



SUNDANCE RESOURCES LTD

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ABN 19 055 719 394

15 September 2010

Mr Wade Baggott
Senior Adviser Issuers (Perth)
Australian Securities Exchange Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

By facsimile (08) 9221 2020,
By Email: wade.baggott@asx.com.au

Dear Mr Baggott

SUNDANCE RESOURCES LIMITED ACN 055 719 394 (the "Company")

Sundance Resources Limited (ASX: SDL) refers to your letter dated 14 September 2010 ("ASX Letter"), following from the 13 September 2010 Price and Volume Query, and Sundance's response of 13 September 2010. The Company views the matters raised in the ASX Letter very seriously and confirms that it has at all times complied with its continuous disclosure obligations under the ASX Listing Rules.

The Company believes that the concerns raised in the ASX Letter can be addressed by description of the events leading up to the entering into the Memorandum of Understanding with China Harbour Engineering Company Ltd ("CHEC") ("MOU-CHEC") to establish the scope, cost and delivery programme for the proposed bulk materials port at Lolabe, Republic of Cameroon.

Background

The Company announced on 8 September 2010 that it had entered into a Memorandum of Understanding with CRCC China-Africa Construction Limited ("CAC") ("MOU-CRCC") to establish the scope, cost and delivery programme for the railway track and rolling stock needed to support Sundance's Mbalam Project in Cameroon and Congo, West Africa.

CRCC China-Africa Construction Limited was established earlier this year to consolidate the activities of its parent, China Railway Construction Corporation Limited ("CRCC") in Africa. CRCC is the second largest state owned construction enterprise in the People's Republic of China and is engaged in the businesses of construction contracting, surveying, design, consultation and logistics. CRCC is currently China's largest construction contractor and is dual-listed on both the Hong Kong and Shanghai Securities Exchanges.

The MOU-CRCC was signed for CAC by its Chairman, Mr Chen Xiaoxing and for Sundance by Board Chairman, Mr George Jones and commits the parties to work together to establish:

1. scope, cost and programme for delivery of track and rolling stock sufficient to support planned output of 35m.t.p.a. of iron ore from Sundance's proposed Cameroon and Congo Mines ("Mine Rail Project"); and

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2. terms of EPC Contract under which CAC would deliver the Mine Rail Project.

At the conclusion of that work the parties may enter into a Delivery Contract for the Mine Rail Project. Neither party is bound to enter into the Delivery Contract if it is not prudent to do so.

The MOU-CRCC also recognizes that the Rail, Mine and Port Projects are subject to a range of conditions precedent including government approvals, funding and title requirements for the rail corridor and other assets.

This MOU-CRCC Announcement of 8 September 2010 was positively received by the market and led to a broader appreciation of the Company's potential value.

Simultaneously the Company has been pursuing the MOU-CHEC.

CHEC is a world renowned international contractor. It is a subsidiary of China Communications Construction Company Limited ("CCCC").

The Port is needed to support Sundance's Mbalam Project in Cameroon and Congo, West Africa.

The **MOU-CHEC** was signed for CHEC by Vice President, Mr Lin Yi Chong, and for Sundance by Board Chairman, Mr. George Jones and commits the parties to work together to establish:

1. scope, cost and programme for delivery of the Lolabe Port Project sufficient to support planned output of 35m.t.p.a. of iron ore from Sundance's proposed Cameroon and Congo Mines ("Port Project"); and
2. terms of an EPC Contract under which CHEC would deliver the Port Project.

At the conclusion of that work the parties may enter into a Delivery Contract for the Port Project. Neither party is bound to enter into the Delivery Contract if it is not prudent to do so.

The MOU-CRCC also recognizes that the Port, Rail and Mine Projects are subject to a range of conditions precedent including government approvals, funding and title requirements for the rail corridor and other assets.

MOU-CHEC Announcement Timeline

1. The counterpart executed copies of the MOU-CHEC were exchanged on the afternoon of 13 September 2010.
2. At that time the statement of CHEC by Vice President, Mr Lin Yi Chong Vice President Lin of CHEC for inclusion in the MOU-CHEC Announcement was requested.
3. This statement by CHEC Vice President was material for three reasons:
 - a. it acted as confirmation of CHEC's receipt and acceptance of their counterpart copy of the MOU-CHEC;
 - b. it was in compliance with an obligation under the Confidentiality and Notification requirements of the MOU-CHEC; and
 - c. it was relevant to the ASX announcement and the market to confirm CHEC's support as articulated in Vice President Lin's statement.
4. The statement by CHEC Vice President was received late in the afternoon of 13 September 2010.

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5. The Company could not have made an announcement earlier than the afternoon of Monday, 13 September 2010. To have done so in advance of the conclusion of negotiations would have been improper as between the parties and misleading and/or speculative as to the completeness of the negotiations.

The Company believes that it has fully complied with Listing Rule 3.1 in that:

- It was not reasonable to disclose confidential, sensitive and incomplete negotiations earlier than the conclusion of those negotiations.
- The information was a confidential negotiation between the parties at all material times up until the completion of that negotiation and the receipt of the confirmatory advice from CHEC.
- Sundance senior personnel then acted with all possible expedition in informing the Sundance Board a number of members of which were overseas at the time and notifying the ASX on 13 September 2010 of the concluded negotiation.
- At no time was the Company aware that the MOU-CHEC execution had ceased to be confidential.

Responses to the ASX Letter

For completeness the Company responds specifically to each question in the ASX Letter, adopting the numbering in that letter.

1. The Company considers that the MOU-CHEC Announcement was material noting that the MOU-CHEC commits the parties to work together to establish scope, cost and programme for delivery of the Lolabe Port Project and the Terms of an EPC Contract under which CHEC would deliver the Port Project. At the conclusion of that work the parties may enter into a Delivery Contract for the Port Project however, neither party is bound to enter into the Delivery Contract if it is not prudent to do so.
2. The Company has been working on the MOU-CHEC during the course of August and September 2010 however the MOU-CHEC remained an "incomplete proposal" under the exceptions to ASX Listing Rule 3.1, specifically 3.1A.3, until confirmation of CHEC's receipt and acceptance of their counterpart copy of the MOU-CHEC and receipt of statement and consent by CHEC Vice President late in the afternoon of 13 September 2010.
- 3.1 The Company could not have made an announcement earlier than the afternoon of Monday, 13 September 2010. To have done so in advance of the conclusion of negotiations would have been improper as between the parties and misleading and/or speculative as to the completeness of the negotiations.
- 3.2 The Company believes that since 8 September 2010 and up to the MOU-CHEC Announcement the market activity in its shares was indicative of the market trading on the MOU-CRCC announcement and not on the basis of an anticipated further MOU. The Company is also not aware of any analyst report, press report or any market speculation regarding the MOU-CHEC during this period. Accordingly the Company is not aware of confidentiality of the MOU-CHEC being lost during this period.

Further, the Company believes that the MOU-CRCC Announcement dated 8 September

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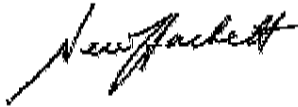
— 4 —

2010 in relation to CAC and Sundance Resources Ltd entering into a MOU to establish the scope, cost and delivery programme for the railway track and rolling stock needed to support Sundance's Mbalam Project in Cameroon and Congo, West Africa have led to a greater appreciation by the market of the robust potential for the Company's Mbalam Project in Cameroon and Congo, West Africa and a broader appreciation of the Company's potential value. This is further supported by recent corporate activity involving other listed companies with iron ore assets in West Africa and recent press surrounding buoyant economic data from China which has allayed concerns that growth in Australia's biggest trading partner was slowing too much.

Recent optimism about the outlook for China, combined with Sundance's MOU's with significant Chinese construction entities are also likely to have steered investors towards stocks with West African iron ore projects, including Sundance.

- 4 Not applicable.
- 5 We confirm that the Company is, and has been at all times, in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours faithfully



Neil Hackett
Company Secretary



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14 September 2010

Neil Hackett
 Company Secretary
 Sundance Resources Limited
 Level 35 Exchange Plaza
 2 The Esplanade
 PERTH WA 6000

By email

Dear Neil

Sundance Resources Limited (the "Company")

We refer to the following:

1. The Company's announcement released on ASX at 9:12 AM AEST on 14 September 2010 ("the Announcement"). The Announcement included amongst other things, the following

"China Harbour Engineering Company Ltd ("CHEC") and Sundance Resources Ltd ("Sundance") are pleased to announce that they have entered into a Memorandum of Understanding ("MOU") to establish the scope, cost and delivery programme for the proposed bulk materials port at Lolabe, Republic of Cameroon."

"The MOU's key agreement commits the Parties to work together to establish:

- *scope, cost and programme for delivery of the Lolabe Port Project sufficient to support planned output of 35m.t.p.a. of iron ore from Sundance's proposed Cameroon and Congo Mines ("Port Project"); and*
- *terms of an EPC Contract under which CHEC would deliver the Port Project."*

("the Port Project Information")

2. The price query letter from ASX dated 13 September 2010 and the Company's response dated 13 September 2010 and released to the market at 9:18 AM on 14 September 2010.
3. The increase in the price of the Company's shares from a closing price on 7 September 2010 of \$0.155 to an intra day high of \$0.26 prior to the release of the Announcement.

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity"

Australian Securities Exchange

Australian Stock Exchange
 Sydney Futures Exchange

Australian Clearing House
 SFE Clearing Corporation

ASX Settlement and Transfer Corporation
 Austraclear

Further we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

Paragraph 18 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

- 3.1A.1 A reasonable person would not expect the information to be disclosed.
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.
- 3.1A.3 One or more of the following applies.
 - It would be a breach of a law to disclose the information.
 - The information concerns an incomplete proposal or negotiation.
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure.
 - The information is generated for the internal management purposes of the entity.
 - The information is a trade secret."

Finally, we would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 34 to 40 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"'Confidential' in this context has the sense of 'secret'..." and loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the Announcement, the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the Port Project Information (or any part of it) contained in the Announcement to be material to the Company?
2. When did the Company become aware of the Port Project Information contained in the Announcement? Please include details of the relevant time and circumstances of the Company becoming aware of the Port Project Information.
3. If the answer to any part of question 1 is "yes" and the Company became aware of the Port Project Information (or any part of it) referred to in the Announcement, prior to the time the Company released the Announcement, please advise the following:
 - 3.1 Please advise why the Company did not make an announcement at an earlier time or request a Trading Halt earlier.
 - 3.2 Why was the Port Project Information not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1?
4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Information (or any part of it) contained in the Announcement to be material.

5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7A to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5:00pm (W.S.T) on Thursday 16 September 2010.

Your response should be sent to ASX by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on (08) 9224 0023.

Yours sincerely

[sent electronically without signature]

Wade Baggott
Senior Adviser, Issuers (Perth)