SUNDANCE RESOURCES

Developing a global iron ore business

QUARTERLY ACTIVITIES REPORT

For the period ended 31 December 2007

HIGHLIGHTS

Mbalam Iron Ore Project, Cameroon

- 36 drill holes completed on the Mbarga Prospect to end December 2007, including 3005m of reverse circulation (RC) drilling and 1580m of diamond core drilling.
- Significant intersections of near-surface, high grade supergene iron mineralisation across a large area of the Mbarga Prospect, including 64m @ 63.50% Fe (1.61% SiO_2, 3.82% Al_2O_3, 0.04% P), 46m @ 63.50% Fe (1.66% SiO_2, 3.89% Al_2O_3, 0.04% P) and 35m @ 63.08% Fe (3.85% SiO_2, 2.78% Al_2O_3, 0.04% P).
- Preliminary modelling (not JORC-Code compliant) of near-surface mineralisation drilled to date indicates potential for an initial Direct Shipping Ore (DSO) quantity of 80 to 140 million tonnes on the Mbarga Prospect with average grade of approximately 63% Fe, 0.08% P and 2.5% Al_2O_3 (excluding a limited area of +60% Fe grade material but with higher P content).
- Surface mapping has identified additional surface outcrop of high grade hematite at the Mbarga South prospect. A reconnaissance drill hole has indicated supergene hematite enrichment from surface to ~70m vertical depth at this new prospect.
- Deep drilling at Mbarga has identified a potentially large new exploration target. Drilling completed to date has intersected lower grade hematite mineralisation to vertical depths of up to 400m.
- This mineralisation lies below the high-grade supergene hematite and is potentially similar to the itabirite hematite mineralisation in the Minas Gerais area of Brazil. Projects in this area upgrade itabirite material (grading 40 - 50% Fe) by conventional grinding and reverse flotation to produce high grade concentrates and premium quality pellet feed.
- Preliminary testing of core sourced from 3 drill holes on Mbarga at depths ranging from 67.9m to 205.0m (averaging 40% Fe) produced a +65% Fe concentrate with very low phosphorus and alumina content. The test work gave +40% weight recovery and +65% Fe recovery.
- Significant additional drilling capacity has been secured through Ausdrill Ltd. This will add a total of 5 drill rigs to the exploration program when combined with the new Thor rigs completed ex-South Africa.
- Feasibility study reporting received in December 2007 including updated capital and operating cost estimates. Follow-up surveys and studies commissioned.
- Draft Memorandum of Understanding detailing key development and fiscal terms presented to a Task Force established by the Cameroon Government.

Corporate

- Geoff Wedlock appointed as a Non-Executive Director on 18 September 2007.
- Cash balance at end December 2007 of A$69.5 million.

Mbalam Iron Ore Project, Cameroon

Sundance Resources Ltd ("Sundance") continued feasibility and resource definition studies on the Mbalam Iron Ore Project during the December 2007 quarter, focusing on drilling of the Mbarga Prospect, completion of key infrastructure development planning studies, refinement of the Project scope together with completion of detailed updates of capital and operating cost estimates, and scoping of follow up surveys and site investigations.

The Mbalam Iron Ore Project is based within Exploration Permit No. 92 ("EP92") located ~300 km southeast of the capital city of Yaounde in the Republic of Cameroon. The permit area forms part of a larger iron ore province extending from Cameroon into neighbouring Gabon and Congo (refer Figure 1).

FIGURE 1 LOCATION OF THE MBALAM IRON ORE PROJECT

CamIron SA ("CamIron") owns 100% of EP92. Sundance owns 90% of CamIron, a company incorporated in Cameroon, with the remaining 10% interest in CamIron held by local management and investors, part of which is held in trust for the Mbalam community.

Resource Definition Exploration Program

Resource definition drilling continued on the Mbarga Prospect in the December 2007 quarter. RC drilling focused on the upper supergene profile (up to ~100m drill depth), with the diamond rig concentrating on drilling core to depth 130m to 500m drill depth.

Drilling coverage has been extended over the majority of the Mbarga prospect with drill holes completed over 2000m north-south (generally at 200m centres) and over 1000m east-west (generally at 400m centres). Figure 2 shows the extent of drilling completed to date over the Mbarga Prospect.

A total of 36 holes have been completed to end December 2007, comprising 25 RC, 6 diamond core and 5 combination holes (with RC collars and diamond core "tails"). Assay results have been received from a total of 26 holes to date.

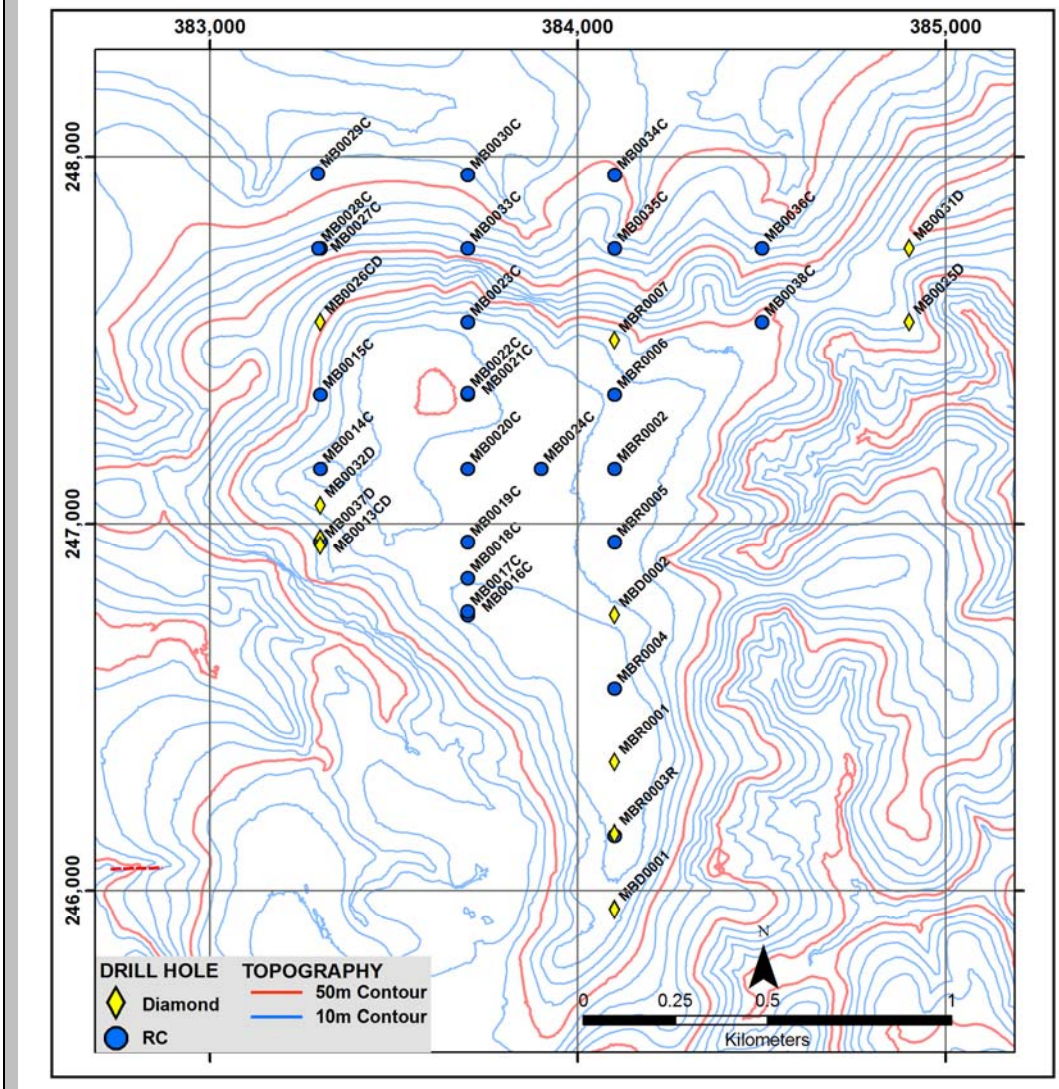

FIGURE 2 DRILLHOLE LOCATIONS OVER THE MBARGA PROSPECT

Mbarga Prospect - Supergene DSO

While the broader geological model over EP92 is still evolving, assay results received to date confirm significant intersections (ranging up to 64m) of high grade supergene iron mineralisation within the near surface profile of the prospect.

Significant intersections are summarised in Table 1 (including the results reported in the September 2007 Activities Report). Best intersections from drilling in the December 2007 quarter include 64m @ 63.50% Fe (1.61% Si02, 3.82% Al203, 0.04% P and 2.53% LOI) from surface, 46m @ 63.50% Fe (1.66% Si02, 3.89% Al203, 0.04% P and 2.62% LOI) from surface and 35m @ 63.08% Fe (3.85%Si02, 2.78% Al203, 0.04% P and 1.64% LOI) from 18m.

Drilling of the supergene hematite mineralisation at Mbarga is continuing. Sensitivity modelling of the supergene mineralisation (not JORC-Code compliant) indicates potential for an initial Direct Shipping Ore (DSO) quantity of 80 to 140 million tonnes on the Mbarga Prospect. The average grade of DSO quality material is approximately 63% Fe, 0.08% P and 2.5% Al203. This excludes a limited area in two drill holes within the supergene zone exhibiting +60% Fe grade but with higher P content. Further work is planned to identify if selective mining/blending or simple beneficiation techniques (such as wet screening) can be applied to this material to achieve a DSO grade.

TABLE 1 SIGNIFICANT DRILLHOLE INTERSECTIONS AT MBARGA PROSPECT

Drillhole	Type	Intersection(m)	From(m)	**Fe%**	SiO2%	Al2O3%	P%	LOI%
MBD0001	DD	31	0	**61.66**	0.50	4.89	0.19	4.80
MBD0001R	DD	30	15	**61.84**	2.51	3.92	0.17	3.49
MBD0002	DD	9	9	**58.71**	1.91	7.66	0.07	5.25
MBD0002	DD	11	19	**62.62**	5.97	2.26	0.04	1.65
MBD0002	DD	5	56	**64.10**	4.71	2.03	0.06	1.05
MBR0001	RC	28	16	**62.88**	0.74	3.22	0.26	3.91
MBR0003	RC	40	0	**61.32**	2.78	4.18	0.11	3.65
MBR0003R	RCDD	41	0	**63.25**	2.48	2.91	0.09	2.93
MBR0004	RC	32	6	**63.62**	2.58	2.67	0.06	3.18
MBR0006	RC	28	6	**61.76**	8.86	1.41	0.06	0.88
MBR0007	RC	10	0	**60.12**	9.27	2.91	0.04	1.89
MB0012C	RC	30	2	**62.98**	1.35	3.39	0.18	3.15
MB0013CD	RCDD	48	0	**60.71**	4.15	3.33	0.44	3.44
MB0014C	RC	18	0	**62.31**	0.61	2.07	0.38	5.81
MB0015C	RC	26	36	**60.14**	6.10	4.12	0.05	2.26
MB0016C	RC	46*	0	**63.50**	1.66	3.89	0.04	2.62
MB0017C	RC	64	0	**63.50**	1.61	3.82	0.04	2.53
MB0021C	RC	35*	18	**63.08**	3.85	2.78	0.04	1.64
MB0022C	RC	34	18	**63.51**	3.42	2.79	0.03	1.62
MB0023C	RC	24	12	**60.25**	8.32	2.42	0.05	1.45

Note: 2m composite samples, riffle split sampling, 55.0% Fe lower cut, analysis by X-Ray Fluorescence Spectrometry Method with Loss on Ignition (LOI) determined using Thermo Gravimetric Analysis

* End of intersection coincides with End of Hole

Mbarga Prospect - New Exploration Target

Recently completed deep diamond drilling at Mbarga has identified a potentially large, new exploration target.

Diamond drilling completed to date has intersected lower grade hematite mineralisation to vertical depths of up to 400 metres. This mineralisation lies below the high-grade supergene hematite and is potentially similar to the itabirite hematite mineralisation found in a number of major iron ore projects in the Minas Gerais area of Brazil.

These Brazilian projects are based on upgrading of itabirite ore (grading around 40% - 50% Fe) by conventional grinding and reverse flotation to produce high grade concentrates and premium quality pellet feed typified by very low alumina and phosphorus contents. These concentrates are used by steelmakers to blend with higher phosphorous ores and high alumina ores. Premium pellet feeds are used for the production of Direct Reduction (DR) grade pellets. A relevant example is the Minas-Rio iron ore project being developed by Brazilian listed MMX Mineraceo e Metalicos (MMX) which is based on concentrating ore that appears to be of a similar grade to the “itabirite” material indicated by initial deep drilling of the Mbarga Prospect.

Preliminary mineralogical analysis of selected core from the potential “itabirite” zone at Mbarga indicates that the material consists predominantly of hematite and quartz. UCS tests suggest a material of weak to medium strength with high abrasion due to the quartz content.

Initial flotation test work on a composite of drill core samples of the Mbarga “itabirite” produced a +65% Fe concentrate with very low phosphorus and alumina content. The test work gave a weight recovery of +40% and Fe recovery of +65%. These tests were of a very preliminary nature. Improved weight and

Fe recoveries may be achieved from the use of alternate flotation collectors, increased pH and regrinding and refloating the high silica concentrate.

This metallurgical test work was based on initial sampling and testing of core sourced from three drill holes at drill depths ranging from 67.9m to 205.0m with grades averaging around 40% Fe. Significantly more drilling, sampling and test work is required to identify a viable resource, however, the significant depth of this "itabirite" style mineralisation identified to date gives the potential to delineate large tonnages of this material at Mbarga.

FIGURE 3 DIAMOND DRILLING AT MBARGA – LOADING DIAMOND DRILL PIPE

Surface Mapping over EP92

Surface mapping and sampling was extended during the December 2007 quarter over the Mbarga South and Metzimevin prospects on EP92.

This mapping has identified new surface outcrop of high grade hematite at the Mbarga South Prospect and confirmed the extent of hematite outcrop at the Metzimevin prospect – see Figure 4. This work indicates the potential for delineation of additional DSO quality prospects on EP92 based on supergene mineralisation at other locations in proximity to Mbarga. Mapping is also continuing to build the structural and geological knowledge of the area and delineate potential "itabirite" exposures.

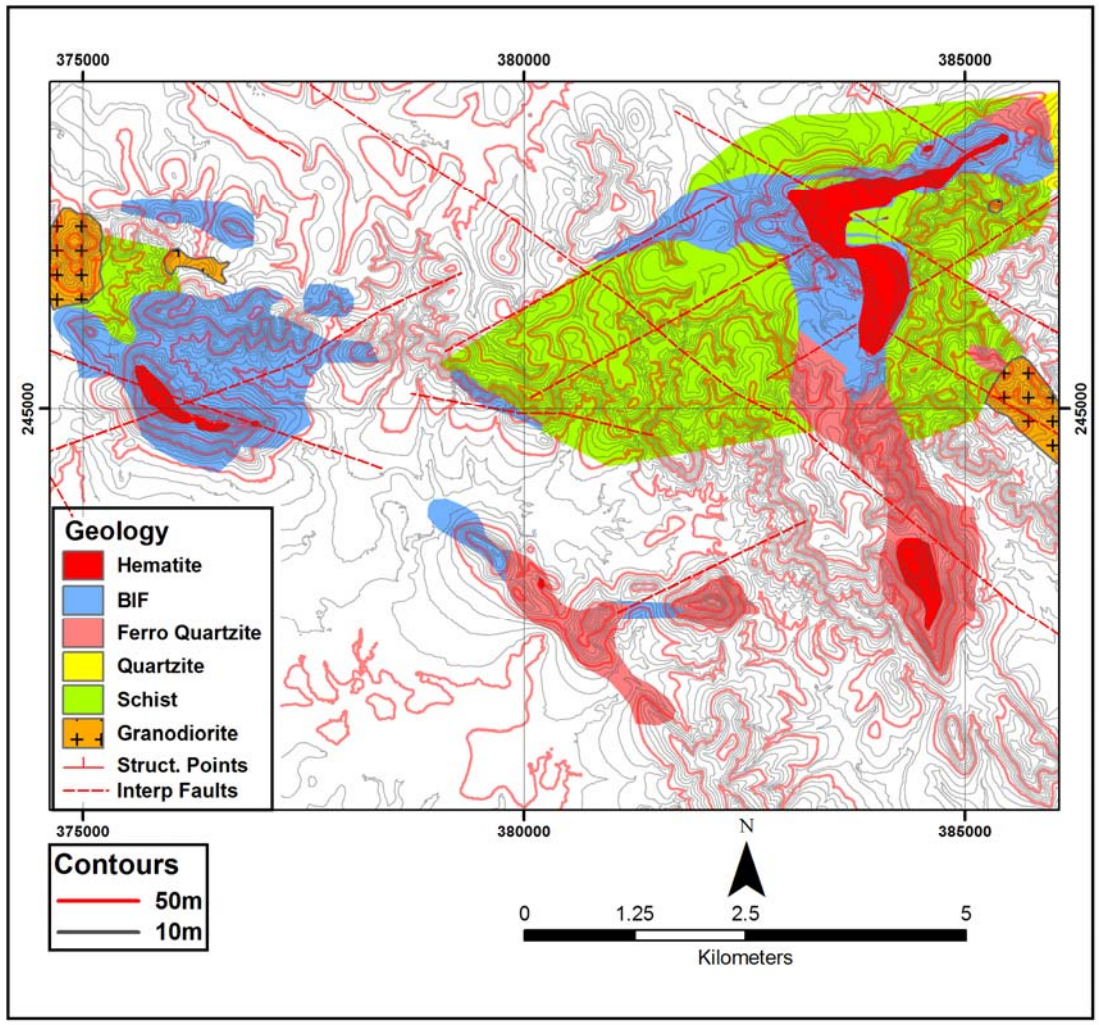

FIGURE 4 SURFACE GEOLOGICAL MAPPING IN VICINITY OF MBARGA AND METZIMEVIN PROSPECTS

Drilling Program

Drilling on the Mbarga prospect will continue to target near-surface DSO quality material whilst also extending to the deeper, potential "itabirite" mineralisation.

Significant additional drilling capacity has been secured to support this expanded drilling scope. Ausdrill Ltd will supply an additional 2 RC rigs and 1 diamond drill rig to the exploration program as from Feb/Mar 2008 (this being in addition to the new Thor rigs).

The manufacture of the two new RC drill rigs in South Africa has been completed with the first new Thor RC drill rig shipped ex South Africa in December 2007. The second new Thor RC drill rig has been completed and will be shipped to site with the Ausdrill rigs on a dedicated charter ship in order to expedite shipping times.

The Ausdrill rigs are planned to continue infill drilling on the Mbarga prospect at a spacing sufficient to deliver a JORC-Code compliant Inferred Resource for DSO ore on the Mbarga Prospect. The Thor rigs are planned to be used for reconnaissance drilling on the Mbarga South and Metzimevin Prospects as well as resource definition drilling on the Mbarga Prospect (refer Figure 5).

Access to Mbarga South and Metzimevin has been established and site works are currently underway to establish access to the Meridional prospect. Extensive drill pad development has been completed over the Mbarga and Mbarga South prospect.

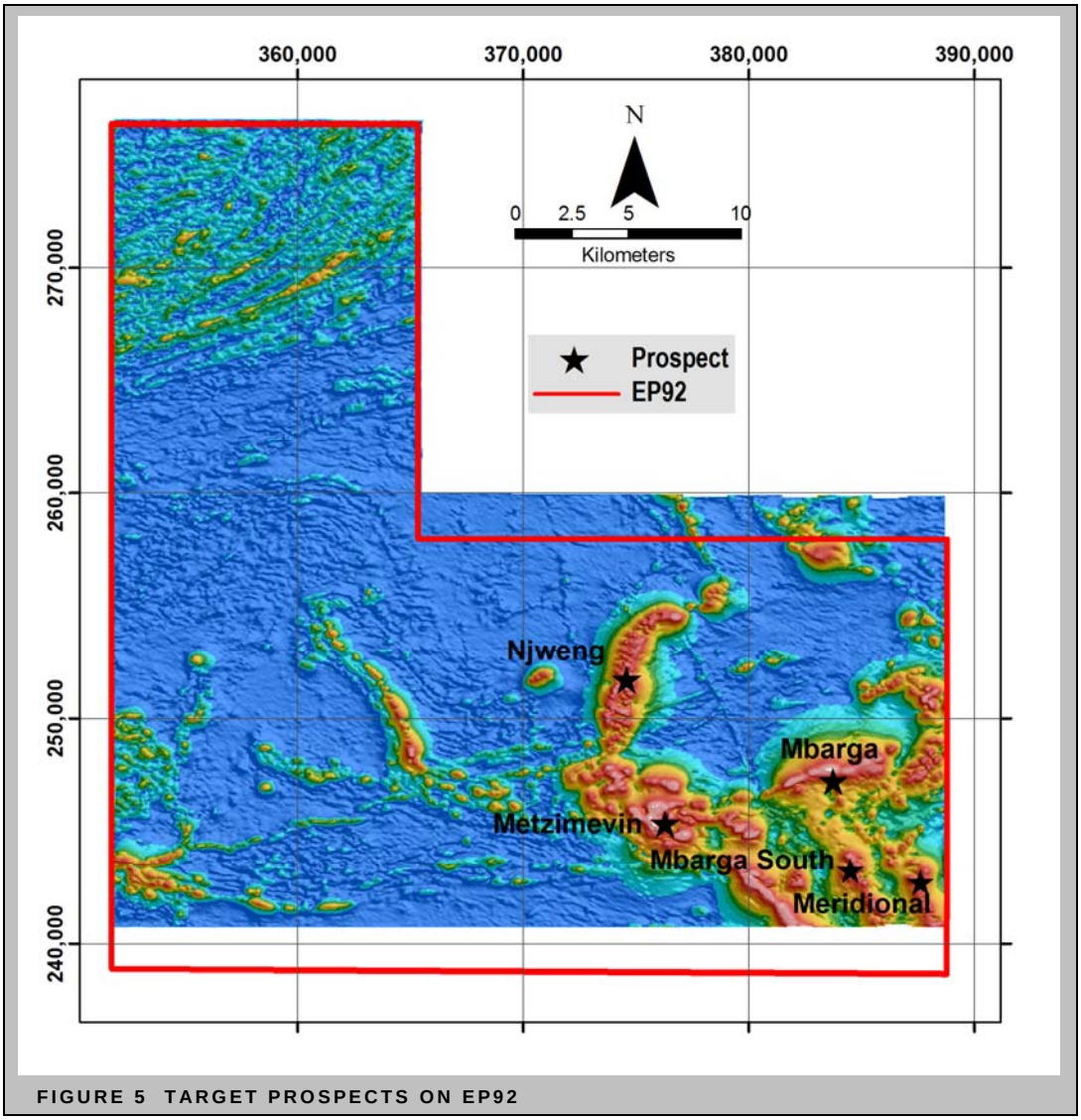

FIGURE 5 TARGET PROSPECTS ON EP92

Feasibility Study Program

Feasibility assessment of the Mbalam Iron Ore Project is continuing with receipt of study reporting in December 2007. This study was completed on the basis of a 35 Mtpa DSO export operation. The potential for beneficiation of "itabirite" style mineralisation was not considered in this work scope.

The key project areas addressed in the study report comprised:

Mine Planning, Process Plant and Infrastructure

Mine planning work was managed in-house by Sundance given the need for close collaboration between the geological and engineering teams. Only preliminary assessment has been completed in the study report pending further resource definition drilling.

The process plant and infrastructure scope was developed on the basis of processing and handling 35 Mtpa supergene DSO quality hematite.

Rail Infrastructure

Rail route planning was based on satellite radar terrain modelling, giving 10m contour mapping across southern Cameroon. This mapping was used to define and evaluate a range of prospective rail alignments from the mine to the proposed port site. Figure 6 shows a range of route options together

with a vertical profile of the preferred route from mine to port. The preferred rail route was selected after optimisation of capital and operating costs, schedule and socio-environmental issues.

The satellite topographic mapping has recently been supplemented by detailed mapping from airborne laser radar (LIDAR) surveys completed in December 2007. This work has delivered high resolution aerial imagery over the preferred rail alignment. This data will be used to develop rail planning work in the March 2008 quarter and to further refine costings for the preferred rail route.

Nevertheless, the findings are contingent on the accuracy of assumptions and data sourced to date. The technical and economic assessment is sensitive to project risks that will be further evaluated as part of definitive project studies. The primary risks identified to date include:

- Ore properties have been inferred and need to be defined by detailed sampling and testing to develop the mine plan and associated plant and infrastructure design.
- Construction is most sensitive to topography, geotechnical conditions and land access. Data was available at a level sufficient to provide preferred locations and alignments but final design and costs are likely to vary to accommodate changes in site conditions.
- Construction and operations are dependent on the ability to secure and mobilise a workforce of sufficient skill and competency within the target cost. A mix of expatriate, foreign national and Cameroonian sourced labour has been assumed in developing the project cost models.
- The operating cost of the project is sensitive to changes in the landed cost of fuel as the project proposes diesel generated power.
- Costs have been sourced from a number of regions (including Australia, Europe, Africa and Asia) and converted to US dollars at fixed market exchange rates. Variations in exchange rates are likely to reflect upon the project capital and operating cost.

Key survey, engineering and commercial work programs will continue as part of definitive project studies. This work will increase the accuracy of available data and assumptions to mitigate these identified risks.

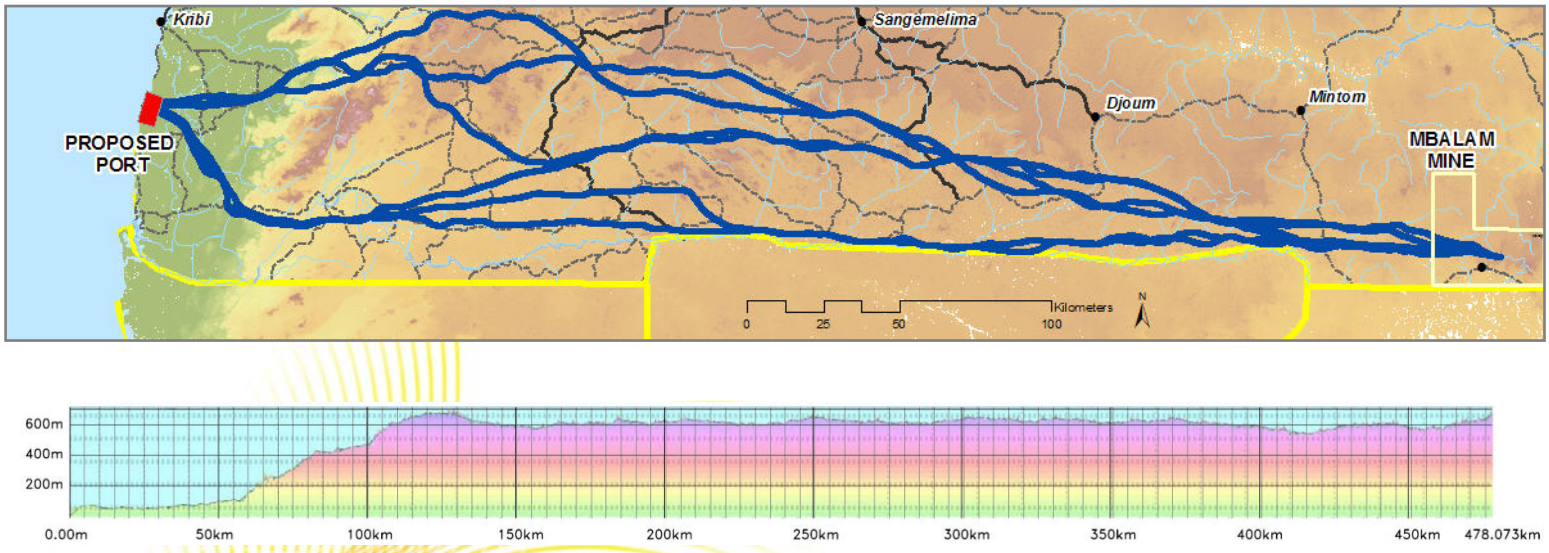

FIGURE 6 RAIL ALIGNMENT OPTIONS FROM MINE TO PORT (INCLUDING PROFILE ALONG PREFERRED ROUTE)

Export Jetty and Materials Handling Infrastructure

General arrangements have been developed for the proposed export jetty site south of Kribi. Current planning is based on an open water jetty with a dredged berth depth of 22m (Chart Datum). Bathymetric / seismic refraction studies are currently underway to confirm water depths and sub-surface ground conditions at the preferred site. Planning of the export jetty incorporates a materials offloading facility to allow for direct importation and transport of major equipment to site.

Project Convention

The Draft Memorandum of Understanding detailing the key development and fiscal terms proposed for the project was presented to a Task Force established by the Cameroon Government in December 2007.

The parties are currently negotiating the terms of this MOU as a pre-cursor to negotiating and executing a Project Convention, to be ratified by the Cameroon Parliament. This Project Convention will provide legal and fiscal stability which overarches existing legislative codes relevant to the integrated mining and infrastructure scope proposed by CamIron.

Reporting to Government

The Annual Report detailing the second year of activities undertaken on EP92 by CamIron was submitted to the Ministry of Mines during the December 2007 quarter. This report details activity and expenditure for the period from April – September 2007.

Corporate

Board

Mr Geoff Wedlock was appointed as a Non-Executive Director of Sundance on 18 September 2007.

Key Management and Operational Appointments

Given the significant increase in project activities planned for 2008, a number of new senior appointments have been made to strengthen the Company's depth of management and operational expertise. The new appointments include:

Mr Brendan Augustin
General Manager, Corporate
(Yaounde-based)

Mr Augustin joined Sundance following an extensive career spanning 15 years with the Department of Foreign Affairs and Trade including international assignments in Indonesia, Malaysia, Brunei and France. From 2005-2007, Mr Augustin took leave from DFAT to take up a senior position in Mauritania with Woodside Energy. Mr Augustin will be responsible for all Sundance's corporate operations in Cameroon including Government relations.

Brett Morey
Exploration / Site Operations Manager
(Site-based)

Mr Morey has over 12 years experience in exploration, focusing on iron ore for the past nine years and including several senior geological roles with the Rio Tinto group in resource evaluation, project development and mine planning. Most recently, he held the position of Operational Readiness Principal at Rio Tinto focusing on feasibility studies for both brownfields and greenfields iron ore projects.

Jim Tyler
General Manager,
Environment and Community
(Perth-based)

Mr Tyler has 28 years of site-based Environmental and Community Relations Management experience in the mining industry with Rio Tinto, BHP and Newmont, and was most recently Environmental Manager with Barrick at the Porgera Gold Mine in Papua New Guinea. He has taken many sites to ISO 14001 Certification with award winning environmental performance including a Prime Minister's Banksia Award for Tiwest's Cooljarloo operation in 2006. Mr Tyler will be responsible for the Environmental and Social Impact Assessment of the Mbalam Project as well as for environmental management of Sundance's development operations.

Ernst Scholtz
General Manager,
Human Resources
(Perth-based)

Mr Scholtz has 15 years experience in Human Resource and Organisational Development, including eight years working for BHP Billiton in Africa and Australia. His background is in Organisational Development and Training with his earlier career including four years in Mozambique overseeing operational training for start-up of a greenfields smelter project.

In addition, the Company has also made a number of recent senior appointments to enhance the current exploration and operational team on site. These appointments include two senior field geologists, a laboratory supervisor and a construction superintendent. All of these positions are expatriate roles, based in Cameroon on FIFO terms.

Issue of Shares on Exercise of Options

During the quarter, the company allotted and issued fully paid ordinary shares in the Company pursuant to the exercise of unlisted options as follows:

Security	Shares Issued	Amount $
Options exercisable at 3 cents and expiring 30 June 2008	25,333,333	760,000

Shareholder Information

As at 30 December 2007 the company had 15,317 shareholders and 1,871,415,241 ordinary fully paid shares on issue with the top 20 shareholders holding 53.19% of the total issued capital.

Cash Assets

The company's cash balance at 30 December 2007 was $69.5 million.

Expenditure

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

Don Lewis
Managing Director

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Robin Longley who is a Member of the Australian Institute of Geoscientists. Mr Longley is a full time consultant of 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.

The potential quantity and grade of near-surface supergene mineralisation has been restricted to only the area currently covered by drilling on a 400m x 200m pattern at Mbarga. This is represented by an area approximately 1.5km (east-west) x 2km (north-south). Grade interpolation has been extrapolated using inverse distance squared method on composited sample results and a nominal 57% Fe cutoff value. A digital terrain surface (based on recently flown highly accurate topographic data, has been used to limit extrapolation of the supergene mineralisation to the edge of the topographic hill at Mbarga. An internal waste zone (schist) cross-cutting the supergene zone and surficial cover has been modelled and removed from the quantity estimated as potential DSO mineralisation. A nominal density of 3.5 has been applied for preliminary evaluation.

It must be noted that at this stage, the potential quantity and grade mentioned in this release is conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.