



ASX Announcement | Media Release
30 October 2018

QUARTERLY ACTIVITIES REPORT PERIOD ENDED 30 SEPTEMBER 2018

Summary:

- **\$750,000 placement agreement with AustSino**
- **Agreement reached with Noteholders and AustSino for strategic investor to join Sundance and the Notes to be cancelled**
- **Cameroon Convention ends but Sundance subsidiary Cam Iron retains priority rights over the tenement area**
- **Sundance remains in voluntary suspension while AustSino responds to ASX queries for further information**
- **\$555,000 on hand at 30 September 2018**

Sundance Resources Limited (ASX: SDL) ("**Sundance**" or "**Company**") provides the following information about activities for the quarter ended 30 September 2018:

\$750,000 PLACEMENT WITH AUSTSINO

On 2 August 2018 Sundance announced that it had signed a placement agreement with AustSino Resources Group Limited (**ASX:ANS**) ("**AustSino**") to take a \$750,000 placement of Sundance shares.

The placement agreement between AustSino and Sundance was signed on 1 August 2018. On Monday, 6 August 2018, AustSino provided \$750,000 in immediately available funds to Sundance and, in return, Sundance issued AustSino 187,500,000 ordinary fully paid shares. The issue price of the shares was \$0.004, giving AustSino a 2.3% interest in the share capital of the Company. The funds are being used by Sundance for the purposes of advancing the Mbalam-Nabeba Iron Ore Project ("**Project**") and general working capital (including payment of a 5% placement fee). Shareholder approval was not required for the issue.

Sundance and AustSino also agreed to discuss and advance the development of the Project.

AGREEMENT WITH AUSTSINO AND NOTEHOLDERS

On 25 September 2018 Sundance announced that it had signed an agreement ("**Agreement**") with AustSino and all noteholders of the Company (other than Wafin Limited (**Wafin**)) being Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, BSOF Master Fund L.P. and David Porter (together the "**Noteholders**"). The Agreement will deliver funding for Sundance, leave Sundance debt free, and bring in partners who have the capability and capacity to fund and bring the Mbalam Nabeba Iron Ore Project ("**Project**") into production. Under the Agreement signed on 25 September 2018, the issue of securities to AustSino and the Noteholders and the cancellation of the convertible notes was conditional on Wafin agreeing to the transactions contemplated by the Agreement.

Further to this announcement, on 1 October 2018 Sundance announced that Wafin had executed a deed poll dated 28 September 2018 (“**Accession Deed Poll**”) pursuant to which Wafin agreed to be bound by the terms of the Agreement. The execution of the Accession Deed Poll by Wafin means all Noteholders of Sundance are bound by the Agreement.

This Agreement suspends the term sheet announced on 30 July 2018 between Sundance and the Noteholders (“**Existing Term Sheet**”) and the Existing Term Sheet will terminate upon completion of the Agreement. If completion under the Agreement does not occur then the Existing Term Sheet will remain on foot.

The Agreement Details

Under the Agreement, AustSino has agreed to take two placements of Sundance shares:

- an initial placement of 62,500,000 Sundance fully paid ordinary shares (“**Shares**”) at an issue price of A\$0.004 per Share within 15 business days of the date of the Agreement (“**Initial Placement**”); and
- a second placement of 10,545,454,545 Shares at an issue price of A\$0.0055 per Share, together with the grant of 10,545,454,545 unlisted options at an exercise price of A\$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2018 or another date agreed by the parties (“**Second Placement**”).

The Initial Placement did not require Sundance shareholder approval and is otherwise not subject to conditions. The Second Placement requires Sundance shareholder approval and is subject to a number of other conditions described in Schedule 1.

Sundance is using the proceeds of the Initial Placement for working capital and to fund the development of the Project and the transactions associated with the Agreement.

The proceeds of the Second Placement will be used for the following:

- \$50M cash will be paid to the Noteholders (“**Cash Payment**”); and
- the balance will be used for working capital and to progress development of the Project and to pay the transaction costs associated with the Agreement. It is expected that this will comprise the following (including corresponding estimates of the expenses):
 - working capital, including in relation to salaries, administration and regulatory costs in Australia, Cameroon and Congo (approximately \$4.5M);
 - transaction costs associated with the Agreement, including the Independent Expert’s Report, Extraordinary General Meeting of Sundance shareholders and legal costs associated with this Agreement and the Cameroon Convention (approximately \$1.0M); and
 - Project-related costs, including completion of Front-End Engineering and Design (FEED) for mines in Cameroon and Congo, and negotiation and legal costs associated with financing packages and Engineering, Procurement and

Construction (EPC) contracts required for the mine sites in Cameroon and Congo (approximately \$2.5M).

In exchange for the cancellation of the existing convertible notes in Sundance held by the Noteholders (“**Convertible Notes**”) (“**Cancellation**”) and in addition to the Cash Payment to the Noteholders, Sundance will issue to the Noteholders:

- 2,000,000,000 Shares at a deemed issue price of A\$0.004; and
- 10,000,000,000 unlisted options at an exercise price of A\$0.02 and an expiry date of five years after the date of issue.

Cancellation of the Convertible Notes (the Cancellation is subject to certain conditions precedent outlined in Schedule 1 to this announcement) will leave Sundance debt free.

The cash, Shares and options will be allocated among the Noteholders in proportion to their redemption value or as otherwise agreed between the Noteholders (with those alternate proportions to be notified to Sundance and outlined in Sundance’s notice of meeting in due course, if applicable). Any alternate allocation between the Noteholders will not increase the total value of the consideration payable to the Noteholders for Cancellation of the Convertible Notes. The table below outlines the redemption value of each Noteholder’s Convertible Notes and the proportion of that value to the total redemption value of the Convertible Notes.

Noteholder	Redemption Value	
	\$m	% of total
Wafin Limited	63.3	47.6%
Noble Resources International Pte Ltd	31.6	23.8%
D.E. Shaw Composite Holdings International Pte Ltd	18.8	14.2%
Senrigan Master Fund	15.5	11.7%
BSOF Master Fund L.P.	3.4	2.5%
Mr. David Porter	0.3	0.2%
Total	132.9	100.0%

If all the issued options to AustSino and the Noteholders are exercised before their expiry, it will result in a \$410M cash injection into Sundance, which could be used to fund Sundance’s equity requirement to build the mines in Cameroon and Congo.

A summary of the key terms and conditions of the Agreement was set out in Schedule 1 of the Sundance announcement on 25 September 2018.

Completion of the transactions under the Agreement is subject to a number of conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the Agreement, an Independent Expert’s Report is required and approval will be sought from

Sundance shareholders at an Extraordinary General Meeting (“**EGM**”). The Notice of Meeting will be issued in due course for an EGM expected to be held in Perth in December 2018.

Sundance also notes that the Second Placement is conditional on AustSino obtaining FIRB, ASX and shareholder approval for the funding, which it will use to subscribe for Shares under the Second Placement.

Following completion of the Second Placement, AustSino will be Sundance’s largest shareholder and will hold approximately 50.8% of the total number of Shares on issue.

The Agreement has the full support of the Sundance Board, in the absence of Mr David Porter, who as a Noteholder was unable to participate in the Board meeting.

Initial Placement received

On 16 October 2018 Sundance announced that AustSino has paid \$250,000 as the Initial Placement in immediately available funds to Sundance. Sundance issued 62,500,000 fully paid ordinary shares to AustSino at an issue price of \$0.004 per share, as per the Agreement. The funds will be used for working capital and to fund the development of the Project and the transactions associated with the Agreement. Shareholder approval was not required for the Initial Placement.

SUNDANCE REMAINS IN VOLUNTARY SUSPENSION

Sundance shares will remain in suspension while AustSino (also in suspension) responds to ASX’s request for further information concerning AustSino’s proposed transactions, including regarding Western Australian Port Rail Construction (Shanghai) Ltd (**WAPRC**) and its corporate/capital structure, the source of funds and the new controllers of AustSino following completion of the WAPRC placement (which is itself a control transaction) – see the AustSino ASX Announcement of 25 September 2018 for further information.

CAMEROON CONVENTION

As per ASX announcements of 19 and 20 March 2018, the Mbalam Convention was extended to 14 September 2018. During the period of extension Sundance needed to demonstrate to the Cameroon Government that a credible partner who was interested in the development of the Project had taken an equity position. If that was to occur, the Government advised it would take all useful measures to assist Sundance in continuing to carry out the development of the Project.

Sundance updated a senior representative of the Government about the progress it had made with regard to securing an equity partner (being AustSino) and associated partners who had the capacity and capability to fund and construct the Project.

Sundance, AustSino and their representatives are expected to travel to Cameroon in the December quarter to meet with representatives of the Government and demonstrate that the parties are ready to fund and construct the Project subject to, among other things, the

Government agreeing to either reinstate the Mbalam Convention or enter into a new convention on substantially similar terms to the Mbalam Convention.

There is a risk that the Mbalam Convention will not be reinstated by the Government or that the Government does not enter into a new agreement with Sundance at all or on substantially similar terms as the Mbalam Convention. The Agreement contains a condition that the Mbalam Convention be reinstated with modification or that a new Convention be entered into on similar terms

Notwithstanding the end of the Mbalam Convention, Sundance's subsidiary Cam Iron SA's mining permit application over the land previously covered by Exploration Permit EP92 remains on foot giving Cam Iron priority rights over that area until a decision is made on the mining permit application.

CORPORATE

Total cash outflow from operating activities for the period was \$512,000, not including fees and legal costs associated with the \$750,000 placement and the Agreement which totaled almost \$100,000.

Sundance ended the September 2018 Quarter with \$555,000 in cash and deposits.

The expenditure for the coming quarter is estimated to be \$794,000 and includes the legal, Independent Expert's Report, EGM and other associated costs to complete the Agreement. \$250,000 was received on 16 October 2018 from AustSino as the Initial Placement under the Agreement

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, including the financial statements 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>

SHARE CAPITAL

As at 30 September 2018, the Company had 8,313,346,952 ordinary fully paid shares on issue.

SCHEDULE OF TENEMENTS

The Company, through its subsidiary companies, held the following exploration/mineral research permits and mining tenements at 30 September 2018:

Country	Area	Permit	Holder
Republic of Cameroon	Mbalam	Exploration Permit No. 92 has now expired and the Mbalam Convention has passed its long-stop date requiring reinstatement. A valid Mining Permit application over the land previously covered by EP92 was lodged on October 2009 and later amended in December 2009. The Company has legal advice, which supports Sundance's priority over any other application by a third party over the land.	Cam Iron SA ^(i,iii,v)
Republic of Congo	Nabebe-Bamegod	Decree No.2013-45	Congo Iron SA ^(ii,iv,v)
Republic of Congo	Ibanga	Decree No. 2013-405	Congo Iron SA ^(ii,iv,v,vi)

(i) Cam Iron holds 100% interest; Cam Iron is a 90%-owned subsidiary of Sundance.

(ii) Congo Iron holds 100% interest; Congo Iron is an 85%-owned subsidiary of Sundance.

(iii) The Government of Cameroon has a right to a 10% free carry interest in Cam Iron on the grant of the mining permit.

(iv) The Government of Congo has a right to a 10% interest in Congo Iron pursuant to the Congo Mining Code

(v) Should both Governments exercise their rights for an interest in Cam Iron and Congo Iron then Sundance's interest would reduce to 81% in Cam Iron and 76.5% in Congo Iron

(vi) This permit expired in August 2015. Congo Iron made application for a replacement permit covering only part of the Ibanga permit area containing the most prospective area in August 2015

ENDS

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About Sundance Resources

Sundance Resources is seeking to develop its flagship Mbalam-Nabebe 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-Nabebe Iron Ore Project. The Project will utilise the 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.