Congo Convention Awarded to Sundance’s Nabeba Iron Ore Project

Agreement marks another key step towards securing finance for the Mbalam-Nabeba Project

Sundance Resources Limited (ASX: SDL) (‘Sundance’ or ‘the Company’) is pleased to advise that the Republic of Congo Government has today signed the Nabeba Mining Convention (‘the Convention’).

The Convention was agreed and signed at a ceremony in the country’s capital city of Brazzaville with representatives of Sundance, Congo Iron SA and the Government.

Signing of the Convention follows the issuing of the Nabeba Mining Permit which was approved by the Ministerial Council for the Republic of Congo on 28 December 2012. A Presidential Decree confirming the grant of the mining permit was issued to Congo Iron SA on 6 February 2013.

The Convention outlines the fiscal and legal terms and the conditions to be satisfied by Congo Iron SA for the development and management of the Nabeba Iron Ore Project.

The key terms of the Convention are:

- 25-year operating license effective from the publication of the Mining Permit Decree (February 2013) and renewable for successive terms of up to 15 years, depending on remaining reserves.
- A mining royalty equal to 3% of the mine gate value of the ore extracted from the mines in the Operating Perimeter (effectively being sale price of the ore less transport and handling costs).
- Five-year corporate tax holiday following start of production. Corporate tax will then be levied at a rate of 7.5% for five years after and 15% thereafter.
- The State will take a 10% stake in Congo Iron SA, which will be non-dilutory during the term of the Convention.
- There will be no fees, levies or taxes charged in respect to the export of iron ore. There will be exemptions from import duties and taxes on plant and equipment imported temporarily for project construction and limited import duties and taxes on other mining equipment and consumables throughout the production phase.
- Congo Iron SA will make annual contributions to a fund established as an association or non-profit foundation whose purpose is to promote the economic, social and cultural development of local communities that are impacted by the Nabeba Mining Operations.
Sundance Managing Director Giulio Casello said the signing of the Convention was the culmination of the strong support given to the project by the Congo-Brazzaville Government since the Company commenced exploration operations at Nabeba in 2010.

“In just four years we have achieved extraordinary success in the Republic of Congo, with the Nabeba deposit now boasting a significant high-grade hematite reserve as well as substantial itabirite resources,” Mr Casello said. “This world-class inventory will underpin a successful mining operation for many years, generating substantial economic benefits, including employment opportunities, for the Congo people.”

“Nabeba is an outstanding deposit. When coupled with the complementary characteristics of the Mbarga deposit in Cameroon, and the access to market that will be provided by the project’s rail and port infrastructure, it is clear that huge value is about to be unlocked for all stakeholders.

“We thank the President of the Republic of Congo, His Excellency Denis Sassou Nguesso, the Minister of Mines Pierre Oba, Minister of Finance Gilbert Ondongo, Minister of Transport Rodolphe Adada and their departments for their support of this project. I would also like to thank and congratulate our Sundance and Congo Iron staff and management team who have worked hard to achieve this milestone,” he added.

Nabeba is a pivotal part of Sundance’s Mbalam-Nabeba Iron Ore Project. The deposit helps underpin Stage One of the development, in which 35 million tonnes of Direct Shipping Ore (DSO) quality iron ore will be produced each year for a minimum of 10 years.

The signing of the Convention also means that Sundance has taken another significant step towards finalising the preconditions for financing and the commencement of construction.

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