



ASX Announcement | Media Release  
31 July 2019

## QUARTERLY ACTIVITIES REPORT PERIOD ENDED 30 JUNE 2019

### Summary:

- **New AustSino, Noteholder Agreement entered into on 5 July 2019, replaces Previous Agreement with AustSino and Noteholders**
- **Non-binding Consortium Agreement signed between Sundance, AustSino and potential project partners, but no decision yet by the Cameroon Government on Mbalam Convention reinstatement**
- **Sundance shares remain in voluntary suspension**
- **\$152,000 cash on hand as at 30 June 2019**

Sundance Resources Limited (**ASX: SDL**) ("**Sundance**" or "**Company**") provides the following information about activities for the quarter ended 30 June 2019:

### AGREEMENT WITH AUSTSINO AND NOTEHOLDERS UPDATES

#### End to Previous Agreement

Sundance announced on 3 April 2019 that the end date of the agreement between Sundance, Noteholders and AustSino dated 24 September 2018 ("**Previous Agreement**") and as set out in Sundance's ASX announcement of 25 September 2018 had been extended until 30 June 2019.

The parties agreed that unless the Mbalam Convention could be reinstated by 30 June 2019, then the Previous Agreement would be at an end. As that date has passed and the Mbalam Convention has not been reinstated, the Previous Agreement is no longer in force.

#### New Agreement

Sundance announced on 8 July 2019 that Sundance entered into a new agreement dated 5 July 2019 ("**New Agreement**") with AustSino Resources Group (**ASX: ANS**) ("**AustSino**") and the Noteholders of the Company being Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, BSOF Master Fund L.P. Wafin Limited and David Porter (together, the "**Noteholders**"). The terms of the New Agreement are described in the section below.

Some of the key differences between the Previous Agreement and the New Agreement are as follows:

- The reinstatement of the Mbalam Convention is not a condition for the completion of the New Agreement.
- The cash payable by AustSino on completion of the New Agreement will reduce from \$58M (payable on completion of the Previous Agreement) to \$29M. Of this, \$25M (previously \$50M) will be paid to Noteholders and \$4M (previously \$8M) will be retained by Sundance.

- AustSino will still own approximately 50.2% of Sundance following the completion of the New Agreement, under which AustSino will receive approximately 11,153,846,154 shares issued at a price of \$0.0026 per share (resulting in a change of control of Sundance).
- The number of options to be granted to the Noteholders is to be halved from 10 billion to 5 billion. The terms of those options (having an exercise price of \$0.02 and expiry date of five years from the date of issue) are otherwise unchanged.
- AustSino will provide certain financial support to Sundance to part-support its working capital requirements until completion of the New Agreement. Sundance may also seek support from other parties. The support of AustSino will be via an initial \$200,000 placement of ordinary shares to AustSino at an issue price of \$0.00375 per share, resulting in the issue of 53,333,333 shares to AustSino (“**Initial Placement**”). The Initial Placement was to occur within 5 business days of the New Agreement announcement on 8 July 2019 but was completed by 12 July 2019. After the Initial Placement and within 5 business days following a request by Sundance, AustSino is required to pay \$100,000 per month to Sundance in return for the issue of ordinary shares in Sundance at an issue price of \$0.00375 up to an aggregate of \$600,000 (including the initial \$200,000) (**Financial Support Arrangement**). The total number of ordinary shares potentially to be issued by Sundance to AustSino under the Financial Support Arrangement is 160,000,000 ordinary shares. In lieu of subscribing for additional Sundance shares, AustSino may instead require that amounts paid under the Financial Support Arrangement be deducted from the \$29 Million purchase price payable by AustSino on Placement Completion. Neither the Initial Placement nor any subsequent placement of shares under the Financial Support Arrangement will require Sundance shareholder approval.

Although the reinstatement of the Mbalam Convention is not a condition precedent for the completion of the New Agreement, Sundance and AustSino will continue to explore the reinstatement of the Mbalam Convention and the transaction is conditional on the taking of certain further steps in this regard.

### The Transaction

Under the New Agreement, Sundance has agreed to issue to AustSino 11,153,846,154 ordinary shares at an issue price of A\$0.0026 per Share, together with the grant of 11,153,846,154 unlisted options at an exercise price of A\$0.02 and an expiry date of 5 years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2019 or another date agreed by the parties (“**Placement Completion**”).

Placement Completion requires Sundance shareholder approval and is subject to a number of other conditions described in Schedule 1.

The proceeds of the Placement Completion will be used for the following:

- \$25M cash will be paid to the Noteholders (“**Cash Payment**”); and
- The balance will be used for working capital and to progress development of the Project and the transaction costs associated with the New Agreement. It is expected that this will comprise the following (including corresponding estimates of the expenses):
  - working capital, including in relation to salaries, administration and regulatory costs in Australia, Cameroon and Congo (approximately \$2.5M);
  - transaction costs associated with the New Agreement, including the Independent Expert’s Report, EGM and legal costs associated with the New Agreement and the Cameroon Convention (approximately \$0.5M); and
  - negotiation and legal costs associated with financing packages and EPC contracts for the Project (approximately \$1M).

In exchange for the cancellation of the existing convertible notes in Sundance held by the Noteholders (“**Convertible Notes**”) (“**Cancellation**”), and in addition to the Cash Payment to the Noteholders, Sundance will issue to the Noteholders:

- 2,000,000,000 Shares at a deemed issue price of A\$0.004; and
- 5,000,000,000 unlisted options at an exercise price of A\$0.02 and an expiry date of five years after the date of issue.

Cancellation of the Convertible Notes (which cancellation is subject to certain conditions precedent outlined in Schedule 1 to this announcement) will leave Sundance debt free.

The cash, Shares and options will be allocated among the Noteholders in proportion to their redemption value or as otherwise agreed between the Noteholders (with those alternate proportions to be notified to Sundance and outlined in Sundance’s notice of meeting in due course, if applicable). Any alternate allocation between the Noteholders will not increase the total value of the consideration payable to the Noteholders for Cancellation of the Convertible Notes. The table below outlines the redemption value of each Noteholder’s Convertible Notes and the proportion of that value to the total redemption value of the Convertible Notes.

Noteholder	Redemption Value	
	A\$m	% of total
Wafin Limited	63.3	47.6%
Noble Resources International Pte Ltd	31.6	23.8%
D.E. Shaw Composite Holdings International Pte Ltd	18.8	14.2%
Senrigan Master Fund	15.5	11.7%
BSOF Master Fund L.P.	3.4	2.5%
Mr David Porter	0.3	0.2%
<b>Total</b>	<b>132.9</b>	<b>100.0%</b>

If all the options issued to AustSino and the Noteholders are exercised before their expiry this will result in a \$323M cash injection into Sundance, which could be used to fund the equity requirement to build the iron ore mines.

Completion of the transactions under the New Agreement are subject to a number of conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the New Agreement, an independent expert’s report is required and approval will be sought from Sundance shareholders at an Extraordinary General Meeting.

Sundance also notes that the Placement Completion is conditional on AustSino obtaining FIRB, ASX and shareholder approval for the funding, which it will use to subscribe for Shares for the purposes of Placement Completion.

Following Placement Completion, AustSino will be Sundance’s largest shareholder and will hold approximately 50.5% of the total number of shares on issue.

### Further Funding Received

As per the Financial Support Arrangement described above an initial \$200,000 placement of ordinary shares had been made to AustSino at an issue price of \$0.00375 per share, resulting in the issue of 53,333,333 shares to AustSino completed on 12 July 2019.

### SUNDANCE REMAINS IN VOLUNTARY SUSPENSION

Sundance expects that trading in its shares on ASX will remain suspended until the New Agreement is completed or it comes to an end.

### CAMEROON CONVENTION

Sundance announced on 8 July 2019 an update on the Mbalam Convention. Despite the best and substantial efforts of Sundance, the reinstatement of the Mbalam Convention had not yet been secured.

As previously described in Sundance's ASX announcement on 3 April 2019, a number of meetings occurred both within and outside of Cameroon between senior representatives of the Cameroon Government and representatives from Sundance and AustSino as well as potential other consortium partners that are interested in participating in the funding, construction and operation of the Mbalam Nabeba Iron Ore Project ("**Project**").

These potential consortium parties attended the meetings held in Cameroon at the end of February 2019 and they have all signed non-binding MOUs or similar documents with AustSino. In addition, a non-binding consortium acknowledgement agreement ("**Consortium Agreement**") was signed on 28 February 2019 between the Chinese parties, Sundance and AustSino. The Chinese parties together represent a world-class syndicate and are:

- Shenzhen Yantian Port Holdings Co Ltd
- China Railway Construction Corporation International Co Ltd
- Hong Kong Baofeng International Co Ltd
- Shanghai Tsingshan Mineral Co Ltd

Pursuant to the Consortium Agreement, the parties intend to use their reasonable endeavours to complete all necessary commercial negotiations, due diligence and legal documentation for funding and developing the Project.

The meetings between the prospective consortium partners mentioned above, AustSino, Sundance and the Cameroon Government were positively received by the Cameroon Government, which reiterated its intention to see the Project developed as quickly as possible. Sundance was expecting a positive outcome in the weeks following these meetings. Unfortunately, the Cameroon Government has not made a decision regarding the reinstatement of the Mbalam Convention and there is some uncertainty as to when any decision will be made and the outcome of any such decision.

The Company's subsidiary Cam Iron SA's mining permit application over the land previously covered by Exploration Permit EP92 remains on foot.

### CORPORATE

Total cash outflow from operating activities for the period was \$567,000. Sundance ended the June 2019 Quarter with \$152,000 in cash and deposits.

The Independent Expert's Report required for completion of the New Agreement has been started with a review of the Project operating and capital costs completed. Completion of the New Agreement is expected to mid-November 2019.

The expenditure for the coming quarter is estimated to be \$660,000 and includes normal working capital plus legal costs, completion of Independent Expert's Report and other associated costs to complete the Agreement. Financial support from AustSino as per the New Agreement is expected to be \$400,000 in the coming quarter. Management will continue to look to top up working capital as required during the quarter while reviewing costs and looking for opportunities to reduce expenditure.

## EXPENDITURE

The Pro-forma Appendix 5B - Statement of Consolidated Cash Flows is provided in a separate report.

## ASX ANNOUNCEMENTS

The Quarterly Report should be read in conjunction with all announcements made by the Company to the ASX, including the financial statements which contain further details about Material Business Risks. These announcements can be found on the following link:

<http://www.sundanceresources.com.au/irm/content/asx-announcements.aspx>

## SHARE CAPITAL

As at 30 June 2019, the Company had 8,945,846,952 ordinary fully paid shares on issue.

## SCHEDULE OF TENEMENTS

The Company, through its subsidiary companies, held the following exploration/mineral research permits and mining tenements at 30 September 2018:

Country	Area	Permit	Holder
Republic of Cameroon	Mbalam	Exploration Permit No. 92 has now expired and the Mbalam Convention has passed its long-stop date requiring reinstatement.  A valid Mining Permit application over the land previously covered by EP92 was lodged on October 2009 and later amended in December 2009. The Company has legal advice, which supports Sundance's priority over any other application by a third party over the land.	Cam Iron SA <sup>(i,iii,v)</sup>
Republic of Congo	Nabeba-Bamegod	Decree No.2013-45	Congo Iron SA <sup>(ii,iv,v)</sup>
Republic of Congo	Ibanga	Decree No. 2013-405	Congo Iron SA <sup>(ii,iv,v,vi)</sup>

*(i) Cam Iron holds 100% interest; Cam Iron is a 90%-owned subsidiary of Sundance.*

*(ii) Congo Iron holds 100% interest; Congo Iron is an 85%-owned subsidiary of Sundance.*

*(iii) The Government of Cameroon has a right to a 10% free carry interest in Cam Iron on the grant of the mining permit.*

*(iv) The Government of Congo has a right to a 10% interest in Congo Iron pursuant to the Congo Mining Code*

*(v) Should both Governments exercise their rights for an interest in Cam Iron and Congo Iron then Sundance's interest would reduce to 81% in Cam Iron and 76.5% in Congo Iron*

*(vi) This permit expired in August 2015. Congo Iron made application for a replacement permit covering only part of the Ibanga permit area containing the most prospective area in August 2015*

**ENDS**

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**About Sundance Resources**

*Sundance Resources is seeking to develop its flagship Mbalam-Nabeba Iron Ore Project, which straddles the border of Cameroon and the Republic of Congo in Central Africa. Stage One will be the production of a Direct Shipping Ore (“DSO”)-quality sinter fines product averaging >62.0% Fe at a rate of 40Mtpa for approximately 14 years based on blending material sourced from the deposits in the neighbouring countries of Cameroon and Congo. Stage Two, which is currently at a Pre-Feasibility Stage, would then extend the life of the operation by further 15-plus years producing high-grade Itabirite hematite concentrate. In April 2011, Sundance completed the Definitive Feasibility Study for Stage One and Pre-Feasibility Study for Stage Two of the Mbalam-Nabeba Iron Ore Project. The Project will utilise the rail and port infrastructure to be financed, built and owned by the Government of Cameroon, a 540km rail line dedicated to the transport of iron ore through Cameroon and a dedicated mineral export terminal designed for taking bulk iron ore carriers of up to 300,000 tonnes.*

**Forward Looking Statements**

*Certain statements made during or in connection with this communication, including without limitation, those concerning the economic outlook for the iron ore mining industry, financing a large capital project, expectations regarding iron ore prices, production, cash costs and to the operating results, growth prospects and the outlook of Sundance’s operations including the likely financing and commencement of commercial operations of the Mbalam-Nabeba Iron Ore Project and its liquidity and capital sources and expenditure, contain or comprise certain forward-looking statements regarding Sundance’s operations, economic performance and financial condition.*

*Although Sundance 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, deterioration in the iron ore market, deterioration in debt and equity markets that lead to the Project not being able to be financed, success of business and operating initiatives, changes in the regulatory environment and other government action, fluctuations in iron ore prices and exchange rates, business and operational risk management, changes in equipment life, capability or access to infrastructure, emergence of previously underestimated technical challenges, environmental or social factors which may affect a license to operate.*