

ASX Announcement | Media Release
29 January 2019

QUARTERLY ACTIVITIES REPORT PERIOD ENDED 31 DECEMBER 2018

Summary:

- Further \$370,000 investment from AustSino, and \$100,000 from Sea Honour
- AustSino/Noteholder Agreement end date extended to 31 March 2019
- Cameroon Ministerial changes delay Convention discussions
- Sundance remains in voluntary suspension while AustSino responds to ASX queries for further information
- \$176,000 on hand at 31 December 2018

Sundance Resources Limited (ASX: SDL) (“Sundance” or “Company”) provides the following information about activities for the quarter ended 31 December 2018:

AGREEMENT WITH AUSTSINO AND NOTEHOLDERS UPDATES

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.

The key terms of the Agreement are set out in Sundance’s ASX announcement on 25 September 2018 (“**Announcement**”). The Announcement specified that the Agreement was subject to a number of conditions precedent (“**Conditions**”) including (without limitation) regulatory approvals and Sundance shareholder approvals, which needed to be satisfied or waived (as applicable) by 31 December 2018 (“**End Date**”). The End Date has now been extended to 31 March 2019.

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.

Initial Placement received

On 16 October 2018 Sundance announced that AustSino had 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 were designated 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.

End Date extended

Sundance and AustSino announced on 30 November 2018 that, despite a number of positive developments, the Conditions would not be able to be met by the End Date. Sundance and AustSino subsequently announced on 2 January 2019 that they had reached agreement with all Noteholders to extend the End Date to 31 March 2019.

Further Funding received

Subsequent to the end of the quarter under review and in line with the announcement released by Sundance to the ASX on 2 January 2019, Sundance received a further \$220,000 in immediately available funds. The funds will be used for working capital and to progress the requirements of the Agreement.

Sundance received \$120,000 from AustSino via a placement. Sundance issued 30,000,000 fully paid ordinary shares to AustSino at an issue price of \$0.004 per share. AustSino also received 60,000,000 bonus options (2 options per share issued) at an exercise price of \$0.006, and due to lapse 5 years after issue. The placement increases AustSino’s shareholding in Sundance to 3.32%.

The total funding received from AustSino now totals \$1.120M.

Sundance also received \$100,000 from Sea Honour Ltd (“**Sea Honour**”). Sundance issued 25,000,000 fully paid ordinary shares to Sea Honour at an issue price of \$0.004 per share. Sea Honour, a private company based in Hong Kong, also received 50,000,000 bonus options (2 options per share issued) at an exercise price of \$0.006, and due to lapse 5 years after issue. Sea Honour was not a shareholder of Sundance but at the conclusion of this transaction holds approximately 0.3% of Sundance.

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. The additional information includes 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 believes that it has satisfied this condition with the Agreement entered into with AustSino.

Sundance, AustSino and their representatives were expected to travel to Cameroon in the December 2018 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 reinstate the Mbalam Convention or enter into a new convention on substantially similar terms to the Mbalam Convention. Following President Paul Biya's election victory in August 2018, giving him a new 7-year term, the President on Friday, 4 January 2019, announced a restructure of his Cabinet including the appointment of new ministers. This also included the appointment of a new Prime Minister. Due to these Cabinet changes and the need for the government ministers to settle into their portfolios, planned visits to Cameroon by Sundance and AustSino to discuss the Mbalam Convention have been delayed until late January 2019 at the request of the Cameroon Government.

This may affect the timeframe for completion of the Agreement and AustSino's proposed transaction with private Chinese entity, Western Australian Port Rail Construction (Shanghai) Ltd ("WAPRC"). Sundance and AustSino will update the market as required.

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. This understanding by Cam Iron was confirmed by independent legal advice during the quarter.

CORPORATE

Total cash outflow from operating activities for the period was \$549,000. Sundance ended the December 2018 Quarter with \$176,000 in cash and deposits. The Independent Expert's Report required for completion of the Agreement has not yet been initiated because of the delay in the End Date of the Agreement.

The expenditure for the coming quarter is estimated to be \$912,000 and includes normal working capital plus the legal, Independent Expert's Report, EGM and other associated costs to complete the Agreement. The annual insurance costs are also expected to be due in the coming quarter. Management will continue to review costs and look for opportunities to reduce expenditure.

Since the end of the quarter under review, \$220,000 was received on 10 January 2019 from AustSino and Sea Honour.

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 31 December 2018, the Company had 8,375,346,952 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 31 December 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	Nabeba-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-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 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.