agreement to which Sichuan Hanlong is a party or which is binding on Sichuan Hanlong or any of its assets;
- (c) Sichuan Hanlong is duly registered and remains in existence;
- (d) the execution, delivery and performance of the Parent Company Guarantee deed does not (and the transactions contemplated by the Parent Company Guarantee) do not violate Sichuan Hanlong's Constitution;
- (e) subject to obtaining the necessary approvals from the State Administration of Foreign Exchange for the issuance of the Parent Company Guarantee and registering it in the PRC with the State Administration of Foreign Exchange, Sichuan Hanlong has the power to enter into, deliver and perform the Parent Company Guarantee and to carry out the transactions contemplated by the Parent Company Guarantee;
- (f) Sichuan Hanlong has taken all corporate action required to enter into, deliver and perform the Parent Company Guarantee and to carry out the transactions contemplated by the Parent Company Guarantee;
- (g) the entry into and the performance of Sichuan Hanlong's obligations under the Parent Company Guarantee is for its corporate benefit; and
- (h) Sichuan Hanlong has sufficient financial means and assets to satisfy its obligations under the Parent Company Guarantee.

Signing page

DATED: 24 August 2012

SIGNED by NELSON FENG CHEN)
as authorised representative for)
HANLONG (AFRICA) MINING)
INVESTMENT LIMITED)
in the presence of:)


Signature of witness

曹征 CAO ZHENG)
Name of witness (block letters)

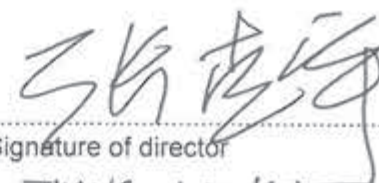


By executing this agreement the signatory warrants that the signatory is duly authorised to execute this agreement on behalf of HANLONG (AFRICA) MINING INVESTMENT LIMITED

SIGNED by directors of SICHUAN HANLONG GROUP CO., LIMITED)


Signature of director

LIU HAN)
Name of director (block letters)



ZHANG KE YU)
Name of director (block letters)

**EXECUTED by SUNDANCE
RESOURCES LIMITED** in accordance
with section 127(1) of the Corporations
Act 2001 (Cwlth) by authority of its
directors:


.....
Signature of director

FIONA HARRIS
.....
Name of director (block letters)


.....
Signature of ~~director~~/company
secretary*

*delete whichever is not applicable
BRIAN CONRICK
.....
Name of ~~director~~/company secretary*
(block letters)
*delete whichever is not applicable

Annexure A – Not Reproduced

Annexure B – Not Reproduced

Annexure C – Not Reproduced

Annexure D – Not Reproduced

Annexure 3 Hanlong Deed Poll

Deed Poll

单边契约

Dated 日期 22 October 2012

Given by Hanlong (Africa) Mining Investment Limited ("Hanlong")

汉龙（非洲）矿业投资有限公司（“汉龙”）

In favour of each holder of ordinary shares in Sundance Resources Limited (ABN 19 055 719 394) ("Sundance") as at 5.00 pm on the Record Date ("Scheme Participants")

在登记日期的下午五点，以桑德斯资源有限公司（ABN 19 055 719 394）（“桑德斯”）普通股的所有股东为受益人（“计划参与者”）

King & Wood Mallesons
金杜万盛律师事务所

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney

Deed Poll

Contents

Details 详细内容	1
General terms 一般条款	3
1 Definitions and interpretation 定义和解释	3
1.1 Definitions 定义	3
1.2 Interpretation 解释	4
1.3 Headings 标题	4
1.4 Nature of deed poll 单边契约的性质	4
2 Conditions 条件	4
2.1 Conditions 条件	4
2.2 Termination 终止	4
2.3 Consequences of termination 终止的结果	5
3 Performance of obligations generally 责任表现	5
4 Scheme Consideration 计划承诺	5
4.1 Consideration under the Scheme 计划下的承诺	5
4.2 Manner of payment 付款方式	6
5 Warranties 担保	6
6 Continuing obligations 持续义务	7
7 Notices 通知	7
7.1 Form 形式	7
7.2 Delivery 递送	8
7.3 When effective 生效时间	8
7.4 When taken to be received 认为收到的时间	8
7.5 Receipt outside business hours 工作时间之外接收	9

8	General 一般条款	9
8.1	Stamp duty 印花税	9
8.2	Waiver 放弃	9
8.3	Variation 变更	10
8.4	Remedies cumulative 累积补救措施	11
8.5	Assignment 转让	11
8.6	Governing law and jurisdiction 适用法律和司法权	11
8.7	Further action 进一步的措施	11
	Signing page 签字页	12
	Annexure A - Scheme 附件 A-协议	13

Deed Poll

Details

Parties 签约方		Hanlong 汉龙
Hanlong	Name	Hanlong (Africa) Mining Investment Limited
	姓名	汉龙(非洲)矿业投资有限公司
汉龙	Address	C/O Hanlong Mining Investment Pty Ltd 汉龙矿业投资有限公司
	地址	29/F, 9 Castlereagh Street, Sydney NSW 2000
	Telephone	+61 2 9235 2386
	电话	
	Fax	+61 2 9235 2482
	传真	
	Attention	Nelson Chen 陈峰
	收件人	
Recitals 陈述	A	Directors of Sundance have resolved that Sundance should propose the Scheme. 桑德斯的董事决定桑德斯应该提出计划协议
	B	The effect of the Scheme will be that all Shares held by Scheme Participants will be transferred to Hanlong. 计划生效的结果是在该计划下所有持有人的股票全部转给汉龙持有
	C	Sundance, Hanlong and Sichuan Hanlong have entered into the Scheme Implementation Agreement. 桑德斯, 汉龙以及四川汉龙签署了计划协议实施协议

D In the Scheme Implementation Agreement, Hanlong agreed (amongst other things) to provide the Scheme Consideration to Sundance on behalf of the Scheme Participants, subject to the satisfaction of certain conditions.

在计划协议实施协议之下，汉龙（除其它事项之外）同意代表计划协议的参加者在满足特定条件下，提供对计划协议的承诺

E Hanlong is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform its obligations under the Scheme Implementation Agreement and the Scheme.

汉龙签署单方协议的目的是为了更好的确保计划协议参与者能够履行其在计划实施协议以及计划协议下的责任

Governing law Western Australia

适用法律 西澳大利亚

Date of agreement See Signing page

签署日期 见签署页

Deed Poll

General terms 一般条款

1 Definitions and interpretation

定义及解释

1.1 Definitions

定义

In this deed poll (unless the context otherwise requires):

在本单边契约（除非另有要求）

- (a) **Authorised Officer** means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this deed poll;

经授权的高层人员意思是，一方、一方的一位董事或秘书、或一方任命的任何其他个人，在本单边契约中作为经授权的高层人员采取行动；

- (b) **Scheme** means the proposed scheme of arrangement between Sundance and Scheme Participants substantially in the form of Annexure A to this deed poll together with any amendment or modification made pursuant to section 411(6) of the Corporations Act;

计划的意思是，桑德斯和计划参与者之间的以附录 A 的形式体现的拟定的计划安排，该计划安排是关于汉龙单边契约及根据公司法第 411（6）条款所做的任何修订或修改；

- (c) **Scheme Implementation Agreement** means the second amended and restated Scheme Implementation Agreement between Hanlong, Sichuan Hanlong and Sundance dated 24 August 2012.

计划执行协议意思是汉龙、四川汉龙和桑德斯于 2012 年 8 月 24 日签署的第二次修订和重述的计划执行协议。

- (d) **Sundance** means Sundance Resources Limited (ABN 19 055 719 394); and

桑德斯意思是桑德斯资源有限公司(ABN 19 055 719 394)；以及

- (e) words and phrases used in this deed poll have the same meaning as given to them in the Scheme.

本单边契约中使用的词语和词组与计划中的含义相同。

1.2 Interpretation 解释

Clause 1.2 of the Scheme applies to the interpretation of this deed poll except that references to "this Scheme" in that clause are to be read as references to "this deed poll".

计划的第 1.2 条款适用于本单边契约的解释，只不过，在那个条款中的“本计划”应被理解为“本单边契约”。

1.3 Headings 标题

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

标题（包括在段落开头部分括号内的内容）只是为了方便起见，并不影响本单边契约的解释。

1.4 Nature of deed poll 单边契约的性质

Hanlong acknowledges that this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it.

汉龙确认：任何计划参与者都可以根据其条款信赖并执行本单边契约，即使计划参与者并不是本单边契约的签署方之一。

2 Conditions 条件

2.1 Conditions 条件

Hanlong's obligations under clause 4 are subject to the Scheme becoming Effective.

汉龙在条款 4 项下的义务要取决于计划生效

2.2 Termination 终止

Hanlong's obligations under this deed poll automatically terminate if:

如果发生以下情况，则汉龙在本契约项下的义务自动终止：

- (a) the Scheme has not become Effective on or before the End Date; or
在结束日之前，包括结束日当天，计划未生效；或

- (b) the Scheme Implementation Agreement is terminated.

计划执行协议终止了。

2.3 Consequences of termination 终止的结果

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

如果本单边契约在条款 2.2 项下终止，那么，除了并无损于计划参与者可实施的任何其他的权利、权力或补救措施之外

- (a) Hanlong is released from its obligations to further perform this deed poll except those obligations contained in clause 8.1 and any other obligations which by their nature survive termination; and

汉龙将不再有义务继续执行本单边契约，除非这些义务是包含在条款 8.1 中的，或者这些义务的性质是终止之后仍旧有效的；并且

- (b) each Scheme Participant retains the rights, powers or remedies they have against Hanlong in respect of any breach of this deed poll which occurs before it is terminated.

如果汉龙在本契约终止之前关于本单边契约有任何违约行为，每位计划参与者都将保留其对汉龙追究的权利、权力或补救措施。

3 Performance of obligations generally

Hanlong agrees to comply with its obligations under the Scheme Implementation Agreement and do all things necessary or desirable on its part to give full effect to the Scheme Implementation Agreement.

汉龙同意遵守计划执行协议项下的义务，采取所有必要的行动以确保计划执行协议生效。

4 Scheme Consideration 计划补偿

4.1 Consideration under the Scheme

计划下的对价

Subject to clause 2, Hanlong undertakes in favour of each Scheme Participant to pay the Scheme Consideration to Sundance on behalf of each Scheme Participant in accordance with the Scheme.

在不违反条款 2 的前提下，汉龙承诺：以每位计划参与者为受益人，依照计划规定，向代表每位计划参与者的桑德斯支付计划对价。

4.2 Manner of payment

支付方式

Hanlong's obligation to provide the Scheme Consideration to Sundance on behalf of each Scheme Participant is satisfied by Hanlong, no later than two Business Days before the Implementation Date, depositing in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants in a trust account operated by Sundance to be held on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with the Scheme (except that the amount of any interest on the amount deposited will be to Hanlong's account).

汉龙须履行义务向代表每位计划参与者的桑德斯支付对价，在不晚于执行日期前的 2 个工作日，以立即可取资金的形式将应付给所有计划参与者的计划对价总金额存入桑德斯管理的信托账户中，该信托账户就是根据计划的规定为了向计划参与者支付计划对价而设立的（只是，存入金额产生的利息将算到汉龙的账户上。）

5 Warranties 保证

Hanlong represents and warrants that:

汉龙进行如下陈述和保证：

- (a) it is a corporation validly existing under the laws of its place of registration;
它是在注册所在地的法律下合法成立的公司；
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
它拥有法人权力签署，贯彻本单方契约下的义务，并执行本单方契约预期的交易；
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and
它已经采取了所有必要的法人行为来授权签署本单方契约；他已经采取或即将采取所有必要的法人行为来授权贯彻本单方契约，以及执行本契约下预期的交易；以及

- (d) this deed poll is valid and binding upon Hanlong and enforceable against Hanlong in accordance with its terms.

本单方契约对汉龙具有约束性的法律效力；依据其条款对汉龙具有强制性。

6 Continuing obligations 持续责任

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

本单方契约不可撤销，并在不违反条款 2 的前提下保持其全部法律效力，直到：，

- (a) Hanlong has fully performed its obligations under this deed poll; or
汉龙已经全部履行了其在本单方契约下规定的义务；或
- (b) the earlier termination of this deed poll under clause 2.2.

本单边契约在条款 2.2 项下提早终止。

7 Notices 通知

7.1 Form 格式

All notices or other communication to Hanlong in respect of this deed poll must be:

所有对汉龙发出的与本单方契约有关的通知或其他信件必须：

- (a) in writing;
以书面形式；
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender;
由发送者（如果是个人的话）签字，或一位发送者授权的高层人员；
- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

标注出详细资料中的收件人，如果收件人另行通知，那么就按照最近一次通知的收件人寄送。

7.2 Delivery 投递

Communications must be: 信件必须:

- (a) left at the address set out or referred to in the Details:
送达详细资料中规定的或提及的地址;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
通过预付款的普通邮寄（如果适合的话也可用航空邮寄）方式送达到详细资料中规定的或提及的地址;
- (c) sent by fax to the fax number set out or referred to in the Details; or
通过传真的形式送达到详细资料中规定的或提及的传真号；或
- (d) given in any other way permitted by law.
用任何其他法律允许的方式送达。

However, if the intended recipient has notified a changed address or fax number, then communications must be to that address or fax number.

但是，如果预期收件人通知更改了地址或传真号码，那么信息必须送达到新地址或传真号。

7.3 When effective 生效日

Communications take effect from the time they are received or taken to be received under clause 7.4 (whichever happens first) unless a later time is specified.

信件自接收或根据条款 7.4 规定视作接收之日起生效（任一先发生即生效），除非另外指定一较晚的日期。

7.4 When taken to be received 视为接收之日

Communications are taken to be received: 在以下情况下，信件被认为收到

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or
若通过邮寄方式，寄出后的三天（或跨国邮寄则为寄出后的七天）；或者
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent.

若通过传真方式，则在发送报告上显示整份传真已发送之时。

7.5 Receipt outside business hours 工作时间之外接收

Despite clauses 7.3 and 7.4, if communications are received or taken to be received under clause 7.4 after 5.00pm in the place of receipt or on a day which is not a business day in the place of receipt, they are taken to be received at 9.00am on the next day which is a business day and take effect from that time unless a later time is specified.

在条款 7.3 和 7.4 之外，若信件在下午 5 点之后或在非工作日在收件处接收或在条款 7.4 下视为接收，则被视为于次日（工作日）早上 9 点收到，除非另外指定一较晚的日期。

8 General 概述

8.1 Stamp duty 印花税

Hanlong must: 汉龙必须:

- (a) pay all stamp duty (including fines and penalties) payable and assessed on this deed poll, any instruments entered into under this deed poll and in respect of a transaction effected by or made under the Scheme and this deed poll; and

支付所有由本单方契约，在本契约下签订的任何协议，以及受本契约和计划影响的交易的评估的应付印花税（包括罚款和罚单）；以及

- (b) indemnify on demand each Scheme Participant against any liability arising from failure to comply with clauses 8.1(a).

赔偿由于未能遵守条款 8.1 (a) 对计划参与方所产生的债务。

8.2 Waiver 放弃

- (a) A waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the party giving the waiver.

放弃任何由于违反本单边契约而产生的权利，或放弃任何由于在本单边契约下违约而产生的任何权利、权力、授权、裁量权或补救措施，都必须以书面形式并由放弃方签字。

- (b) A failure or delay in exercise, or partial exercise, of:

未能，或推迟行使，部分行使：

- (i) a right arising from a breach of this deed poll; or
因违反本单方契约的一项权利；或
- (ii) a right, power, authority, discretion or remedy created or arising upon default under this deed poll,
因在本单方契约下违约的一项权利，权力，授权，裁量权或补救措施，

does not result in a waiver of that right, power, authority, discretion or remedy.

并不会导致放弃该权利，权力，授权，裁量权或补救措施。

- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.

一方无权依靠由于违反本单边契约，或由于在本单边契约下违约而造成的推迟行使或不行使权利、权力、授权、裁量权或补救措施来构成放弃该权利、权力、授权、裁量权或补救措施。

- (d) A party may not rely on any conduct of another party as a defence to exercise of a right, power, authority, discretion or remedy by that other party.

一方不得依靠任何其他方的行为对由该其他方行使的权利、权力、授权、裁量权或补救措施进行抗辩。

8.3 Variation 变更

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless the variation is agreed to by Sundance and Hanlong in writing and the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme, in which event Hanlong must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

本单方契约的条款或其中规定的任何权利都不得被更改，变动或修正，除非该改动经过桑德斯和汉龙书面许可，以及法院表明该更改，变动或修正不会阻碍计划批准那样汉龙必须为计划参与方的利益而签订另外的单方协议来使该更改，变动或修正生效。

8.4 Remedies cumulative 累积补救措施

The rights and remedies of Hanlong and the Scheme Participants under this deed poll are in addition to other rights and remedies given by law independently of this deed poll.

本单边契约下汉龙和计划参与者的权利和补救措施是法律规定的独立于本单边契约的其他权利和补救措施之外的额外权利和补救措施。

8.5 Assignment 转让

The rights and obligations of Hanlong and each Scheme Participant under this deed poll are personal and must not be assigned or otherwise dealt with at law or in equity unless, in the case of Hanlong and prior to the Second Court Date:

汉龙和每个计划参与方在本单方契约下的权利和义务是个人的，不得转让或根据普通法或衡平法进行交易，除非以下情况并在第二次庭审日之前：

- (a) Hanlong undertakes an assignment in favour of a Related Body Corporate; and

汉龙出于相关法人团体利益考虑进行转让；以及

- (b) the assignee enters into arrangements to assume the obligations of Hanlong.

受让方安排汉龙承担义务。

8.6 Governing law and jurisdiction 适用法律及管辖权

This deed poll is governed by the law in force in Western Australia. Hanlong submits to the non-exclusive jurisdiction of the courts of that place.

本单边契约受西澳大利亚法律约束。汉龙遵守西澳大利亚法院的非专属管辖权。

8.7 Further action 进一步行动

Hanlong must execute all documents and do all things necessary or expedient to give effect to this deed poll.

汉龙必须签署所有文件并且做一切必要和适宜的事情以使本单边契约有效。

EXECUTED as a deed poll

作为单边契约生效

Deed Poll

Signing page 签字页

DATED: 22 October 2012

日期: 2012 年 10 月 22 日

SIGNED by KANG HUAN JUN)

on behalf of, and SEALED AND)
DELIVERED by HANLONG (AFRICA))
MINING INVESTMENT LIMITED in the)
presence of:)

由)
)
在以下签字人员在场的情况下代表汉龙)
(非洲) 矿业投资有限公司盖章并签)
署)



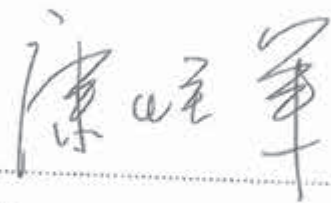
Signature of witness)

见证人签字

NELSON FENG CHEN

Name of witness (block letters)

见证人姓名 (大写)



Signature

签字



Deed Poll

Annexure A – Scheme 附件 A- 协议

Scheme of arrangement

pursuant to section 411 of the Corporations Act

between

Sundance Resources Limited (ABN 19 055 719 394)

and

Each person registered as a holder of fully paid ordinary shares in Sundance as at 5.00pm on the Record Date

1 Definitions and interpretation

1.1 Definitions

In this Scheme:

ACCC means the Australian Competition and Consumer Commission.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited or the Australian Securities Exchange, as appropriate.

Business Day means a business day as defined in the Listing Rules.

CHESS means the Clearing House Electronics Subregister System, which provides for electronic share transfer in Australia.

Corporations Act means the Corporations Act 2001 (Cwlth).

Court means a court of competent jurisdiction under the Corporations Act.

Deed Polls means the deed polls dated [●] executed by Hanlong and Sichuan Hanlong in favour of Scheme Participants.

End Date has the same meaning given to it in the Scheme Implementation Agreement.

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit à prendre, easement or any other security arrangement having the same effect.

Excluded Shareholder means Hanlong and its Related Bodies Corporate.

Hanlong means Hanlong (Africa) Mining Investment Limited.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to Sundance.

Implementation Date means the fifth Business Day following the Record Date.

Listing Rules means the Listing Rules of ASX.

Record Date means the fifth Business Day following the Effective Date or any other date as Sundance and Hanlong agree.

Register means the register of shareholders maintained by Sundance in accordance with the Corporations Act.

Registered Address means, in relation to a Sundance Shareholder, the address shown in the Register.

Regulatory Authority includes:

- (a) ASX, ACCC, ASIC;
- (b) a government or governmental, semi-governmental or judicial entity or authority;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute.

Related Body Corporate has the meaning it has in the Corporations Act.

Scheme means this scheme of arrangement together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.

Scheme Consideration means the consideration described in clause 6.2 of the Scheme Implementation Agreement to be provided by Hanlong to Scheme Participants under the terms of this Scheme for the transfer to Hanlong of their Shares.

Scheme Implementation Agreement means the second amended and restated Scheme Implementation Agreement dated 24 August 2012 between Sundance, Hanlong and Sichuan Hanlong.

Scheme Meeting means the meeting to be convened by the Court at which Sundance Shareholders (other than an Excluded Shareholder) will vote on the Scheme.

Scheme Participant means each person who is a Sundance Shareholder (other than an Excluded Shareholder) as at 5.00pm on the Record Date.

Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Shares.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Sichuan Hanlong means Sichuan Hanlong Group Co. Limited.

Share means a Sundance Share held by a Scheme Participant.

Sundance means Sundance Resources Limited (ABN 19 055 719 394).

Sundance Share or **Shares** means an ordinary fully paid share in the capital of Sundance.

Sundance Shareholder means each person registered in the Register as a holder of Sundance Shares.

1.2 Reference to certain general terms

Unless the contrary intention appears, a reference in this Scheme to:

- (a) **(variations or replacement)** a document (including this agreement) includes any variation or replacement of it;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (g) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (i) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (j) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (k) **(meaning not limited)** the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (l) **(time of day)** time is a reference to Perth time.

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Scheme.

2 Preliminary

2.1 Preliminary matters

- (a) Sundance is a public company incorporated in Australia and registered in Western Australia and is a company limited by shares.
- (b) Sundance is admitted to the official list of ASX and Sundance Shares are officially quoted on the stock market conducted by ASX.
- (c) As at [●] Sundance's issued securities are:
 - (i) Sundance Shares: 3,049,577,034;
 - (ii) options: 30,986,866; and
 - (iii) performance rights: 10,534,449.
- (d) Hanlong is a private company incorporated and registered in Hong Kong and is a company limited by shares.
- (e) If the Scheme becomes Effective:
 - (i) in consideration of the transfer of each Share held by Scheme Participants to Hanlong, Sundance will procure Hanlong to provide the Scheme Consideration to Sundance on behalf of each Scheme Participant in accordance with the terms of this Scheme;
 - (ii) all Shares held by Scheme Participants will be transferred to Hanlong on the Implementation Date; and
 - (iii) Sundance will enter the name of Hanlong in the Register in respect of all Shares transferred to Hanlong in accordance with the terms of this Scheme.

2.2 Scheme Implementation Agreement and Deed Polls

- (a) Sundance and Hanlong have agreed by executing the Scheme Implementation Agreement to implement the terms of this Scheme.
- (b) Hanlong and Sichuan Hanlong have executed the Deed Poll by which they have covenanted to perform their obligations under this Scheme, including to provide the Scheme Consideration.

3 Conditions

3.1 Conditions precedent

The Scheme is conditional on all the conditions precedent in schedule 2 of the Scheme Implementation Agreement having been satisfied or waived (other than the conditions precedent 7 and 11) in accordance with the terms of the Scheme Implementation Agreement.

3.2 Conditions precedent and operation of clause 4

The satisfaction of each condition of clause 3.1 is a condition precedent to the operation of clause 4.

3.3 Certificate

Sundance and Hanlong must provide to the Court on the Second Court Date a certificate confirming whether or not all conditions precedent to this Scheme (other than the condition precedent relating to Court approval) have been satisfied or waived as at 8.00am on the Second Court Date.

3.4 End Date

The Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date.

4 The Scheme

4.1 Lodgement of Court orders with ASIC

Sundance must lodge with ASIC an office copy of the Court order approving the Scheme by 5.00pm on the first Business Day after the day on which the Court approves the Scheme.

4.2 Transfer and registration of Sundance Shares

On the Implementation Date, subject to the provision of the Scheme Consideration in accordance with clauses 5.1 to 5.3:

- (a) the Shares (other than Shares held by Excluded Shareholders) together with all rights and entitlements attaching to the Shares as at the Implementation Date, will be transferred to Hanlong without the need for any further act by any Scheme Participant (other than acts performed by Sundance as attorney and agent for Scheme Participants under clause 7.1) by:
 - (i) Sundance delivering to Hanlong a duly completed and executed Scheme Transfer for registration; and
 - (ii) Hanlong duly executing the Scheme Transfer and delivering it to Sundance for registration; and
- (b) immediately after receipt of the duly executed Scheme Transfer, Sundance must enter the name of Hanlong in the Register in respect of all Shares transferred to Hanlong in accordance with the terms of this Scheme.

4.3 Title and rights in Sundance Shares

On and from the Implementation Date, Hanlong will be beneficially entitled to the Shares transferred to it under the Scheme, pending registration by Sundance of Hanlong in the Register as the holder of the Shares.

4.4 Scheme Participants' agreements

The Scheme Participants agree to the transfer of their Shares in accordance with the Scheme.

4.5 Status of Shares

Each Scheme Participant warrants to Hanlong that:

- (a) all their Shares (including any rights and entitlements attaching to those shares) transferred to Hanlong under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Shares (including any rights and entitlements attaching to those shares) to Hanlong under the Scheme.

4.6 Appointment of Hanlong as sole proxy

From the Effective Date until Sundance registers Hanlong as the holder of all of the Sundance Shares transferred under the Scheme in the Register, each Scheme Participant:

- (a) appoints Sundance as attorney and agent (and directs Sundance in that capacity) to appoint Hanlong and each of its directors from time to time (jointly and each of them individually) as its sole proxy and where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to Sundance Shares registered in its name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 4.6(a)); and
- (b) must take all other actions in the capacity of the registered holder of Sundance Shares as Hanlong directs.

Sundance undertakes in favour of each Scheme Participant that it will appoint Hanlong and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 4.6(a).

5 Scheme Consideration

5.1 Consideration under the Scheme

On the Implementation Date, Sundance must procure Hanlong to pay the Scheme Consideration to the Scheme Participants in accordance with clauses 5.2 and 5.3.

5.2 Satisfaction of obligations

The obligation of Sundance to procure payment of the Scheme Consideration pursuant to clause 5.1 will be satisfied by Sundance procuring Hanlong no later than two Business Days before the Implementation Date to deposit in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants in a trust account operated by Sundance to be held on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 5.3 (except that the amount of any interest on the amount deposited will be to Hanlong's account).

5.3 Payment of Scheme Consideration

- (a) On the Implementation Date, subject to receipt of the Scheme Consideration from Hanlong in accordance with clause 5.2, Sundance

must pay to each Scheme Participant an amount equal to the Scheme Consideration for each Share transferred to Hanlong on the Implementation Date by that Scheme Participant.

- (b) The amounts referred to in this clause 5.3 must be paid by direct credit or sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register at 5.00pm on the Record Date.

5.4 Joint holders

In the case of Shares held in joint names, any bank cheque required to be paid to Scheme Participants by Hanlong must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at 5.00pm on the Record Date.

6 Dealings in Shares

6.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Shares on or before 5.00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 5.00pm on the Record Date at the place where the Register is kept.

6.2 Register

- (a) Sundance must register any registrable transmission applications or transfers of the Shares received in accordance with clause 6.1(b) on or before 5.00pm on the Record Date.
- (b) If the Scheme becomes Effective, a holder of Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Shares or any interest in them after the Effective Date.
- (c) Sundance will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Shares received after 5.00pm on the Record Date (except a transfer to Hanlong pursuant to this Scheme and any subsequent transfer by Hanlong or another Excluded Securityholder).
- (d) For the purpose of determining entitlements to the Scheme Consideration, Sundance will maintain the Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Participants. The Register in this form will solely determine entitlements to the Scheme Consideration.
- (e) Scheme Participants' statements of holding in respect of Shares will cease to have effect after 5.00pm on the Record Date as documents of title in respect of those shares. After 5.00pm on the Record Date, each entry relating to a Scheme Participant on the Register as at 5.00pm on

the Record Date will cease to have effect except as evidence of entitlement to the Scheme Consideration.

- (f) Within three Business Days after the Record Date, Sundance will ensure that details of the names, Registered Addresses and holdings of Shares for each Scheme Participant, as shown in the Register at 5.00pm on the Record Date, are available to Hanlong in a form as Hanlong reasonably requires.

6.3 Quotation of Sundance Shares

- (a) Suspension of trading on ASX in Sundance Shares will occur from the close of trading on ASX on the Effective Date.
- (b) After the Scheme has been fully implemented, Sundance will apply:
 - (i) for termination of the official quotation of Sundance Shares on ASX; and
 - (ii) to have itself removed from the official list of ASX.

7 General Scheme provisions

7.1 Power of attorney

Upon the Scheme becoming Effective, each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Sundance and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of executing any document necessary or expedient to give effect to this Scheme including the Scheme Transfer.

7.2 Variations, alterations and conditions

Sundance may, with the consent of Hanlong, by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to the Scheme which the Court thinks fit to impose.

7.3 Further action by Sundance

Sundance will execute all documents and do all things necessary or expedient to implement, and perform its obligations under, this Scheme.

7.4 Authority and acknowledgement

Each of the Scheme Participants:

- (a) consents to Sundance doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds Sundance and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting).

7.5 Stamp duty

Hanlong will pay all stamp duty payable in connection with the Scheme.

7.6 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Sundance, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Sundance's registered office or at the office of the registrar of Sundance Shares.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of the notice by any Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

7.7 Governing law

This Scheme is governed by the law in force in Western Australia. Each party submits to the non-exclusive jurisdiction of the courts of that place.

Annexure 4 Sichuan Hanlong Deed Poll

Deed Poll

单边契约

Dated 日期 *22 October 2012*

Given by Sichuan Hanlong Group Co., Limited ("Sichuan Hanlong")

四川汉龙集团有限公司 ("四川汉龙")

In favour of each holder of ordinary shares in Sundance Resources Limited (ABN 19 055 719 394) ("Sundance") as at 5.00 pm on the Record Date ("Scheme Participants")

在登记日期的下午五点，以桑德斯资源有限公司 (ABN 19 055 719 394) ("桑德斯") 普通股的所有股东为受益人 ("计划参与者")

King & Wood Mallesons

金杜万盛律师事务所

Level 61

Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Australia

T 电话: +61 2 9296 2000

F 传真: +61 2 9296 3999

DX 113 Sydney

www.kwm.com

Ref 编号: DLF;DE;PS;CSS;AJI

Deed Poll

Contents

Details 详细内容	1
General terms 一般条款	<u>22</u>
1 Definitions and interpretation 定义和解释	<u>22</u>
1.1 Definitions 定义	<u>22</u>
1.2 Interpretation 解释	<u>33</u>
1.3 Headings 标题	<u>33</u>
1.4 Nature of deed poll 单边契约的性质	<u>33</u>
2 Conditions 条件	<u>33</u>
2.1 Conditions 条件	<u>33</u>
2.2 Termination 终止	<u>33</u>
2.3 Consequences of termination 终止的结果	<u>44</u>
3 Undertaking in favour of Scheme Participants 以计划参与者为受益人的承诺	<u>44</u>
4 Warranties 担保	<u>44</u>
5 Continuing obligations 持续义务	<u>55</u>
6 Notices 通知	<u>55</u>
6.1 Form 形式	<u>55</u>
6.2 Delivery 递送	<u>66</u>
6.3 When effective 生效时间	<u>77</u>
6.4 When taken to be received 认为收到的时间	<u>77</u>
6.5 Receipt outside business hours 工作时间之外接收	<u>77</u>
7 General 概述	<u>77</u>
7.1 Stamp duty 印花税	<u>77</u>
7.2 Waiver 放弃	<u>88</u>

7.3	Variation 变更	<u>99</u>
7.4	Remedies cumulative 累积补救措施	<u>99</u>
7.5	Assignment 转让	<u>99</u>
7.6	Governing law and jurisdiction 适用法律和管辖权	<u>99</u>
7.7	Further action 进一步的措施	<u>99</u>
	Signing page 签字页	<u>1111</u>

Deed Poll

Details 详细资料

Parties 各方	Hanlong 汉龙	
Sichuan Hanlong 四川汉龙	Name 名称	Sichuan Hanlong Group Co., Limited 四川汉龙集团有限公司
	Address 地址	C/O Hanlong Mining Investment Pty Ltd 26/F, Hongda Building Jingli east Road Chengdu City Sichuan Province, P.R. China 中国四川省成都市锦里东路宏达大厦 26 层, 汉龙矿业投资有限公司
	Telephone 电话	+86 28 86133718
	Fax 传真	+86 28 86128787
	Attention 收件人	Mr Kang Huanjun 康焕军先生
Recitals 陈述	A	On ^{22 October 2012} Hanlong entered into the Hanlong Deed Poll. 于 2012 年 10 月 22 日, 汉龙签署了汉龙单边契约。
	B	Sichuan Hanlong is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to procure that Hanlong performs its obligations under the Scheme Implementation Agreement, the Hanlong Deed Poll and the Scheme. 四川汉龙签署本契约的目的是: 以计划参与者为受益人来订立契约, 以保证汉龙在计划执行协议, 汉龙单边契约和计划项下履行其义务。
Governing law 适用法律	Western Australia 西澳大利亚法律	
Date of agreement 协议签署日期	See Signing page 见签字页	

Deed Poll

General terms 一般条款

1 Definitions and interpretation 定义和解释

1.1 Definitions 定义

In this deed poll (unless the context otherwise requires):

在本单边契约中（除非另有要求）：

- (a) **Authorised Officer** means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this deed poll;

经授权的高层人员意思是，一方、一方的一位董事或秘书、或一方任命的任何其他个人，在本单边契约中作为经授权的高层人员采取行动；

- (b) **Hanlong Deed Poll** means the deed poll entered into by Hanlong in favour of Scheme Participants on; *22 October 2012*

汉龙单边契约意思是汉龙签署的以计划参与者为受益人的单边契约；*(2012年10月22日)*

- (c) **Scheme** means the proposed scheme of arrangement between Sundance and Scheme Participants substantially in the form of Annexure A to the Hanlong Deed Poll together with any amendment or modification made pursuant to section 411(6) of the Corporations Act;

计划的意思是，桑德斯和计划参与者之间的以附录 A 的形式体现的拟定的计划安排。该计划安排是关于汉龙单边契约及根据公司法第 411（6）条款所做的任何修订或修改；

- (d) **Scheme Implementation Agreement** means the second amended and restated Scheme Implementation Agreement between Hanlong, Sichuan Hanlong and Sundance dated 24 August 2012.

计划执行协议意思是汉龙、四川汉龙和桑德斯于 2012 年 8 月 24 日签署的第二次修订和重述的计划执行协议。

- (e) **Sundance** means Sundance Resources Limited (ABN 19 055 719 394); and

桑德斯意思是桑德斯资源有限公司(ABN 19 055 719 394)；以及

- (f) words and phrases used in this deed poll have the same meaning as given to them in the Scheme.

本单边契约中使用的词语和词组与计划中的含义相同。

1.2 Interpretation 解释

Clauses 1.2 of the Scheme applies to the interpretation of this deed poll except that references to "this Scheme" in that clause are to be read as references to "this deed poll".

计划的第 1.2 条款适用于本单边契约的解释，只不过，在那个条款中的“本计划”应被理解为“本单边契约”。

1.3 Headings 标题

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

标题（包括在段落开头部分括号内的内容）只是为了方便起见，并不影响本单边契约的解释。

1.4 Nature of deed poll 单边契约的性质

Sichuan Hanlong acknowledges that this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it.

四川汉龙确认：任何计划参与者都可以根据其条款信赖并执行本单边契约，即使计划参与者并不是本单边契约的签署方之一。

2 Conditions 条件

2.1 Conditions 条件

Sichuan Hanlong's obligations under clause 3 are subject to the Scheme becoming Effective.

四川汉龙在条款 3 项下的义务要取决于计划生效。

2.2 Termination 终止

Sichuan Hanlong's obligations under this deed poll automatically terminate if:

如果发生以下情况，则四川汉龙在本契约项下的义务自动终止：

- (a) the Scheme has not become Effective on or before the End Date; or
在结束日之前，包括结束日当天，计划未生效；或
- (b) the Scheme Implementation Agreement is terminated.

计划执行协议终止了。

2.3 Consequences of termination 终止的结果

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

如果本单边契约在条款 2.2 项下终止，那么，除了并无损于计划参与者可实施的任何其他的权利、权力或补救措施之外，

- (a) Sichuan Hanlong is released from its obligations to further perform this deed poll except those obligations contained in clause 7.1 and any other obligations which by their nature survive termination; and

四川汉龙将不再有义务继续执行本单边契约，除非这些义务是包含在条款 7.1 中的，或者这些义务的性质是终止之后仍旧有效的；并且

- (b) each Scheme Participant retains the rights, powers or remedies they have against Sichuan Hanlong in respect of any breach of this deed poll which occurs before it is terminated.

如果四川汉龙在本契约终止之前关于本单边契约有任何违约行为，每位计划参与者都将保留其对四川汉龙追究的权利、权力或补救措施。

3 Undertaking in favour of Scheme Participants 以计划参与者为受益人的承诺

Subject to clause 2, Sichuan Hanlong undertakes in favour of each Scheme Participant to procure that Hanlong performs its obligations under the Scheme Implementation Agreement, the Hanlong Deed Poll and the Scheme.

在不违反条款 2 的前提下，四川汉龙承诺：以计划参与者为受益人，保证汉龙在计划执行协议、汉龙单边契约和计划项下履行其义务。

4 Warranties 担保

Sichuan Hanlong represents and warrants that:

四川汉龙明确说明并保证：

- (a) it is a corporation validly existing under the laws of its place of registration;

四川汉龙是一家在注册地的法律项下有效存在的企业；

- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

四川汉龙具备公司权力来签署本单边契约、履行本单边契约项下的义务、以及执行本单边契约预期的交易；

- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and

四川汉龙已经采取了所有必需的公司行动来授权其签署本单边契约，并已经或将会采取所有必需的公司行动来授权执行本单边契约并执行本单边契约预期的交易；并且

- (d) this deed poll is valid and binding upon Sichuan Hanlong and enforceable against Sichuan Hanlong in accordance with its terms.

本单边契约将对四川汉龙有效并约束四川汉龙，并且按照其条款可对四川汉龙强制执行。

5 Continuing obligations 持续义务

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

本单边契约不可撤销，并在不违反条款 2 的前提下保持其全部法律效力，直到：

- (a) Hanlong has fully performed its obligations under the Hanlong Deed Poll, the Scheme Implementation Agreement and the Scheme; or

汉龙已经全部履行了其在汉龙单边契约、计划执行协议和计划项下的义务；或

- (b) the earlier termination of this deed poll under clause 2.2.

本单边契约在条款 2.2 项下提早终止。

6 Notices 通知

6.1 Form 形式

All notices or other communication to Sichuan Hanlong in respect of this deed poll must be:

所有关于本契约的给四川汉龙的通知或其他信件都必须：

- (a) in writing;
以书面形式给出;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender;
由发送者（如果是个人的话）签字，或一位发送者授权的高层人员；
- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.
标注出详细资料中的收件人，如果收件人另行通知，那么就按照最近一次通知的收件人寄送。

6.2 Delivery 递送

Communications must be:

信件必须:

- (a) left at the address set out or referred to in the Details;
送达详细资料中规定的或提及的地址;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
通过预付款的普通邮寄（如果适合的话也可用航空邮寄）方式送达到详细资料中规定的或提及的地址;
- (c) sent by fax to the fax number set out or referred to in the Details; or
通过传真的形式送达到详细资料中规定的或提及的传真号；或
- (d) given in any other way permitted by law.
用任何其他法律允许的方式送达。

However, if the intended recipient has notified a changed address or fax number, then communications must be to that address or fax number.

但是，如果预期收件人通知更改了地址或传真号码，那么信息必须送达到新地址或传真号。

6.3 When effective 生效时间

Communications take effect from the time they are received or taken to be received under clause 6.4 (whichever happens first) unless a later time is specified.

信件自接收或根据条款 6.4 规定视作接收之日起生效（无论哪个先发生），除非另外指定一较晚的日期。

6.4 When taken to be received 认为收到的时间

Communications are taken to be received:

在以下情况下，信件被认为收到：

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or

若通过邮寄方式，寄出后的三天（或跨国邮寄则为寄出后的七天）；或者

- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent.

若通过传真方式，则在发送报告上显示整份传真已发送之时。

6.5 Receipt outside business hours 工作时间之外接收

Despite clauses 6.3 and 6.4, if communications are received or taken to be received under clause 6.4 after 5.00pm in the place of receipt or on a day which is not a business day in the place of receipt, they are taken to be received at 9.00am on the next day which is a business day and take effect from that time unless a later time is specified.

不论条款 6.3 和 6.4 作何规定，若信件在下午 5 点之后或在非工作日在收件处接收或在子条款 6.4 下视为接收，则被视为于下一个工作日的早上 9 点收到，除非另外指定一较晚的日期。

7 General 概述

7.1 Stamp duty 印花税

Sichuan Hanlong must:

四川汉龙必须：

- (a) pay all stamp duty (including fines and penalties) payable and assessed on this deed poll;

支付所有由本单边契约，在本契约下签订的任何协议，以及受本契约和计划影响的交易的评估的应付印花税（包括罚款和罚单）；以及

- (b) indemnify on demand each Scheme Participant against any liability arising from failure to comply with clause 7.1(a).

赔偿由于未能遵守子条款 7.1 (a) 对计划参与者所产生的债务。

7.2 Waiver 放弃

- (a) A waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the party giving the waiver.

放弃任何由于违反本单边契约而产生的权利，或放弃任何由于在本单边契约下违约而产生的任何权利、权力、授权、裁量权或补救措施，都必须以书面形式并由放弃方签字。

- (b) A failure or delay in exercise, or partial exercise, of:

未能、或推迟行使、部分行使：

- (i) a right arising from a breach of this deed poll; or

因违反本单边契约的一项权利；或

- (ii) a right, power, authority, discretion or remedy created or arising upon default under this deed poll,

因在本单边契约下违约的一项权利、权力、授权、裁量权或补救措施，

does not result in a waiver of that right, power, authority, discretion or remedy.

并不会导致放弃该权利、权力、授权、裁量权或补救措施。

- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.

一方无权依靠由于违反本单边契约，或由于在本单边契约下违约而造成的推迟行使或不行使权利、权力、授权、裁量权或补救措施来构成放弃该权利、权力、授权、裁量权或补救措施。

- (d) A party may not rely on any conduct of another party as a defence to exercise of a right, power, authority, discretion or remedy by that other party.

一方不得依靠任何其他方的行为对由该其他方行使的权利、权力、授权、裁量权或补救措施进行抗辩。

7.3 Variation 变更

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless the variation is agreed to by Sundance and Sichuan Hanlong in writing and the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme, in which event Sichuan Hanlong must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

本单边契约的条款或其中规定的任何权利都不得被更改、变动或修正，除非该改动经过桑德斯和汉龙书面许可，并且法院表明该更改、变动或修正本身不会阻碍计划的批准，那样汉龙必须为计划参与者的利益而签订另外的单边契约来使该更改、变动或修正生效。

7.4 Remedies cumulative 累积补救措施

The rights and remedies of Sichuan Hanlong and the Scheme Participants under this deed poll are in addition to other rights and remedies given by law independently of this deed poll.

本单边契约下四川汉龙和计划参与者的权利和补救措施是法律规定的独立于本单边契约的其他权利和补救措施之外的额外权利和补救措施。

7.5 Assignment 转让

The rights and obligations of Sichuan Hanlong and each Scheme Participant under this deed poll are personal and must not be assigned or otherwise dealt with at law or in equity.

四川汉龙和每个计划参与者在单边契约下的权利和义务是个人的，不得转让或根据普通法或衡平法进行交易。

7.6 Governing law and jurisdiction 适用法律和管辖权

This deed poll is governed by the law in force in Western Australia. Sichuan Hanlong submits to the non-exclusive jurisdiction of the courts of that place.

本单边契约受西澳大利亚法律约束。四川汉龙遵守西澳大利亚法院的非专属管辖权。

7.7 Further action 进一步的措施

Sichuan Hanlong must execute all documents and do all things necessary or expedient to give effect to this deed poll.

四川汉龙必须签署所有文件并且做一切必要和适宜的事情以使本单边契约有效。

EXECUTED as a deed poll

作为单边契约签字生效

Deed Poll

Signing page 签字页

DATED: 22 October 2012

日期: 2012年10月22日

由 签字、盖章并交付

SIGNED, SEALED AND DELIVERED)
by Zhang Ke Yu)

as attorney for SICHUAN HANLONG)
GROUP CO., LIMITED under power of)
attorney dated 22 October 2012)

作为四川汉龙集团有限公司的授权人,)
依日期为 2012年10月22日 的授权书:)
in the presence of:)

以下人员在场:)

曹征)

Signature of witness)

见证人签字)

Cao Zheng)

Name of witness (block letters))

见证人名字)

By executing this deed the attorney states that the attorney has received no notice of revocation of the power of attorney 签署本契约时, 律师说明: 律师未收到撤销授权书的通知。



Annexure 5 Scheme

CLAYTON UTZ

Scheme of Arrangement

Pursuant to section 411 of the Corporations Act

Sundance Resources Limited

and

The holders of fully paid ordinary shares in
Sundance Resources Limited

Clayton Utz
Lawyers
Level 27 QV.1 250 St Georges Terrace Perth WA 6000 Australia
GPO Box P1214 Perth WA 6844
T +61 8 9426 8000 F +61 8 9481 3095

www.claytonutz.com

Contents

- 1. Definitions and interpretation1**
 - 1.1 Definitions 1
 - 1.2 Reference to certain general terms3
 - 1.3 Headings.....3
- 2. Preliminary3**
 - 2.1 Preliminary matters3
 - 2.2 Scheme Implementation Agreement and Deed Polls4
- 3. Conditions4**
 - 3.1 Conditions precedent.....4
 - 3.2 Conditions precedent and operation of clause 4 4
 - 3.3 Certificate.....4
 - 3.4 End Date.....4
- 4. The Scheme5**
 - 4.1 Lodgement of Court orders with ASIC5
 - 4.2 Transfer and registration of Sundance Shares5
 - 4.3 Title and rights in Sundance Shares5
 - 4.4 Scheme Participants’ agreements5
 - 4.5 Status of Shares5
 - 4.6 Appointment of Hanlong as sole proxy5
- 5. Scheme Consideration.....6**
 - 5.1 Consideration under the Scheme6
 - 5.2 Satisfaction of obligations6
 - 5.3 Payment of Scheme Consideration6
 - 5.4 Joint holders6
- 6. Dealings in Shares6**
 - 6.1 Determination of Scheme Participants6
 - 6.2 Register7
 - 6.3 Quotation of Sundance Shares.....7
- 7. General Scheme provisions7**
 - 7.1 Power of attorney.....7
 - 7.2 Variations, alterations and conditions8
 - 7.3 Further action by Sundance.....8
 - 7.4 Authority and acknowledgement.....8
 - 7.5 Stamp duty.....8
 - 7.6 Notices.....8
 - 7.7 Governing law8

Scheme of Arrangement made under section 411 of the Corporations Act 2001 (Commonwealth)

Parties **Sundance Resources Limited** of Level 35, Exchange Plaza, 2 The Esplanade, Perth, Western Australia (**Sundance**)

Each person registered as a holder of fully paid ordinary shares in Sundance as at 5.00pm on the Record Date

1. Definitions and interpretation

1.1 Definitions

In this Scheme:

ACCC means the Australian Competition and Consumer Commission.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited or the Australian Securities Exchange, as appropriate.

Business Day means a business day as defined in the Listing Rules.

CHESS means the Clearing House Electronics Subregister System, which provides for electronic share transfer in Australia.

Corporations Act means the Corporations Act 2001 (Cwth).

Court means a court of competent jurisdiction under the Corporations Act.

Deed Polls means the deed polls dated on or about 22 October 2012 executed by Hanlong and Sichuan Hanlong in favour of Scheme Participants.

End Date has the same meaning given to it in the Scheme Implementation Agreement.

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit à prendre, easement or any other security arrangement having the same effect.

Excluded Shareholder means Hanlong and its Related Bodies Corporate.

Hanlong means Hanlong (Africa) Mining Investment Limited.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to Sundance.

Implementation Date means the fifth Business Day following the Record Date.

Listing Rules means the Listing Rules of ASX.

Record Date means the fifth Business Day following the Effective Date or any other date as Sundance and Hanlong agree.

Register means the register of shareholders maintained by Sundance in accordance with the Corporations Act.

Registered Address means, in relation to a Sundance Shareholder, the address shown in the Register.

Regulatory Authority includes:

- (a) ASX, ACCC, ASIC;
- (b) a government or governmental, semi-governmental or judicial entity or authority;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute.

Related Body Corporate has the meaning it has in the Corporations Act.

Scheme means this scheme of arrangement together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.

Scheme Consideration means the consideration described in clause 6.2 of the Scheme Implementation Agreement to be provided by Hanlong to Scheme Participants under the terms of this Scheme for the transfer to Hanlong of their Shares.

Scheme Implementation Agreement means the second amended and restated Scheme Implementation Agreement dated 24 August 2012 between Sundance, Hanlong and Sichuan Hanlong.

Scheme Meeting means the meeting to be convened by the Court at which Sundance Shareholders (other than an Excluded Shareholder) will vote on the Scheme.

Scheme Participant means each person who is a Sundance Shareholder (other than an Excluded Shareholder) as at 5.00pm on the Record Date.

Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Shares.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Sichuan Hanlong means Sichuan Hanlong Group Co. Limited.

Share means a Sundance Share held by a Scheme Participant.

Sundance means Sundance Resources Limited (ABN 19 055 719 394).

Sundance Share or **Shares** means an ordinary fully paid share in the capital of Sundance.

Sundance Shareholder means each person registered in the Register as a holder of Sundance Shares.

1.2 Reference to certain general terms

Unless the contrary intention appears, a reference in this Scheme to:

- (a) **(variations or replacement)** a document (including this agreement) includes any variation or replacement of it;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(person)** the word “person” includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (g) **(executors, administrators, successors)** a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (i) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (j) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (k) **(meaning not limited)** the words “include”, “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (l) **(time of day)** time is a reference to Perth time.

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Scheme.

2. Preliminary

2.1 Preliminary matters

- (a) Sundance is a public company incorporated in Australia and registered in Western Australia and is a company limited by shares.
- (b) Sundance is admitted to the official list of ASX and Sundance Shares are officially quoted on the stock market conducted by ASX.

- (c) As at the date of the scheme booklet, Sundance's issued securities were:
 - (i) Sundance Shares: 3,052,227,034;
 - (ii) options: 30,986,866; and
 - (iii) performance rights: 7,884,449.
- (d) Hanlong is a private company incorporated and registered in Hong Kong and is a company limited by shares.
- (e) If the Scheme becomes Effective:
 - (i) in consideration of the transfer of each Share held by Scheme Participants to Hanlong, Sundance will procure Hanlong to provide the Scheme Consideration to Sundance on behalf of each Scheme Participant in accordance with the terms of this Scheme;
 - (ii) all Shares held by Scheme Participants will be transferred to Hanlong on the Implementation Date; and
 - (iii) Sundance will enter the name of Hanlong in the Register in respect of all Shares transferred to Hanlong in accordance with the terms of this Scheme.

2.2 Scheme Implementation Agreement and Deed Polls

- (a) Sundance and Hanlong have agreed by executing the Scheme Implementation Agreement to implement the terms of this Scheme.
- (b) Hanlong and Sichuan Hanlong have executed the Deed Poll by which they have covenanted to perform their obligations under this Scheme, including to provide the Scheme Consideration.

3. Conditions

3.1 Conditions precedent

The Scheme is conditional on all the conditions precedent in schedule 2 of the Scheme Implementation Agreement having been satisfied or waived (other than the conditions precedent 7 and 11) in accordance with the terms of the Scheme Implementation Agreement.

3.2 Conditions precedent and operation of clause 4

The satisfaction of each condition of clause 3.1 is a condition precedent to the operation of clause 4.

3.3 Certificate

Sundance and Hanlong must provide to the Court on the Second Court Date a certificate confirming whether or not all conditions precedent to this Scheme (other than the condition precedent relating to Court approval) have been satisfied or waived as at 8.00am on the Second Court Date.

3.4 End Date

The Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date.

4. The Scheme

4.1 Lodgement of Court orders with ASIC

Sundance must lodge with ASIC an office copy of the Court order approving the Scheme by 5.00pm on the first Business Day after the day on which the Court approves the Scheme.

4.2 Transfer and registration of Sundance Shares

On the Implementation Date, subject to the provision of the Scheme Consideration in accordance with clauses 5.1 to 5.3:

- (a) the Shares (other than Shares held by Excluded Shareholders) together with all rights and entitlements attaching to the Shares as at the Implementation Date, will be transferred to Hanlong without the need for any further act by any Scheme Participant (other than acts performed by Sundance as attorney and agent for Scheme Participants under clause 7.1) by:
 - (i) Sundance delivering to Hanlong a duly completed and executed Scheme Transfer for registration; and
 - (ii) Hanlong duly executing the Scheme Transfer and delivering it to Sundance for registration; and
- (b) immediately after receipt of the duly executed Scheme Transfer, Sundance must enter the name of Hanlong in the Register in respect of all Shares transferred to Hanlong in accordance with the terms of this Scheme.

4.3 Title and rights in Sundance Shares

On and from the Implementation Date, Hanlong will be beneficially entitled to the Shares transferred to it under the Scheme, pending registration by Sundance of Hanlong in the Register as the holder of the Shares.

4.4 Scheme Participants' agreements

The Scheme Participants agree to the transfer of their Shares in accordance with the Scheme.

4.5 Status of Shares

Each Scheme Participant warrants to Hanlong that:

- (a) all their Shares (including any rights and entitlements attaching to those shares) transferred to Hanlong under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Shares (including any rights and entitlements attaching to those shares) to Hanlong under the Scheme.

4.6 Appointment of Hanlong as sole proxy

From the Effective Date until Sundance registers Hanlong as the holder of all of the Sundance Shares transferred under the Scheme in the Register, each Scheme Participant:

- (a) appoints Sundance as attorney and agent (and directs Sundance in that capacity) to appoint Hanlong and each of its directors from time to time (jointly and each of them individually) as its sole proxy and where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to Sundance Shares registered in its name and sign any shareholders resolution, and no Scheme Participant may itself

attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 4.6(a); and

- (b) must take all other actions in the capacity of the registered holder of Sundance Shares as Hanlong directs.

Sundance undertakes in favour of each Scheme Participant that it will appoint Hanlong and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 4.6(a).

5. Scheme Consideration

5.1 Consideration under the Scheme

On the Implementation Date, Sundance must procure Hanlong to pay the Scheme Consideration to the Scheme Participants in accordance with clauses 5.2 and 5.3.

5.2 Satisfaction of obligations

The obligation of Sundance to procure payment of the Scheme Consideration pursuant to clause 5.1 will be satisfied by Sundance procuring Hanlong no later than two Business Days before the Implementation Date to deposit in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants in a trust account operated by Sundance to be held on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 5.3 (except that the amount of any interest on the amount deposited will be to Hanlong's account).

5.3 Payment of Scheme Consideration

- (a) On the Implementation Date, subject to receipt of the Scheme Consideration from Hanlong in accordance with clause 5.2, Sundance must pay to each Scheme Participant an amount equal to the Scheme Consideration for each Share transferred to Hanlong on the Implementation Date by that Scheme Participant.
- (b) The amounts referred to in this clause 5.3 must be paid by direct credit or sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register at 5.00pm on the Record Date.

5.4 Joint holders

In the case of Shares held in joint names, any bank cheque required to be paid to Scheme Participants by Hanlong must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at 5.00pm on the Record Date.

6. Dealings in Shares

6.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Shares on or before 5.00pm on the Record Date; and

- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 5.00pm on the Record Date at the place where the Register is kept.

6.2 Register

- (a) Sundance must register any registrable transmission applications or transfers of the Shares received in accordance with clause 6.1(b) on or before 5.00pm on the Record Date.
- (b) If the Scheme becomes Effective, a holder of Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Shares or any interest in them after the Effective Date.
- (c) Sundance will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Shares received after 5.00pm on the Record Date (except a transfer to Hanlong pursuant to this Scheme and any subsequent transfer by Hanlong or another Excluded Securityholder).
- (d) For the purpose of determining entitlements to the Scheme Consideration, Sundance will maintain the Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Participants. The Register in this form will solely determine entitlements to the Scheme Consideration.
- (e) Scheme Participants' statements of holding in respect of Shares will cease to have effect after 5.00pm on the Record Date as documents of title in respect of those shares. After 5.00pm on the Record Date, each entry relating to a Scheme Participant on the Register as at 5.00pm on the Record Date will cease to have effect except as evidence of entitlement to the Scheme Consideration.
- (f) Within three Business Days after the Record Date, Sundance will ensure that details of the names, Registered Addresses and holdings of Shares for each Scheme Participant, as shown in the Register at 5.00pm on the Record Date, are available to Hanlong in a form as Hanlong reasonably requires.

6.3 Quotation of Sundance Shares

- (a) Suspension of trading on ASX in Sundance Shares will occur from the close of trading on ASX on the Effective Date.
- (b) After the Scheme has been fully implemented, Sundance will apply:
 - (i) for termination of the official quotation of Sundance Shares on ASX; and
 - (ii) to have itself removed from the official list of ASX.

7. General Scheme provisions

7.1 Power of attorney

Upon the Scheme becoming Effective, each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Sundance and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of executing any document necessary or expedient to give effect to this Scheme including the Scheme Transfer.

7.2 Variations, alterations and conditions

Sundance may, with the consent of Hanlong, by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to the Scheme which the Court thinks fit to impose.

7.3 Further action by Sundance

Sundance will execute all documents and do all things necessary or expedient to implement, and perform its obligations under, this Scheme.

7.4 Authority and acknowledgement

Each of the Scheme Participants:

- (a) consents to Sundance doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds Sundance and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting).

7.5 Stamp duty

Hanlong will pay all stamp duty payable in connection with the Scheme.

7.6 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Sundance, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Sundance's registered office or at the office of the registrar of Sundance Shares.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of the notice by any Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

7.7 Governing law

This Scheme is governed by the law in force in Western Australia. Each party submits to the non-exclusive jurisdiction of the courts of that place.

Annexure 6 Notice of Scheme Meeting



SUNDANCE
RESOURCES LTD

SUNDANCE RESOURCES LIMITED

ABN 19 055 719 394

NOTICE OF SCHEME MEETING

Date of Meeting

14 December 2012

Time of Meeting

10:00am (Perth time)

Place of Meeting

Perth Convention and Exhibition Centre
21 Mounts Bay Road, Perth
WESTERN AUSTRALIA

A Proxy Form is enclosed

Please read this Notice and Explanatory Notes carefully.

If you are unable to attend the Scheme Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

NOTICE OF COURT ORDERED MEETING OF SUNDANCE RESOURCES LTD SHAREHOLDERS

Notice is hereby given, by an Order of the Federal Court of Australia (Court) made on 9 November 2012 under section 411(1) of the Corporations Act that a meeting of shareholders of Sundance Resources Limited ABN 19 055 719 394 (Company) will be held at 10:00am (AWST) on Friday, 14 December 2012 at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.

The Court has also directed that Mr George Jones AM act as Chairman of the meeting or, failing him, Ms Fiona Harris, and has directed the Chairman to report the result of the meeting to the Court.

The purpose of the meeting is to consider, and if thought fit, agree to a scheme of arrangement (with or without any modifications or conditions made or required by the Court to which Sundance and Hanlong agrees) proposed to be made between Sundance and Sundance Shareholders in relation to the proposed acquisition of 100% of Sundance by Hanlong.

To enable you to make an informed voting decision, further information on the Scheme is set out in the Scheme Booklet which this notice accompanies. Terms used in this notice have the same meaning as set out in the defined terms in Section 9 of the Scheme Booklet.

BUSINESS OF THE MEETING

To consider and, if thought fit, pass the following resolution:

“That pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the members approve the arrangement proposed between Sundance Resources Limited and the holders of its fully paid ordinary shares, designated the “Scheme”, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting (with or without any modifications or conditions made or required by the Court to which Sundance Resources Limited and Hanlong (Africa) Mining Investment Limited agrees) and, subject to approval of the Scheme by the Court, the Sundance Board is authorised to implement the Scheme with any such modifications or conditions.”



Brian Conrick

Company Secretary

Dated: 9 November 2012

EXPLANATORY NOTES

Sundance Resources Limited Shareholders who are entitled to vote

Only Sundance Shareholders (other than Hanlong and its Related Bodies Corporate) who are registered on the Sundance Share Registry at 5:00pm (AWST) on 12 December 2012 are entitled to vote on the resolution.

Majorities Required

In accordance with section 411(4)(a)(ii) of the Corporations Act, the resolution must be passed by, unless the Court orders otherwise:

- a majority in number of Sundance Shareholders present and voting at the meeting in person, by attorney, by proxy or, in the case of corporate shareholders, by corporate representative; and
- at least 75% of the total number of votes cast by Sundance Shareholders on the resolution.

Court Approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without any modification made or required by the Court to which Sundance and Hanlong agree) must be approved by an order of the Court. If the resolution put to this meeting is passed by the required majorities and the other Conditions Precedent are satisfied or waived (as applicable), Sundance intends to apply to the Court on 18 December 2012 for approval of the Scheme.

VOTING

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Scheme Meeting and by submitting their proxy appointment and voting instructions in person, by post, by facsimile, or online.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify

the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).

- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the Sundance Shareholder's behalf on the poll, and the Sundance Shares the subject of the proxy appointment will not be counted in computing the required majority.
- Shareholders who return their Proxy Form(s) with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the Scheme Meeting, the Company Secretary or any Sundance Director that do not contain a direction how to vote will be used to vote in favour of the Scheme Resolution.
- To be effective, proxies must be lodged by 10:00am (AWST) on 12 December 2012. Proxies lodged after this time will be invalid.
- The Proxy Form or appointment of attorney (in the event you wish to attend and vote at the Scheme Meeting) must either be:
 - sent by mail to the Sundance Share Registry (using the reply paid envelope included with this document), addressed, Computershare Investor Services Pty Limited, GPO Box 242 Melbourne, Victoria 3001, Australia or sent by mail to Sundance's registered office at Level 35, Exchange Plaza, 2 The Esplanade, Perth WA 6000;
 - faxed to 1800 783 447 from within Australia, or +61 3 9473 2555 from overseas;
 - lodged online at www.investorvote.com.au using the details printed on the personalised Scheme Meeting Proxy form or at www.intermediaryonline.com for custodian voting (subscribers only); or
 - delivered by hand to Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, Australia.

The Proxy Form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10:00am (AWST) on 12 December 2012. If facsimile transmission is used, the power of attorney must be certified.



SUNDANCE
RESOURCES LTD

ABN 19 055 719 394

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 368 919
(outside Australia) +61 3 9946 4430

000001 000 SDL
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Proxy Form



Vote online or view the Scheme Booklet, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (Perth Time) Wednesday 12 December 2012

How to Vote on the Item of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite the item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on the item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Sundance Resources Limited hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Scheme Meeting of Sundance Resources Limited to be held at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Friday, 14 December 2012 at 10:00am (Perth Time) and at any adjournment of that meeting.

STEP 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Resolution 1 Approval of Share Scheme

	For	Against	Abstain
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / /

SDL

1 5 8 4 4 7 A

Computershare +

Directory

Directors

Mr George Jones AM
(Chairman)
Mr Giulio Casello
Mr Michael Blakiston
Mr Barry Eldridge
Ms Fiona Harris
Mr Andrew (Robin) Marshall

Company Secretary

Mr Brian Conrick

Registered Office

Level 35, Exchange Plaza
2 The Esplanade
Perth WA 6000
AUSTRALIA

Telephone: +61 8 9220 2300
Facsimile: +61 8 9220 2309
Website:
www.sundanceresources.com.au

Financial Adviser

UBS Australia
108 St Georges Terrace
Level 44, Bankwest Tower
Perth WA 6000
AUSTRALIA

China Adviser

CITIC Securities Co Ltd
CITIC Securities Tower
48 Liangmaqiao Road
Chaoyang District, Beijing
People's Republic of China

Legal Adviser

Clayton Utz
Level 27, QVI Building
250 St Georges Terrace
Perth WA 6000
AUSTRALIA

Share Registry

Computershare Investor Services Pty Limited
GPO Box D182
Perth WA 6840
AUSTRALIA

Telephone: (within Australia) 1300 557 010
(outside Australia) + 61 3 9415 4000
Facsimile: +61 8 9323 2033