

ASX Announcement | Media Release
30 October 2013

SEPTEMBER QUARTERLY ACTIVITIES REPORT

- Sundance announces the signing of legally binding documentation to raise A\$40M through the issue of convertible notes and options to Noble Resources and an investor consortium made up of Blackstone, D. E. Shaw Group and Senrigan Capital.
- Government meetings confirm strong alliance between Cameroon and China along with ongoing mutual support for the Mbalam-Nabeba Iron Ore Project.
- Tender documents have been issued to Engineering, Procurement and Construction contractors for rail and port infrastructure construction and financing.
- Negotiations are underway on off-take contracts for the full production capacity of 35Mtpa of high grade iron ore and for equity in the mine.
- David Southam appointed as a Non-executive Director.
- Cost-saving initiatives reinforce operational efficiencies to ensure sufficient funding while the Company aims to complete project development negotiations.
- Sundance corporate head office to relocate to West Perth in December 2013.

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

CONVERTIBLE NOTES TO RAISE A\$40M

Subsequent to the end of the Quarter, Sundance announced it had signed legally binding agreements to raise A\$40 million through the issue of convertible notes and options to Noble Resources International Pte Ltd ("Noble Resources") and an investor consortium of Blackstone Alternative Solutions, L.L.C., the D. E. Shaw Group and Senrigan Capital ("Investor Consortium").

This ensures Sundance has sufficient funds to meet its anticipated working capital requirements as it progresses the Project in the Republics of Cameroon and Congo.

The key features of the raising, which is subject to the satisfaction of conditions as outlined in the announcement released to the ASX on 22 October 2013, include:

- Noble Resources will invest A\$20M via an unsecured convertible note ("Noble Note") under a convertible note deed ("Noble Deed"). Noble will have the right to convert the note into a 30 per cent stake in the to-be formed marketing services company ("MarketCo") or to convert into fully paid Sundance shares at 12 cents per share. The Noble Note will have an interest rate of 10% per annum.
- Noble will also be issued a total of 200 million options ("Noble Options"), subject to shareholder approval, which are exercisable on the maturity of the Noble Note at 12 cents if MarketCo is not set up before then and it does not hold marketing rights for product from the Project on terms acceptable to Noble.
- If, by the maturity date of the Noble Note, shareholders do not approve the grant of the Noble Options and Noble does not hold agreed marketing service rights for product from the Project then Sundance must make an additional cash payment to Noble. That cash payment is calculated as: (Sundance shareprice at maturity date less 12 cents) multiplied by 200 million.



- Noble will have a first right to offer, and a last right to match, the price and terms of sale for 15 per cent of the ore produced from Stage 1 of the Project.
- The Investor Consortium will also invest a total of \$20M through a two-year zero coupon convertible note issue which is convertible (in certain circumstances) to Sundance shares at a price of 10 cents per share under a convertible note deed ("Consortium Deed").
- If the Investor Consortium convertible notes are not converted prior to the maturity date, they must be redeemed by the Company at 120 per cent of face value.
- The Investor Consortium will also be issued a total of 260 million options (200 million of which are subject to shareholder approval), which will become exercisable should a Relevant Event occur. The 260 million options are split into three tranches:
 - 60 million Tranche 1 Options with an exercise price of 10 cents to be issued at the same time as the Consortium Notes;
 - 140 million Tranche 2 Options exercisable at 10 cents to be issued subject to Shareholder approval; and
 - 60 million Tranche 3 Options exercisable at 12 cents to be issued subject to Shareholder approval
- Sundance has agreed to pay on the occurrence of certain Project enhancing events or change of control events a cash amount determined by reference to the difference between the prevailing Sundance share price at the date of a notice from the Investor Consortium and either 10 cents or 12 cents multiplied by 140 million and 60 million respectively.
- This obligation to make the cash payment shall be replaced by the grant of the Tranche 2 and Tranche 3 Options if their grant is approved by shareholders. Tranche 1 does not require shareholder approval.
- Completion under the Noble Deed and the Consortium Deed is subject to legal and commercial completion conditions usual for transactions of this nature.

Please refer to the ASX announcement lodged on 22 October 2013 for a full description of the details of the agreements between Sundance and the investors including an outline of the Noble Deed, Noble Options, Consortium Deed and Consortium Options which are explained in detail in the accompanying Annexures A, B, C and D to the announcement from 22 October 2013.

Shareholder approval will be sought at the upcoming Annual General Meeting of Sundance shareholders to be held on 29 November 2013 in Perth, Western Australia. More information will be provided in the Notice of Meeting which will be sent to all shareholders and lodged with the ASX.

MEETINGS IN CHINA WITH CAMEROON GOVERNMENT REPRESENTATIVES

During the Quarter, Sundance representatives accompanied a Cameroon Government delegation to Beijing, China for meetings with Chinese Government organisations. Led by Cameroon Minister Paul Motaze, who is also head of the Mbalam Convention Ministerial Steering Committee, the Cameroon delegation included the Parliamentary Representative of Cam Iron's development region and selected advisors. High-level government-to-government meetings were held with several Chinese government organisations to discuss existing and potential future development and investment opportunities for China in Cameroon. The discussions confirmed the strong alliance that exists between the Cameroon and Chinese Governments, along with their mutual ongoing support for the Mbalam-Nabeba Iron Ore Project.

CONGO IRON MEETS WITH CONGO REGIONAL DIGNITARIES AT NABEBA

Mr Emmanuel Yoka commenced in August 2013 as the Country Manager/Directeur General of Congo Iron SA. Mr Yoka, a Congolese national who was previously employed with BHP Billiton in Singapore prior to joining the Company, immediately made it a priority to visit the Nabeba site to introduce himself to the team on site and engage with local stakeholders. This included meeting with local authorities including the Sous-Prefet who confirmed his view of the value of this project for the local economy and people of the region.



Congo Iron SA General Manager Aimé Emmanuel Yoka (centre) meets local dignitaries during his inaugural visit to the Nabeba site in the Republic of Congo along with David Meehan, Sundance Chief Operating Officer and Project Director

PROJECT DEVELOPMENT

Following the decision to end the takeover discussions with Hanlong Mining, Sundance was approached by a number of groups with a view to discussing how they may become involved in the Mbalam-Nabeba Iron Ore Project. These groups come from a range of countries and have widely diversified interests in areas such as resource projects, infrastructure provision and steel making.

These groups also expressed a range of views about how it would be possible to structure transactions which bring them into this Project. These included the potential for some groups to provide port and rail solutions through to direct investment in the Project.

Sundance's preferred position remains that the total Mbalam-Nabeba Iron Ore Project, encapsulating the mines and transport infrastructure, will be operated and controlled as one entity in order to maximise operational efficiencies.

Throughout the Quarter, Sundance progressed its renewed strategy which is to financially separate the development of the port and rail infrastructure from the mine development and its associated iron ore product sales. The decision to do this was driven by the fact that approximately 70 per cent of the capital expenditure for Stage 1 (estimated at A\$4.7B as outlined in the DFS released in April 2011) is associated with the infrastructure development.

In August 2013, Sundance issued tender documents to a number of international Engineering, Procurement, and Construction (EPC) contractors for the rail and port infrastructure. The contractors who were invited to submit tenders have a proven track record in building successful projects of large scope and scale.

Preliminary feedback from those who received the documents indicates some participants may form consortiums to provide the financial and technical strengths necessary to undertake the work; and during the Quarter a number of parties confirmed they will tender for the port and rail infrastructure.

It is anticipated that construction could commence on the rail and port following the successful completion of the EPC tender process and associated funding solutions. Site visits associated with this EPC tender process are taking place in the current quarter. EPC tender submissions are expected to be received in December 2013, with final negotiations expected to take place during the first half of 2014.

Preliminary work was undertaken to progress the EPC mine infrastructure tender documentation. This work is continuing during the current quarter with tender documentation anticipated to be issued to the market in the late fourth Quarter of 2013. In support of this work, a prequalification process has commenced for the mine EPC tender process.



Also during August 2013, Sundance issued term sheets for the sale of equity and take-or-pay iron ore off take agreements in relation to the Mbalam-Nabeba Iron Ore Project. Sundance aims to finalise equity and off-take negotiations to facilitate the full production capacity of 35 million tonnes per annum of high-grade iron ore from the Mbarga and Nabeba mines by the fourth Quarter of 2013.

The off-take contracts will need to be at such a level that they can be used as security for the funding of the EPC infrastructure contracts. Companies committing to off-take will also have the opportunity to take an equity position in the mine or the total project, at terms to be agreed.

In July 2012, the Cameroon Minister of Forests authorised the construction of access tracks for the sterilisation drilling program to be undertaken. Programmes of work for both Mbarga and Nabeba for the geotechnical investigation and sterilisation drilling for the mine infrastructure and waste dumps have been developed and work will commence pending availability of funding.

To facilitate provision of finance for the Project, Sundance has commenced work on a sintering test work program in an independent facility over the coming year. This will use ore samples which represent the ore that will comprise the first five years of production from the combined output of Mbalam and Nabeba. Customer samples of the same composition as the sinter samples will also be made available to allow interested parties to carry out their own test work.

Also during the Quarter, Sundance continued to progress the condition precedent documentation required under the Mbalam Convention signed with the Cameroon government in November 2012.

RESERVES, RESOURCES AND EXPLORATION

The High-Grade Hematite Ore Reserve for Stage One of the Project remains unchanged at 436.3Mt grading 62.6% Fe. This is significant because it underpins more than 12 years of high-grade production at 35 million tonnes a year. Stage One originally had a forecast life of only 10 years but increases to the High-Grade Hematite Reserves will enable this to be extended.

The Ore Reserve is included within the current inventory of High-Grade Hematite Resources totalling 775.4Mt at 57.2% Fe, representing a conversion of 58% of the Company's total Indicated Mineral Resources (748.0Mt). Only those High-Grade Hematite Resources estimated in the Indicated category (748.0Mt at 57.2% Fe) have been made available for consideration of conversion to Mineral Reserves. Further conversion of Resources to Reserves may be considered by the Company in the future.

In addition, Sundance has established a Resources estimate for the Itabirite mineralisation, which extends across the entire Mbalam-Nabeba Iron Ore Project area. Itabirite Hematite Resources currently total 4.05Bt at 36.3% Fe. Conversion of the Itabirite Resources into Reserves may be considered by the Company in the future.

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

The 12-month Rolling Average Lost Time Injury Frequency Rate is currently 0. During the Quarter, a total of approximately 148,000 employee/contractor hours were performed with one significant incident recorded.

HSECS Statistics for the Quarter	Total Hours Performed	Total Lost Time Incidents	Total Lost Work Days
All Operations	147,943	0	0
Lost Time Injury Frequency Rate (LTIFR) for the Quarter			0
Previous annual LTIFR			1.02
Rolling annual LTIFR			0
Total Recordable Incident Frequency Rate (TRIFR) for the Quarter			6.8
Previous annual TRIFR			3.07
Rolling annual TRIFR			2.00

Road Safety Awareness workshops were conducted in twelve villages during the Quarter. These workshops were facilitated by Congo Iron and Cam Iron HSECS Managers and involve all stakeholders, including representatives from government and logging company operators. The intent is to increase local knowledge of road hazards and develop local road safety committees that are empowered to monitor and implement road safety initiatives with the support of local government officials.

During the Quarter, Sundance had no reported environmental non-conformances in Cameroon or the Republic of Congo.

Congo Iron and Cam Iron HSECS Committee meetings were conducted in the Quarter with excellent representation from the workforce, management and government regulators. Involvement of the Cam Iron company medical practitioner in reviewing site clinical practices and the significant increase in incident reporting were noted as very positive outcomes.

The Company's inaugural Annual Environmental Report (AER 2012) was completed for public release as per the Cameroon and Congolese ESA in August 2013. English and French versions covering the integrated Mbalam-Nabeba Project were submitted to the Ministry of Environment of Cameroon and Congo and have been uploaded onto the Sundance company website www.sundanceresources.com.au

CORPORATE

In September 2013, Sundance announced that Mr David Southam had been appointed to the Sundance Board as a Non-Executive Director. Mr Southam is a Certified Practising Accountant with more than 20 years' experience predominantly in the resources industry but also in accounting, banking and finance. He brings significant expertise in the key areas of project finance, equity capital markets and commercial negotiations at a time when the Company is establishing its funding and development plan for the Mbalam-Nabeba Iron Ore Project. He is currently also an Executive Director of the ASX200-listed nickel miner Western Areas.

As advised in the previous Quarterly Report, in July 2013 legal action in the UK High Court was served on the Company on behalf of the estate of the late Mr James Cassley. Sundance is the Second Defendant in the case and is defending the action.



On 27 August 2013 the Company announced that it had reached an out of court settlement with Hold Co SARL, Cam Iron's minority shareholder and the former Cam Iron CEO, Mr Roger Bogne. As part of the settlement, one million ordinary Sundance shares were issued to Mr Bogne.

Shareholding Structure

As at 30 September 2013, Sundance Resources had 3,072,110,985 ordinary fully paid shares on issue held by 22,076 individual shareholders. There were 9,137,858 performance rights and 17,652,547 unlisted options on issue. The Top 20 shareholders held 53.8% of the total issued capital.

Cash Assets

The Company's cash balance at 30 September 2013 was A\$9.6 million, excluding funding expected from recent convertible note announcement.

The Sundance Directors have reviewed the timing of all discretionary expenditures, including exploration and development costs. Wherever necessary, these costs will be minimised or deferred to suit the company's cash flow forecast.

A number of cost saving initiatives have also been introduced in both in-country and Perth offices, including:

- Pay freeze into 2014;
- Reduction in exploration drilling;
- Reduction in personnel numbers;
- Reduction in cash payments related to 2013 Short Term Incentives (STIs);
- Voluntary relinquishment by the CEO of his 2014 Long Term Incentives (LTI);
- Refocusing efforts towards project development and funding; and
- Reduction in overheads including relocating the corporate head office.

In light of these budget cuts and continued diligence, Sundance believes the \$40 million that was recently raised will provide sufficient funding while the Company aims to complete project development negotiations.

Expenditure

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

Relocation of Perth Corporate Office

As of 2 December 2013, Sundance Resources corporate office will be located at Level 3, 24 Outram Street, West Perth WA, 6005.

ENDS

GIULIO CASELLO

**Chief Executive Officer and Managing Director
Sundance Resources Limited**

For more information please contact Jill Thomas, Sundance Investor Relations, 08 9220 2300 or jthomas@sundanceresources.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.

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 Sundance's operations including the likely commencement of commercial operations of the Mbalam-Nabeba Iron Ore Project and its liquidity and capital resources and expenditure, contain or comprise certain forward-looking statements regarding Sundance's exploration 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, 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 Sundance's most recent annual report and half year report. Sundance 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.