

SUNDANCE RESOURCES



Developing a new iron ore province for world markets

Presentation to Africa Down-Under Conference

September 2009

# Project Overview

➤ *Mbarga - one of the largest iron ore deposits in the world not controlled by a major company*

- Combined Indicated and Inferred Resource of 2.5 billion tonnes of High Grade hematite and Itabirite hematite
- Drilling to re-commence in 2009, targeting High Grade hematite deposits
- Project of National Interest to Cameroon
- Value-Adding Opportunities – Pig Iron and Direct Reduction (DR) Grade Pellets



*Costean across the Mbarga Deposit*

- *Targeting to be a long term producer of 35 Mtpa of high quality iron ore and pellets*
- *Seeking strategic partners driven by quality of resource and scale of project*

# Capital Structure and Major Shareholders

## Capital Structure

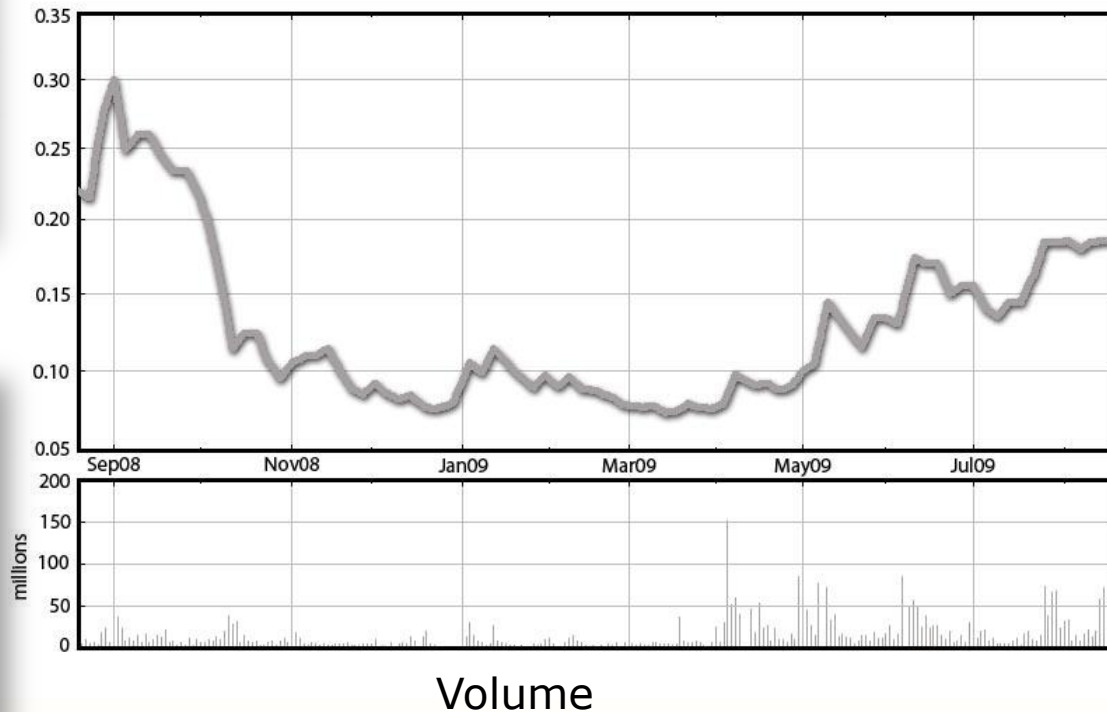
Market Cap	A\$378m*
Ordinary Shares	2,112,042,808
Unlisted Options	43,935,000
Share Price	18.0c*
Cash	A\$18m*
Debt	NIL

\* As at 01 September 2009

## Shareholdings

Talbot Group Investments	20.54%
HSBC Custody Nominees	4.21%
ANZ Nominees Limited	3.54%
J P Morgan Nominees Australia Limited	3.13%
Osson Pty Ltd	2.37%

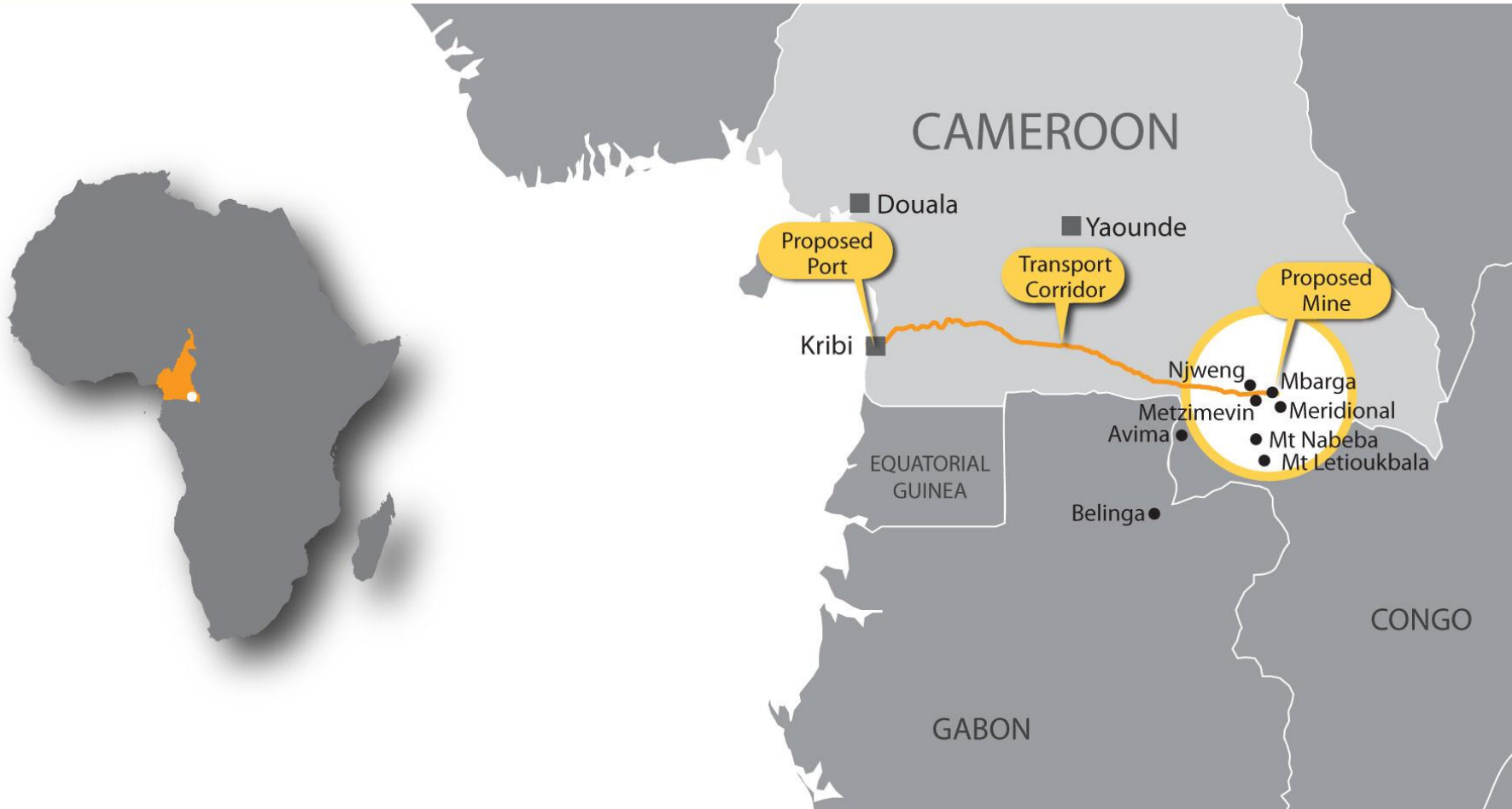
## Share Price (A\$)



➤ Long term strategic investors introduced through previous capital raisings

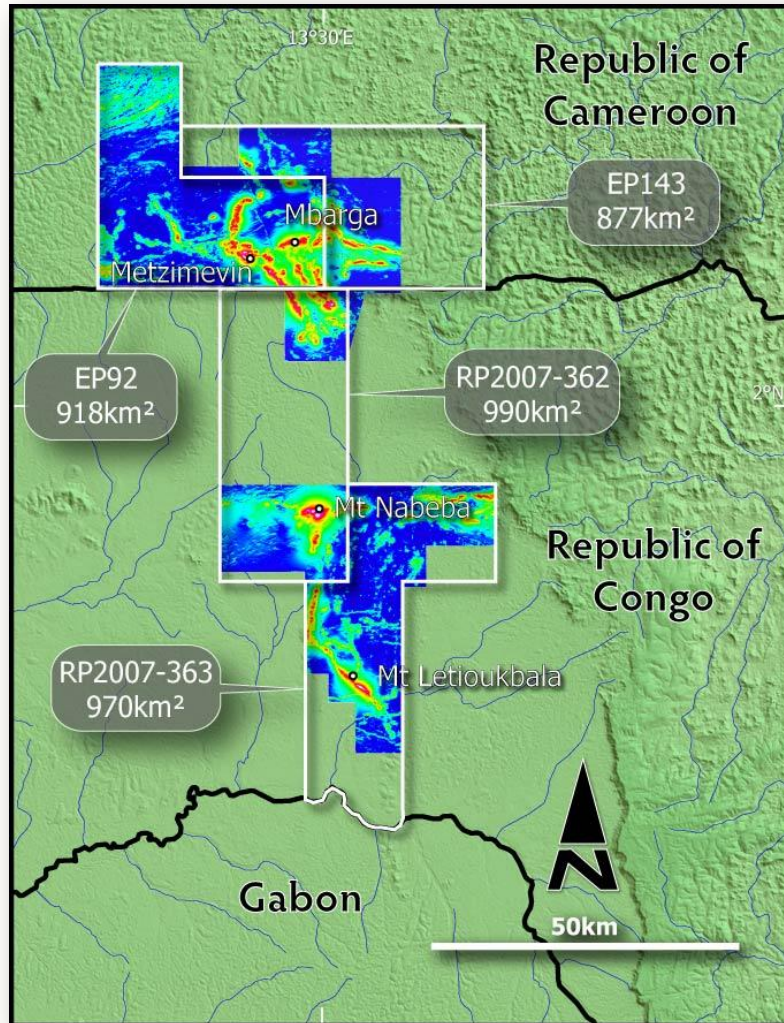


# A World-Scale Iron Ore Project



- *World-scale resource supports 35 Mtpa production of high quality iron ore*
- *Potential for regional resource and infrastructure development*

# Significant Exploration Portfolio



## EP92 – Cameroon (Cam Iron SA)

- 918 km<sup>2</sup>
- 80,595 metres drilling completed

## EP143 – Cameroon (Cam Iron SA)

- 877 km<sup>2</sup>

## RP2007-362 and RP2007-363 - Congo (Congo Iron SA)

- 1,960 km<sup>2</sup>
- Aeromagnetic surveys & reconnaissance surface sampling completed.

➤ *Total landholding of 3,755 km<sup>2</sup> with significant exploration targets*

# Resource Inventory – EP92

- 80, 595 metres drilling completed on Mbarga, Mbarga South and Metzimevin Deposits
  - 345 RC Holes; 36 Diamond Holes
- 215 Mt Indicated and Inferred Resource of high grade hematite

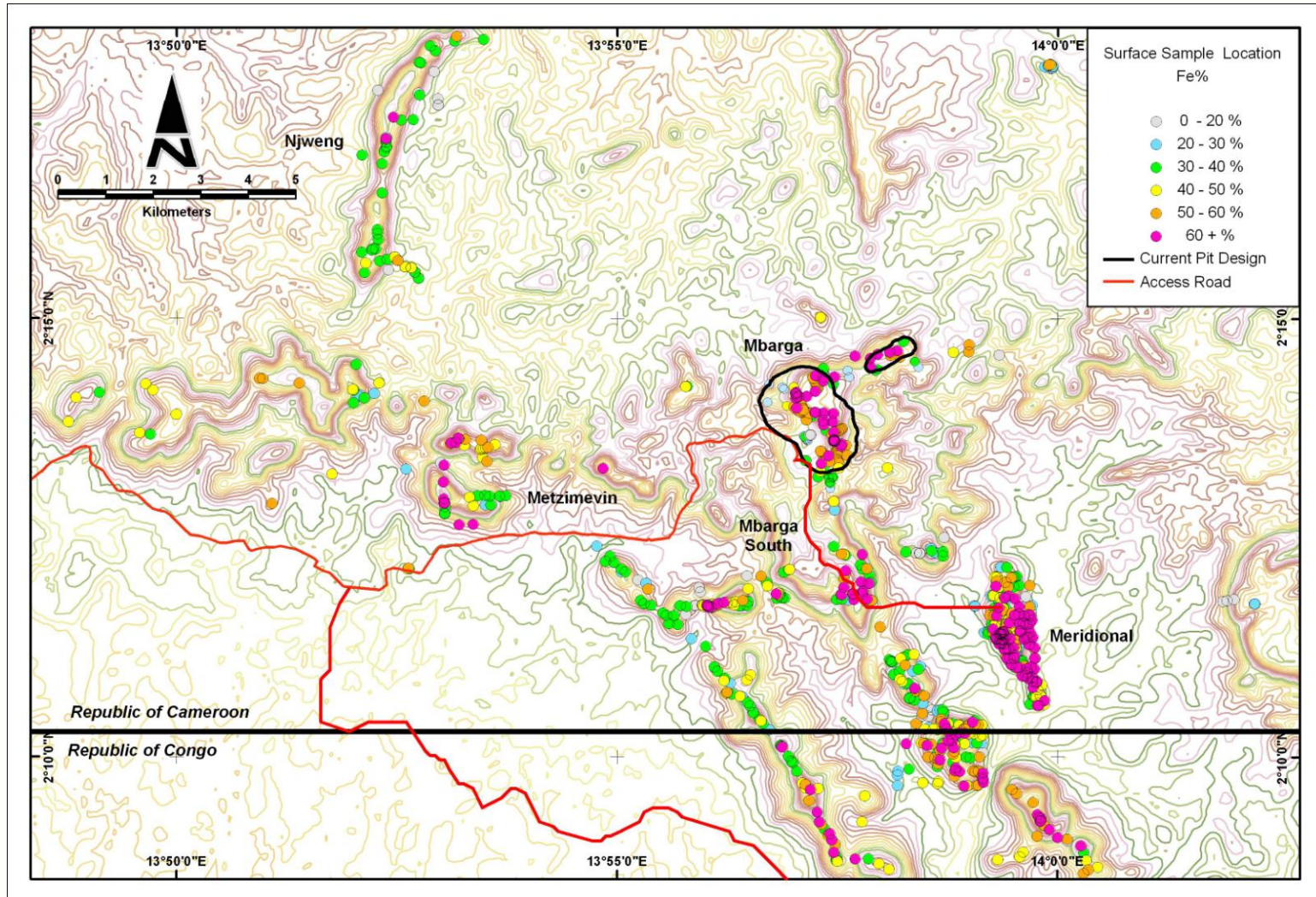
Resource Category	Tonnage (Mt)	(% Fe)	(% SiO <sub>2</sub> )	(% Al <sub>2</sub> O <sub>3</sub> )	(% P)	(% LOI)
Indicated	168.7	60.5	9.5	2.1	0.08	1.4
Inferred	46.4	59.4	13.0	2.7	0.06	1.6
<b>Total</b>	<b>215.1</b>	<b>60.2</b>	<b>9.8</b>	<b>2.3</b>	<b>0.08</b>	<b>1.6</b>

- 2,325 Mt Indicated and Inferred of Resource of Itabirite hematite

Resource Category	Tonnage (MT)	(% Fe)	(% SiO <sub>2</sub> )	(% Al <sub>2</sub> O <sub>3</sub> )	(% P)	(% LOI)
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
<b>Total</b>	<b>2,325</b>	<b>38.0</b>	<b>44.4</b>	<b>0.48</b>	<b>0.04</b>	<b>0.36</b>

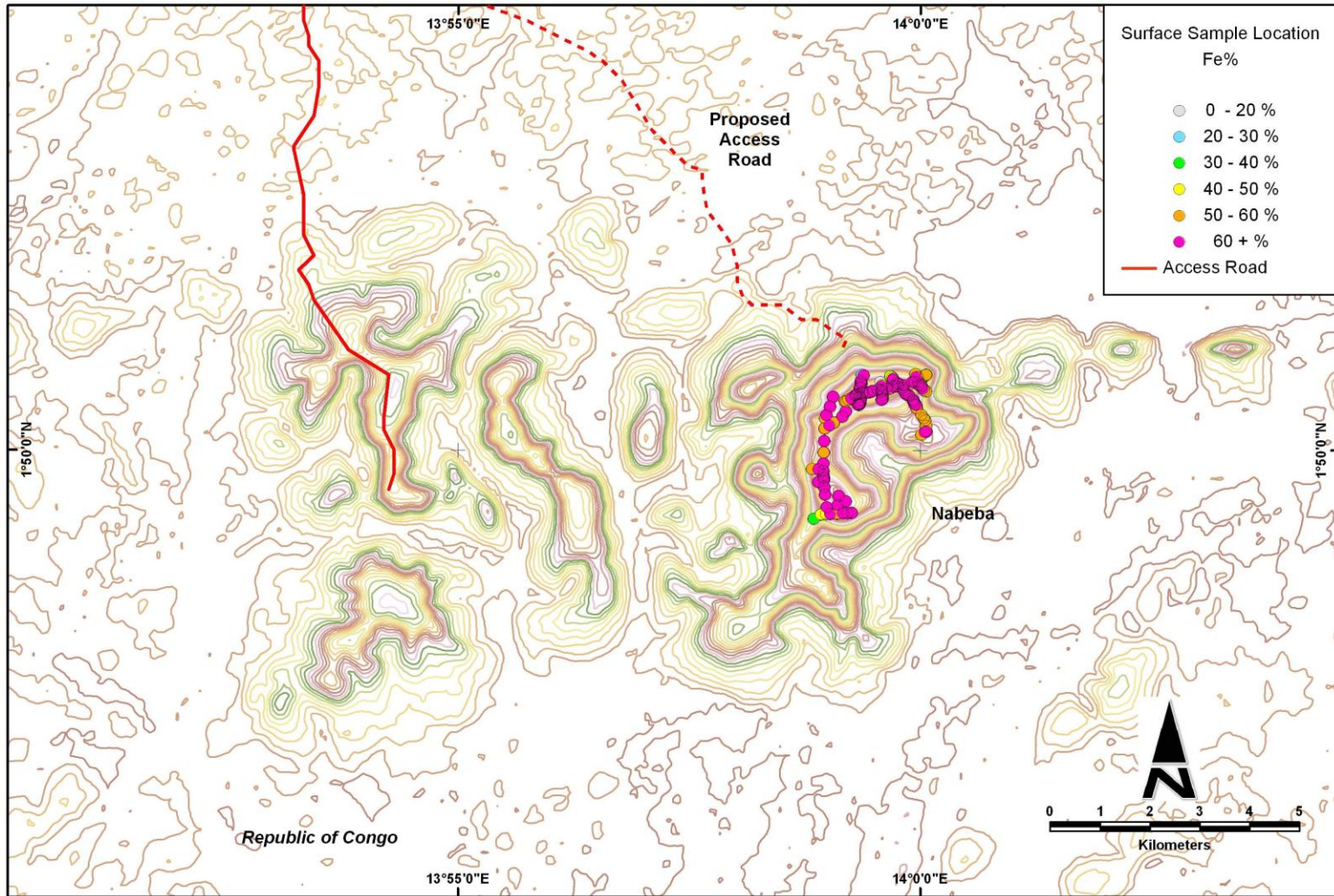
➤ *A world-scale 2.5 billion tonne JORC-Code compliant resource already defined on EP92*

# Exploration Upside – EP92



➤ *Drilling to re-commence in Nov 2009, initially targeting Meridional prospect*

# Exploration Upside – Nabeba Deposit



➤ Nabeba Deposit offers potential to significantly increase High Grade resource tonnage



# Project Exploration Target

- Targeting to establish High Grade resources sufficient for minimum 10 years DSO-quality production
- New diamond rig purchased & being mobilised to site.

## Project Exploration Target for 55 - 65% Fe Hematite

Deposit	Category	Tonnage (Mt)	Grade (% Fe)
Mbarga; Mbarga South & Metzimevin	Indicated and Inferred Resource	215	60%
Nabeba	Exploration Target*	100 – 250	55 – 65%

\* While the Company is optimistic that it will report additional resources in the future, any discussion in relation to the potential quantity and grade of Exploration Targets described in this presentation is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource in excess of the Indicated and Inferred Resource reported for the Mbarga, Mbarga South and Metzimevin Deposits and it is uncertain if further exploration will result in determination of a Mineral Resource for the Nabeba Deposit or any other prospects on the Company's landholdings.

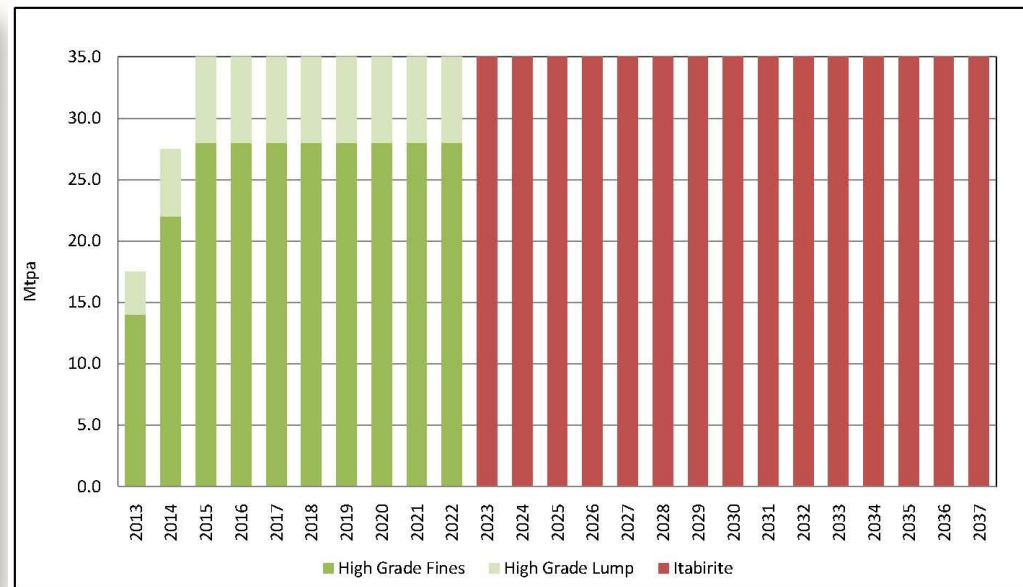


➤ Total Project Exploration Target of 315 – 465 Mt High Grade hematite at 55 – 65% Fe

# High Margin Development Strategy

- Start-up production based on blended High Grade ore to produce DSO-quality product
- Transition to Itabirite ore to produce pellet feed concentrates for balance of mine life

<b>Production</b>	
Throughput	35 Mtpa
Mine life (minimum)	20 years
<b>Key Assumptions</b>	
High Grade Feed Ore	375 Mt*
DSO-Quality Product Grade	+60% Fe
Itabirite Feed Ore	963 Mt
Concentrate Product Grade	+65% Fe



\* Subject to achieving Exploration Target for Nabeba Deposit – refer clarification on page 9

➤ Highest margin production during infrastructure payback period

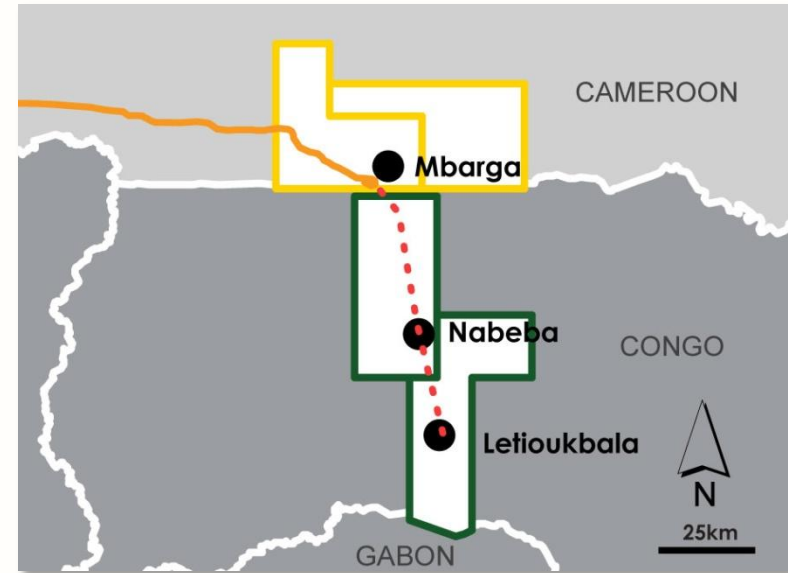
# High Quality Iron Ore Products

- Target DSO-Quality Product
  - 60% Fe, 6% SiO<sub>2</sub>, 2% Al<sub>2</sub>O<sub>3</sub>, 0.08% P
  - Multi-pit High Grade ore blending/upgrading proposed to optimise product specification
- Target Itabirite Concentrate (Dual Product Stream)
  - DR Grade: 68% Fe, 1.8% SiO<sub>2</sub>, 0.2% Al<sub>2</sub>O<sub>3</sub>, 0.03% P
  - BF Grade: 66% Fe, 4.1% SiO<sub>2</sub>, 0.3% Al<sub>2</sub>O<sub>3</sub>, 0.03% P
  - Proven grind and float beneficiation process for concentrate production with ~40% weight recovery
- Potential for production of DR Grade pellets
  - Natural gas available near port site
  - European, Middle Eastern and Asian markets



# Integration of Nabeba Deposit

- Nabeba Deposit (low silica) is likely to complement the Mbarga Deposit (higher silica)
- Nabeba run-of-mine ore would be transported to Mbarga for grade blending.
- Product transported to port by CamIron.



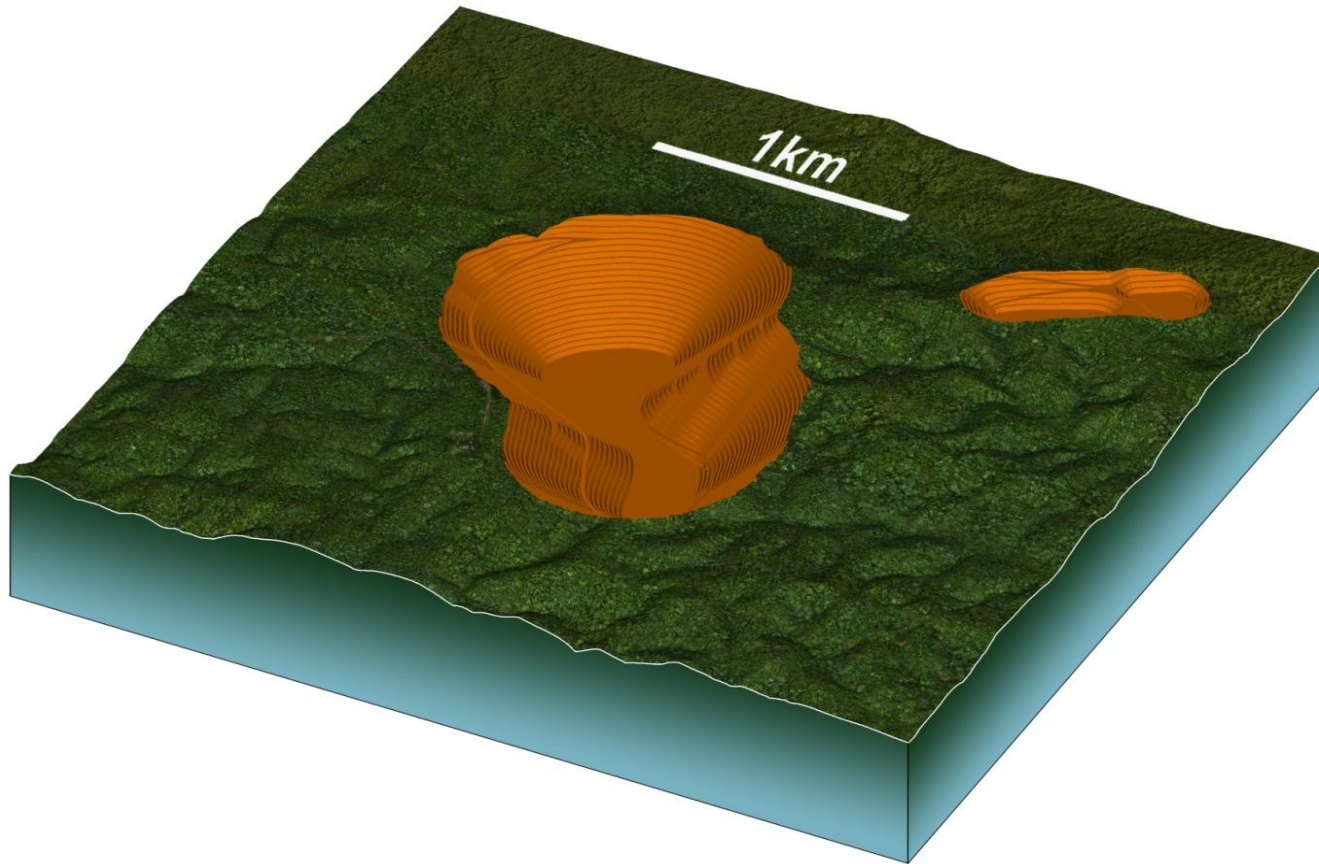
Hole	From	To	Interval	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	LOI%
SN01	60.10	85.00	24.90	65.16	1.13	3.42	0.060	1.62
SN02	9.90	45.20	35.30	62.19	1.98	1.95	0.099	6.69
SN03	14.26	99.62	85.36	63.28	1.25	3.77	0.089	3.71
SN04	16.20	75.40	59.20	63.31	1.15	3.30	0.105	4.36

➤ *Mbarga and Nabeba Deposits potentially complimentary in size and grade*



# Mbarga – Mine Pit Design

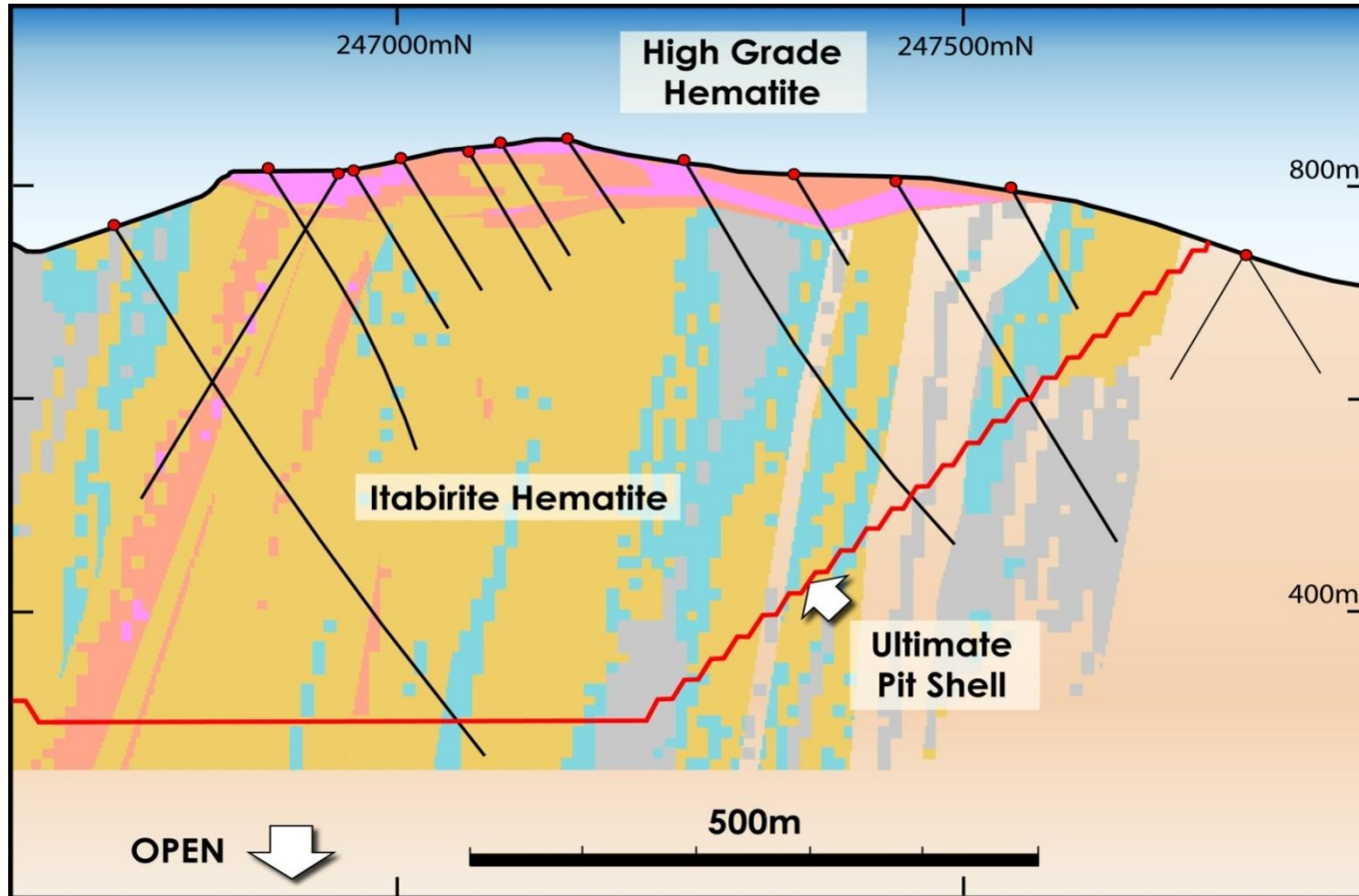
- Ultimate Mbarga mine pit designed using NPV optimisation model



- *136 Mt High Grade ore plus 1,820 Mt Itabirite ore reporting to Mbarga pit model*
  - *Balance of High Grade blend feed to be sourced from adjacent deposits*

# Mbarga - Low Mining Costs

- High Grade hematite has  $<0.2 : 1$  stripping ratio
- Itabirite extends to depths up to 500 metres with  $<0.4 : 1$  stripping ratio



High Grade Hematite

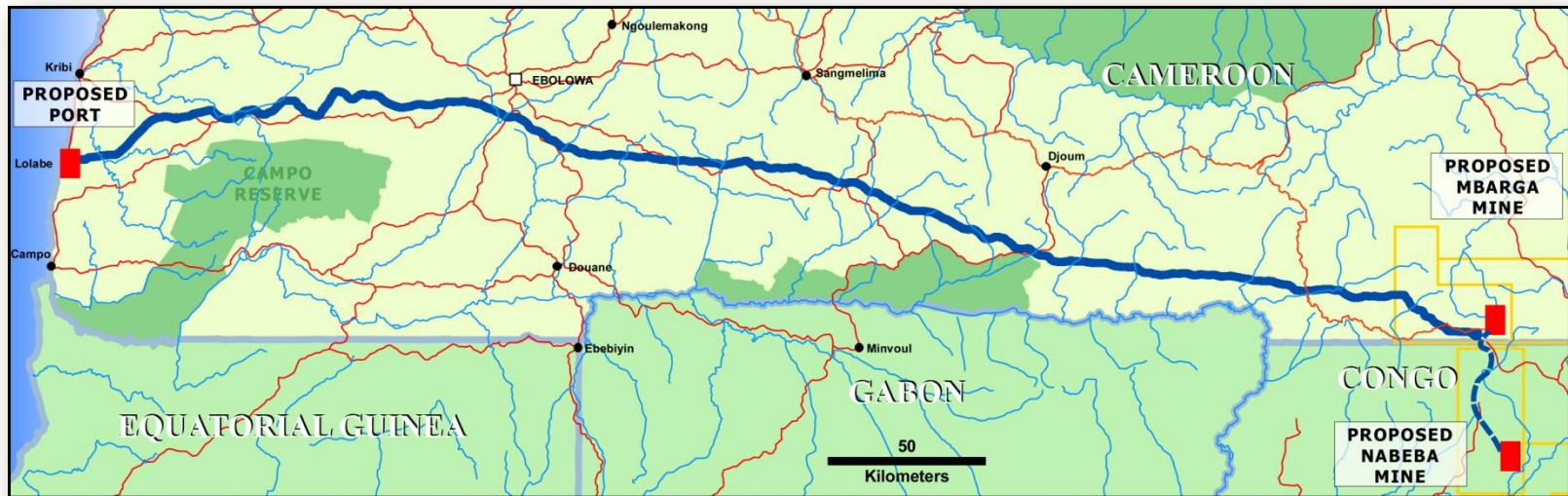


Itabirite Hematite

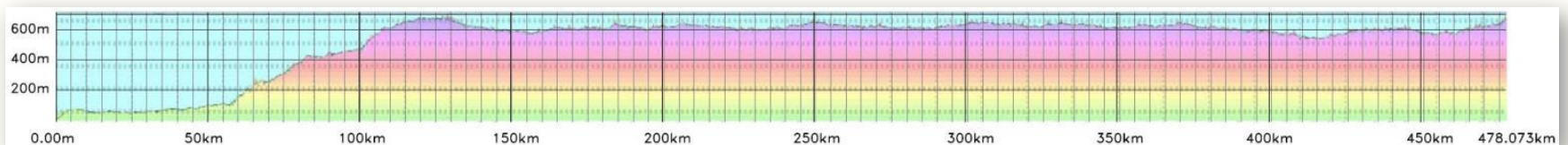
- Near-surface High Grade hematite supports low cost mine operations

# Mbalam Transport Corridor

- Avoids all major conservation areas and population centres
- Mid-northern route selected as best transport corridor



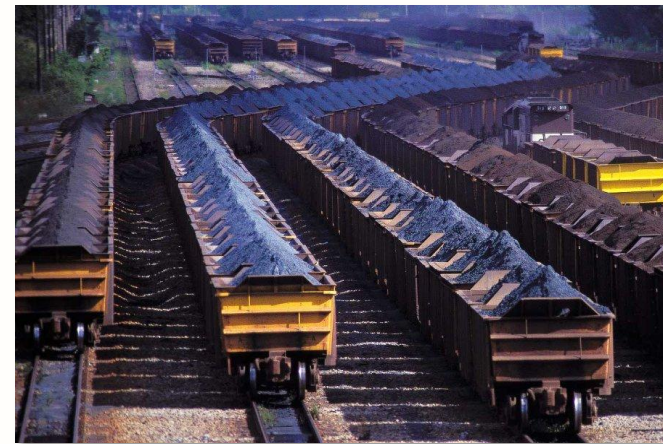
*Selection Along Preferred Route*



- *Railway and slurry pipeline options to be evaluated in Bankable Feasibility Study*
- *Selection governed by CAPEX and ultimate High Grade tonnage*

# Product Transport Options

- Rail
  - Single track with passing loops spaced for 50Mtpa
  - Easily expanded to accommodate increased production and other mines – benefit increases with High Grade tonnage
- Slurry Pipeline
  - Single steel pipeline with multiple pumping stations
  - Lower CAPEX and OPEX than rail
  - Shorter construction time
  - Grinding of all ore – additional mine CAPEX and OPEX
  - Increases mine site power demand

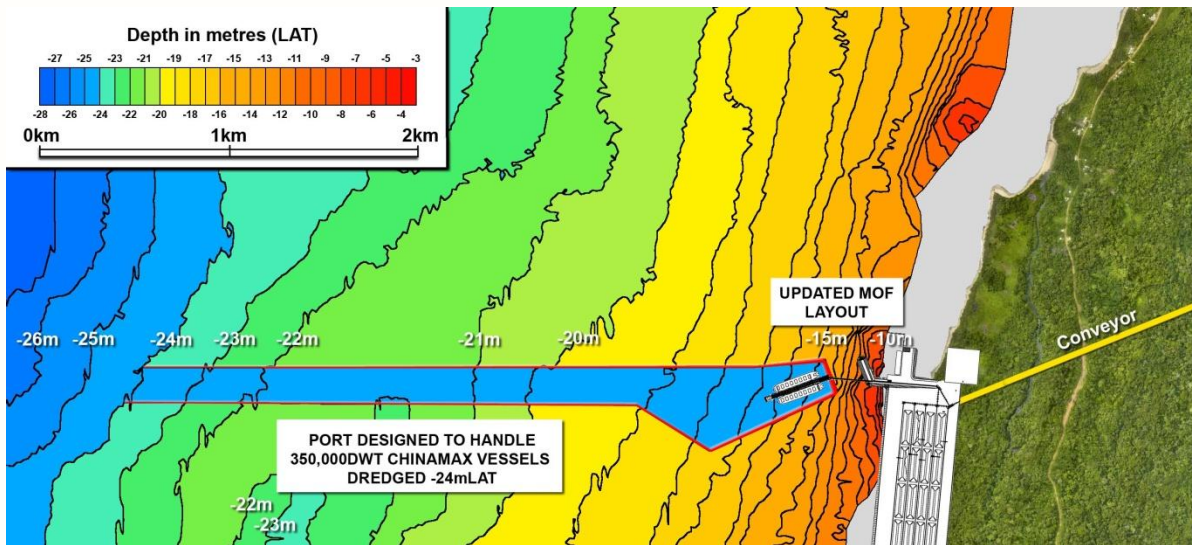


➤ *Road and power corridor to be constructed alongside both transport options*



# Mbalam Port Infrastructure

- Preferred port site selected – Lolabe
- Deep water (24 metres) near shore berth
- Open water jetty – no breakwater
- Single berth capacity for 35 Mtpa
- 350,000 DWT bulk ore carriers
- 50,000 DWT fuel carriers



- *Port design optimised to accommodate "China-max" bulk carriers*
- *Planned integration with Multi-User Port proposed by Government*



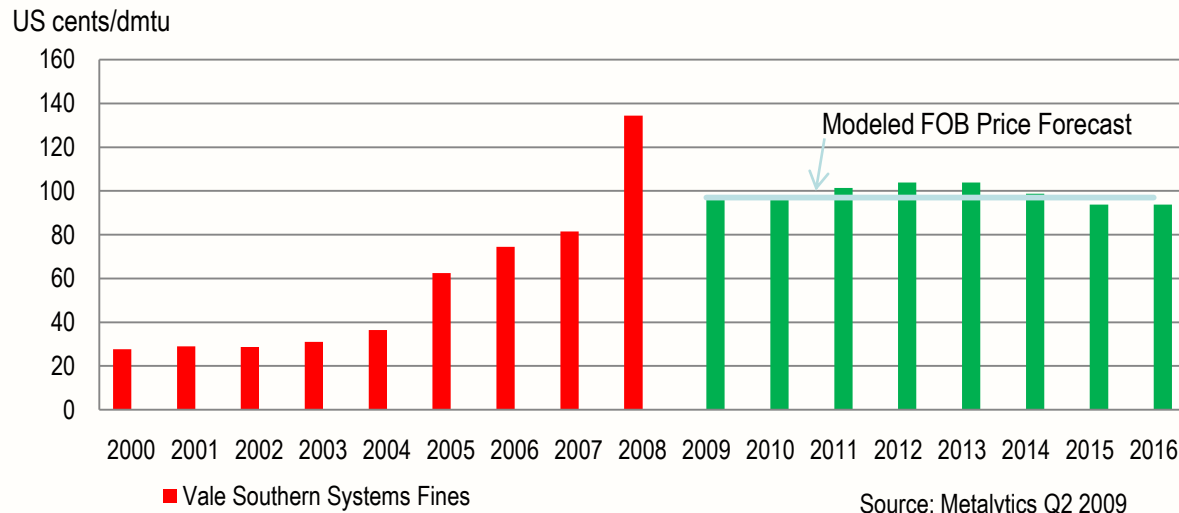
# Target Markets

- Mbalam is centrally located to key markets in Europe, Middle-East and Asia



# Forecast Pricing and Returns

## DSO Fines Price Forecast (FOB )



Product	Lump	Fines			Concentrate		
	Europe	Europe	Asia	20% Europe 80% Asia	Europe	Asia	20% Europe 80% Asia
FOB Price (US\$/t)	\$66.40	\$56.68	\$47.26	\$49.14	\$65.41	\$55.99	\$57.87

- Financial model revised using long term FOB prices at 2009 Contract prices
- Project IRR ~20% (real, after tax, assumed 10 year DSO-quality production)

# Start-up CAPEX Estimate and Margin

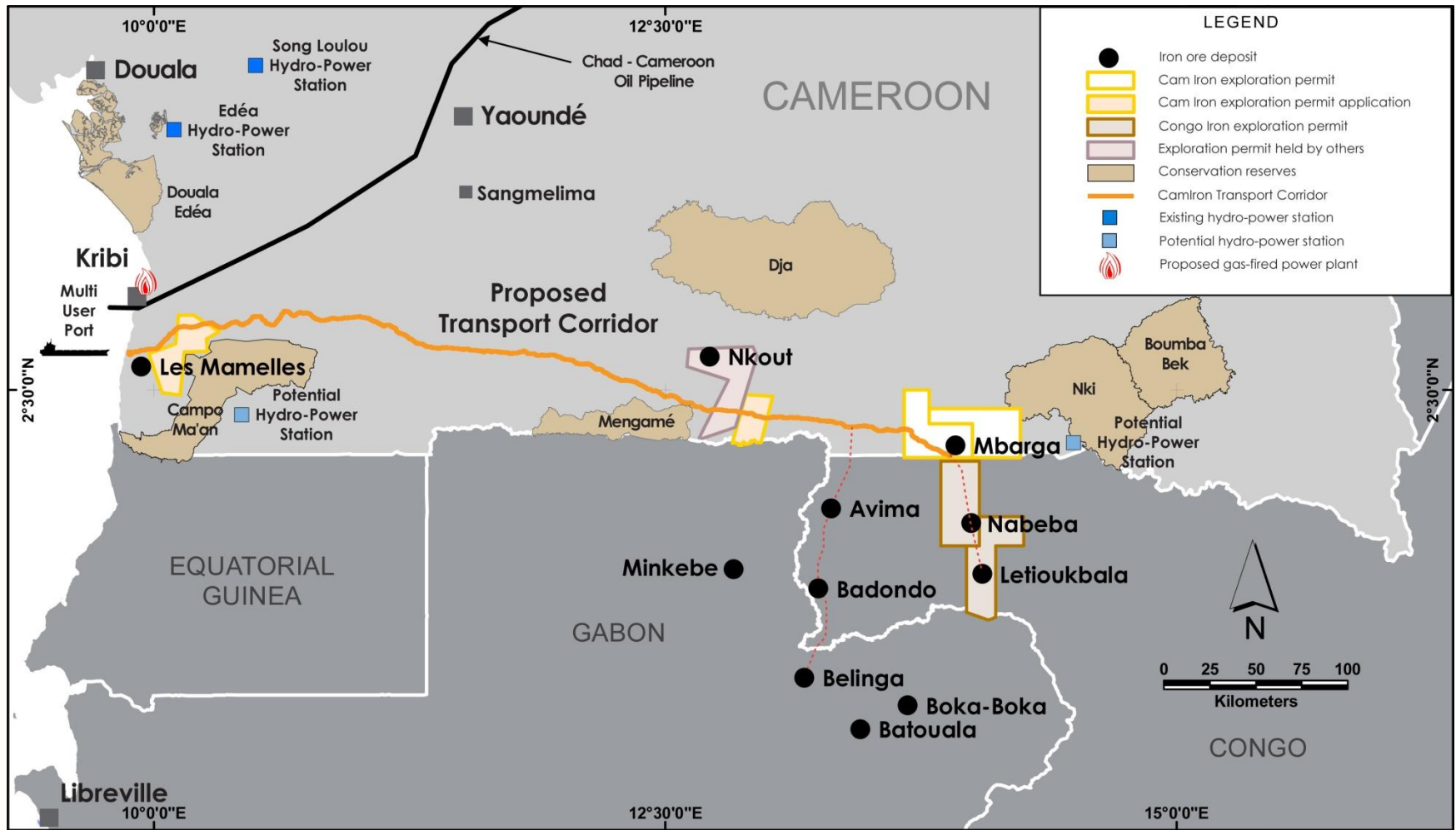
- CAPEX comparable with similar scale projects: ~US\$100 / tonne annual capacity
- World competitive OPEX: ~US\$20 / tonne for 60% Fe Lump and Fines product

CAPEX		OPEX	
Mine & Plant	US\$375m	Average FOB Price (60% Fe Lump & Fines)	US\$61.19/t
Rail	US\$1,423m	Estimated Production Cost*	US\$19.65/t
Port	US\$529m	<b>ESTIMATED OPERATING MARGIN**</b>	<b>US\$41.54/t</b>
Indirects	US\$442m	*Includes all cash operating costs, royalty and contingency	
Contingency	US\$508m	**Itabirite beneficiation CAPEX & OPEX not included	
<b>TOTAL ESTIMATED CAPEX**</b>	<b>US\$3,277m</b>		

➤ Majority of CAPEX attributable to transport infrastructure

➤ DSO-quality production delivers high margins and cashflow during capital payback period

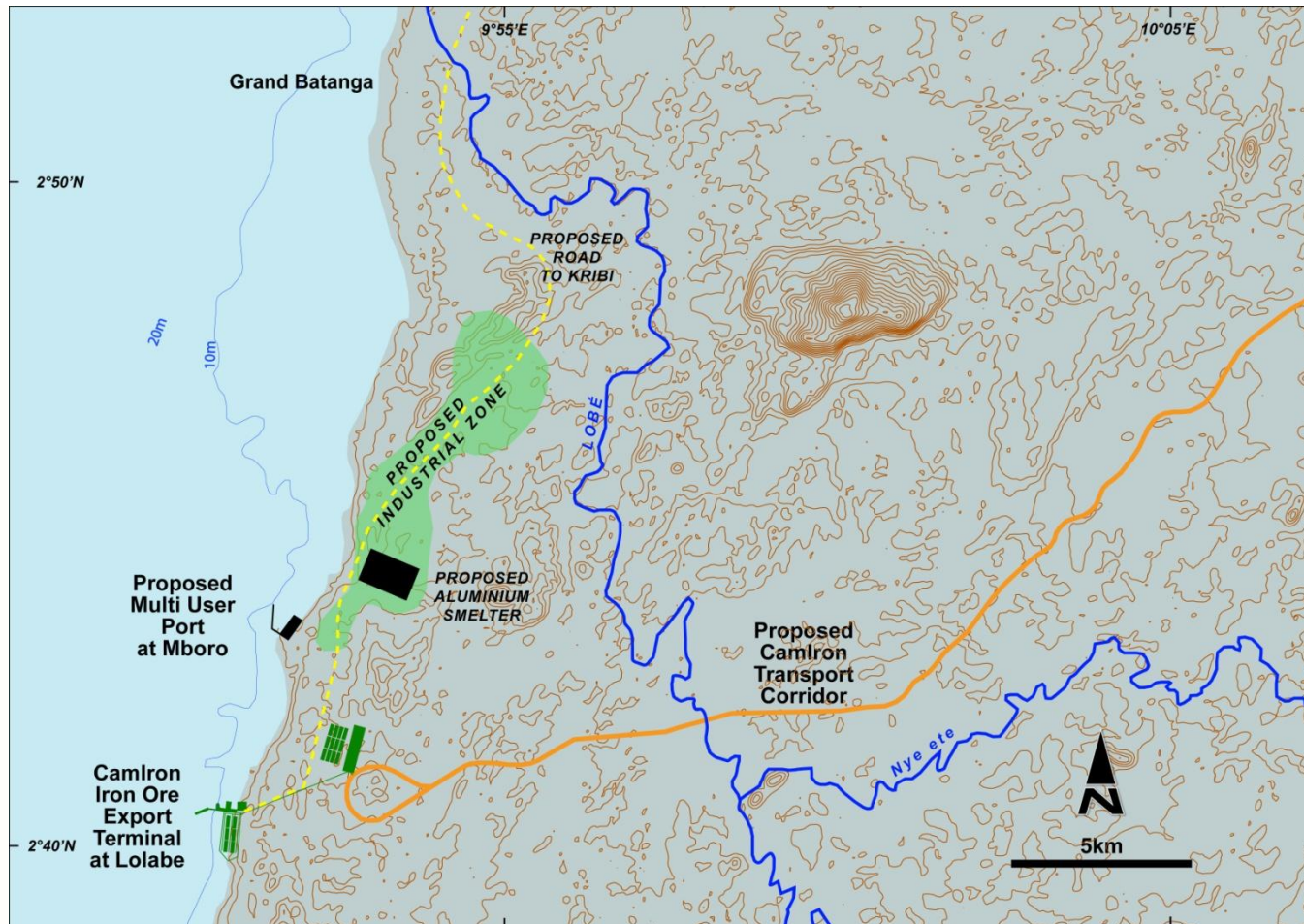
# Emerging Iron Ore Province and Regional Infrastructure



- *Opportunity for regional development of world-competitive transport and energy infrastructure*
- *Related development opportunities include pellet plant, pig iron plant and agri-business*



# Kribi Multi User Port Development

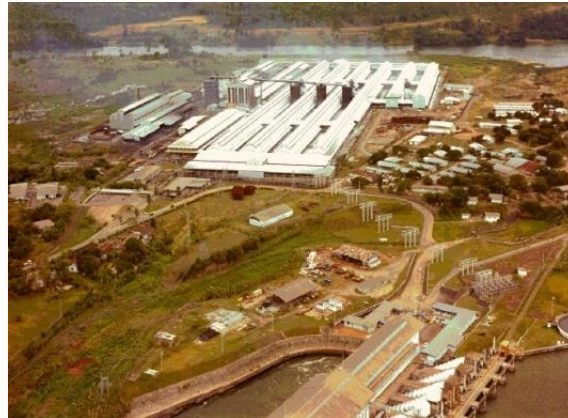


- *Mbalam export jetty complements the Multi-User Port proposed by Government*
- *Potential synergies for on-shore infrastructure, utilities and services*



# Other Major Operators in Cameroon

- AES SONEL: Power Generation / Transmission
- RIO : Aluminium Smelter (current and proposed)
- Exxon Mobil : Chad-Cameroon Pipeline



- *Precedence established for international project financings*
- *Mining activities administered under Mining Code (2001)*
- *Cameroon Investment Code (2002) provides significant tax benefits*

# Agreements with Cameroon Government

- Framework Agreement signed in December 2008
  - Government right to 10% carried interest in Cam Iron
  - Government option to purchase additional 15% contributing interest in Cam Iron at price equivalent to 50% of costs incurred up to time of purchase
- Cam Iron selected as preferred developer of Iron Ore Terminal within Kribi Multi-User Port
- Feasibility Study to be submitted in Sep 2009
  - Negotiation of fiscal terms and Convention
  - Application for Mining Permit
- Draft EIA to be submitted in Sep 2009
  - Review by Ministry of Environment
  - 6 month public review and consultation process



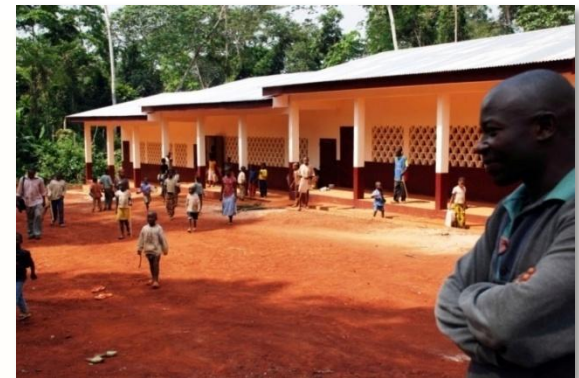
- *Government undertaking to legislate fiscal / tax incentives necessary to ensure project is internationally competitive through Mbalam Convention*





# Benefits to Cameroon

- Direct financial benefit over life of mine will include:
  - Royalties
  - Corporate taxes
  - Dividends through equity participation
  - Workforce wages and salaries
  - Purchase of Cameroonian goods and services
- Indirect financial benefit will be significant:
  - Accelerator effects
  - Capacity building
- Environmental and social benefits:
  - Significant direct and indirect employment
  - 0.5% NPAT to environmental and social fund
  - Social infrastructure support
  - NGO/community partnerships
- Catalyst for future industrial growth:
  - Increased workforce skills
  - Increased international profile
  - Provision of world-class infrastructure
  - Downstream development opportunities pig-iron, pellets etc.



# Development Timeline

## ● 2009

- Definition of Indicated and Inferred Resources
- Feasibility Study to be submitted to Government
- ESA to be submitted to Government
- Fiscal terms to be finalised
- Strategic partners to be introduced to support offtake and financing

## ● 2010

- Drill out deposits on EP92 to Reserve category
- Determine resource potential at Nabeba Deposit and other prospects
- Complete Bankable Feasibility Study and secure financing
- Environmental and regulatory approvals
- Approval and ratification of Mbalam Convention
- Issue of Mining Permit and Land Lease over Infrastructure
- Execute Offtake Contracts





# Disclaimer

*Certain statements made during or in connection with this communication, including without limitation, those concerning the economic outlook for the iron ore mining industry, expectations regarding iron ore prices, production, cash costs and other operating results, growth prospects and the outlook of SDL's operations including the likely commencement of commercial operations of the Mbalam Project and its liquidity and capital resources and expenditure, contain or comprise certain forward-looking statements regarding SDL's exploration operations, economic performance and financial condition. Although SDL believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in iron ore prices and exchange rates and business and operational risk management. For a discussion of such factors, refer to SDL's most recent annual report and half-year report. SDL undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.*

## Competent Persons Statement

*The information in this release that relates to Exploration Results is based on information compiled by Mr Robin Longley, a Member of the Australian Institute of Geoscientists, and Mr Lynn Widenbar, a member of the Australasian Institute of Mining and Metallurgy.*

*Mr Longley is a consultant to the Company and has sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Longley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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*The estimated quantity and grade of DSO quality supergene mineralisation and underlying itabirite-style mineralisation has been restricted to the area currently covered by drilling on a 100m x 50m pattern for the Indicated Resource at the Mbarga Deposit and 200m x 100m pattern for the Inferred Resource at the Mbarga, Mbarga South and Metzimevin Deposits. This is represented by an area approximately 3km (east-west) x 3km (north-south) on the Mbarga Deposit; by an area approximately 1.5km (east-west) and 1.0km (north-south) on the Mbarga South Deposit and 1.2km (east-west) x 0.3km (north-south) on the Metzimevin Deposit. Grade has been estimated by Ordinary Kriging on composited sample results. Cut-off grades for High Grade Hematite for the Mbarga Deposit are broken down as follows: Surficial: >50% Fe and <10% Al<sub>2</sub>O<sub>3</sub>; Supergene: No cut-off; Transitional: >51% Fe; Phosphorus: >53% Fe and <0.3% P; Hypogene: >52% Fe. Mbarga South is quoted at >50% Fe cut-off and Metzimevin is quoted at >56% Fe cut-off. A nominal 34% Fe cut-off value for the Mbarga Itabirite hematite is used.*

*A digital terrain surface (based on highly accurate topographic data), has been used to limit extrapolation of the mineralisation to the topography of the relevant deposits. A number of mineralisation and waste domains have been modelled as either a digital terrain surface or as wireframes and used to constrain the grade interpolation. The resource modelling has used 20m x 10m x 10m blocks with sub-blocks to honour the constraining surfaces. Collar surveys used DGPS surveying.*

*Down-hole surveys were determined using either deviation or gyro survey data. Down-hole geophysical logging including density, gamma, resistivity and caliper logs have been used in the evaluation.*

*The Itabirite mineralisation has a very strong correlation of density to Fe grade and therefore a Fe regression formula has been applied. The regression formula has been derived by analysis of data from geophysical downhole logging and assaying with a range of densities adopted from 3-4t/m<sup>3</sup> depending on the iron grade. A density of 3.6t/m<sup>3</sup> has been used for the majority of the near-surface High Grade Hematite and a value of 2.6 t/m<sup>3</sup> applied to the overlying Surficial Zone. The underlying Transitional Zone has density values assigned via the Itabirite Fe grade regression formula, with a nominal 10% reduction applied to the resultant value to ensure the value is conservative.*

*Core and sample recovery has been recorded during logging. All drill hole data is stored in an acQuire database and imported data is fully validated. Assaying QA/QC was undertaken using field duplicates, laboratory replicates and internal standards with comprehensive reporting on laboratory precision and accuracy. Three metallurgical test work programs have supported the assay grades and density values of the major mineral types.*

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

*While the Company is optimistic that it will report additional resources in the future, any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource for these Exploration Targets and it is uncertain if further exploration will result in determination of a Mineral Resource.*



# SUNDANCE RESOURCES LTD

Level 17, AMP Building  
140 St George's Terrace  
Perth WA 6000

Tel: +61 8 9220 2300

Fax: +61 8 9220 2309

Email: [info@sundanceresources.com.au](mailto:info@sundanceresources.com.au)

[www.sundanceresources.com.au](http://www.sundanceresources.com.au)