

ASX Announcement | Media Release
18 January 2016

CORPORATE UPDATE

- **Litigation claims settled with David Porter**
- **Rights Issue to raise up to \$16.5 million**
- **Implementation of further cost reduction initiatives**

Sundance Resources Limited ("**Sundance**" or "**Company**") (ASX: SDL) refers to its ASX announcements dated 29 December 2015, 6 January 2016 and 13 January 2016 regarding the voluntary suspension of the Company's securities and announces the following:

PORTER LITIGATION SETTLEMENT

Sundance has reached an agreement to settle, in full, the following two matters:

- Supreme Court of Western Australia (Action No. CIV 1632 of 2013) action commenced by David Porter as plaintiff. On 23 December 2015 the Supreme Court ordered Sundance to pay damages in the amount of \$5,037,407.23 in lieu of a grant of 10 million options. No orders have been made yet in relation to either interest or costs however these are estimated to be in the order of \$3 million; and
- Supreme Court of Western Australia (Action No. CIV 1773 of 2007) action commenced by Absolute Analogue Inc. ("**AAI**") and Mr Porter as plaintiffs. The action is in relation to an alleged agreement between the Company and the plaintiffs for the issue of 30 million options (20 million options with an exercise price of \$0.10 and 10 million options with an exercise price of \$0.20). The plaintiffs are seeking damages in lieu of specific performance assessed at \$9 million plus interest at 6% p.a. since 2007 and costs. This matter proceeded to trial in November 2013 and on 6 August 2014 the Supreme Court of Western Australia delivered its judgment in favour of Sundance dismissing the plaintiffs' claim and ordered the plaintiffs to pay Sundance's costs. The plaintiffs lodged an appeal which was heard in June 2015. The plaintiffs were not successful in having the Supreme Court's decision reversed but a retrial has been ordered by the Court of Appeal (WA) in a decision handed down on 28 August 2015. Any retrial would not be expected to proceed until later in 2016

Both of these legal actions pre-date the current Board and the Board believes that reaching a settlement with Mr Porter and AAI is a prudent and commercial decision in the best interests of all shareholders as failure to reach a settlement would have resulted in the Company not being able to pay the judgment amount to Mr Porter which would have presented significant issues for the Company.

The settlement with Mr Porter and AAI totals \$11.5m and includes a cash payment of \$0.5m on lodgement of a Prospectus for the pro-rata renounceable rights issue to be undertaken by Sundance and an undertaking by Mr Porter to sub-underwrite an amount of \$11.0m of the pro-rata renounceable rights issue. See further details below.

RENOUNCEABLE RIGHTS ISSUE

In conjunction with the settlement with Mr Porter, Sundance has appointed Patersons Securities Limited as the Lead Manager for a 1-for-1 pro-rata renounceable rights issue at an issue price of 0.5 cents per share to raise up to \$16.5 million. Each new share subscribed will carry an attaching 1-for-1 free option exercisable at 0.6 cents per share before 31 August 2017.



Sundance proposes to have the rights issue underwritten to a minimum of \$14.0m, inclusive of Mr Porter's support outlined above (\$11.0m sub-underwriting). The balance of the underwriting is to come from Patersons or parties associated with Patersons.

The rights issue will allow Sundance to settle the disputes with Mr Porter and AAI and all related obligations, and put in place additional working capital which is expected to see the Company through until early 2017 following a significant cost reduction exercise currently being undertaken.

At the time of Sundance's initial trading halt request on 23 December 2015, the 1.2 cent share price implied a market capitalisation of \$39.6 million. The issue price of 0.5 cents per share represents a discount of 41.1% to the theoretical ex rights price of 0.85 cents per share.

Sundance anticipates being in a position to lodge its rights issue prospectus on or about 25 January 2016.

COST REDUCTIONS

Due to the delay to the signing of the Engineering, Procurement and Construction ("EPC") contract for the port and rail infrastructure for the Mbalam-Nabeba iron ore project (see announcement on 13 January 2016) and the subsequent delay this will create in finding an equity partner for the mines, the Sundance Board has made the decision to immediately implement a number of additional and significant cost reduction measures. These measures align the Company's cash position with essential needs whilst retaining the ability to advance the Project as soon as the EPC contract has been signed.

The cost reduction measures include the following:

- Reduction in the remuneration and size of the Board; and
- Significant scale-back of employees, overheads and activities in Perth, Cameroon and Congo

The Company is targeting an 80% reduction from the previously planned spend.

More information regarding the make-up of the Board and the management structure of the Company will be provided in coming weeks as it is finalised. It is important to note that these measures have been taken with the aim of protecting Sundance's valuable project assets and intellectual property in Perth, Cameroon and Congo whilst ensuring the Company remains able to continue operating.

The decision to reduce staff is difficult but necessary. The Company wishes to acknowledge the professionalism and dedication that our dedicated teams in Perth, Cameroon and Congo have demonstrated.

Sundance Managing Director Giulio Casello said: *"The Mbalam-Nabeba Project remains an outstanding asset and retains the full support of the Cameroon and Congo Governments, which are very keen to see it proceed. We understand the Chinese EPC contractor will want to move ahead as soon as it can, but that exact timing is currently unclear. Therefore, given the pathway to construct the port and rail infrastructure is currently postponed, Sundance's ability to find an equity partner and complete the required funding of the mine and associated infrastructure is also delayed. Consequently, it is important that the Company takes swift action to protect its assets and place itself in the best position to advance the Project as and when conditions allow."*

"We are encouraged by the strong desire of the Government of Cameroon to progress the project and the positive actions being taken to actively pursue the signing of the EPC contract with the contractor and we will continue to provide assistance as required"

"The support of our shareholders and convertible note holders is most important and we firmly believe the settlement with Mr Porter, the equity raising and cost reduction measures announced today are in their best interests and will provide a platform for Sundance to continue whilst the resolution to the EPC is progressed."



“David Porter is a very experienced geologist and public company director who has offered his support to the development of the Company by his participation in the Rights Issue.”

ENDS

For further information:

GIULIO CASELLO

Chief Executive Officer and Managing Director

Sundance Resources Limited

Tel: +61 8 9220 2300

Media enquiries:

Luke Forrestal/Warrick Hazeldine

Cannings Purple

Mobile: +61 411 479 144/+61 417 944 616

Email: lforrestal@canningspurple.com.au/whazeldine@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 following 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.