



ASX Announcement | Media Release
27 July 2015

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2015

Highlights:

- **Transition Agreement signed to move funding and ownership of the port and rail to the Cameroon Government**
- **EP92 and Mbalam Convention Long Stop Date extended to 24 July 2017**
- **High Grade Hematite Ore Reserves increased to 517Mt at 62.2% Fe**
- **Itabirite Resource Increase to 5.6Bt at 34%**
- **Expects to reach agreement to extend maturity date of Noble and Investor Consortium Notes into 2017**
- **Cash position of \$13.65 million at 30 June 2015**

During the quarter ended 30 June 2015 (“**Quarter**”), Sundance Resources Limited (“**Sundance**” or “**Company**”) (ASX: SDL) is pleased to advise that it made breakthrough progress in its strategy to develop the Mbalam-Nabeba Iron Ore Project located in Cameroon and the Republic of Congo (“**Project**”), signing a Transition Agreement that has moved responsibility for the funding of key port and rail infrastructure to the Cameroon Government.

Sundance has a high level of confidence that the Cameroon Government will be able to achieve sovereign funding on the port and rail section of the Project and will now focus on funding, constructing and operating the Mbarga and Nabeba mines, process plants and associated infrastructure (“**Mine Infrastructure**”) in Cameroon and Congo. With the recently announced increase in High Grade Hematite Reserves and increase in capacity to 40Mtpa, the Project will be globally competitive and will have economics that are robust under a broad range of iron ore price scenarios.

With progress now being made by the Cameroon Government, Sundance can progress funding discussions with equity and debt providers having only to focus on the Mine Infrastructure whilst demonstrating that Government support that has been given on the port and rail infrastructure. This is a fundamentally different and better picture than what was being presented some months ago.

Even though the iron ore market remains challenging Sundance is moving forward with a high level of confidence.

TRANSITION AGREEMENT SIGNED

The Transition Agreement with the Cameroon Government was signed on 30 June 2015 in Yaounde, Cameroon and came into effect on 7 July 2015 when all conditions precedent were satisfied. This Transition Agreement is between Cam Iron S.A. (“**Cam Iron**”) (majority owned by Sundance), its subsidiaries, Sundance and the Cameroon Government setting out the key steps, terms, conditions, rights and obligations by which the parties will restructure the Project. The following key items are included in the Transition Agreement:

- Exploration Permit 92 (“**EP92**”) has been extended to 24 July 2017;
- The Mbalam Convention Long Stop Date has been extended to 24 July 2017;
- The Cameroon Government will own 98% of the port and rail infrastructure entities and in recognition of the capital invested to date by Sundance’s subsidiary Cam Iron and the ongoing



support that Sundance will provide towards the development of the port and rail infrastructure, Cam Iron will receive a 2% free carried interest in these entities until the date of first commercial production. Cam Iron will not be required to provide any equity or debt funding for the construction of the port and rail infrastructure. After the date of first commercial production, Sundance will retain its 2% interest so long as it contributes its pro-rata share of any equity requirements;

- The Cameroon Government (or one or more Government Entities appointed by the State), will appoint suitably qualified contractors to:
 - design, construct and commission the port and railway; and
 - undertake the port and the railway Operations,such that the port and railway are designed built and operated in a manner to provide 40Mtpa capacity to Sundance subsidiaries Cam Iron and Congo Iron S.A. ("**Congo Iron**");
- Cam Iron and Congo Iron will enter into take or pay agreements incorporating a commercial tariff for each tonne transported and loaded using the infrastructure;
- Sundance is required to achieve a financing commitment (credit approved term sheet) for the Mine Infrastructure no later than 9 months (or such later date as agreed) after the Cameroon Government achieves its financing commitment for the rail and port infrastructure. If this is not achieved within the timeline or any agreed extension, Cam Iron may, at the request of the Cameroon Government, be required to transfer EP92 to a nominee of the Cameroon Government for no consideration;
- Sundance will provide technical support to the Government Ministries as requested; and
- Sundance will conclude the work currently being undertaken on the DUP.

HIGH GRADE HEMATITE ORE RESERVE INCREASE

On 20 May 2015 Sundance advised that the high-grade Hematite Ore Reserve for Stage One of the Project has increased by 18.5% to 517 million tonnes ("**Mt**") at a grade of 62.2%. This reserve come from an underlying High Grade Mineral Resource of 805.7Mt at a grade of 57.5% Fe announced at the same time as the Ore Reserve.

The increased Ore Reserve over the entire Life of Mine maintains low impurities with Silica at 4.46%, Alumina at 2.80% and Phosphorus at 0.09%.

This increase in Ore Reserves ensures that Stage One maintains a life of over 13 years before moving to concentrate production in Stage Two. The first ten years of production include an average product grade of 63.1% with low impurities of including (Silica at 3.87%, Alumina at 2.58% and Phosphorous at 0.09%). The quality of this product is comparable to, or better than, most product expected to be produced from the Pilbara in Western Australia.

All Ore Reserve estimates for the Project are classified and reported in accordance with the JORC Code 2012 Edition. The estimate, pit designs and mine schedules for the Project have been produced by Sundance and comprehensively reviewed by AMC Consultants Pty Ltd ("**AMC**"). Ore Reserves are based on the estimated saleable product.

ITABIRITE HEMATITE MINERAL RESOURCE INCREASE

On 20 May 2015 Sundance advised that the Itabirite Hematite Mineral Resources for the Project had significantly increased to 5.638 Billion tonnes ("**Bt**") at a grade of 33.4% Fe from the previously announced (26 October 2012) 4.047Bt at a grade of 36.3% Fe.

The Itabirite Resource will ensure that Stage Two of the Project will have a multi-decade life producing an Itabirite product of either a Blast Furnace grade concentrate of 66.6% Fe with low impurities of 3.5% silica and 0.3% alumina or a Direct Reduction grade concentrate of 68% Fe with even lower impurities of 1.8% silica and 0.2% alumina.



PORT AND RAIL DEVELOPMENT PROCESS

The Cameroon Government has commenced a process to select a Chinese Engineering, Procurement and Construction (“EPC”) contractor for the construction of the port and rail infrastructure. This will support its application for a loan from China and possible other friendly countries to construct the port and rail infrastructure.

Tenders from EPC Contractors for the railway line and port construction have now been received by the Cameroon Government and detailed evaluations of the tenders are now being carried out by an expert committee. It is expected that the preferred EPC contractor will be selected by the Cameroon Government in the coming quarter.

Following the Cameroon Prime Minister Philemon Yang’s recent visit to Beijing, where he met with the Chinese President Xi Jinping and the Chinese Premier Li Keqiang, the Cameroon Government has expressed its optimism that it will be successful in the financing of the port and rail infrastructure.

Based on the above feedback, Sundance expects it will take approximately 6-12 months for the Cameroon Government to finalise their financing commitment (credit approved term sheet) for the port and rail infrastructure. It is anticipated that construction will commence before the end of 2016 and, based on previous understanding of the length of construction time for the port and rail, it is expected that first commercial shipment should occur sometime in 2020.

Sundance announced on 6 June 2014 that Mota-Engil Africa had been appointed as the EPC contractor to build the port and rail infrastructure for the Project. With the restructure of the Project and the change of ownership of the infrastructure from Sundance to the Cameroon Government, it is highly unlikely that the conditions precedent to this contract will be satisfied prior to the end date of 31 December 2015. Sundance expects that it will have no ongoing liabilities with respect to this contract.

MINE INFRASTRUCTURE EQUITY AND DEBT FUNDING

Sundance has commenced the process to achieve funding of the Mine Infrastructure. Given the positive feedback from the Cameroon Government and the support that the Project is expected to receive from the Chinese Government, Sundance will be concentrating its efforts into China for the Mine Infrastructure equity and debt funding.

Even though the actual draw-down of funds for the construction of the Mine Infrastructure will not be required until sometime after the construction of the port and rail starts due to the shorter construction period, Sundance expects to achieve its financing commitment (credit approved term sheet) in mid-2016 and financial close to occur before the end of 2016. This timetable meets the requirements of the Transition Agreement to retain EP92 until it is converted into a Mining Permit.

Sundance announced on 6 June 2014 that it had appointed Standard Bank, Africa’s largest bank by assets and earnings, to advise on funding and be the lead debt arranger for the Project rail, port and mines. With the restructure of the Project, the roles of Standard Bank and other advisors are being reviewed.

Sundance will over the coming months re-engage with a number of potential equity investors and present the restructured Project economics to them. Likely Mine Infrastructure equity partners include:

- Chinese steel mills/traders;
- Chinese financial investor with iron and steel connection/background;
- The preferred infrastructure EPC contractor; and
- Potential mine EPC contractors.

To facilitate the debt funding required, Sundance will update the Mine Infrastructure’ engineering to a level required to run a competitive process with Chinese EPC’s to select a preferred contractor for construction of the Mine Infrastructure.

Sundance will work with the equity partner and the EPC contractor to source the debt funding requirements from Chinese financial institutions and others as required.

The debt funding is expected to be 70% of the total funding requirement for the Mine Infrastructure with the majority of that coming from import/export financial institutions who will require the sourcing of the majority of the equipment and materials for construction of the Mine Infrastructure to be supplied from China.

DUP

Sundance is continuing to complete the DUP for the railway corridor as required under the Transition Agreement. This work is now approximately 70% complete and is expected to be completed on budget by October 2015.

CORPORATE

Total cash outflow for the quarter excluding interest was \$6.8 million which was slightly below the forecast of \$7.1 million. Sundance ended the quarter with \$13.65 million in cash and deposits.

In the coming quarter a cash outflow of \$6.5 million is expected as the DUP work continues.

During the quarter, Sundance continued discussions with Noble and the Investor Consortium regarding the Notes due in November 2015 and, based on these discussions, expects that an agreement will be reached to extend the maturity date of the Notes into 2017.

SHAREHOLDING STRUCTURE

As at 30 June 2015, Sundance had 3,110,250,938 ordinary fully paid shares on issue. There were 21,136,834 performance rights, 720,000,000 unlisted options and 5,600,001 unlisted convertible notes on issue.

EXPENDITURE

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

ASX ANNOUNCEMENTS

This announcement should be read in conjunction with all announcements made by the Company to ASX, in particular, the financial statements for the half-year ended 31 December 2014 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>

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 following 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 Nabeba-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.