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ASX Announcement | Media Release
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QUARTERLY ACTIVITIES REPORT PERIOD ENDED 31 DECEMBER 2016

Summary:

- **Term sheets executed for:**
  - **new convertible note of $1.3 million; and**
  - **Maturity date of existing convertible notes extended to 23 September 2019**
- **Hanlong to convert 2,332,500 Convertible Notes on 31 January 2017 and agrees to remaining notes and accrued interest payable to be extended to 31 December 2017**
- **Development strategy focused in China with full time resourcing**
- **Board changes implemented**
- **Salary reductions implemented 1 January 2017**
- **$726,000 Cash on hand at 31 December 2016**

Sundance Resources Limited (ASX: SDL) ("**Sundance**" or "**Company**") provides the following information about activities for the quarter ended 31 December 2016:

FURTHER INVESTMENT INTO SUNDANCE

On 25 November 2016 and 23 December 2016, Sundance advised that it had executed term sheets for a new convertible note and the extension of the maturity date of the existing convertible notes.

On 12 January 2017, Sundance announced that it had executed formal documentation for the:

- investment of $1.3 million into the Company through a subscription for new convertible notes ("**2016 Investor Group Notes**") by Noble Resources International Pte Ltd ("**Noble**"), an investment vehicle managed by Senrigan Capital Group ("**Senrigan**") and David Porter (together the "**2016 Investor Group**"); and
- extension of the maturity date of the convertible notes due on 23 September 2017 to 23 September 2019 held by Noble, Wafin Limited, Senrigan and investment vehicles managed by D.E. Shaw and Blackstone Group L.P. There will be no change to the face value of the Existing Notes but an increase in the redemption amount by 20%.

The key terms of the 2016 Investor Group Notes are:

- 13,000 convertible notes with a face value of A$100 per note;
- Unsecured and mature on 23 September 2019;
- No interest is payable;
- At the noteholders' election, the notes may be converted into Sundance shares at a conversion price of A$0.0035 which, if all of the 2016 Investor Group Notes were converted, would result in 371 million Sundance shares being issued; and
- If not converted prior to the maturity date, they must be redeemed by the Company at 120% of face value.

The formal documentation contains what Sundance considers to be customary conditions precedent for transactions of this nature.

Sundance will seek approval from shareholders to issue the 2016 Investor Group Notes at an Extraordinary General Meeting ("**EGM**") to be held on 17 February 2017. Further details of the terms and conditions of the 2016 Investor Group Notes have been provided to shareholders in a Notice of Extraordinary General Meeting that was dispatched to shareholders in mid January.

HANLONG NOTES

On 23 December 2016 Sundance announced that the maturity date for the existing 2,500,000 convertible notes held by Hanlong (Africa) Mining Investment Limited ("**Hanlong**") at an issue price of A$1.00 per note with a total face value of A$2.5 million ("**Hanlong Notes**") has been extended from 31 December 2016 to 31 December 2017. The arrangements also convert outstanding cash interest due, which had been agreed to be payable at the rate of 10% per annum on a quarterly basis on the remaining Hanlong Notes, to be capitalised and added to the value of the Hanlong Notes and converted under the same terms as the remaining Hanlong Notes. At 31 December 2016, the amount of interest owing was $375,000.

Pursuant to the terms of the Convertible Note Deed Poll entered into on 6 February 2013, Hanlong has issued a conversion notice to Sundance to convert 2,332,500 Hanlong Notes into fully paid ordinary shares in Sundance on 31 January 2017. Following the conversion, Hanlong will hold 167,500 Hanlong Notes at an issue price of A$1.00 per note with a total face value of $167,500 (excluding the interest component of $375,000) and a maturity date of 31 December 2017.

BOARD CHANGES

On 23 December 2016 Sundance announced that Mr Wallace King had resigned as a non-executive Director of Sundance and Mr David Porter had been appointed a non-executive Director of Sundance.

DEVELOPMENT STRATEGY

Sundance remains fully committed to the development of the Mbalam-Nabeba Iron Ore Project which straddles the border of Cameroon and the Republic of Congo and is focusing on ensuring that it is ready for financing as financing conditions improve.

With the recent stabilisation of iron ore prices and the strong outlook for steel in China and internationally, Sundance remains confident about the continuing need for high quality iron ore. With its strong economics and government support, the Mbalam Nabeba Iron Ore Project remains well placed to meet demand from steel producers into the future.

Sundance will continue to work with the Governments of Cameroon and Congo on funding for the port and rail infrastructure through China and other international financial markets.

To support this process and the process of identifying a partner to assist in funding the development of the Mbalam and Nabeba mines, a China subcommittee to the Sundance Board has been established. The subcommittee will include China experts from within Noble and other parties as required. The subcommittee is being supported by full time resources in China.

COST REDUCTIONS

The Board and management of Sundance have taken further steps to minimise expenditure, ensure the ongoing needs of Sundance are met and it is in a position to execute the development strategy.

The Managing Director has volunteered to reduce his cash salary to $165,000 per annum, while it has been agreed that the Chairman will only draw fees of $60,000 per annum. Other key executives employed in Perth and within subsidiaries Cam Iron and Congo Iron have also agreed to substantial salary reductions.

The Board will offer options over Sundance shares to the Managing Director to retain him in his role at Sundance at a reduced salary. The issue of these options over Sundance shares is subject to shareholder approval at the EGM on 17 February 2017.

CORPORATE

Sundance further reduced its costs during the December Quarter. Total cash outflow from operating activities for the period was $829,000 down from $1.377 million in the previous Quarter. Expenditure is expected to reduce further due to the salary reductions announced on 25 November 2016 and which came into effect on 1 January 2017.

Sundance ended the December 2016 Quarter with $726,000 in cash and deposits.

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 ASX, including the financial statements for the year ended 30 June 2016 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

SCHEDULE OF TENEMENTS

Tenements	Permit Holder	Location of Tenements	Beneficial Interest at End of Quarter	Change in Quarter
Exploration Permit 92	Cam Iron SA	Mbalam - Cameroon	90% (I,III,V)	-
Decree No.2013 - 45	Congo Iron SA	Nabeba-Bemgod Congo	85% (II,IV,V)	-
Decree No. 2013-405	Congo Iron SA	Ibanga - Congo	85% (II,IV.V.VI)	-

I. *Cam Iron holds 100% interest; Cam Iron SA is a 90%-owned subsidiary of Sundance.*

II. *Congo Iron holds 100% interest; Congo Iron SA is an 85%-owned subsidiary of Sundance.*

III. *Under the key terms of the Mbalam Convention the Government of Cameroon has a right to a 10% free carry interest in the project companies pursuant to the Cameroon Mining Code and an additional 5% interest where the equity requirements can be loaned to the State and then repaid with interest out of dividends.*

IV. *The Government of Congo has a right to a 10% interest in Congo Iron SA pursuant to the Congo Mining Code*

V. *Should both Governments exercise their rights for an interest in Cam Iron SA and Congo Iron SA then Sundance's interest would reduce to 76.5%*

VI. *This permit expired in August 2015. Congo Iron SA 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.