



ASX Announcement | Media Release  
30 July 2013

## JUNE QUARTERLY ACTIVITIES REPORT

# EXTENSIVE DISCUSSIONS WITH POTENTIAL STRATEGIC INVESTORS PAVES WAY FOR MBALAM-NABEBA TENDERS

Sundance Resources Limited ('Sundance' or 'the Company') (ASX: SDL) provides its Quarterly Activities Report for the period ending 30 June 2013.

- **Sundance terminates the Scheme Implementation Agreement (SIA) with Hanlong following advice Hanlong unable to advance the SIA.**
- **Sundance Board approves Project development plans following detailed discussions with Chinese and international steel mills, traders, financial institutions and infrastructure providers.**
- **Tender documents developed for infrastructure build via Engineering, Procurement and Construction (EPC) contractors with associated funding.**
- **Term sheets under development for off take contracts.**
- **Cash at end of June quarter was A\$19.6 million.**

Sundance Resources (ASX: SDL) is pleased to report on what has been an extremely productive June Quarter for the Company, marked by continued work on-site in preparation for mine construction and detailed discussions with potential strategic partners for development of the Mbalam-Nabeba Iron Ore Project ("the Project") in Cameroon and the Republic of Congo.

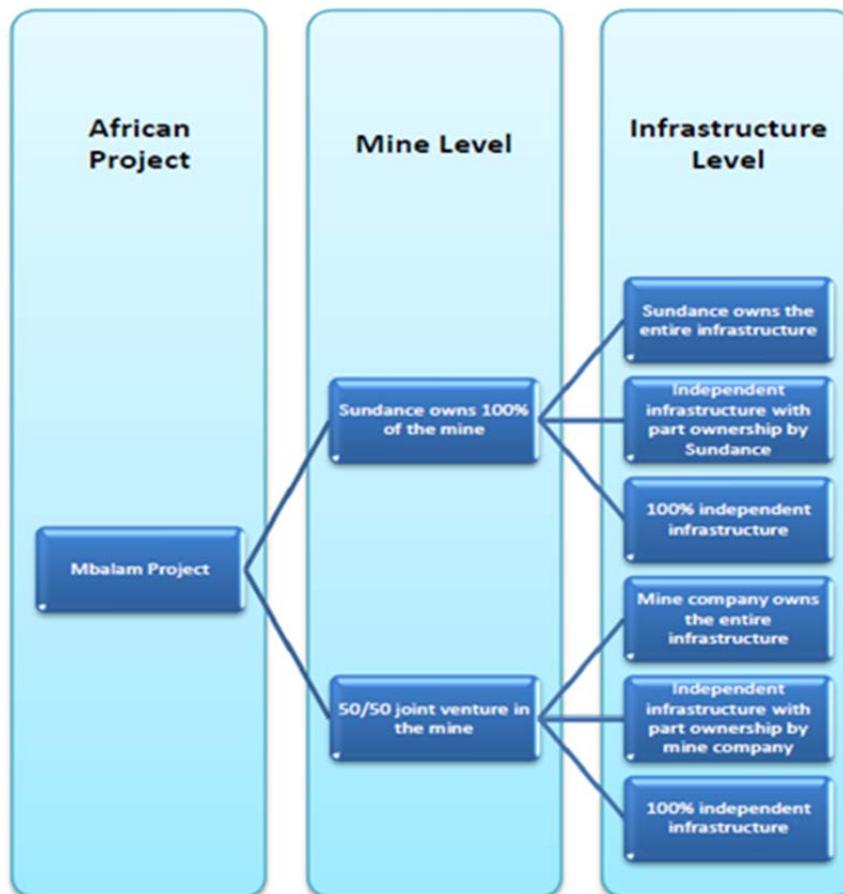
Sundance has identified a number of interested parties and possible structures that it believes could underpin the development of this world-class project, transforming the Company in the process. Sundance aims to have the mine development negotiations completed by the end of the 2013 calendar year, with timing for EPC infrastructure solutions subject to the tender offers received from infrastructure providers.

There are several scenarios being considered:

- The mines could be owned entirely by Sundance or developed jointly by Sundance and a strategic partner.
- The infrastructure could be owned entirely by Sundance, or the port and rail could be part of an infrastructure joint venture involving a consortium of funds and EPC (Engineering Procurement and Construction) companies.



- An independent infrastructure arrangement could be considered where Sundance pays a tariff to the infrastructure consortium. This tariff would be supported by a secured take-or-pay offtake agreement, which will in turn be underpinned by iron ore offtake contracts.
- Under a 50/50 joint venture mine structure scenario, the process is similar to the one mentioned above. The mine company will either own the entire infrastructure or part of it with the rest being owned by a consortium consisting of international funds and EPC companies. The infrastructure could also be entirely independent.



*Illustration of possible development scenario outcomes at the Mine and Infrastructure levels*

Subsequent to the end of the June Quarter, Sundance announced that it intends to run two concurrent processes (one for a mine joint venture and/or secured take-or-pay iron ore off-take contracts; and another for the development of the deep water port and rail infrastructure) through EPC contracts or an independent infrastructure consortium. The Company will commence this process during the current September 2013 Quarter.

Steel mills, traders and other iron ore users will be asked to confirm their interest and provide proposed commercial terms regarding:

- Purchased equity at the mine level
- Purchased equity at the project level (i.e. mine joint venture and infrastructure)
- Secured take or pay iron ore off-take contracts



Concurrently, Sundance will also commence a tender process for EPC and independent rail and port infrastructure, under which tender participants may respond accordingly:

- EPC price for integrated port and rail (with finance and potential equity)
- Independent infrastructure solution (with take or pay tariff pricing for use of independent infrastructure)

A number of companies and prospective consortia, from both inside and outside of China, have expressed strong interest in the above structural scenarios to develop the Mbalam-Nabeba Iron Ore Project.

Final Equity tenders from strategic partners would be expected in calendar Q4 2013 with a finalised agreement targeted by the end of the year. Final infrastructure tender submissions would also be expected by the end of the year. Subject to the tender offers received from infrastructure providers, financing may require additional time to complete all conditions precedent to first draw down.

## MBALAM-NABEBA IRON ORE PROJECT DEVELOPMENT

The Nabeba Mine site location was inspected in June 2013 by the Republic of Congo Presidential Special Advisor for Mines and Oil and the Sous Prefet of the Souanke region. The site visit was conducted over several days and involved constructive discussions to assess the level of implementation of the Project in support of the finalisation of the Congo Convention.



***Mr Denis Gokana (left centre), Special Advisor to the Republic of Congo President, visiting the Nabeba Mining Project accompanied by Congo Iron representatives (centre) and Sous Prefet of Souanke, Mr Mathias Ade (right)***



***Inspection at Nabeba by Special Advisor to the President of the Republic of Congo and Sous Prefet of Souanke***



As part of the Mbalam Convention with the Cameroon Government, Sundance agreed to provide an updated project development report within six months of signing the agreed terms. This report was submitted to the Cameroon Government in June 2013. The main components of the report included:

- Updated resources and reserves to reflect the current High Grade Hematite and Itabirite Resources (announced to the ASX in June 2012) and High Grade Ore Reserves (announced to ASX in December 2012).
- The associated revised mining and mine development plans to reflect the ore reserve upgrade.
- A concept study for the development of a dual railway track, as requested by the Government, which presents the magnitude of costs and time for developing a dual railway track. Should the Cameroon government choose to proceed, it would be their responsibility to provide funding for its construction.
- The terms of reference for a town planning concept study for the Cameroon south region, in the vicinity of the Mbarga mine site. The Cameroon Government envisions developing this area and therefore asked Sundance to assist with the early planning process given the Company's knowledge of the region and strong relationships with local communities.



*The Mbalam Rail Corridor Route*

A one-year extension of the railway Declaration of Public Utility (DUP) was granted by the Cameroon Minister of Domains and Lands Affairs to November 2014, which permits additional time to complete the railway demarcation, property assessments, and expropriation and compensation process.

With the revised project development strategy of a contractor-financed integrated rail and mineral terminal facility, the project team commenced the development of the appropriate tender and contract documentation.

A concept study has been completed which examines alternative short-term low volume and low capital cost start up possibilities for the operation. Further detailed investigations are required to confirm economic viability of any such options.

The Project team also continued its significant involvement with the Kribi Operating Unit to progress the necessary agreements, as described in the Mbalam Convention, to develop and operate the Company's



own deep water iron ore export terminal which is part of the Kribi Multi User Port Area currently under construction.

## **EXPLORATION ACTIVITIES**

Exploration operational activities during the period focused on implementation of the preliminary works phase of the Mbalam-Nabeba Iron Ore Project to prepare for infrastructure construction.

Activities commenced in preparation for sterilisation drilling at the Mbalam Rail Loop and Nabeba waste dump areas. Mapping and reconnaissance of the infrastructure areas at Nabeba, which include a large mine village design location, also began in accordance with the requirements of the Congo Mining Permit conditions.

Clearing of the Nabeba Crusher site location in Congo has also commenced in readiness for upcoming geotechnical investigations and initial construction.



*Initial clearing of the Nabeba Crusher site location*



*Infrastructure planning of the Nabeba Mine village design*

Extensive field mapping, geochemistry and structural analysis was undertaken by the Site Geology Team within the EP92, Nabeba and Ibanga Permits to advance further discovery of iron ore mineral extensions

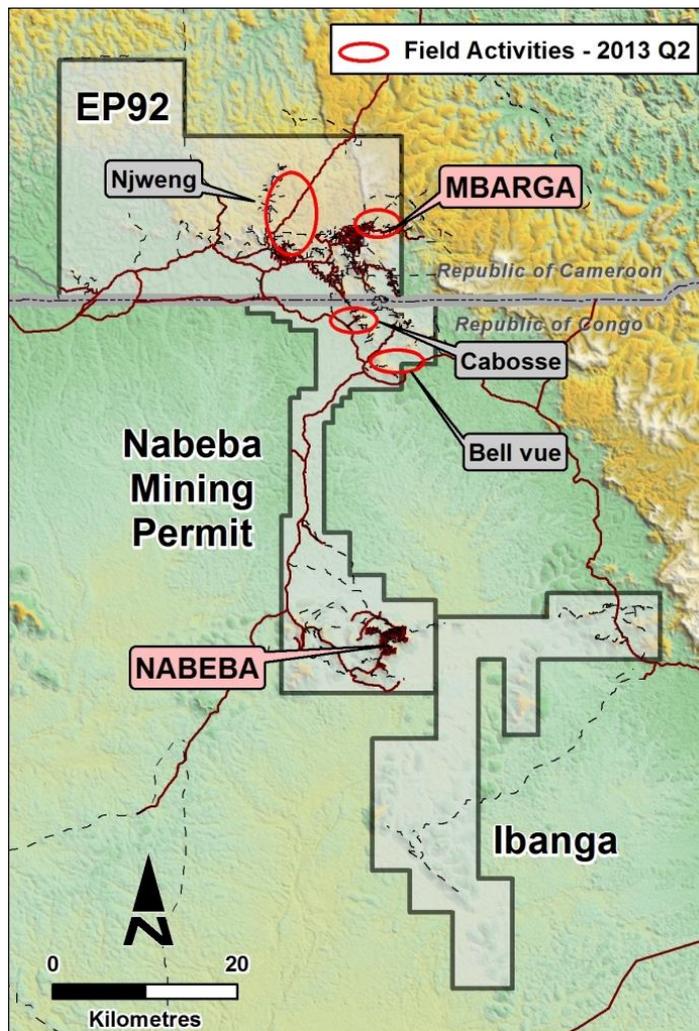


as part of improving the technical and economic viability of the Mbalam-Nabeba Iron Ore Project. The Company received renewal approval for the Ibanga Exploration Permit in the Republic of Congo on 28 June 2013.

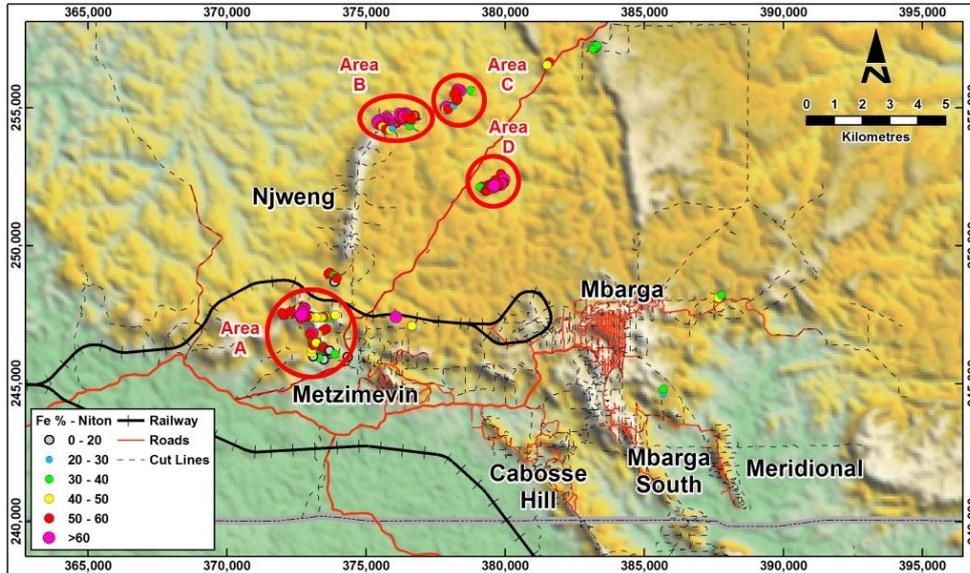
### Mapping:

**Njweng Prospects:** Mapping expeditions east of the Njweng Prospect were carried out on magnetic anomalies suggesting possible high grade mineralization. Samples collected were mostly Hematite and Goethite rich 'float'.

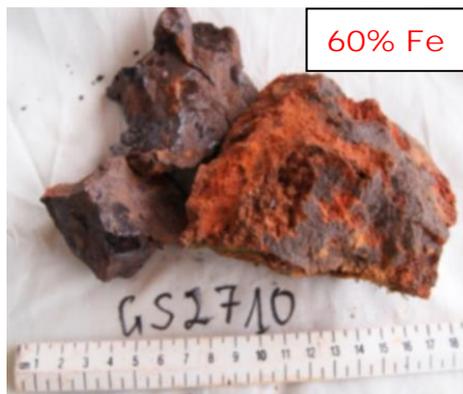
A total of 18 samples were collected in this area. Sampled material showed iron mineralisation ranging from enriched supergene to enriched magnetic Itabirite material. At the southern end of the Njweng ridge, fine banded enriched-Itabirite floats were collected. All samples were analysed using the onsite Niton XRF with sample values ranging from 47% to >60% Fe.



*Mapping areas within Project Permit Holdings*



2013 – Q2; Niton Geochemistry Surface Samples on EP92



Goethite Rich Hematitic Canga material  
East of Njweng



Hematite and Goethite material  
showing some relict



Magnetic Itabirite NE of Njweng

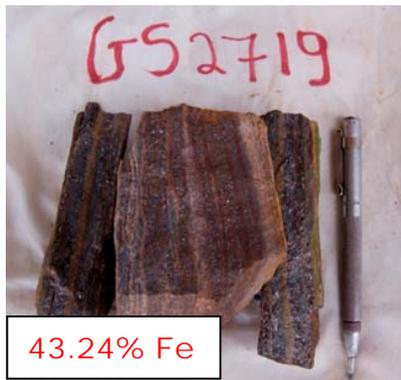


Remnants of sugary quartz in voids in  
some samples south of Njweng

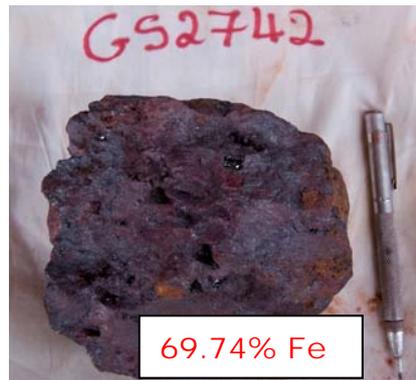


**Metzimevin Deposit:** The Inferred High Grade Resource at Metzimevin is currently estimated at 15.2Mt at 59.5% Fe and is under continued evaluation for the possibility of further drilling to convert some of this to Indicated Resources and hence, allow consideration for addition to the Project Mineral Reserves, which currently total 436.3Mt at 62.6% Fe.

All previous mapping at Metzimevin and ridges around the area indicate additional Supergene and Itabirite potential. Recent mapping encountered both enriched-Itabirite and massive Hematite.



*Magnetic Itabirite with coarse grains*

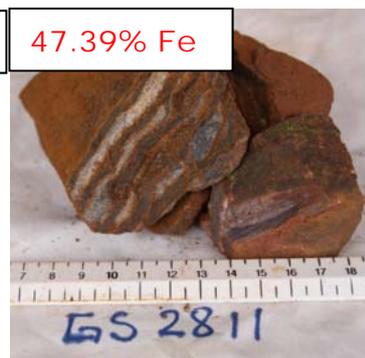


*Bluish massive hematite float with some voids*

**Mbarga East Deposit:** In this area, airborne magnetic images indicate several anomalies that on inspection reveal highly leached and enriched Itabirite material with associated iron grades ranging between 47 % to 55% Fe.



*Lateritic goethite with Itabirite*



*Magnetic Itabirite*

## HEALTH, SAFETY, ENVIRONMENT, COMMUNITY & SECURITY (HSECS)

The 12-month Rolling Average Lost Time Injury Frequency Rate is currently zero. During the Quarter, a total of 163,263 employee/contractor hours were performed. During the reporting period two high potential incidents occurred.

HSECS Statistics for Apr 2013 Quarter	Total Hours Performed	Total Lost Time Incidents	Total High Potential Incidents (no lost time)	Total Lost Work Days
All Operations	163,263	0	2	0
Lost Time Injury Frequency Rate (LTIFR) for the Quarter				0
Previous annual LTIFR				2.24
Rolling annual LTIFR				0

As part of the ongoing works on-site to prepare for infrastructure development, extensive environmental assessments and community involvement was carried out during the Quarter to ensure that the land disturbance processes and other related infrastructure developmental activities are in accordance with the environmental and sustainability programs of both the Cameroon Government and Republic of Congo Government.

Environmental monitoring and assessment activities, which now apply the new guidelines issued by the Cameroon Ministry for Environment, continue in all Project areas including bi-annual water collection for analysis and monitoring of waste.

The Company's inaugural Annual Environmental Report was completed for public release as per the Cameroon and Congolese Environmental and Social Assessments (ESA). English and French versions covering the integrated Mbalam-Nabeba Project have been submitted to the Ministry of Environment of Cameroon and Congo respectively and will be uploaded onto the Sundance Resources website.

In Congo, the Ministry of Tourism and Environment has renewed the Company's ESA Certificate of Environmental Conformity for the Nabeba Project for one year to August 2014.

Land Disturbance Reviews (LDR) were conducted for the Sterilisation Drilling Programs to be implemented both at Mbalam and Nabeba. These ecological and social assessments identify all values and constraints on the land prior to clearing and were conducted with an active collaboration of the Geology Department, local forestry experts and the forestry authorities. At Nabeba, a completed LDR authorized the building of a soccer field at the request of the local population of Ellen.

In line with the Sundance Corporate Risk Management Plan, the Corporate Risk Register was updated during the Quarter which included a full review of the Company's risk profile. The Sundance Risk Register is regularly reviewed and monitored to ensure that Action Plans for material risks are being tracked, implemented and completed.

During the reporting period, Mr Serge Asso'o, CEO of Cam Iron, visited the Mbalam Village to hold community meetings with local administrative authorities and traditional chiefs. This was well received



by the local communities and was an opportunity for Cam Iron and the local populations to strengthen relationships and share information about the Project and its development progress. These types of meetings will continue to be run in line with the Company's community engagement strategy in both Cameroon and Congo.



***Cam Iron CEO, Serge Asso'o addressing the local administrative authorities, traditional chiefs and villagers in Mbalam, Cameroon***

A Wildlife Awareness Program for neighbouring villages and Cam Iron and Congo Iron employees has been drafted for implementation in collaboration with the Ministère des Forêts et de la Faune (MINFOF) as part of an anti-poaching and law enforcement campaign. The now permanent World Wildlife Fund and Espace TRIDOM Interzone Congo (WWF-ETIC) anti-poaching patrol continued to monitor wildlife around the Nabeba Project tenements and surrounding villages. There were no signs of illegal activity during the reporting period.

As a result of increasing community traffic and motor vehicle incidents occurring on local roads near the Mbalam-Nabeba Project, a community road safety awareness program was launched in the Mbarga and Nabeba areas. The program is being introduced with the collaboration of administrative authorities to populations living alongside roads to reduce the number of incidents by raising awareness around risks and controls associated with pedestrians and the safe operation of all motor vehicles.

During the Quarter, Congo Iron partnered with the Ministry of Tourism and Environment to celebrate World Environment Day by contributing to the organization of activities for a number of primary schools in Brazzaville on the theme of the environment. Employees of Cam Iron also participated in several events held on the day in Yaounde, which were organized by the Cameroon Ministry.



*Congo Iron employees celebrate World Environment Day*

## CORPORATE

As reported in the Company's June Quarterly Activities Report, on 8 April 2013 Sundance announced the termination of the Scheme Implementation Agreement ("SIA") with Hanlong (Africa) Mining Investment Limited ("Hanlong") under which Hanlong was to have acquired 100 per cent of Sundance.

The SIA was terminated as a result of Hanlong's inability to provide, by the due date, the Credit Approved Term Sheets under the SIA and following advice from Hanlong that it was unlikely to meet the other required conditions to complete the Scheme of Arrangement.

Subsequent to the termination of the SIA, Hanlong's exclusivity as proponent of the Mbalam-Nabeba Project in China by the NDRC was withdrawn; this has enabled Sundance to undertake negotiations with other Chinese groups.

### **Congo Iron SA – New Appointment**

Mr Emmanuel Yoka, a Congolese national, will commence on 8 August 2013 in the position of Country Manager/Directeur General of Congo Iron SA. Mr Yoka brings over ten years of international advisory, business and mining analyst experience. He was most recently employed with BHP Billiton in Singapore. He attained qualifications in the field of Science, specialising in International Oil and Gas Management, and Mathematics from Columbia University in the United States.

### **Legal Proceedings**

As previously advised in the 2012 Annual Report, Cam Iron SA was notified of a legal claim in Cameroon on behalf of the families of persons lost in the Congo Air Incident of 2010. That claim lapsed, however it is understood that efforts are being made to renew the claim. Cam Iron SA will continue to defend any claim against it.

In June 2013 the Company was informed of court process filed in the US state of Illinois on behalf of the estates and survivors of John Jones, Don Lewis, Geoff Wedlock, John Carr-Gregg, Natasha Flason and James Cassley. These proceedings have not been served on Sundance.



In July 2013 legal action in the UK High Court on behalf of the estate of James Cassley was served on the Company. Mr Cassley was an employee of the investment company, GMP Securities Europe LLP. GMP is the First Defendant in the action and Sundance is the Second Defendant. The losses claimed in the process are put at a total of 6,236,844 pounds. Sundance will defend the action.

Sundance Resources strongly considers that it has no legal fault for the loss of the aircraft in Congo in 2010 and has engaged legal advisors to defend the Company from all claims.

In addition to the Absolute Analogue and David Porter proceedings advised in the 2012 Annual Report, Mr Porter has issued a further claim (WA Supreme Court Action No. CIV 1632 of 2013) in which he is seeking an order for the grant of 10 million Sundance options and damages, or alternatively damages in lieu of specific performance. Mr Porter claims to be entitled to additional options pursuant to an alleged agreement giving rise to that entitlement upon the identification of new iron ore deposits and the establishment of a company in the Republic of Congo. The matter has been referred to Sundance's legal advisors and a defense has been filed.

#### **Shareholding Structure**

As at 30 June 2013, Sundance Resources had 22,257 individual shareholders and 3,072,110,985 ordinary fully paid shares on issue with 10,660,785 performance rights and 22,240,963 unlisted options on issue. The Top 20 shareholders held 55.30% of the total issued capital.

#### **Cash Assets**

The Company's cash balance at 30 June 2013 was A\$19.6 million.

#### **Expenditure**

The Pro-forma Statement of Consolidated Cash Flows is provided in a separate report.

**ENDS**

#### **GIULIO CASELLO**

Chief Executive Officer and Managing Director  
Sundance Resources Limited

#### **Shareholder/Media enquiries:**

Jill Thomas  
SDL Investor Relations & PR Manager  
Telephone: +61 8 9220 2300  
Email: jthomas@sundanceresources.com.au

Paul Armstrong  
Read Corporate  
Telephone: +61 8 9388 1474  
Email: paul@readcorporate.com.au

## COMPETENT PERSONS STATEMENT

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Robin Longley, a Member of the Australian Institute of Geoscientists, and Mr Lynn Widenbar, a member of the Australasian Institute of Mining and Metallurgy. Mr Longley and Mr Widenbar are consultants to Sundance and have sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".*

*The information in this report that relates to Ore Reserves is based on information compiled by Mr Bruce Gregory, a member of the Australasian Institute of Mining and Metallurgy. Mr Gregory is employed by AMC Consultants Pty Ltd and is a consultant to the Company. Mr Gregory has sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".*

*Messrs Longley, Widenbar and Gregory consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.*

*For more information including modelling parameters and details, the ASX announcements pertaining to Exploration Results, Mineral Resources and Ore Reserves are available from the Company's website: [www.sundanceresources.com.au](http://www.sundanceresources.com.au).*

### **Forward-Looking Statement**

*Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the iron ore mining industry, expectations regarding iron ore prices, production, cash costs and other operating results, growth prospects and the outlook of SDL's operations including the likely commencement of commercial operations of the Mbalam Project and its liquidity and capital resources and expenditure, contain or comprise certain forward-looking statements regarding SDL's exploration operations, economic performance and financial condition. Although SDL 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, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in iron ore prices and exchange rates and business and operational risk management. For a discussion of such factors, refer to SDL's most recent annual report and half year report. SDL undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.*