



Chairman's Address
Sundance Resources Limited
AGM 2012

Good morning ladies and gentlemen, my name is Fiona Harris and I am a non-executive director of Sundance Resources. I have been appointed as the Acting Chairman and will be chairing today's meeting in the absence of the Chairman, George Jones, who along with Managing Director Giulio Casello and several other company personnel, is in Cameroon for the purpose of signing the Mbalam Convention – which took place last night (Perth time).

Mr Jones and Mr Casello both send their apologies for not being here today. On behalf of Giulio Casello, Mr Rob Longley, Sundance's General Manager of Geology, will present an overview of operations a little later on after the formal matters of business have been attended to.

Mr Jones had prepared a speech in anticipation of addressing you today and he has asked that I deliver it on his behalf.

"Dear fellow shareholders,

Some of you may recall that about a year ago I was asked when I expected the Hanlong transaction to be complete. I responded by saying that I expected to enjoy Christmas.

Fortunately, I didn't nominate which Christmas! And now, with Christmas almost upon us yet again, I could, and would, give the same answer!

No one in this room needs reminding that the Hanlong transaction has taken longer than we initially envisaged. It has undeniably been one of the more challenging deals I have executed in nearly 40 years as a banker and director of public companies.

Since the deal was first agreed in October 2011, the world economy has changed dramatically. And iron ore markets have endured even more turmoil than most. Every party to this transaction, including Sundance, Hanlong and the Chinese authorities, has had to accommodate the impact of this volatility on the transaction while at the same time, doing their utmost to ensure it is completed.

As the Chairman of Sundance, I would like to emphasise that at each point along this journey, every decision taken by your Board has ultimately been governed by one key principle.

That is, what is in the best interests of our shareholders.

While that may sound glib to some, it is important because the deal has, at times, required the Board and Management to divorce their emotions and frustrations from the commercial realities. These realities, such as the turmoil on world financial markets, were key factors in the Board agreeing to a revised price and timetable for the transaction. This environment was the backdrop to these deliberations. But it was the wider issue of our shareholders' best interests that was squarely front and centre.

This has unquestionably been a testing process for all involved. However, the upshot is that the Board and Management of Sundance have advanced this deal to the point that shareholders will soon be given the opportunity to determine the final outcome.

I strongly believe that the terms of this takeover are attractive. They are fair on a nominal value basis, they are balanced in the context of the global economic environment, and they are appealing when benchmarked against the alternative strategies which Sundance could pursue.

Your Board and Management have worked tirelessly to maximise the terms of the transaction on which you will be given the opportunity to vote next month. A key part of this process has been the drive to grow the value of the Mbalam-Nabeba Iron Ore Project by expanding the resource base through exploration and advancing the development studies which demonstrate the project's strong economic merits.

The Project now boasts high-grade hematite Resources of 775.4 million tonnes at a grading 57.2 per cent iron. A high-grade Reserve was announced in November 2011 of 352 million tonnes at a grading of 62.4 per cent iron.

This is significant because it confirmed that there are sufficient Reserves for Stage One of the Project which involves producing 35 million tonnes a year of DSO-quality ore for a minimum ten years. The Reserve is based on the previous resource inventory of 521.7 million tonnes and since then, as previously mentioned, we have subsequently grown our high grade inventory. Therefore it is expected that the Reserves will further increase as well.

In addition the drilling program from the past year has delivered a substantial increase to our Itabirite Resources which now stand at 4.05 billion tonnes at a grading of 36.3 per cent iron.

It is worth noting that the mineralisation is considered to be extensive as both deposits (Mbarga and Nabeba) remain open at depth and there is significant potential over time to add to the Resource base.

I have no doubt that Mbalam-Nabeba has an outstanding future not only as a stand-alone project but as the hub of what I believe will be the world's next great iron ore region. The first-mover advantage associated with ownership of the port and rail infrastructure will be immense. The scope for consolidation of the region's iron ore deposits and the gains to flow from maximising the potential economies of scale are extremely attractive.

It is in many ways a sign of our substantial success at Mbalam and Nabeba that the Board believes this Project has grown to the extent where a company with a larger financial base is needed to carry it through to development.

With a \$4.7 billion capital cost, a massive construction program, and huge ongoing operational requirements, the returns for Sundance and future of the Project were always going to require Sundance to find a partner - someone who could help bring this project to fruition. It was never clear whether this would be by way of a joint venture or by way of a takeover, but it is for these reasons that Sundance's Board and Management have remained determined to overcome the challenges associated with the Hanlong transaction and to allow the market and our shareholders to determine the outcome. With the final approvals from the Chinese authorities now expected within days, Sundance shareholders are about to be given the opportunity to complete the deal.



As bumpy as the path has been at times, the fact that we have reached this point is a huge credit to all involved on both sides. I would like to thank my fellow Directors, and Giulio Casello and his Senior Management Team, for their unending commitment to the Company, the Project, and the transaction. I would also like to acknowledge the efforts of Hanlong and in particular its Chairman Mr Liu Han.

In conclusion, I would also like to say many thanks to our shareholders. Your support and patience is much appreciated and I look forward to repaying you by giving you the opportunity to vote on the offer for your shares next month.”

-End-