



**ASX Announcement & Media Release**

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## **SUNDANCE AGREES SIGNIFICANT KEY TERMS WITH CAMEROON GOVERNMENT FOR MBALAM IRON ORE PROJECT CONVENTION**

### ***Crucial agreement paves way for development of world-class project Majority of Hanlong's requirements under the SIA now satisfied***

Sundance Resources Limited ('Sundance' or 'The Company') (ASX: SDL) is pleased to announce that it has reached agreement with the Republic of Cameroon Government on significant key terms underpinning the Mbalam Iron Ore Project Convention.

The agreement was the outcome of a meeting on April 26, 2012 in Yaounde, the capital city of Cameroon, where delegations from Sundance Resources, the Hanlong Group, and the Secretary General of the Prime Minister's Office, Mr. Louis Paul Motaze representing the Prime Minister of Cameroon, discussed and settled key terms.

Sundance Chairman Mr George Jones, who attended the meeting, said that this outcome represents outstanding progress and confirmed that the Mbalam Convention and ultimately the Cameroon Mining Permit were close to finalisation.

"This reflects the strong commitment of all parties to complete the Convention, which will in turn pave the way for the development of the Mbalam Project," Mr Jones said. "This, together with the announcement of 20 April 2012 regarding the Mining Permit in the Republic of Congo, are substantial positive steps to the Mbalam Project in Cameroon and Congo going ahead as planned."

All parties noted the constructive and balanced partnership that has been struck and the progress that has been made in the joint efforts to finalise the Mbalam Mining Convention and all other agreements required for the success of the project.

Hanlong, which was represented at the meeting by its Chairman, Mr Liu Han, said the significant agreement, in conjunction with the Congo Ministry of Mines' recommendation to issue the Congo Mining Permit, satisfied a majority of Hanlong's requirements concerning the Key Terms under the Scheme Implementation Agreement (SIA). There are now only a small number of clarifications that will be required in the terms for them to be formally agreed. These are expected to be satisfied over coming weeks.

On behalf of the Prime Minister of Cameroon his Excellency Mr Philemon Yang, Minister Motaze thanked Sundance Resources and Hanlong for their strong commitment to the implementation of the Mbalam Project.

The Government of Cameroon expressed its strong belief that the success of the Mbalam Project would not only serve the interests of the people of Cameroon, but also would become a model for Africa, setting the benchmark for developing open, transparent and integrated natural resources projects of a world-class scale and standard.



## Agreement on Key Terms and Principles

The following items have so far been agreed by all parties.

**1. Government Equity.** The Parties have agreed that the Government will have 10 per cent free-carried equity as required by its Mining Code. The Government is negotiating to buy an increased equity stake of up to 10 per cent in the Cameroonian assets on a contributory basis.

**2. Term of Mining Convention and Mining Permit.** The Parties confirmed the 25-year term and the terms for any related extensions, including providing access to third party commercial users.

With respect to the Rail and Port infrastructure it has been proposed by Cameroon that ownership of the assets will transfer to the Government of Cameroon after 25 years. The terms of this transfer and details around the ongoing operations, security and pricing of access by the Mbalam and Nabeba projects are still under negotiation.

**3. Royalty.** The Parties agreed to a royalty fee of 2.5 per cent.

**4. Fiscal Terms.** The Parties agreed that the fiscal incentives under the Investment Code, including the Strategic Enterprise Free Trade Zone incentives, as well as other additional fiscal incentives available at law, will be made available to the Project. The Government agreed that Cam Iron and its affiliates will enjoy as a minimum:

- A minimum of a five-year Tax Holiday during the exploitation phase of the project
- A maximum income tax rate of 25 per cent from the end of the Tax Holiday
- A maximum of 5 per cent tax on dividends after the tax free holiday
- No Capital Gains Tax payable on the restructuring of the entity for the purposes of progressing the development of the Project

These fiscal terms are consistent with the terms assumed in the Definitive Feasibility Study for the Project which was completed in April 2011.

**5. Exchange Control.** Cam Iron and the project companies will be able to hold foreign currency bank accounts outside Cameroon and transact on these accounts freely.

The Mbalam Project will be one of the largest investments ever made in Cameroon. The Project will be the foundation of the regional iron ore mining industry and will also act as a catalyst for other developments in the highly prospective iron ore province.

The Project is expected to generate substantial economic benefits for the Republic of Cameroon and its citizens in the form of long-term employment, with thousands of direct and indirect jobs and significant economic returns.

Mr Jones said that in light of the outstanding progress achieved in recent months by the newly formed Ministerial Committee, led by the Prime Minister's office, he was confident that the remaining issues with the Government of Cameroon can be resolved on a mutually beneficial basis by the end of May 2012 with the approved Mining Convention being available to Sundance Resources by 31 August 2012.



“Working on a co-operative basis with the Government of Cameroon and its advisors, we have made substantial progress,” Mr Jones said. “We are close to being able to commence a project that will have a far-reaching effect on the development of the Central African iron ore industry.”

Completing the terms of the Mining Convention will clear a significant condition precedent within the Scheme Implementation Agreement between Sundance Resources and Hanlong Mining. Hanlong Mining has agreed to obtain National Development and Reform Commission of China approval by 31 May 2012.

**ENDS**

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**About The Mbalam/Nabeba Iron Ore Project**

The Mbalam/Nabeba Iron Ore Project is based around a group of large-scale iron ore deposits spanning the border between the Republic of Cameroon and the neighbouring Republic of Congo in central West Africa. The Project is an integrated mine, rail and port operation that will unlock the potential of a new world-class iron ore region in central West Africa. The first stage of the Project is designed to produce 35Mtpa of Direct Shipping Ore-quality hematite for ten years as well as the construction of a heavy haul railway and building of a dedicated deep water port. Stage two will then develop Sundance’s Itabirite deposits maintaining production at 35Mtpa for a further fifteen years. The Definitive Feasibility Study (DFS) for Stage One was completed in April 2011. The DFS now forms the basis for capital appropriation and will provide the budget input to move towards final investment decision pending securing project financing and government approvals in Cameroon and the Republic of Congo.

A copy of the statement made by the Government of Cameroon will be made available on the Sundance Resources Ltd website at [www.sundanceresources.com.au](http://www.sundanceresources.com.au).