



ASX Announcement | Media Release
30 September 2015

FUNDING AND CONVERTIBLE NOTES UPDATE

Highlights:

- **Term Sheet executed with existing noteholders to invest additional A\$7 million into Sundance;**
- **In-principle agreement reached to extend maturity date of existing convertible notes from November 2015 to September 2017;**
- **Shareholders to vote on maturity extension at the AGM on 30 November 2015; and**
- **Further cost reductions to occur.**

Sundance Resources Limited (ASX:SDL) ("**Sundance**" or "**Company**") is pleased to announce it has executed a term sheet for A\$7 million in new funding and has agreed in principle to extend the maturity date of its existing Convertible Notes to September 2017 following negotiations with noteholders.

Additionally, the Company is undertaking further cost reduction initiatives to those implemented in December 2014 in recognition of the completion of the Declaration of Public Utility ("**DUP**") work in Cameroon and the prevailing market conditions.

These developments are important in moving the Mbalam Nabeba Iron Ore Project ("**Project**") towards production and follow the signing of the Transition Agreement in July, which passed responsibility for the funding of the major Port and Rail components of the Project to the Cameroon Government.

Sundance Managing Director Giulio Casello said: *"The renewed commitment from noteholders is extremely pleasing and a vote of confidence in the significant progress made on the Project over the last nine months. We acknowledge the difficult market conditions being encountered by resource development companies, however I believe our Project stands out due to its robust Project economics combined with the ongoing support from the Governments of Cameroon and Congo and the Government of China. Together with our own cost reduction efforts, we have added significant momentum as we build towards financial close of the Project which is expected in 2016."*

*"The extension of the maturity date of the existing notes to September 2017 has been purposefully structured so that the Company has no immediate repayment exposure and provides sufficient headroom whilst we go about the financing for the mine infrastructure. At the same time Sundance has been providing support to the Cameroon Government in the negotiation of an EPC contract with China Gezhouba Group Co. ("**CGGC**"), which will be an important milestone as they seek financial close on the rail and port infrastructure funding in 2016."*

New Funding

As part of the new funding agreement, Sundance has 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 will invest an additional A\$7 million into the Company through a subscription for new convertible notes (“**2015 Investor Group Notes**”).

The key terms of the 2015 Investor Group Notes agreed at this stage are as follows:

- 70,000 convertible notes with a face value of A\$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 a noteholders’ election they may be converted into Sundance shares at a conversion price of A\$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 Company and the 2015 Investor Group are currently finalising detailed agreements, which are expected to be signed by 16 October 2015. The funds will then be received and the notes issued within three business days of signing the detailed agreements.

The issue of the above convertible notes will be subject to final documentation of the terms and conditions of the notes.

Existing Convertible Notes

The Company has convertible notes totalling A\$44 million that are due for repayment on 4 November 2015.

In-principle agreement has been reached with all of the noteholders to extend the maturity date of the convertible notes due on 4 November 2015 to 23 September 2017. Some of the other key terms that will apply for each of the revised agreements are:

- The notes will be secured;
- No interest is payable on the notes;
- The notes may be converted into Sundance shares at a conversion price of A\$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 A\$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.

The Company together with the noteholders are currently finalising detailed agreements which are expected to be signed by 16 October 2015.



These agreements to extend the maturity dates of the convertible notes due on 4 November 2015 to 23 September 2017 will be 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 extend that maturity date of their existing notes from 4 November 2015 to 1 December 2015.

Cost Reduction Program

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 involved the physical marking of the railway corridor in Cameroon and in response to the market conditions a number of significant cost reductions in head office and in country will be implemented in October and November which includes reductions in salaries and numbers for management, staff and the Board.

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 mirrored the reduction for Mr Casello with their remuneration, except for the Chairman, Mr Wal King, who has agreed to an approximately 60% reduction.

As part of the process, the Company will review the composition of the Board.

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.