



ASX Announcement | Media Release
28 October 2015

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Highlights:

- Sundance supports Government of Cameroon in port and rail EPC negotiations;
- Government of Cameroon expected to sign EPC contract to build port and rail in December quarter;
- Work on the DUP nears completion;
- Agreements signed to extend maturity date of Noble and Investor Consortium notes to 2017;
- Agreement signed for new A\$7 million convertible note;
- Further cost reductions implemented; and
- Cash position of \$6.87 million at 30 September 2015.

Sundance Resources Limited (“Sundance” or “Company”) (ASX: SDL) is pleased to report on progress made towards developing the Mbalam-Nabeba Iron Ore Project located in Cameroon and the Republic of Congo (“Project”) during the quarter ended 30 September 2015.

Although the iron ore market remained challenging during the period, Sundance together with the Government of Cameroon continued to move forward with a high level of confidence. Sundance believes the Project is better positioned than ever before to achieve funding due to the improved Project fundamentals and the progress the Government of Cameroon is making on the rail and port Engineering, Procurement and Construction (“EPC”) contract.

EXTENSION OF MATURITY DATE ON THE EXISTING CONVERTIBLE NOTES

Sundance entered the September quarter with convertible notes totaling \$44 million due for repayment on 4 November 2015.

On 30 September 2015, the Company announced that an in-principle agreement to extend the maturity date of those convertible notes to 23 September 2017 had been reached with all of the noteholders. Subsequently, detailed agreements were signed with the noteholders on 27 October 2015.

Some of the other key terms contained in the replacement convertible note Deeds are:

- The notes will be secured;
- No interest is payable;
- The notes may be converted into Sundance shares at a conversion price of \$0.06. If the notes are not converted prior to the maturity date, they must be redeemed by the Company at 120% of face value; and
- The options are exercisable at \$0.07 per option and expire on the earlier of 5pm (WST) on 23 September 2019 or the date which is 40 business days after the Company achieves Financial Close or when a Change of Control event occurs.

In respect of the security being granted for these notes, it should be noted that this security will become second ranking in priority when it comes to financing the mine infrastructure.

These replacement convertible note Deeds to extend the maturity dates of the convertible notes due on 4 November 2015 to 23 September 2017 are subject to, among other things, shareholder approval. Sundance will seek approval from shareholders at the AGM to be held on 30 November 2015 and will apply to ASX for a waiver from Listing Rule 6.23.3 to the extent necessary.

In order to facilitate the timing of all approvals required, including from Sundance shareholders, both Noble and the Investor Consortium have agreed to an interim extension of the maturity date of their existing notes from 4 November 2015 to 1 December 2015.

NEW CONVERTIBLE NOTE FOR A\$7 MILLION

Also on 30 September 2015 the Company announced that it had signed a term sheet with D. E. Shaw Galvanic International, Inc. (“**DE Shaw**”), Noble Resources International Pte Ltd (“**Noble**”), Senrigan Master Fund (“**Senrigan**”) and Wafin Limited (“**Wafin**”) (together, the “**2015 Investor Group**”) whereby they agreed to invest an additional \$7 million into the Company through a subscription for new convertible notes (“**2015 Investor Group Notes**”). The Company and the 2015 Investor Group signed the new convertible note Deed on 27 October 2015.

The key terms of the 2015 Investor Group Notes are as follows:

- 70,000 convertible notes with a face value of \$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 2017;
- No interest is payable;
- At any of the noteholders’ election they may be converted into Sundance shares at a conversion price of \$0.016 which, if all of the 2015 Investor Group Notes were converted, would result in 437 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 2015 Investor Group Notes will be issued under the Company's 15% placement capacity. The funds are expected to be received and the notes issued in November 2015.

PORT AND RAIL DEVELOPMENT PROCESS

During the September quarter, the Cameroon Government made excellent progress on negotiations to appoint an EPC contractor for the port and rail components of the Project. Sundance has provided the Government of Cameroon technical and commercial support during the selection of the preferred contractor and through the contract negotiations. This support will continue during the financing stages of the port and rail infrastructure.

Sundance expects that an EPC contract will be signed with a Chinese state-owned construction company in the December quarter, which will support the Cameroon Government’s application for a sovereign loan from China and possibly other friendly countries to construct the port and rail infrastructure.

Sundance expects it will take approximately six months for the Cameroon Government to finalise their financing commitment (credit approved term sheet) for the port and rail infrastructure. It is anticipated that construction will commence before the end of 2016 and, based on previous understanding of the length of construction time for the port and rail, it is expected that first commercial shipment from the Project should occur sometime in 2020.

MINE INFRASTRUCTURE EQUITY AND DEBT FUNDING

The working capital raised from the issuance of the new \$7 million 2015 Investor Group Notes described above will allow the Company to continue the process of negotiating and then agreeing the terms of an equity investment into the Mine Infrastructure. The Mine Infrastructure incorporates the mine processing plants and their associated infrastructure such as camps, aerodrome, power stations and roads.

Sundance has commenced the process of re-engaging with a number of potential equity investors in China. Progress on this will be dependent on the signing of the Port and Rail EPC contract between the Cameroon Government and the EPC contractor, which is expected to occur in the December quarter.

Once an equity partner has been identified, Sundance will work with them to select an EPC contractor for the Mine Infrastructure and then to arrange the required debt funding during 2016.

Even though the draw-down of funds for the construction of the Mine Infrastructure will not be required until sometime after the construction of the port and rail starts due to the shorter construction period, Sundance expects to achieve its financing commitment (credit approved term sheet) in mid-2016 and financial close before the end of 2016. This timetable meets the requirements of the Transition Agreement to retain EP92 until it is converted into a Mining Permit.

DECLARATION UTILITY PUBLIQUE (“DUP”)

The main site activities during the quarter has been the implementation of the Railway Déclaration of Utility Publique (“DUP”) for the railway corridor as required under the Transition Agreement signed with the Cameroon Government on 30 June 2015. The DUP was declared in 2011 and in November 2014 Sundance, in collaboration with the Government of Cameroon, embarked on a program of field works to implement the DUP. The program of works includes public consultations, cadastral surveys to physically demarcate the railway corridor on the ground; and the preparation of an inventory of populations, properties and cultural and heritage sites that may be affected by the works. The process is being undertaken in accordance with international standards including the Equator Principles III and the International Finance Corporation Performance Standards.

This work is expected to be substantially completed by the end of October 2015.

CONGO TENEMENTS

The Ibanga Mining Research permit in Congo expired in August 2015. Congo Iron has applied for a new research permit via a prospection authorisation over 50% of the land area but including nearly all of the prospective parts of the old Ibanga permit. The authorisation is expected during the December quarter.

The Ibanga permit does not contain any of the existing JORC resources or reserves.

COST REDUCTIONS

Since the end of the September quarter, the Board and management of Sundance have undertaken further steps to minimise expenditure in a prudent and responsible manner. With the completion of the DUP work, which reduces the work requirements in the Perth and Cameroon offices, and in response to the ongoing market conditions a number of significant cost reductions in head office and in-country have been implemented during October and will be finalised in November. The cost reduction activities include a reduction in employees and contractor numbers and a reduction in salaries for some employees.

In particular, the Managing Director has agreed to take a further 20% reduction in his base salary, on top of the 10% reduction applied in December 2014. The non-executive directors have also accepted a 20% reduction in fees, except for the Chairman, Mr Wal King, who has agreed to an approximate 60% reduction.



CORPORATE

Total cash outflow for the quarter excluding interest was \$6.75 million which was slightly above the forecast of \$6.50 million due to increased expenditure on the DUP. In the coming quarter a cash outflow of \$5.40 million is expected including costs relating to completion of the DUP work, redundancy payments and legal fees on the convertible notes. Offsetting this will be the inflow of \$7.0 million from the 2015 Investor Group Notes.

Sundance ended the quarter with \$6.87 million in cash and deposits.

SHAREHOLDING STRUCTURE

As at 30 September 2015, Sundance had 3,110,250,938 ordinary fully paid shares, 21,136,834 performance rights, 720,000,000 unlisted options and 5,600,001 unlisted convertible notes on issue.

EXPENDITURE

The Pro-forma appendix 5B - Statement of Consolidated Cash Flows is provided in a separate report.

ASX ANNOUNCEMENTS

The Quarterly Report should be read in conjunction with all announcements made by the Company to ASX, in particular, the financial statements for the -year ended 30 June 2015 which contain further details about Material Business Risks. These announcements can be found on the following link:
<http://www.sundanceresources.com.au/irm/content/asx-announcements.aspx>

ENDS

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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 Nabeba-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.