



ASX Announcement | Media Release
31 July 2014

JUNE 2014 QUARTERLY ACTIVITIES REPORT

Pivotal Quarter for Sundance with global construction giant Mota-Engil and Africa's largest bank Standard Bank throwing their weight behind the Mbalam-Nabeba Iron Ore Project

HIGHLIGHTS

- Global construction giant Mota-Engil Africa appointed as the Engineering, Procurement and Construction (EPC) contractor for the port and rail infrastructure.
- Standard Bank, Africa's largest bank, appointed as Financial Advisor and Lead Debt Arranger for project-level funding.
- Discussions have occurred with a wide variety of potential funding partners including Export Credit Agencies, Development Funds and Commercial Banks which have already expressed interest in providing debt funding.
- Nabeba Mining Convention signed 24 July 2014, confirming all necessary government approvals in both countries are now in place to support securing project finance.
- Mineral Terminal Agreement and Rail Agreement signed with the Cameroon Government.
- Competitive tenders received for Front End Engineering Design (FEED) study together with indicative pricing for an EPC contract for the delivery of the mine plant and associated mine site infrastructure.
- Indicative prices for the mine development and mining operations have been submitted by two contract mining companies which are in line with the 2010 DFS pricing.
- Prominent Australian business leader and highly experienced construction executive Wal King appointed to the Sundance Board as Non-Executive Deputy Chairman.
- Experienced corporate finance executive Alan Rule commenced in the role as Chief Financial Officer.

"Securing the involvement of Mota-Engil and Standard Bank is a major step forward for the Mbalam-Nabeba project. With a bankable off-take agreement already in place with global trading giant Noble Group, we now also have a signed an EPC contract with a reputable rail and port constructor experienced in African projects, and confirmed a tiered debt financing solution led by Africa's largest bank. We are moving into the home straight in our strategy to develop Mbalam-Nabeba.

"We have demonstrated that we have an outstanding high-grade resource and we have established that the rail and port can be built at an extremely competitive price. We continue to deliver on each of the critical elements in our strategy to deliver this world-class project – as further evidenced by the recent signing of the Nabeba Mining Convention, as well as the key Port and Rail agreements in Cameroon.

"Our focus now turns to working towards financial close, which we are targeting for mid-2015, and engaging with the parties who have expressed an interest in participating in the debt and equity funding.



“During the Quarter, we were also delighted to welcome Wal King, a highly successful construction and project executive with over 30 years’ experience, to our Board. Mr King’s appointment clearly reflects our strong commitment to delivering shareholder value by developing this world-class iron ore project.”

– Giulio Casello, Managing Director and CEO, Sundance Resources.

PORT AND RAIL EPC CONTRACT

During the Quarter, Sundance announced that international engineering and construction company Mota-Engil Africa was appointed as the Engineering, Procurement and Construction (EPC) contractor to build the port and rail infrastructure for the Mbalam-Nabeba Iron Ore Project.

Mota-Engil Africa and Sundance signed the binding and bankable EPC contract at a signing ceremony in Yaoundé, Cameroon, on 5 June, 2014. A second contract for the construction of the spur line portion of the railway (52km) to be built in the Republic of Congo was signed on 18 June 2014.

Mota-Engil Africa’s role includes detailed design, construction, testing and commissioning of:

- the 510km railway from the Mbarga Mine in Cameroon to the Mineral Terminal Facility at Lolabe on the west coast of Cameroon;
- the 70km rail spur line from the Nabeba Mine in the Republic of Congo to the Cameroon railway;
- a 35Mtpa deep water Mineral Terminal Facility, including stock yards, capable of loading ‘China-max’ vessels; and
- the procurement of all railway rolling stock and operating equipment and the materials handling equipment at the Mineral Terminal Facility.

Key terms of the contract for the port and rail EPC contract are:

- Construction period from Financial Close of 3.5 years;
- Contract value of US\$3.5B;
- Standard internationally-recognised and accepted contract terms based on FIDIC Yellow Book;
- The Contractor must meet and comply with the Equator Principles;
- Performance obligation consists of throughput guarantees for system to produce, transport and ship 35Mtpa;
- Performance Bond and Performance Damages if the system does not achieve the required throughput; and
- International standards and specifications and nominated Australian Standards.

The Mota-Engil Group is a multidisciplinary Portuguese construction company with an international presence that spans across 21 countries. It established its African operations in Angola in 1946. Mota-Engil Africa, which is a subsidiary of Mota-Engil SGPS, is currently building a stretch of railway 245km long in Malawi that is part of the Nacala Corridor, a facility for transporting mining products from the Moatize coal mine in Mozambique that is operated by Brazilian mining group Vale.

STANDARD BANK APPOINTMENT

During the Quarter, Sundance announced it had appointed Standard Bank, Africa’s largest bank by assets and earnings, to be the Company’s Financial Advisor and non-exclusive Lead Debt Arranger with respect to project-level funding. The following sources of Project Equity funding are being considered:

- Partial mine equity sale;
- Partial port and/or rail equity sale;
- Total infrastructure sale; and
- Strategic investment

Standard Bank's proposed tiered funding plan for debt financing includes involvement from Export Credit Agencies, Development Finance Institutions and Commercial Banks. Discussions with a wide variety of potential funding partners have already been undertaken with several expressions of interest being received. In addition, expressions of interest have also been received from Insurance Agencies who will provide protection for the commercial banking tranche.

The result of these discussions is that Sundance is confident there is considerable support for the Mbalam-Nabeba Project from the above-mentioned institutions, including Western and Chinese providers of project equity and debt capital.

MINING CONVENTIONS

Nabeba Mining Convention, Republic of Congo

Subsequent to the Quarter but material to this report, on 24 July 2014, the Republic of Congo Government signed the Nabeba Mining Convention ("Convention"). Signing of this Convention follows the issuing of the Nabeba Mining Permit which was approved by the Ministerial Council for the Republic of Congo on 28 December 2012. A Presidential Decree confirming the grant of the mining permit was issued to Congo Iron SA on 6 February 2013.

The Convention outlines the fiscal and legal terms and the conditions to be satisfied by Sundance subsidiary Congo Iron SA for the development and management of the Nabeba Iron Ore Project.

The key terms of the Convention are:

- 25-year operating license effective from the publication of the Mining Permit Decree (February 2013) and renewable for successive terms of up to 15 years, depending on remaining reserves;
- A mining royalty equal to 3% of the mine gate value of the ore extracted from the mines in the Operating Perimeter (effectively being sale price of the ore less transport and handling costs);
- Five-year corporate tax holiday following start of production. Corporate tax will then be levied at a rate of 7.5% for five years after and 15% thereafter;
- The State will take a 10% stake in Congo Iron SA, which will be non-dilutory during the term of the Convention;
- There will be no fees, levies or taxes charged in respect to the export of iron ore. There will be exemptions from import duties and taxes on plant and equipment imported temporarily for project construction and limited import duties and taxes on other mining equipment and consumables throughout the production phase; and
- Congo Iron SA will make annual contributions to a fund established as an association or non-profit foundation whose purpose is to promote the economic, social and cultural development of local communities that are impacted by the Nabeba Mining Operations.

Mineral Terminal (Port) and Rail Agreements, Cameroon

Also during the Quarter, Sundance's subsidiary Cam Iron SA and the Government of Cameroon signed the Rail Agreement and Mineral Terminal Agreement for the rail and port infrastructure servicing the Mbalam-Nabeba Iron Ore Project at a signing ceremony in Cameroon.

The purpose of both agreements is to regulate the rights and obligations of Cam Iron SA and the Government of Cameroon in relation to the ownership, construction, operation and regulation of the key infrastructure assets servicing the Mbalam and Nabeba mines, as well as detailing the procedure for eventual transfer of those assets back to the Government of Cameroon.

The Mineral Terminal Agreement governs the conduct of the construction, operation and maintenance of the Mineral Terminal Facilities and Blending Operations. The Railway Agreement governs the conduct of the railway operations, namely, the construction, operation and maintenance of the Railway Facilities.



The agreements also outline:

- a fair and transparent third party access regime to the infrastructure, in which third party access is not to affect the capacity which is to service the requirements of Cam Iron SA and Congo Iron;
- a pathway to expand the infrastructure once built; and
- the mechanism to more easily facilitate changes to the legal ownership of the railway and mineral terminal facilities in the future (in the case of the Build Own Operate Transfer financial model being applied).

These arrangements will be undertaken as an integrated supply chain via an operations company which has been established by Cam Iron for that purpose. The signing of these agreements also formalises the legal and fiscal terms under which Cam Iron SA will operate both the port and rail infrastructure facilities to be constructed under the EPC agreement signed with Mota-Engil Africa, and addresses two of the most significant conditions precedent to the Mbalam Convention.

MINE PLANTS AND ASSOCIATED MINE SITE INFRASTRUCTURE EPC

Competitive tenders were received from three bidders for the execution of a Front End Engineering Design (FEED) study together with indicative pricing for an EPC contract for the delivery of the mine plants and associated site infrastructure in April 2014. The Company is pleased with the quality of the submissions and anticipates that a contract for the execution of the FEED study will be awarded by the end of the current quarter, leading to the award of an EPC contract during the first quarter of 2015.

MINING CONTRACTOR

Two specialist contract mining companies with experience operating in West Africa were invited to update their previous expression of interest and provide indicative prices for the mine development and mining operations.

The responses were received during the Quarter and they reconfirm that there is an appetite in the market to take on this work and substantially validate the pricing used in the 2010 Definitive Feasibility Study.



***Nabeba Trial Mining – a similar exercise is scheduled to take place at the Mbarga mine site in September 2014.
(Above & below images)***

ON-SITE ACTIVITIES

Preliminary site works continued which included trial mining and bulk materials testing at Nabeba where several preliminary benches of iron ore have been excavated.

In addition, there has been work done on the preparation of access tracks and site clearance at mine site infrastructure locations at both Mbarga and Nabeba, as well as at the rail loops and at the Mineral Terminal Facility location at Lolabe.





This exposure has allowed Sundance, Cam Iron and Congo Iron geologists and engineers to map and review the supergene mineralisation profile as compared to the modelling data and interpretation from resource definition drilling data. The mining has also permitted better bulk sampling and test work of rock density and natural moisture content.



Initial Mining Benches at the Nabeba Deposit exposing Surficial Mineralization – view looking west



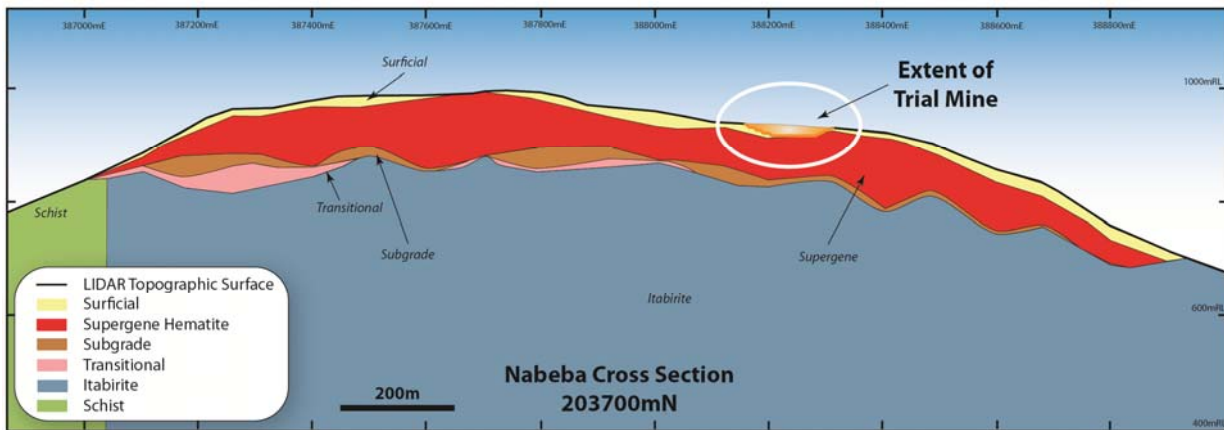
Geologists mapping and undertaking structural measurements in the Nabeba Pit

To date, only the top 10m of material has been exposed which is predominantly represented by the ‘Surficial’ Domain of mineralisation.

All of this material has been free-digging with very little need for ripping with dozers.

The *in situ* moisture content measurements in this area have ranged between 5 per cent and 6 per cent from bulk iron ore samples of around 100kg each. Rock Density samples taken have also been consistent with modeling data.

There were no changes to the Project Mineral Resource or Reserves and no drilling was undertaken during the reporting period.



Cross section of Mineralization at Nabeba – Trial Mining Area highlighted in green

As illustrated in the table below, the Surficial Domain at Nabeba is a high-alumina zone (9.1% Al₂O₃) but still has a moderate iron content of about 55% Fe. Over the next few mining benches, more of the Supergene domain will be exposed which has superior chemistry and forms the majority of the Mineral Resource and Reserve.

Nabeba Deposit Summary	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Surficial	82.1	55.6	3.3	9.1	0.15	7.1
Supergene	259.6	61.4	4.9	3.4	0.10	3.3
Sub-Grade	74.4	54.2	11.6	5.3	0.12	4.5
Transitional	55.9	49.9	21.2	3.7	0.07	4.6
Total Resource	472.0	57.9	7.6	4.7	0.11	4.1

Nabeba Deposit Indicated High Grade Hematite Resources by Domain- Surficial highlighted in green

The company’s exploration geologists continue systematic mapping and evaluation of the satellite prospects and mineralization at all three of the Project Tenements in Cameroon and Congo.



Geological mapping within EP92 in Cameroon



HEALTH, SAFETY, ENVIRONMENT, COMMUNITY AND SECURITY (HSECS)

HSECS Statistics for April- June Quarter 2014	Total Hours Performed	Total Lost Time Incidents	Total Lost Work Days
All Operations	140,958	0	0
Lost Time Injury Frequency Rate (LTIFR) for the Quarter			0
Previous annual LTIFR			0
Rolling annual LTIFR			3.84
Total Recordable Incident Frequency Rate (TRIFR) for the Quarter			14.18
Previous TRIFR (3 rd Quarter 2014)			5.16
Rolling annual TRIFR			7.45

During the reporting period, Ministry of Environment, Nature Protection and Sustainable Development (MINEPDED) representatives visited the Mbalam site to audit Sundance against its Environmental and Social Impact Assessment deliverables and Management Plans. At the conclusion of the site visit, MINEPDED indicated that the Company had demonstrated positive Environmental and Social behaviors during the current project development stage.

Land Disturbance Reviews were also completed for the Mineral Terminal Facility Delineation in Cameroon and the Congo Trial Mining Area Extension at Nabeba.

The Land Disturbance Review is a process where Land Tenure, Environment, Biodiversity, Cultural Heritage and Community are surveyed prior to the clearing of land to ensure all stakeholders are engaged in a consultative process, minimising the potential impacts of land disturbance.

Sundance continued discussions with representatives from the Cameroon Ministry of Forest and Wildlife (MINFOF) on the 156,612ha offset Forest Management



Unit located adjacent to the Mbalam Project site.

Cameroon Mineral Terminal Facility Delineation and Land Disturbance Review Team

The Forest Management Unit has been established as an important part of the biodiversity conservation and sustainable development component of the Project and to offset any negative impacts of the Project's activities on the environment.

Final discussions are being conducted at the Prime Ministry level as MINFOF and Sundance continue to work together to establish a 'Conservation Convention' that will detail the basis for the management and operation of activities within the area.

Meetings with the Ministry of Domains, Cadastre and Lands Affairs (MINDCAF) were held during the Quarter to discuss the carrying out of works for the Declaration of Public Utility (DUP) for the Rail Corridor in Cameroon. This led to the finalisation of the methodology which will enable a quick and efficient implementation of the Rail DUP activities, which will include rail corridor demarcation, properties assessment, compensation and resettlement of impacted populations.

Also during the Quarter, the Health and Safety (H&S) Committees for Sundance and its subsidiary companies convened to review and develop initiatives, policies and procedures to improve work health and safety outcomes. The joint H&S Committees were established to create and maintain active interest in health and safety, reduce incidents and to promote an awareness of health and safety issues across all divisions of the business.

Sundance continued work on the quarterly HSECS Management System compliance audits that support the Corporate Health and Safety Key Performance Indicators (KPIs). Progressive HSECS compliance auditing results at the end of the Quarter are averaging above the corporate KPI target.

The Corporate Risk Register was updated during the reporting period to ensure that robust risk management processes are embedded in the life cycle of all company activities such that threats and opportunities are understood and proactively managed.

CORPORATE

Wal King Joins Sundance Board

During the Quarter, Sundance announced that former Leighton Holdings Chief Executive Mr Wal King had been appointed to the Sundance Board as Non-Executive Deputy Chairman. Mr King joined Leighton in 1968 and was appointed chief executive in 1987.

Under his leadership, Leighton grew from an organisation with annual revenue of \$1 billion to one of the world's leading contracting, services and project development organisations with revenues of more than \$20 billion and substantial operations in Australia, Asia and the Middle East.

During this time, Mr King gained enormous experience in planning, funding, constructing and operating world-scale projects, including many in the resources sector. His skills and experience such as in planning and building major international infrastructure projects, commercial acumen and his extensive global network in the building and construction industry, will be of significant benefit to Sundance as the company transitions the Mbalam-Nabeba project into the development and construction phase.

New Chief Financial Officer

On 1 July 2014, Mr Alan Rule commenced in the role of Chief Financial Officer (CFO) for the Company. Mr Rule is a highly regarded executive with extensive experience of over 17 years in the Australian mining industry. He joins Sundance from ASX-listed African uranium producer Paladin Energy Limited, where he was the Chief Financial Officer since July 2012. His previous positions have also included CFO of Mount Gibson Limited, CFO of Western Metals Limited and CFO of St Barbara Mines Limited. Mr Rule has considerable experience in international financing of mining projects, implementation of accounting controls and systems and mergers and acquisitions. He is a Chartered Accountant and holds a Bachelor of Commerce and a Bachelor of Accounting degree.

Hanlong Convertible Note

The Maturity Date for the A\$5 million convertible note with Hanlong (Africa) Mining Investment Limited was extended from 30 June 2014 to 31 December 2014. For further details of the terms and conditions of the convertible notes please refer to Annexure B of the Notice of Meeting for the Company's 2013 AGM, released to ASX on 29 October 2013.



Working Capital

Sundance's cash balance at 30 June 2014 was A\$14 million. Sundance is currently in multiple, advanced negotiations with strategic and financial investors to raise sufficient working capital to enable the Company to continue its current activities and reach financial close on debt and project equity funding in 2015. Sundance anticipates to complete this before the end of August 2014.

Shareholding Structure

As at 30 June 2014, Sundance Resources had 3,082,028,456 ordinary fully paid shares on issue held by 21,854 individual shareholders. There were 33,220,935 unlisted performance rights, 460,502,000 unlisted options and a total of 5,200,001 convertible notes on issue. The Top 20 shareholders held 47 per cent of the total issued capital.

Expenditure

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

- ENDS -

GIULIO CASELLO

Chief Executive Officer and Managing Director

Sundance Resources Limited

Investor and Media Queries:

Jill Thomas, Investor Relations and PR Manager Email: jthomas@sundanceresources.com.au	Paul Armstrong, Read Corporate Email: paul@readcorporate.com.au
---	---