



ASX Announcement | Media Release
20 April 2017

QUARTERLY ACTIVITIES REPORT PERIOD ENDED 31 MARCH 2017

Summary

- **\$1.3 million of funds received from new convertible note**
- **Maturity date of existing convertible notes extended to 23 September 2019**
- **Hanlong converted 2,332,500 Convertible Notes into Ordinary shares**
- **\$1.468 million on hand at 31 March 2017**

Sundance Resources Limited (ASX: SDL) ("**Sundance**" or "**Company**") provides the following information about activities for the quarter ended 31 March 2017:

FURTHER INVESTMENT INTO SUNDANCE

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, following satisfaction of all conditions precedent, it:

- received funds totaling A\$1.3 million;
- issued the convertible notes ("**2016 Investor Group Notes**") to Senrigan Capital Group ("**Senrigan**") and Noble Resources International Pte Ltd ("**Noble**") and David Porter; and
- extended 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.

HANLONG NOTES

On 31 January 2017 Hanlong converted 2,332,500 Hanlong Notes into fully paid ordinary Sundance shares. Following the conversion, Hanlong holds 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

Mr David Porter was appointed Non- Executive Chairman of the Board on 7 February 2017. Mr Porter was elected a Director of the Board on 23 December 2016.

DEVELOPMENT STRATEGY

Port and Rail infrastructure

As previously announced in early 2016, the signing of the agreed EPC contract between the selected Chinese EPC contractor and the Government of Cameroon was delayed due to the market conditions and the desire to advance financing further. Sundance and the Government of Cameroon have continued to have discussions with the contractor however, even though the contractor has continued to express confidence in Cameroon and the Mbalam Nabeba Project, the EPC contract remains unsigned.

Discussions continue with the preferred contractor but discussions with other EPC contractors and potential funders to advance the Project are also occurring.

The President of Cameroon His Excellency Paul Biya was recently invited to Beijing to meet with President Xi. Sundance is hopeful that this meeting will accelerate the signing of the EPC contract. The timing of the meeting has not been made public.

Partner Selection

During the Quarter a number of meetings occurred in China between the Sundance CEO and private and State Owned Enterprises (“SOE”) steel mills and other Chinese Government officials supported by Noble Resources and other Chinese consultants. The following observations were made:

- The Mbalam-Nabeba Project is held in very high regard especially related to the high quality and low operating costs;
- The steel industry in China is facing a number of challenges related to consolidation of the industry; environmental issues and the political situation in China which is impacting decision making especially with SOE’s;
- Even with the short-term issues all parties agree that the long term need for his type of iron ore is high and the development of the project is needed;
- It appears that Hanlong and China Development Bank (“CDB”), which is the mortgagee of the Sundance shares held by Hanlong, are close to resolving the ownership position of Sundance shares with them being retained by CDB; and
- Sundance received support from several Chinese Government entities (Ministry of Finance (“MOFCOM”), National Development and Reform Commission (“NDRC”) and CDB) to help advance the Project

Exploration Permit 92 Update (EP92)

As reported when the Transition Agreement was signed in mid 2015 between Sundance’s subsidiary Cam Iron SARL (**Cam Iron**) and the Government of Cameroon, Cam Iron had nine months to get a funding commitment for the mines following funding commitment being received by the Cameroon Government for the Port and Rail infrastructure. As the Government has yet to get funding commitments the nine month period has not been triggered for Cam Iron.

EP92 which holds the Mbalam deposit is due to expire on 23 July 2017. The renewal for the permit has now reached its limit pursuant to the 2010 mining code. The Cameroon Government is supportive of finding a method for Sundance to maintain ownership over the land that holds the Mbalam deposit. The following alternatives are being considered:

- An extension of the existing EP92 Exploration Permit and Convention long stop date for a further two years;
- A modification of the boundaries of EP92 to create a new, smaller Exploration Permit which still covers the Ore Sundance has identified, and covers continuous tenure over the land required for the rail and mine infrastructure. Sundance could then relinquish some of the tenure area to allow others to explore in the area; or
- A granting of the Mining Permit application already in place which is permissible under the existing Mining Code.

Meetings will occur between Sundance and the Cameroon Government over the coming quarter to find an acceptable way forward.

CORPORATE

Sundance further reduced its costs during the March Quarter. Total cash outflow from operating activities for the period was \$630,000 down from \$829,000 and \$1.377 million in the previous Quarters. Expenditure included extraordinary costs for the EGM and termination costs for our Cameroon country manager.

Sundance ended the March 2017 Quarter with \$1,468,000 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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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.