

ASX Announcement | Media Release
31 July 2018

QUARTERLY ACTIVITIES REPORT PERIOD ENDED 30 JUNE 2018

Summary:

- **Agreement reached for Sundance to be debt free following cancellation of Convertible Notes**
- **\$418,000 on hand at 30 June 2018**

Sundance Resources Limited (ASX: SDL) (“Sundance” or “Company”) provides the following information about activities for the quarter ended 30 June 2018:

AGREEMENT FOR SUNDANCE TO BE DEBT FREE FOLLOWING CANCELLATION OF CONVERTIBLE NOTES

On 30 July 2018 Sundance announced that the Company had reached agreement to restructure its balance sheet and eliminate the Convertible Notes (“Notes”) that were due to mature in September 2019.

On 29 July 2018 Sundance signed a legally binding term sheet with Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, Wafin Limited, BSOF Master Fund L.P. and David Porter (together the “Noteholders”) to, subject to certain conditions being satisfied or waived, cancel their Convertible Notes (“Notes”) in consideration for a combination of equity in Sundance and a capped production royalty (“Restructure”).

The redemption value of the Notes is \$132.86 million. The Notes have a maturity date of 23 September 2019, by which time Sundance would have to repay them.

Under the agreed deal, each Noteholder was offered an opportunity to cancel its Notes in exchange for such number of shares in Sundance that represents between 30 – 50% of the redemption value of its Notes, based on a Sundance share price of 0.4 cents. The level of equity that a Noteholder elected to receive determined the rate of the proposed production royalty, which ranged from 1.00% to 1.24% of their share of revenue from the sale of the first 517 million tonnes of ore from the Project. The calculation of value to the Noteholders was determined by reference to the long term iron ore price of US\$69/t CFR China. The royalty payable to the individual Noteholders will be calculated as follows:

$$\text{Royalty} = \text{QR} \times \text{NP} \times \text{RR}$$

where:

QR is the revenue received by Cam Iron and/or Congo Iron from ore sales from the Project for the relevant quarter.

NP is the Noteholder’s Redemption Value of the Notes it holds as a proportion to the total Redemption Value of Notes on issue, in each case immediately prior to the Restructure.

RR is the applicable Royalty Rate agreed as described in the table below.

The detail of the proposed conversion is covered in the table below:

Noteholder	Redemption Value (\$M)	Conversion % to equity	No of Shares equivalent (M)	Royalty %
Senrigan	15.48	40	1,548	1.12
Noble	31.61	50	3,951	1
D. E. Shaw	18.84	50	2,355	1
Wafin	63.27	40	6,327	1.12
BSOF	3.36	40	336	1.12
Porter	0.3	40	31	1.12
Total	132.86		14,548	

Sundance has approximately 19,000 shareholders. Following completion of the Restructure, the Top 20 shareholders (including the Noteholders) will own 80% of the shares on issue. Currently, the Top 20 shareholders own 44% of the shares on issue.

Completion under the Term Sheet is subject to certain conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the Restructure, approval will be sought from Sundance shareholders at an Extraordinary General Meeting (“EGM”). The Notice of Meeting will be issued in due course with the EGM expected to be held in Perth in September 2018.

Following completion, the Noteholders will hold approximately 64% of the issued equity in the Company. Importantly, the removal of the Notes will free up the Company's balance sheet to enable Sundance to progress development of the Project.

CORPORATE

Total cash outflow from operating activities for the period was \$650,000 which is higher than normal due mainly to the one-off cost associated with payment of its annual insurance premium.

Sundance ended the June 2018 Quarter with \$418,000 in cash and deposits.

The expenditure for the coming quarter is estimated to be \$609,000 and includes the legal and other associated costs to complete the process associated with the restructure of the Notes.

The Board is confident of raising short term funds to support its working capital requirements in the coming month.

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 2017 and Half Yearly report to December 2017 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

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

Country	Area	Permit	Holder
Republic of Cameroon	Mbalam	Exploration Permit No. 92 has now expired. Mining Permit application and Mbalam Convention in place.	Cam Iron SA ^(i,iii,v)
Republic of Congo	Nabeba-Bamegod	Decree No.2013-45	Congo Iron SA ^(ii,iv,v)
Republic of Congo	Ibanga	Decree No. 2013-405	Congo Iron SA ^(ii,iv,v,vi)

(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) 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 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 76.5%

(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

GIULIO CASELLO

Chief Executive Officer and Managing Director

Sundance Resources Limited

Tel: +61 8 9220 2300

E: info@sundanceresources.com.au

Media:

Peter Klinger

Cannings Purple

Mob: +61 411 251 540

E: pklinger@canningspurple.com.au

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.