



ASX Announcement | Media Release
25 November 2016

FUNDING AND STRATEGY UPDATE

Highlights:

- Term Sheet executed for A\$1.3M investment into Sundance by note holders and the major shareholder of Sundance to provide funding of the Company's activities
- Term Sheet executed with all note holders to extend maturity date of existing convertible notes to September 2019
- Development strategy based upon improved iron ore price from below US\$40 in January 2016 to US\$70/tonne in November 2016 and with fulltime personnel in China to seek a strategic partner;
- Key executives agree to further salary reductions

Sundance Resources Limited (ASX:SDL) ("**Sundance**" or "**Company**") is pleased to announce it has executed a term sheet for A\$1.3 million in new funding and a separate term sheet to extend the maturity date of its existing convertible notes due for repayment on 23 September 2017 to 23 September 2019 and increase the redemption amount, following negotiations with convertible note holders.

The new funding and extension of existing notes will assist in an enhanced strategy to find a partner for the Mbalam Nabeba Iron Ore Project ("**Project**"). Sundance will be supported in pursuing this strategy by Noble Resources International Pte Ltd ("**Noble**") and its in-house China experts. Noble is an existing note holder and part of the group providing additional funding to Sundance.

Sundance is also undertaking further cost reduction initiatives, with key executives voluntarily reducing their cash salaries to support the development strategy through 2017.

These developments are important in moving the Project forward in partnership with the Cameroon and Congo governments.

New Funding

Sundance has signed a term sheet with Noble, Senrigan Master Fund and David Porter (together, the "**2016 Investor Group**") whereby they will invest an additional A\$1.3 million into the Company through a subscription for new convertible notes ("**2016 Investor Group Notes**").

The key terms of the 2016 Investor Group Notes agreed at this stage are as follows:

- 13,000 convertible notes with a face value of A\$100 per note;
- They will be secured, rank pari passu with all other existing and future secured and unsubordinated convertible notes and mature on 23 September 2019;
- No interest is payable;

- At the note holders' election, the notes may be converted into Sundance shares at a conversion price of A\$0.0035 which, if all of the 2016 Investor Group Notes were converted, would result in approximately 371 million Sundance shares being issued; and
- If they are not converted prior to the maturity date, they must be redeemed by the Company at 120% of face value.

The 2016 Investor Group Notes will be issued under the Company's 15% placement capacity. The issue of these notes will be subject to final documentation of the terms and conditions of the notes and any regulatory approvals required. This is expected to be completed during December 2016.

Existing Convertible Notes

Sundance has convertible notes totalling a face value of A\$95 million that are due for repayment on 23 September 2017.

Sundance has signed a term sheet with all of the note holders to extend the maturity date of these convertible notes to 23 September 2019 and increase the redemption amount of the convertible notes by 20%.

All other terms of the convertible notes will remain unchanged from those described in Sundance's Notice of Annual General Meeting dated 30 October 2015.

The Company, together with the note holders, are finalising the agreements to effect the above changes to the terms of the convertible notes. No regulatory or shareholder approval is expected to be required.

Development Strategy

With the recent stabilisation of iron ore prices and the strong outlook for steel in China and internationally, Sundance remains confident about the continuing need for high quality iron ore. With its strong economics and government support, Mbalam Nabeba remains well placed to meet demand from steel producers into the future.

Sundance will continue to work with the governments of Cameroon and Congo on funding for the port and rail infrastructure through China and other international financial markets.

To support this process and the process of identifying a partner to assist in funding the development of the Mbalam and Nabeba mines, a sub-committee of the Sundance Board will be established. The sub-committee will include China experts from within Noble and other parties as required.

Cost Reduction Program

The Board and management of Sundance have taken further steps to minimise expenditure, ensure the ongoing needs of Sundance are met and enable the Company to execute the development strategy.

The Managing Director has volunteered to reduce his cash salary to \$165,000 per annum, while it has been agreed that the Chairman will only draw fees of \$60,000 per annum. Other key executives employed in Perth and subsidiaries Cam Iron and Congo Iron have also agreed to substantial salary reductions.

Sundance Managing Director Giulio Casello said: *"The Company has not wavered in its belief that the Mbalam Nabeba Iron Ore Project will be developed and that belief is shared by our note holders, whose ongoing support has been critical. With the extra funding and the stabilisation of the iron ore price we are heading into a new and improved environment which will support our development strategy. We continue to take measures to preserve cash while directing appropriate resources towards progressing the Company and the Project."*

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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.