



ASX Announcement
30 January 2019

Sundance Resources Limited (ASX : SDL) 2018 Annual General Meeting Chairman's Address

Good afternoon ladies and gentlemen,

Welcome to the 2018 Sundance AGM, my second as Non-Executive Chairman.

As a late comer to the Board of Directors I have noticed a more positive outlook for the Company in 2018 than the pessimistic days of early 2016, when iron ore was around US\$40 per tonne and the prospects for the development of new iron ore projects close to zero. It is a more positive world today, with 62% iron ore prices above US\$70 a tonne and a clear focus by steel mills worldwide to source high-grade ore supplies. This positive change in market sentiment was one of the reasons for our progress in 2018 in advancing the Mbalam-Nabeba Iron Ore Project.

2018 was a year in which transformational change occurred at Sundance. It was a year in which we put in place a plan to eliminate Noteholder debt of \$130 million that would have been due in September this year, and introduced a strategic partner in AustSino Resources Group Ltd (AustSino) who has the capacity to facilitate the about \$5 billion of funding required for the capital works at Mbalam. As part of our proposed relationship with AustSino, AustSino will take up a placement of \$58 million in Sundance, of which \$8 million will fund the work needed to finance the Project and the rest to pay out Noteholder debt.

The key to advancing our Project and creating value for all of our stakeholders is to have strategic partners who can work with Sundance to help fund, construct and operate the Project.

The starting point has been to resolve the company debt position, which is made up of the convertible notes that are on issue. Our Noteholders have understood this situation and have been of great support in helping us find a mutually beneficial solution to remove this debt, which has clearly been affecting sharemarket sentiment towards Sundance.

These discussions with the Noteholders started last year with an agreement to convert the outstanding notes into Sundance equity and a production tariff once the Project is in operation. This would have left Sundance debt free and given our company the opportunity to find the required strategic partner.

Before this transaction could be completed, the company was pleased to have been approached by AustSino. AustSino agreed an alternative structure in which the Noteholders would be paid out with cash, shares and options from a \$58 million placement that AustSino would make into Sundance. The effect of this alternative structure would be to leave Sundance debt free, with significant working capital and with AustSino as the majority shareholder. The scheme will result in a major dilution for Sundance shareholders, who will retain about 39% of the Company. I myself will be diluted from 19.8% to 7.7% in the final Company structure. However, there is significant upside to add value in the new structure, which will far outweigh the dilutional effects.

As a sign of AustSino's commitment to the deal, it has injected \$1,120,000 in working capital into Sundance while both parties progress the proposed deal.

A key to adding value for Sundance shareholders will be AustSino's involvement in developing the Project. AustSino has pledged to introduce Chinese project partners who have a capability and capacity to help fund, build and operate our Project.

The timing for our Project has been impacted over a number of years by the uncertainties in the iron ore market. We have seen a stabilisation in recent years in the iron ore price and the desire for Chinese steel mills to have access to high-grade iron ore fines, which is exactly what our Project has to offer. We have reserves of more than half a billion tonnes of high-grade ore with an iron content of over 62% and low impurities. Sundance and AustSino believe that our Project is an ideal candidate for the Belt and Road Initiative, which is being driven by China and involves its strong relationships with African nations including Cameroon and Congo.

There have been recent meetings in Cameroon with representatives of AustSino, Sundance and the Cameroon Government, which has increased our confidence that once the right Chinese parties are introduced by AustSino that the Cameroon Mining Convention will be reinstated by the Government of Cameroon. All parties, including the Government of Cameroon, have a common desire to see the Project developed as soon as possible.

The agreement with AustSino is necessarily complex as it requires the transfer of funds from China as well as other conditions which must be met such as the Cameroon Mining Convention reinstatement (which expired on 14 September 2018 after a number of previous extensions), an Independent Expert's Report opining that the AustSino deal is in Sundance shareholders' best interest, and a Sundance shareholder vote at an extraordinary general meeting to be scheduled later in 2019.

The Board understands and shares the frustration of Sundance shareholders and other stakeholders because the shares have been in ASX suspension for more than five months while the company and AustSino work together to generate the required level of certainty to the ASX to permit Sundance to trade again. Please rest assured that the Sundance Board and management are working diligently and with energy on the matters that we have control over to ensure this share trading suspension can be lifted as soon as possible.

The Board of Sundance remains committed to this path with AustSino because of our confidence that if we succeed in getting this deal done, it will create the most positive transformational change that Sundance has seen for many years.

We wish to sincerely thank all of our shareholders who have supported the company through very difficult times in the iron ore market and look forward to Sundance emerging with positive momentum in 2019.

I would also like to thank our Managing Director Mr Giulio Casello for his tireless work and commitment over the last 12 months in progressing the Mbalam-Nabeba Iron Ore Project.

DAVID PORTER
Chairman
Sundance Resources Limited

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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.