

ASX Announcement / Media Release
3 September 2014

SUNDANCE RAISES A\$40 MILLION WITH NEW INVESTOR

Sundance Resources Limited (“Sundance” or “Company”) (ASX: SDL) is pleased to announce that global resources investor Gennadiy Bogolyubov has agreed to invest A\$40 million into the Company through a subscription for convertible notes and options.

Mr Bogolyubov, who will make the investment through his vehicle Wafin Limited (“Wafin”), will take up convertible notes with a conversion price of 10 cents per share, representing a 20.5% premium to the current Sundance share price.

Wafin is a Jersey based investment holding company that is beneficially owned by Mr Bogolyubov. Mr Bogolyubov is a strategic investor with a broad range of private industrial business interests, including across all parts of the steel and ferroalloys value-chain, which operate throughout the world including Australia, Africa, the Commonwealth of Independent States, Europe and North America.

Mr Bogolyubov is the ultimate beneficial owner of Consolidated Minerals Limited, a major manganese ore producer with operations in Western Australia and Ghana.

The key terms of the agreement with Wafin are as follows:

- Wafin will invest A\$40 million via three-year zero coupon unsecured convertible notes (“Wafin Notes”) with a conversion price of 10 cents, a 19.1% premium to Sundance’s one month VWAP.
- Wafin will also receive options over 260 million ordinary shares with an exercise price of 12 cents (“Wafin Options”), which expire on the earlier of 60 months from issue, 20 business days after the project’s Financial Close or a Change of Control Event (as defined in Annexure A) (“Options”). 50 million of these Options are not subject to Shareholder approval (“Tranche 1 Options”) but 210 million of these Options are subject to shareholder approval (“Tranche 2 Options”).
- If not converted into Sundance shares, the Wafin Notes are redeemable at maturity for 130% of face value.
- Wafin will have the right to appoint a representative to the Company’s Board if its total shareholding in Sundance exceeds 12.5% of Sundance’s total issued share capital. Wafin will also have certain anti-dilution rights, including a right of first refusal and (subject to an ASX waiver) a top-up right where the right of first refusal does not apply.

Annexure A to this Announcement sets out the key terms of the new Wafin Notes, Tranche 1 Options and Tranche 2 Options.

Subject to ASX and any other regulatory and shareholder approvals, an investor consortium made up of investment vehicles managed by Blackstone Alternative Solutions, L.L.C., the D.E. Shaw Group and Senrigan Capital ("Investor Consortium") has also agreed with the Company to replace the existing A\$20 million convertible notes held by the Investor Consortium, which mature in November 2015, with new A\$22 million two-year convertible notes expiring November 2016 ("Replacement Consortium Notes"). The options issued to the Investor Consortium in November 2013 are proposed to be replaced with new options in the Company ("Replacement Consortium Options").

Annexure B to this Announcement sets out the key terms of the Replacement Consortium Notes and Replacement Consortium Options.

The Wafin Notes and Tranche 1 Options will be issued under the Company's 15% placement capacity. The issue of the Tranche 2 Options, Replacement Consortium Notes and Replacement Consortium Options is subject to shareholder approval, which is proposed to be sought at the Company's upcoming Annual General Meeting to be held in November 2014.

Completion of the issue of the above convertible notes and options will be subject to what Sundance considers to be standard completion conditions.

Use of Proceeds

The proceeds to be received by Sundance from the Wafin Notes will be used to progress the debt and equity financing of the Mbalam-Nabeba Project's ("Project").

In particular the proceeds will be for the following purposes:

- To support and oversee Mota-Engil as they mobilise procurement, design and construction teams for the Project.
- Front End Engineering and Design (FEED) contracts for the mine plant and associated infrastructure.
- Appointment of independent technical experts to satisfy lenders requirements, which will include upgrading our Environmental Impact Assessment to the latest Equator Three Principles.
- Negotiation and detailed term sheet documentation of a comprehensive debt and equity funding package for the Project.
- Continue pre-construction activities in-country.
- Ongoing corporate working capital.

Sundance CEO and Managing Director, Giulio Casello said the commitment from both groups was a substantial vote of confidence in the strength of the Company's Mbalam-Nabeba Iron Ore Project.

"We are delighted that a global investor with the skills and experience of Mr Bogolyubov has identified Sundance and our Project as having such a strong future," Mr Casello said.

"Sundance is a strong strategic fit for Mr Bogolyubov's portfolio across the ferroalloy chain and complements his group's existing manganese ore production projects."

"We are equally pleased to have the ongoing support of Senrigan, DE Shaw and Blackstone, which reaffirms their confidence in the Company and this world-class project.

“Sundance has achieved a number of significant milestones in the past year, which is reflected in the calibre of the global investors who we have successfully attracted and continue to attract to back this very exciting project.

“A bankable off-take agreement with Noble, the EPC contract for the port and rail with Mota-Engil, the port and rail concessions with the Cameroon Government, and most recently the signing of the Nabeba Convention with the Republic of the Congo, confirms that we are on the path towards development.

“We will continue to drive the project forward, addressing the requirements to prepare the project for financing and construction by issuing contracts for the Front End Engineering Design for the mine plant and associated infrastructure, and upgrading the environmental assessments. All of this sets the foundation for financing and developing our Project.”

Commenting upon the investment in Sundance, Mr Bogolyubov said:

“I am delighted to have been able to make this initial investment in Sundance. I am very impressed with the quality of both the Mbalam-Nabeba Iron Ore Project as well as Sundance's management team - and so the opportunity to support the project's development is very exciting.

“We have had, and continue to have, great experiences operating in Ghana, West Africa, and I am sure that the Republic of Cameroon and the Republic of Congo will be equally fulfilling.

“We aim to use our extensive experience to make a significant contribution to the development of Mbalam-Nabeba and look forward to developing a long-term relationship with Sundance.”

ENDS

Released by:

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Annexure A – Summary of key terms of Wafin Notes and Wafin Options

Wafin Notes

- a) **Face Value:** the Notes have a face value of A\$100 (Face Value).
- b) **Form and status:** the Notes are direct, unsubordinated, unconditional and unsecured obligations of the Company in certificated form, and will at all times rank pari passu in right of payment with all other existing and future unsecured obligations of the Company (other than unsecured obligations preferred by mandatory provisions of law), and senior in right of payment to all existing and future subordinated obligations of the Company prior to the Company achieving Financial Close.
- c) **Maturity Date:** the Notes mature on the date 36 months from issue.
- d) **Voting rights:** the Notes do not afford the holder voting rights in the Company or right to attend general meetings of the Company.
- e) **Interest:** no interest will accrue in respect of the Notes.
- f) **Mandatory redemption:** provided the Notes have not otherwise been converted, redeemed or cancelled, the Company must redeem the Notes for 130% of the Face Value upon the earlier of the Maturity Date, and the occurrence of an event of default and the Noteholder making a declaration that the Company is required to redeem the Notes.
- g) **Conversion into Shares and cash settlement:** at any time commencing on the earlier of:
 - i. 45 days after the Notes are issued;
 - ii. a Relevant Event;
 - iii. an event of default,and ending on the Maturity Date, the noteholder may give the Company a notice electing to convert some or all of the Notes held by the noteholder at a conversion price of A\$0.10. The terms of the Notes contain provisions for the adjustment of the conversion price upon the occurrence of certain dilutive events including, among others, share subdivisions or consolidations or reclassification, stock dividends, rights offering and equity issuances at less than the prevailing market price, bonus issues and other analogous dilutive events. If these events occur, the conversion price will be adjusted to ensure the economic value of the Notes are not adversely affected by the event.
- h) **Conversion to Shares precluded:** the Company may refuse to convert the Notes if the conversion would result in a breach of section 606 of the Corporations Act provided the Company must take all steps within its power (including providing information and holding shareholder meetings) to assist the noteholder to obtain such approvals as are required.
- i) **Transfers:** the Notes may only be transferred with the prior written consent of the Company (such consent not to be unreasonably withheld), while an event of default subsists or to an affiliate or related fund of the Noteholder.

Wafin Options

- a) **Number of Options:** 50 million Tranche 1 Options and 210 million Tranche 2 Options.
- b) **Exercise price:** the Tranche 1 Options and Tranche 2 Options have an exercise price of A\$0.12.
- c) **Vesting condition:** the Options may be exercised at any time after their issuance and prior to their expiry.
- d) **Expiry Date:** the Options expire on the earlier of 5pm WST on the date which is 60 months from the date of issue of the Options, the date which is 20 business days after the Company achieves Financial Close and the date on which a Change of Control Event is completed which:
 - i. in the case of limb (a) of the definition of Change of Control Event, shall be the day the takeover offer closes;
 - ii. in the case of limb (b) of the definition of Change of Control Event, shall be the implementation date of the scheme;
 - iii. in the case of limb (c) of the definition of Change of Control Event, shall be the date of completion of the sale; and
 - iv. in the case of limb (d) of the definition of Change of Control Event, shall be the date of change in control.
- e) **Exercise:** the Tranche 1 Options and Tranche 2 Options are exercisable into Shares.

Definitions

- a) **Change of Control Event** means:
 - i. a person makes, or publicly proposes to make (in circumstances to which section 631 of the Corporations Act applies) a takeover bid under Chapter 6 of the Corporations Act in respect of more than 50% of the Shares then on issue;
 - ii. the Company announces to ASX an intention to propose a transaction by way of scheme of arrangement pursuant to which a person would acquire more than 50% of the Shares then on issue, or otherwise obtain “control” of the Company as that term is defined by the Corporations Act;
 - iii. the Company announces a direct or indirect sale (excluding any internal restructuring) of all or a substantial or material part of the assets and/or the business of the Company (including by way of a takeover bid, scheme of arrangement, capital reduction, sale of assets, sales of shares or a joint venture in respect of the Company’s assets); or
 - iv. the Company announces that there has been or there is proposed to be a change in “control” of the Company as that term is defined in the Corporations Act.
- b) **Financial Close** means the time when the project financing documentation for the Mbalam Project has been executed and conditions precedent have been satisfied or waived and, as a consequence, drawdowns under the project financing documentation are now permissible and a minimum of A\$40 million has been received by the Company.
- c) **Relevant Event** means any Change of Control Event which occurs prior to the Maturity Date

Annexure B – Summary of key terms Replacement Consortium Notes and Options

Replacement Consortium Notes

- a) **Face Value:** the Notes have a face value of A\$100 (Face Value).
- b) **Form and status:** the Notes are direct, unsubordinated, unconditional and unsecured obligations of the Company in certificated form, and will at all times rank pari passu in right of payment with all other existing and future unsecured and unsubordinated obligations of the Company (other than unsecured obligations preferred by mandatory provisions of law), and senior in right of payment to all existing and future subordinated obligations of the Company prior to the Company achieving project financing and Financial Close.
- c) **Maturity Date:** the Notes mature on the date 24 months from issue.
- d) **Voting rights:** the Notes do not afford the holder voting rights in the Company or right to attend general meetings of the Company.
- e) **Interest:** no interest will accrue in respect of the Consortium Notes.
- f) **Mandatory redemption:** provided the Notes have not otherwise been converted, redeemed or cancelled, the Company must redeem the Notes for 120% of the Face Value upon the earlier of the Maturity Date, and the occurrence of an event of default and the Investor Consortium resolving by special resolution to require the Company to redeem the Notes.
- g) **Conversion into Shares and cash settlement:** at any time commencing on the earlier of:
 - i. 45 days after the Notes are issued;
 - ii. a Relevant Event;
 - iii. an event of default,and ending on the Maturity Date, the noteholder may give the Company a notice electing to convert some or all of the Consortium Notes held by the noteholder at a conversion price of A\$0.10. The terms of the Notes contain provisions for the adjustment of the conversion price upon the occurrence of certain dilutive events including, among others, share subdivisions or consolidations or reclassification, stock dividends, rights offering and equity issuances at less than the prevailing market price, bonus issues and other analogous dilutive events. If these events occur, the conversion price will be adjusted to ensure the economic value of the Notes are not adversely affected by the event.
- h) **Conversion to Shares precluded:** the Company may refuse to convert the Notes if the conversion would result in a breach of section 606 of the Corporations Act or the Foreign Acquisitions and Takeovers Act 1975 provided the Company must take all steps within its power (including providing information and holding shareholder meetings) to assist the noteholder to obtain such approvals as are required.
- i) **Transfers:** the Notes may only be transferred with the prior written consent of the Company (such consent not to be unreasonably withheld), while an event of default subsists, to an affiliate or related fund of any member of the Investor Consortium or to another member of the Investor Consortium.

Replacement Consortium Options

- a) **Number of Options:** 200 million tranche 1 Options and 60 million tranche 2 Options.
- b) **Exercise price:** the tranche 1 Options have an exercise price of A\$0.10. The tranche 2 Options have an exercise price of A\$0.12.
- c) **Vesting condition:** the Options may be exercised at any time after their issuance and prior to their expiry.
- d) **Expiry Date:** the Options expire on the earlier of 5pm WST on the maturity date of the Notes, the date which is 20 business days after the Company achieves Financial Close and the date on which the Change of Control Event is completed which:
 - i. in the case of limb (a) of the definition of Change of Control Event, shall be the day the takeover offer closes;
 - ii. in the case of limb (b) of the definition of Change of Control Event, shall be the implementation date of the scheme;
 - iii. in the case of limb (c) of the definition of Change of Control Event, shall be the date of completion of the sale; and
 - iv. in the case of limb (d) of the definition of Change of Control Event, shall be the date of change in control.
- e) **Exercise:** the tranche 1 Options and tranche 2 Options are exercisable into Shares.

Definitions

- a) **Change of Control Event** means:
 - i. a person makes, or publicly proposes to make (in circumstances to which section 631 of the Corporations Act applies) a takeover bid under Chapter 6 of the Corporations Act in respect of more than 50% of the Shares then on issue;
 - ii. the Company announces to ASX an intention to propose a transaction by way of scheme of arrangement pursuant to which a person would acquire more than 50% of the Shares then on issue, or otherwise obtain “control” of the Company as that term is defined by the Corporations Act;
 - iii. the Company announces a direct or indirect sale (excluding any internal restructuring) of all or a substantial or material part of the assets and/or the business of the Company (including by way of a takeover bid, scheme of arrangement, capital reduction, sale of assets, sales of shares or a joint venture in respect of the Company’s assets); or
 - iv. the Company announces that there has been or there is proposed to be a change in “control” of the Company as that term is defined in the Corporations Act.
- b) **Financial Close** means the time when the project financing documentation for the Mbalam Project has been executed and conditions precedent have been satisfied or waived and, as a consequence, drawdowns under the project financing documentation are now permissible and a minimum of A\$40 million has been received by the Company.
- c) **Relevant Event** means any Change of Control Event which occurs prior to the Maturity Date.