

ASX Announcement | Media Release
25 September 2018

STRATEGIC INVESTOR JOINS SUNDANCE TO ADVANCE THE PROJECT

Summary:

- Sundance Resources and AustSino Resources Group Limited have agreed to a \$58M placement of Sundance shares to AustSino.
- This placement will result in a change of control of Sundance and a transformation of the Company.
- Sundance, AustSino and potential Chinese partners will work together to advance the Mbalam-Nabeba Iron Ore Project in Cameroon and Congo.
- Sundance and AustSino will soon be travelling to Cameroon and Congo.
- Following completion of the agreement, \$50M will be used to cancel Sundance's existing convertible notes on issue in exchange for a cash, share and option package for the existing noteholders.
- Sundance will retain \$8M cash for working capital and to progress the Mbalam-Nabeba Iron Ore Project.
- The existing term sheet to convert the existing convertible notes into equity and royalties (see ASX announcement dated 30 July 2018) has been extended to facilitate completion of this transaction, and if completion of this transaction does not occur then the arrangements under that term sheet remain on foot.
- The transaction will require a number of regulatory and shareholder approvals before completion, but is expected to be completed within four months. The conditions to this transaction include completion of AustSino's own placement of shares, which in turn requires regulatory and shareholder approvals (including Chinese and FIRB approvals) and there is no guarantee that such approvals will be obtained (see AustSino's ASX announcement in Schedule 2 to this announcement for further information). Failing to obtain these approvals will result in neither AustSino's placement nor the transaction proceeding.

The Board of Sundance Resources Limited (ASX: SDL) ("**Sundance**" or "**Company**") is pleased to announce that Sundance has an agreement dated 24 September 2018 ("**Agreement**") with AustSino Resources Group Limited (ASX: ANS) ("**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, Wafin Limited, BSOF Master Fund L.P. and David Porter (together the "**Noteholders**"), which will fund Sundance, bring in partners who have the capability and capacity to fund and bring the Mbalam-Nabeba Iron Ore Project ("**Project**") into production and leave Sundance debt free.

The issue of securities to AustSino and the Noteholders and the cancellation of the convertible notes is conditional on Wafin agreeing to the transactions contemplated by the Agreement (which Wafin expects to do so by end of September 2018).

Sundance will remain in suspension while AustSino 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 AusSino Announcement in Schedule 2 for further information.

The 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 (but if completion under the Agreement does not occur then the Existing Term Sheet will remain on foot).

Sundance Resources' Chief Executive Officer, Giulio Casello, said:

"This is a transformational deal for Sundance and its shareholders because it delivers in one agreement a partner in AustSino who has the foresight, credibility and business network to enable Sundance to advance development of the Mbalam-Nabeba Iron Ore Project and the repayment of the outstanding convertible notes in a very acceptable manner.

"I wish to thank AustSino and our Noteholders for their engagement in delivering this win-win scenario, which enables Sundance to progress development of this truly world-class iron ore project.

"AustSino has made clear its intent to see Mbalam-Nabeba developed and together we will soon be travelling to Cameroon and Congo to demonstrate how they can help develop the Project.

"I also wish to thank Sundance shareholders for their patience while we finalised this transformational deal."

The Transaction

Under the Agreement, AustSino has agreed to 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 will 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 will use 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 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 Experts Report, EGM 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 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**"), 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 (which 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 amongst 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	
	A\$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 options issued to AustSino and the Noteholders are exercised before their expiry this will result in a \$410M cash injection into Sundance which could be used to fund the equity requirement to build the mines in Cameroon and Congo.

A summary of the key terms and conditions of the Agreement is set out in Schedule 1 to this announcement.

Completion of the transactions under the Agreement are 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 David Porter, who as a Noteholder was unable to participate in the Board meeting.

Subject to Second Placement Completion, Sundance will also place 325,000,000 Shares to Comprador Limited (**Comprador**) at an issue price of A\$0.004 as consideration for advisory fees in connection with the Agreement and the Existing Term Sheet. Comprador is a private Hong Kong based M&A financial advisory business. It is led by Mr Anthony Steains and was established in 2015 when Blackstone Advisory Partners Asia transferred its business to Comprador. Mr. Steains, a 20 year veteran of Asian M&A, headed Blackstone Advisory Partners Asia and previously held senior roles at Lehman Brothers, Deutsche Bank and ING Barings. Further information on Comprador is available at <http://www.compradorltd.com>.

Comprador provided financial services to Sundance with a particular emphasis on negotiating a successful outcome with the Hong Kong, Singapore and US based Noteholders both for this Agreement but also for the previously announced binding term sheet with the Noteholders announced on 30 July 2018. Mr Anthony Steains has been providing Hong Kong and China based advisory services to Sundance since 2013.

Other than in relation to the financial services provided by Comprador to Sundance mentioned above, there is no relationship between Comprador and Sundance.

The Cameroon Convention

As per ASX announcements of 19 and 20 March 2018, the Mbalam Convention was extended to 14 September 2018; it has now expired. During the period of extension as per the ASX announcement on 19 March 2018, Sundance needed to demonstrate to the Cameroon Government that a credible partner who is interested in the development of the Project has taken equity. If that was to occur, the Government advised that it would take all useful measures to assist Sundance in carrying out the development of the Project.

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

Sundance, AustSino and their representatives are expected to travel to Cameroon in the coming weeks to meet with representatives of the Cameroon Government and demonstrate that the parties are ready to fund and construct the Project subject to, amongst other things, the Cameroon 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 (as outlined in Schedule 1).

The Company's subsidiary Cam Iron SA's mining permit application over the land previously covered by Exploration Permit EP92 remains on foot.

Cessation of the Mbalam Convention is an event of default as defined in the various deeds with the Noteholders in relation to the Convertible Notes, which may (if the Noteholders resolve to give notice) result in the Convertible Notes becoming immediately due and payable at their full redemption value unless a waiver is received from the Noteholders.

ENDS

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Forward looking statements

This announcement contains certain forward-looking statements and opinion. Generally, words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “potential” and similar expressions are intended to identify forward-looking statements. The forward-looking statements, opinion and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Sundance. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements or other forecast. The Agreement is subject to a number of conditions and there is no guarantee that the Agreement will complete in accordance with its terms.

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. See the Company’s previous announcement dated 20 May 2015. The Company is not aware of any new information or data that materially effects these estimates. All material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

Schedule 1

Key terms of the Agreement

Key Term	Description
Initial Placement to AustSino	<p>Sundance will issue 62,500,000 Shares to AustSino at an issue price of A\$0.004 per Share by 15 October 2018 (“Initial Placement”).</p> <p>Sundance will use the A\$250,000 proceeds of the Initial Placement for the development of the Mbalam-Nabeba Iron Ore Project, working capital purposes and expenses and to fund the transactions contemplated under the Agreement.</p>
Second Placement	<p>AustSino will pay A\$58 million to Sundance (“Completion Payment”) and Sundance will:</p> <ul style="list-style-type: none"> • issue to AustSino 10,545,454,545 Shares at an issue price of A\$0.0055 per Share; and • grant AustSino 10,545,454,545 unlisted options at an exercise price of A\$0.02, which have an expiry date of five years after the date of issue, are transferable to persons that do not require a disclosure document and are otherwise on terms consistent with existing Noteholder options. <p>Sundance must use A\$50 million of the Completion Payment as consideration for the cancellation of the existing convertible notes on issue to the Noteholders in Sundance (“Convertible Notes”), with the remaining funds to be used for development of the Mbalam-Nabeba Iron Ore Project, working capital purposes and expenses and to fund the transactions contemplated by the Agreement.</p>
Conditions to Second Placement Completion	<p>Completion of the Second Placement (“Second Placement Completion”) is subject to the following conditions:</p> <ul style="list-style-type: none"> • Any Noteholder that is not party to the Agreement agreeing to cancel its Convertible Notes and the other transactions involving the Noteholders as contemplated under the Agreement on the terms contemplated by the Agreement • In relation to AustSino’s investment in Sundance and the issue of shares by AustSino to fund the Completion Payment: <ul style="list-style-type: none"> – approval by AustSino’s shareholders as required for the purposes of the ASX Listing Rules and Corporations Act 2001 (Cth) (“Corporations Act”);

Key Term	Description
	<ul style="list-style-type: none"> – approval of any relevant legal or regulatory bodies or by any subscriber in connection with AustSino’s placement of shares to fund its subscription for the Second Placement; and – an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for AustSino’s shareholders <ul style="list-style-type: none"> • Completion of AustSino’s placement of shares to fund its subscription for the Second Placement • Extension of the time period for satisfying the conditions precedent under the Cameroon Convention until at least 14 September 2020 or the entering into of a new Convention on substantially similar terms with such a minimum time period • AustSino and Sundance continuing to take reasonable steps to discuss and advance the development of the Mbalam-Nabeba Iron Ore Project on an exclusive basis (subject to Sundance’s existing arrangements with Tidfore Heavy Equipment Group Co. Ltd relating to the Project) until 31 December 2018 • AustSino and Sundance taking all reasonable steps to discuss and advance the Mbalam-Nabeba Project with the Governments of the Republics of Cameroon and Congo, subject to Second Placement Completion • AustSino being satisfied that the Governments of the Republics of Cameroon and Congo are working towards signing a bilateral treaty by 31 December 2019 in support of the development of the Mbalam-Nabeba Project • In relation to the investment in Sundance and the issue of securities by Sundance: <ul style="list-style-type: none"> – approval of Sundance’s shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act; and – an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for Sundance’s shareholders • Sundance and AustSino not being insolvent at or prior to Second Placement Completion

Key Term	Description
	<ul style="list-style-type: none"> • The parties entering into definitive agreements <p>The parties must satisfy or waive these conditions on or before 31 December 2018 or as otherwise agreed.</p>
Cancellation of Convertible Notes	<p>The Convertible Notes will be cancelled in their entirety and the corresponding note deeds will be terminated in exchange for:</p> <ul style="list-style-type: none"> • the payment of A\$50 million to the Noteholders; • the issue of 2,000,000,000 Shares in the capital of Sundance to the Noteholders at a deemed issue price of A\$0.004 per Share; and • 10,000,000,000 unlisted options at an exercise price of A\$0.02, which have an expiry date of 5 years from the date of issue, are transferable to persons that do not require a disclosure document and are otherwise on terms consistent with existing Noteholder options, <p>with such payment and issue of securities to be pro-rated to the redemption value of the Noteholder’s Convertible Notes as a proportion to the total redemption value of the Convertible Notes as set out in the body of this announcement or as otherwise agreed between the Noteholders.</p>
Conditions to Cancellation Completion	<p>Cancellation of the Convertible Notes (and termination of the corresponding note deeds) and the issue of Shares and options in Sundance to the Noteholders (“Cancellation Completion”) is subject to the following conditions:</p> <ul style="list-style-type: none"> • Approval of Sundance’s shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act • Approval of any relevant legal or regulatory bodies • Sundance not being insolvent at or prior to Cancellation Completion • No “Event of Default” (as defined in the Existing Term Sheet) defined below having occurred or continuing to subsist <p>Cancellation Completion will occur at the same time as Second Placement Completion.</p>
Existing Term Sheet	<p>The legally binding term sheet between the Noteholders and Sundance dated 29 July 2018 (“Existing Term Sheet”) will continue to apply and remain binding on the Noteholders and Sundance until Cancellation Completion when it will terminate.</p>

Key Term	Description
	Sundance and the Noteholders acknowledge and agree that on and from the date of the Agreement, the End Date in the Existing Term Sheet will be extended to the earlier of (a) 100 days after the termination of this Agreement, and (b) 31 March 2019.
Board appointment right	<p>AustSino has the right to appoint at least two directors to the board of Sundance on and from Second Placement Completion.</p> <p>Noble Resources International Pte Ltd has the right, for so long as it holds 5% of the voting power in Sundance (based on the number of voting Shares on issue in Sundance), to appoint a nominee as a non-executive director of Sundance (and remove and replace that nominee).</p>
Lapse of existing options	On Second Placement Completion, the existing options held by those Noteholders under the relevant note deeds will lapse in accordance with their terms.
Representations and warranties	The Agreement contains customary representations and warranties from each party. The Issuer also warrants that it will not issue securities before completion of the Second Placement except in certain limited circumstances (including pursuant to the Sundance directors exercising their fiduciary duties). The Investor also warrants that it considers it is not a state owned enterprise, is a sophisticated investor for the purposes of the Corporations Act and that it is not required to receive a disclosure document for the issue of shares.
Conduct of business obligations	The Agreement contains certain customary undertakings by Sundance restricting the conduct of its business before completion of the Second Placement without the consent of AustSino and the Noteholders (including, without limitation, the obligation to not enter into or vary any material agreements or acquire any material assets).
Release	<p>With effect from Cancellation Completion:</p> <ul style="list-style-type: none"> • each Noteholder releases and discharges Sundance; and • Sundance releases and discharges each Noteholder, <p>from all claims, costs and expenses that each Noteholder has, at any time had, may have or, but for the Agreement, could or might have had, against Sundance in any way related to the Convertible Notes (including, without limitation, pursuant to the Existing Term Sheet).</p>

Key Term	Description
Events of default	<p>A party will be entitled to terminate the Agreement if one or more of the following events occurs:</p> <ul style="list-style-type: none"> • Sundance using the proceeds of the Initial Payment in a manner materially inconsistent with the use contemplated in this Agreement or as otherwise agreed in writing with AustSino; • breach of material representations, warranties or covenants of Sundance or AustSino which are not remedied within 10 business days of the date that breach is notified to Sundance; • material breach of Sundance’s obligations under the Agreement; • insolvency of Sundance; or • insolvency of AustSino.

SCHEDULE 2

**ASX Announcement
25 September 2018**

- **AustSino Resources Group Ltd (AustSino) and Western Australian Port Rail Construction (Shanghai) Ltd (WAPRC) have agreed to a \$100 Million placement of AustSino shares to WAPRC**
- **WAPRC will acquire a majority interest in, and effective control of, AustSino, and AustSino and WAPRC will work together to pursue opportunities primarily in the iron ore and infrastructure sectors of Western Australia and central Africa**
- **AustSino signs binding but conditional agreement to acquire a majority interest in, and effective control of, Sundance Resources Ltd (Sundance) for \$58 Million, to be used as follows:**
 - **\$50M will be used to cancel Sundance's existing convertible notes on issue in exchange for a cash, share and option package for the existing Sundance Noteholders.**
 - **Sundance will retain \$8M cash for working capital and to progress the Mbalam Nabeba Project.**
- **The proposed transactions are both subject to a number of conditions precedent, including regulatory and shareholder approvals, and accordingly there is no guarantee that either of the transactions will be completed**
- **It is anticipated that both transactions will be completed within four months, subject to receipt of required regulatory and shareholder approvals and satisfaction of relevant conditions precedent**
- **AustSino will remain in suspension while AustSino 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)**

1 Overview of proposed transactions

AustSino Resources Group Ltd (**AustSino**) is pleased to announce that it has entered into a binding but conditional Placement Agreement (**Placement Agreement**) with Western Australian Port Rail Construction (Shanghai) Ltd (**WAPRC**) under which WAPRC will subscribe for approximately 7,692,307,693 fully paid ordinary shares at 1.3 cents (\$0.013) per share for a total price of \$100 Million, which following completion will equate to approximately 61% of the total issued share capital of AustSino (**Proposed WAPRC Transaction**).

WAPRC has previously invested A\$3 Million in AustSino pursuant to AustSino's public offer of shares under a replacement prospectus dated 24 January 2018. WAPRC is a private company registered under the laws of the Peoples Republic of China. Its major shareholders

and officers are Mr Li Ping (Legal Representative) and Mr Qiu Yu Hu (Supervisor). AustSino understands that WAPRC, Mr Li and Mr Qiu operate solely in the private sector and do not work for any limb of the Chinese Government. Further information on WAPRC and its shareholders and legal representatives is set out in Schedule 3 of this Announcement.

AustSino is also pleased to announce that it has entered into a binding but conditional agreement (**Sundance Agreement**) with Sundance and all noteholders of Sundance (other than Wafin Limited (**Wafin**)) being Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International Ltd, Wafin Limited, BSOF Master Fund L.P. and David Porter (together the "**Noteholders**"), pursuant to which AustSino will acquire:

- 62,500,000 shares in Sundance Resources Ltd (**Sundance**) at an issue price of A\$0.004 per share within 15 business days of the date of the Sundance Agreement (**First Placement**); and
- 10,545,454,545 shares in Sundance at an issue price of A\$0.0055 per share (**Second Placement**) which on completion of the Second Placement will give AustSino effective control of Sundance (**Proposed Sundance Transaction**).

The total amount payable by AustSino for the First Placement and the Second Placement is \$58.250 Million. Of that amount, \$50 Million will be used by Sundance to cancel approximately A\$132 Million worth of debt currently held by the Noteholders in return for the payment of cash, shares and options to those Noteholders. Sundance will retain \$8.250 Million for working capital and to progress the Mbalam-Nabeba Iron Ore Project in Cameroon and the Republic of Congo in Central Africa (**Sundance Project**). The issue of Sundance securities to AustSino under the Second Placement is conditional on Wafin agreeing to the transactions contemplated by the Sundance Agreement (which Wafin expects to do by the end of September 2018).

2 Key commercial terms of the Proposed WAPRC Transaction

The key commercial terms of the Proposed WAPRC Transaction are set out in Schedule 1 of this Announcement, and include the following:

- WAPRC will subscribe for approximately 7,692,307,693 fully paid ordinary shares at 1.3 cents (\$0.013) per share for a total price of \$100 Million, which on completion will equate to approximately 61% of the total issued share capital of AustSino. The above placement of securities to WAPRC falls outside of AustSino's current placement capacity and so shareholder approval will be required for the placement.
- The \$100M in funds raised from the Proposed WAPRC Transaction is intended by AustSino to be used to fund the Proposed Sundance Transaction and for working capital purposes, and to explore the possibility of AustSino pursuing one or more of the following:
 - the proposed development of a deepwater port at Oakajee in the Mid West of Western Australia on a build-own-operate-transfer (BOOT) model (**Oakajee Project**); and/or
 - the identification and pursuit of one or more other suitable potential opportunities in the Western Australian resources or infrastructure sectors (**Other Western Australian Projects**).

After allocating \$58M for completion of the Proposed Sundance Transaction, the balance of funds (\$42M) raised from the Proposed Transaction is intended to be used for general working capital, transaction costs (including legal and other professional fees) related to the Proposed Sundance Transaction and the Proposed WAPRC Transaction, to recruit additional personnel, to maintain and expand AustSino's portfolio of iron ore tenements in the Mid West Region of Western Australia, to acquire or earn into other tenements, mineral deposits or mining projects in Western Australia, for feasibility/engineering studies, approvals and to advance discussions and/or negotiations with government and regulatory bodies, investors and project partners. AustSino may (but has no present intention to) use some of the balance of the funds (\$42M) on the development of the Sundance Project.

If the Proposed Sundance Transaction does not complete, the \$58M which was proposed to be allocated for that transaction, will be retained for general working capital and for the purposes of identifying and pursuing other suitable opportunities in the Western Australian resources and infrastructure sectors.

Further information in relation to the proposed or potential use of the \$100M in funds raised from the Proposed WAPRC Transaction is set out in Schedule 7 of this Announcement.

There are currently no changes to the Board of AustSino contemplated as a consequence of the Proposed WAPRC Transaction.

3 Key conditions precedent to the Proposed WAPRC Transaction

The completion of the Proposed WAPRC Transaction is subject to various conditions precedent, which are set out in Schedule 1 of this Announcement, including the following:

- AustSino obtaining relevant shareholder approvals to undertake the Proposed WAPRC Transaction (including the commissioning of an independent expert's report which concludes either that the Proposed WAPRC Transaction is fair and reasonable or not fair but reasonable).
- AustSino obtaining relevant regulatory approvals to undertake the Proposed WAPRC Transaction, including complying with any regulatory requirements of the Australian Securities Exchange (ASX) and the Australian Securities and Investments Commission (ASIC).
- WAPRC obtaining relevant regulatory approvals to undertake the Proposed WAPRC Transaction, including any approvals required from China's Office of Overseas Direct Investment (ODI) and China's National Development and Reform Commission (NDRC); and any approvals required by Australia's Foreign Investment Review Board (FIRB).
- WAPRC making \$100M available to complete the Proposed WAPRC Transaction.

4 Indicative timeline for completing the Proposed WAPRC Transaction

The following represents the parties' indicative timeframe for completing the Proposed WAPRC Transaction:

- **13 September 2018** - Binding but conditional Placement Agreement executed between AustSino and WAPRC.

- **Mid-December 2018** – Anticipated date for the proposed satisfaction of all conditions to the Proposed WAPRC Transaction, including relevant shareholder and regulatory approvals.
- **31 March 2019** – Final date for satisfaction of all conditions to the Proposed WAPRC Transaction (unless that date is extended by agreement of AustSino and WAPRC).

AustSino’s Chairman, Mr Chun Ming Ding, said:

“AustSino and its investors are delighted that WAPRC is able to continue to support AustSino and its project partners in their efforts to identify and develop world-class opportunities in the Western Australian and central African iron ore sectors.

“AustSino will continue to work closely with WAPRC and its project partners to discuss and advance opportunities in the Western Australian and central African iron ore sectors for the mutual benefit of our investors and the people of those regions.

5 Key risks to the completion of the Proposed WAPRC Transaction

The Proposed WAPRC Transaction is subject to a number of conditions precedent and there is no guarantee that the transaction will complete. Among other material risks to completion, the Proposed WAPRC Transaction may not complete because AustSino and/or WAPRC do not obtain the necessary regulatory or shareholder approvals or WAPRC commits a material breach of the Placement Agreement.

The completion of the Proposed WAPRC Transaction is also conditional on WAPRC making \$100M available to complete the Proposed WAPRC Transaction.

6 Further information in relation to Chinese regulatory approvals process

Further information about the process and indicative timing for WAPRC to obtain the relevant Chinese regulatory approvals and to remit the proposed A\$100 Million in placement funds from China to Australia, is set out in Schedule 6 of this Announcement.

AustSino understands that WAPRC has prepared, but has not yet formally lodged, its application with the Shanghai office of China’s National Development and Reform Commission (**NDRC**). AustSino understands that WAPRC will formally lodge its completed application for ODI approval on receipt of confirmation that Wafin Ltd has signed the Sundance Agreement and when it has finalised its proposed investment structure to make the investment. WAPRC anticipates formally lodging its completed ODI application around the end of September 2018 and that its ODI application will take approximately 4-6 weeks to be considered.

AustSino also understands that the process for obtaining ODI approval is a relatively rigorous and comprehensive process (pursuant to which the identity of the investor, the source of the proposed investment funds and the merits of the proposed investment are carefully assessed) and that if/when a Chinese outbound investor has been granted ODI approval, the process for remitting funds out of PRC to make the investment is a relatively streamlined and orderly process.

The completion of both the Proposed WAPRC Transaction and the Proposed Sundance Transaction are conditional on the remittance of WAPRC’s proposed placement funds of \$A100 Million from China to Australia.

If the remittance of such funds is not achieved by the relevant condition precedent satisfaction date for each of the Proposed WAPRC Transaction and the Proposed Sundance Transaction, those transactions will not be completed.

The relevant condition precedent end dates for the:

- Proposed WAPRC Transaction is 31 March 2019 unless extended by written agreement of the parties in their absolute discretion; and
- Proposed Sundance Transaction is 31 December 2018 unless extended by written agreement of the parties in their absolute discretion,

although it is intended that both the Proposed WAPRC Transaction and the Proposed Sundance Transaction will complete in December 2018, subject to receipt of required regulatory and shareholder approvals and satisfaction of relevant conditions precedent conditions precedent.

7 Key commercial terms of the Proposed Sundance Transaction

The key commercial terms of the Proposed Sundance Transaction are set out in Schedule 2 of this Announcement, and include the following:

AustSino has agreed to subscribe for securities in Sundance in two placements as follows:

- 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 will 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 2.

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

The proceeds of the Second Placement will be used by Sundance 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 Sundance Project. 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 Experts Report, EGM and legal costs associated with the Sundance 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 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**), 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 (which cancellation is subject to certain conditions precedent outlined in Schedule 2 to this announcement) will leave Sundance debt free.

The cash, Shares and options will be allocated amongst 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. Schedule 5 of this Announcement, sets out the indicative value of the Convertible Notes.

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

Among other conditions to the Proposed Sundance Transaction, an independent expert's report is required and approval will be sought from Sundance shareholders at an Extraordinary General Meeting expected to be held in Perth in December 2018. All of the conditions precedent are set out in Schedule 2 of this Announcement.

The Second Placement is conditional on AustSino obtaining FIRB, ASX and shareholder approval for the funding which will be used 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.

A pro-forma capital structure table for each of AustSino and Sundance, showing the impact of the Proposed Transactions on each entity, is contained in Schedule 4 of this Announcement.

8 Key risks to the completion of the Proposed Sundance Transaction

The Proposed Sundance Transaction is subject to a number of conditions precedent and there is no guarantee that the transaction will complete. Among other material risks to completion, the Proposed Sundance Transaction may not complete because:

- Wafin does not execute the Sundance Agreement (however Wafin expects to do so by the end of September 2018);
- AustSino and/or Sundance do not obtain the necessary regulatory or shareholder approvals full details of which are set out in Schedule 2; or
- AustSino is unable to raise the necessary funds from the Proposed WAPRC Transaction, in order for AustSino to make its proposed A\$58 Million investment into Sundance.

AustSino's Chairman, Mr Chun Ming Ding, said:

"AustSino and its investors are delighted to continue to support Sundance Resources Ltd in its efforts to become a world-class producer of iron ore in central Africa.

"AustSino will continue to work closely with Sundance Resources and its project partners to discuss and advance this major resources Project for the mutual benefit of our investors and the people of central Africa."

9 Overview of Sundance and Mbalam-Nabebe Project

The purpose of the Proposed Sundance Transaction is to advance Sundance's Mbalam-Nabebe Iron Ore Project in Cameroon and the Republic of Congo in Central Africa (**Sundance Project**) and for general working capital.

Sundance proposes that Stage One of the Sundance Project 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. Sundance proposes that Stage Two of the Project (which is currently at a Pre-Feasibility Stage) would then extend the life of the operation by a further 15-plus years producing high-grade Itabirite hematite concentrate.

In partnership with the Cameroon Government, it is intended that the Sundance Project would utilise 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.

Sundance's mineral resource and ore reserve statements (including competent person's statements) in relation to the Sundance Project are contained in its annual report, with further details set out in Sundance's ASX Announcements on 20 May 2015. Sundance has confirmed that it is not aware of any new information or data that materially affects the above estimates and that all material assumptions and technical parameters underpinning the above estimates continue to apply and have not materially changed.

As per Sundance's ASX announcements of 19 and 20 March 2018, the Mbalam Convention (which outlines the fiscal and legal terms and conditions and commitments to be

satisfied for the development and operation of the Sundance Project in Cameroon) was extended to 14 September 2018. During the period of extension Sundance needed to demonstrate to the Cameroon Government that a credible partner who is interested in the development of the Sundance Project has taken equity. If that was to occur, the Government advised that it would take all useful measures to assist Sundance in carrying out the development of the Sundance Project.

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

Sundance, AustSino and their representatives are expected to travel to Cameroon in the coming weeks to meet with representatives of the Cameroon Government and demonstrate that the parties are ready to fund and construct the Sundance Project subject to, amongst other things, the Cameroon 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 Sundance Agreement contains a condition that the Mbalam Convention be reinstated with modification or that a new Convention be entered into on similar terms (as outlined in Schedule 2 of this Announcement).

Sundance's subsidiary Cam Iron SA's mining permit application over the land previously covered by Exploration Permit EP92 remains on foot.

Cessation of the Mbalam Convention is an event of default as defined in the various deeds with the Noteholders in relation to the Convertible Notes, which may (if the Noteholders resolve to give notice) result in the Convertible Notes becoming immediately due and payable at their full redemption value unless a waiver is received from the Noteholders.

10 Further information about AustSino

AustSino Resources Group Ltd is a Perth-based exploration company listed on the ASX platform.

AustSino has a strong portfolio of prospective iron ore tenements in the Mid West of Western Australia and intellectual property in relation to potential economic infrastructure solutions for that region.

AustSino is also actively exploring further opportunities to acquire or earn into other tenements and projects in the WA iron ore sector.

AustSino also holds equity in Sundance Resources Ltd and is working collaboratively with Sundance and its project partners to discuss and advance the Mbalam-Nabeba Iron Ore Project in central Africa.

Further enquiries:

Henko Vos
Company Secretary
Tel: +61 (0)3 9463 2463

Forward looking statements

This announcement contains certain forward-looking statements and opinion. Generally, words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “potential” and similar expressions are intended to identify forward-looking statements. The forward-looking statements, opinion and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of AustSino. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements or other forecast.

The Proposed Transactions are subject to a number of conditions and there is no guarantee that either of the Proposed Transactions will complete in accordance with their terms.

Schedule 1
Key Terms of Proposed WAPRC Transaction

Key Term	Description
Title	Placement Agreement (WAPRC Agreement)
Issuer	AustSino Resources Group Ltd (AustSino or Issuer)
Subscriber	Western Australian Port Rail Construction (Shanghai) Ltd (WAPRC or Subscriber)
Placement and Subscription	Issuer must allot and issue and the Subscriber must subscribe for approximately 7,692,307,693 fully paid ordinary shares in the Issuer (Placement Shares) on the Completion Date at an issue price of 1.3 cents (\$0.013) per Placement Share for a total Placement Amount of A\$100 Million.
Use of Placement Amount	<p>The Placement Amount will be used by the Issuer for working capital purposes, to fund the Proposed Sundance Transaction and to explore the possibility of the Issuer pursuing one or more of the following:</p> <ul style="list-style-type: none"> • the proposed development of a deepwater port at Oakajee in the Mid West of Western Australia on a build-own-operate-transfer (BOOT) model (Oakajee Project); and/or • the identification and pursuit of one or more other suitable potential opportunities in the Western Australian resources or infrastructure sectors (Other Western Australian Projects).
Conditions Precedent	<p>Completion of the placement is subject to the following conditions:</p> <p>(a) Quotation of Placement Shares</p> <p>ASX not having indicated to the Issuer or the Subscriber that it will not grant permission for the Official Quotation of the Placement Shares on or before 10 am on the Completion Date.</p> <p>(b) Shareholder Approval</p> <p>The Issuer validly convening and holding a Shareholder Meeting at which its shareholders resolve to approve:</p> <ul style="list-style-type: none"> (i) the issue of the Placement Shares to the Subscriber for the purposes of Listing Rules 7.1 and 11.1.2 (if required) of the ASX Listing Rules and any other applicable laws; and (ii) in accordance with item 7 of section 611 of the Corporations Act and any other applicable laws, the acquisition of relevant interests in the Issuer's voting Shares by the Subscriber and its associates and (if

applicable) by the Company.

(c) **Board's Recommendation**

The Board of AustSino:

- (i) recommending to its shareholders as soon as practicable after the signing date that they vote in favour of the relevant shareholder resolutions, which recommendation may be expressed to be given subject to the Independent Expert opining that the placement is fair and reasonable, or not fair but reasonable, to the shareholders; and
- (ii) not changing or withdrawing its recommendation that the shareholders vote in favour of the relevant shareholder resolutions subject to the Independent Expert opining that the placement is fair and reasonable, or not fair but reasonable, to the shareholders.

(d) **Independent Expert's Opinion**

Any Independent Expert appointed concludes that the placement is fair and reasonable or not fair but reasonable, having regard to the interests of existing shareholders, and does not publicly withdraw or qualify this conclusion, before the shareholder meeting date.

(e) **Foreign Investment Review Board (FIRB) approval (if required)**

In relation to the FIRB Act, either

- (i) the Treasurer (or his delegate) has provided a written no objection notification to the transactions contemplated by the WAPRC Agreement either without conditions or with conditions acceptable to the Issuer and the Subscriber (both acting reasonably); or
- (ii) following notice of the proposed issue of the Placement Shares having been given by the Subscriber to the Treasurer under the FIRB Act, the Treasurer has ceased to be empowered to make any order under Part 3 of the FIRB Act because the applicable time limit on making orders and decisions under the FIRB Act has expired.

(f) **Other authorisations under Australian laws**

The Issuer has obtained any other authorisation which is required to issue the Placement Shares by any government agency under or in accordance with any Australian laws.

(g) **Other authorisations under Chinese laws**

The Subscriber has obtained any other authorisation which is required to purchase the Placement Shares by any government agency under or in accordance with any laws of the Peoples Republic of China (including the requirement for the Subscriber to obtain approval of Outbound Direct Investment (ODI)).

(h) **Projects Conditions Precedent**

The Issuer and the Subscriber are only obliged to complete the Share Placement if one or more of the following “Projects Conditions Precedent” is satisfied or has been waived by both parties:

- (i) the Western Australian Government formally confirms to AustSino in written documents that no other competitor currently has rights in relation to the Oakajee Project and that the Western Australian Government is willing to hold cooperative discussions with AustSino and its project partners in relation to the proposed development of the Oakajee Project on a build-own-operate-transfer (BOOT) model; and/or
- (ii) AustSino and WAPRC have identified one or more Other Western Australian Projects and AustSino and WAPRC are of the opinion, acting reasonably, that AustSino will be able to enter into cooperative discussions with the relevant project partners and with relevant Western Australian Government authorities (if applicable) in order to pursue such Other Western Australian Projects; and/or
- (iii) the conditions precedent in relation to the Proposed Sundance Transaction have been or are reasonably likely to be satisfied or waived thereby giving rise to the opportunity for AustSino to make a significant investment in Sundance the purposes of participating in the funding and development of the Sundance Project.

The parties must satisfy or waive these conditions on or before 31 March 2019 or as otherwise agreed.

Representations and warranties

The WAPRC Agreement contains customary representations and warranties from each party. The Issuer also warrants that it will not issue securities before completion of the Share Placement except in certain limited circumstances. The Subscriber also warrants that it considers it is not a state owned enterprise, is a sophisticated investor for the purposes of the Corporations Act and that it is not required to receive a disclosure document for the issue of shares.

Conduct of business obligations

The WAPRC Agreement contains certain customary undertakings by the Issuer restricting the conduct of its business before completion of the Share Placement without the consent of the Subscriber (including, without limitation, the obligation to not enter into or vary any material agreements or acquire any material assets).

Termination by the Issuer

The Issuer may terminate the WAPRC Agreement without liability at any time before Completion by notice in writing to the Subscriber if:

- (a) **Subscriber Warranties:** any of the Subscriber Warranties

cease to be true and accurate, in any material respect; or

- (b) **material breach:** the Subscriber commits a material breach of the WAPRC Agreement and that breach is incapable of remedy, or if capable of remedy, is not remedied by the Subscriber within 5 Business Days of receiving written notice from the Issuer specifying the breach and stating an intention to terminate the agreement; or
- (c) **unable to issue Placement Shares:** the Issuer is prevented from issuing or allotting any of the Placement Shares on the Completion Date by the order of a court of competent jurisdiction or by a government agency which remains in force on the Completion Date.

Termination by the Subscriber

The Subscriber may terminate the WAPRC Agreement without liability at any time before Completion by notice in writing to the Issuer if:

- (a) **unable to issue Shares:** the Issuer is prevented from issuing or allotting the Placement Shares on the Completion Date by the order of a court of competent jurisdiction or by a Government Agency which remains in force on the Completion Date;
- (b) **notifications:** ASIC or the Takeovers Panel commences, any regulatory action or issues any order or interim order or other proceedings in relation to the Issuer or the Placement;
- (c) **material breach:** the Issuer commits a material breach of the WAPRC Agreement and that breach is incapable of remedy, or if capable of remedy, is not remedied by the Issuer within 5 Business Days of receiving written notice from the Subscriber specifying the breach and stating an intention to terminate the agreement. Without limiting the remainder of this clause, any breach of an undertaking by the Issuer in clause 6 will constitute a material breach of the WAPRC Agreement;
- (d) **Issuer Warranties:** any of the Issuer Warranties cease to be true and accurate, in any material respect; or
- (e) **removal from official list:** ASX announces that the Issuer will be removed from the official list or that any Shares in the Issuer will be delisted from quotation by ASX for any reason (but, for the avoidance of doubt, the suspension of the Issuer's Shares from quotation will not be a ground for termination by the Subscriber unless such suspension is due to misconduct by the Issuer or for the purposes of an investigation by the ASX or ASIC in relation to the conduct of the Issuer).

Governing Law

The WAPRC Agreement is governed by the laws of Western Australia.

Dispute Resolution

Any dispute shall be referred to and finally resolved by arbitration in Hong Kong in accordance with the Arbitration Rules of the Hong Kong International Arbitration Centre for the time being in force.

Assignment, novation, other dealings. Not without the approval of the other party (in its absolute discretion).

Escrow Period The Placement Shares will be held in escrow for a period of 12 months commencing immediately on Completion, unless released earlier by the Issuer (in its absolute discretion), subject to applicable laws and the requirements of any Government Agency.

Schedule 2
Key terms of Proposed Sundance Transaction

Key Term	Description
Title	Agreement for placements and cancellation of Existing Notes (Sundance Agreement)
Issuer	Sundance Resources Limited ACN 055 719 394 (Sundance)
Subscriber	AustSino Resources Group Limited ACN 009 076 242 (AustSino) (or any wholly owned subsidiary of AustSino nominated by it in writing prior to Second Placement Completion, provided the obligations of such subsidiary are guaranteed by AustSino)
Noteholders	Senrigan Master Fund D.E. Shaw Composite Holdings International, Ltd Noble Resources International Pte Ltd (Noble) BSOF Master Fund L.P. Wafin Limited Mr. David Porter
Initial Placement	<p>Sundance will issue 62,500,000 Shares to AustSino at an issue price of A\$0.004 per Share within 15 business days of the date of the Sundance Agreement (“Initial Placement”).</p> <p>Sundance will use the A\$250,000 proceeds of the Initial Placement for the development of the Sundance Project, working capital purposes and expenses and to fund the transactions contemplated under the Sundance Agreement.</p>
Second Placement	<p>AustSino will pay A\$58 million to Sundance (“Completion Payment”) and Sundance will:</p> <ul style="list-style-type: none"> • issue to AustSino 10,545,454,545 Shares at an issue price of A\$0.0055 per Share; and • grant AustSino 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 transferable to persons that do not require a disclosure document and are otherwise consistent with existing Noteholder options. <p>Sundance must use A\$50 million of the Completion Payment as consideration for the cancellation of the existing convertible notes on issue to the Noteholders in Sundance (“Convertible Notes”), with the remaining funds to be used for development of the Sundance Project,</p>

working capital purposes and expenses and to fund the transactions contemplated by the Sundance Agreement.

Conditions to Second Placement Completion

Completion of the Second Placement ("**Second Placement Completion**") is subject to the following conditions:

- Any Noteholder that is not party to the Sundance Agreement agreeing to cancel its Convertible Notes and the other transactions involving the Noteholders as contemplated under the Sundance Agreement on the terms contemplated by the Sundance Agreement
- In relation to AustSino's investment in Sundance and the issue of shares by AustSino to fund the Completion Payment:
 - approval by AustSino's shareholders as required for the purposes of the ASX Listing Rules and Corporations Act 2001 (Cth) ("**Corporations Act**");
 - approval of any relevant legal or regulatory bodies or by any subscriber in connection with AustSino's placement of shares to fund its subscription for the Second Placement; and
 - an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for AustSino's shareholders
- Completion of AustSino's placement of shares to fund its subscription for the Second Placement
- Extension of the time period for satisfying the conditions precedent under the Cameroon (Mbalam) Convention until at least 14 September 2020 or the entering into of a new Convention on substantially similar terms with such a minimum time period
- AustSino and Sundance continuing to take reasonable steps to discuss and advance the development of the Sundance Project on an exclusive basis (subject to Sundance's existing arrangements with Tidfore Heavy Equipment Group Co. Ltd relating to the Project) until 31 December 2018
- AustSino and Sundance taking all reasonable steps to discuss and advance the Sundance Project with the Governments of the Republics of Cameroon and Congo, subject to Second Placement Completion
- AustSino being satisfied that the Governments of the Republics of Cameroon and Congo are working towards signing a bilateral

treaty by 31 December 2019 in support of the development of the Sundance Project

- In relation to the investment in Sundance and the issue of securities by Sundance:
 - approval of Sundance’s shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act; and
 - an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for Sundance’s shareholders
- Sundance and AustSino not being insolvent at or prior to Second Placement Completion
- The parties entering into definitive agreements

The parties must satisfy or waive these conditions on or before 31 December 2018 or as otherwise agreed.

Cancellation of Convertible Notes

The Convertible Notes will be cancelled in their entirety and the corresponding note deeds will be terminated in exchange for:

- the payment of A\$50 million to the Noteholders;
- the issue of 2,000,000,000 Shares in the capital of Sundance to the Noteholders at a deemed issue price of A\$0.004 per Share; and
- 10,000,000,000 unlisted options at an exercise price of A\$0.02 with an expiry date of 5 years from the date of issue, are transferable to persons that do not require a disclosure document and are otherwise on terms consistent with existing Noteholder options,

with such payment and issue of securities to be pro-rated to the redemption value of the Noteholder’s Convertible Notes as a proportion to the total redemption value of the Convertible Notes or as otherwise agreed between the Noteholders.

Conditions to Cancellation Completion

Cancellation of the Convertible Notes (and termination of the corresponding note deeds) and the issue of Shares and options in Sundance to the Noteholders (“**Cancellation Completion**”) is subject to the following conditions:

- Approval of Sundance’s shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act
- Approval of any relevant legal or regulatory bodies

- Sundance not being insolvent at or prior to Cancellation Completion
- No “Event of Default” (as defined in the Existing Term Sheet) defined below having occurred or continuing to subsist

Cancellation Completion will occur at the same time as Second Placement Completion.

Board appointment right

AustSino has the right to appoint at least two directors to the board of Sundance on and from Second Placement Completion.

Noble has the right, for so long as it holds 5% of the voting power in Sundance (based on the number of voting Shares on issue in Sundance), to appoint a nominee as a non-executive director of Sundance (and remove and replace that nominee).

Lapse of existing options

On Second Placement Completion, the existing options held by those Noteholders under the relevant note deeds will lapse in accordance with their terms.

Representations and warranties

The Sundance Agreement contains customary representations and warranties from each party. The Issuer also warrants that it will not issue securities before completion of the Second Placement except in certain limited circumstances (including pursuant to the Sundance directors exercising their fiduciary duties). The Investor also warrants that it considers it is not a state owned enterprise, is a sophisticated investor for the purposes of the Corporations Act and that it is not required to receive a disclosure document for the issue of shares.

Conduct of business obligations

The Sundance Agreement contains certain customary undertakings by Sundance restricting the conduct of its business before completion of the Second Placement without the consent of AustSino and the Noteholders (including, without limitation, the obligation to not enter into or vary any material agreements or acquire any material assets).

Release

With effect from Cancellation Completion:

- each Noteholder releases and discharges Sundance; and
- Sundance releases and discharges each Noteholder,

from all claims, costs and expenses that each Noteholder has, at any time had, may have or, but for the Sundance Agreement, could or might have had, against Sundance in any way related to the Convertible Notes (including, without limitation, pursuant to the Existing Term Sheet).

Events of default

A party will be entitled to terminate the Sundance Agreement if one or more of the following events occurs:

- Sundance using the proceeds of the Initial Payment in a manner materially inconsistent with the use contemplated in the Sundance Agreement or as otherwise agreed in writing with AustSino;
- breach of material representations, warranties or covenants of Sundance or AustSino which are not remedied within 10 business days of the date that breach is notified to Sundance;
- material breach of Sundance's obligations under the Sundance Agreement;
- insolvency of Sundance; or
- insolvency of AustSino.

Schedule 3

Western Australian Port Rail Construction (Shanghai) Ltd (WAPRC)

Western Australian Port Rail Construction (Shanghai) Ltd (**WAPRC**) is a private company registered under the laws of the Peoples Republic of China. As a private investment vehicle, WAPRC does not currently have a website address.

WAPRC's shareholders and officer holders are Mr Li Ping (Legal Representative) and Mr Qiu Yu Hu (Supervisor). AustSino understands that:

- Mr Li Ping and Mr Qiu Yu Hu are Shanghai-based investors who are involved in several businesses which span the industrial and technology sectors;
- WAPRC, Mr Li and Mr Qiu operate solely in the private sector and do not work for any limb of the Chinese Government;
- Mr Li has been involved in a range of successful businesses, primarily in the technology and property sectors. In particular, Mr Li is the legal representative and a major shareholder of WAPRC and is the legal representative and major shareholder of Shanghai Ruosi Technology Development Co Ltd (which is primarily involved in the technology and property sectors) and Xiao Gantie Constructions (Shanghai) Co. Ltd (which is primarily involved in the construction sector); and
- Mr Qiu has been involved in a range of successful businesses with Mr Li, primarily in the technology and property sectors.

In January 2018, Mr Ding provided a copy of AustSino's Replacement Prospectus of 25 January 2018 to Mr Li and Mr Qui. Mr Ding also briefed them on AustSino's recent Board and Management changes, AustSino's future plans in the Mid West and AustSino's request to be reinstated on the ASX. Through WAPRC they decided to invest \$3 Million on the terms of the Prospectus, on the closure of which AustSino's shares were granted re-quotations on the ASX platform.

The Board of AustSino has undertaken relevant due diligence in relation to Mr Li, Mr Qui and WAPRC, including sighting the following documents:

- criminal and police report searches for Mr Li and Mr Qiu (none of which have disclosed any material derogatory records);
- copies of passports and Chinese identity cards for Mr Li and Mr Qiu; and
- various company formation documents and bank accounts of WAPRC and its partners.

It is not possible to undertake comprehensive and conclusive bankruptcy searches in the Peoples Republic of China, but WAPRC, Mr Li and Mr Qiu have represented that they are not, and never have been, bankrupt or insolvent.

As far as AustSino is aware (after enquiry) Mr Li, Mr Qui and WAPRC are not related parties of any existing directors or shareholders of AustSino, for the purposes of the capital raising under the Replacement Prospectus, or for any other relevant purposes under the Australian Corporations Law, the ASX Listing Rules or the Foreign Acquisitions and Takeovers Act. However, AustSino has not been able to independently verify this is the case.

In particular, AustSino understand that:

- Mr Ding is not a director or shareholder of WAPRC and is not otherwise related to or connected with WAPRC;
- Mr Ding's related company, Aust China Resources Group Ltd (Hong Kong), is not a director or shareholder of WAPRC and is not otherwise related to or connected with Mr Li, Mr Qui or WAPRC;
- Mr Li, Mr Qui and WAPRC are not directors or shareholders of ACR and are not otherwise related to or connected with ACR;
- Mr Li, Mr Qui and WAPRC are not directors or shareholders (and not otherwise related to or connected with) any other existing shareholder of AustSino;
- Mr Li, Mr Qui and WAPRC do not currently act and will not in future act under the direction of any existing director or shareholder of AustSino; and
- the existing directors and shareholders of AustSino do not currently act and will not in the future act under the direction of Mr Li, Mr Qui or WAPRC.

AustSino will remain in suspension while AustSino 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).

Schedule 4
Pro-forma Capital Structure Tables

AustSino Resources Group Limited

	Note	Number	Percentage post issue of Placement Shares
Fully Paid Ordinary Shares			
Shares on issue - 14 September 2018	1	5,074,651,832	39.75%
Proposed issue to WAPRC of Placement Shares	2, 3	7,692,307,693	60.25%
Shares on issue post WAPRC transaction		12,766,959,525	100.00%
Unlisted options			
Exercisable at \$0.04 each expiring 17 April 2020		20,000,000	100.00%

Note 1: This includes:

- 265,000,000 fully paid ordinary shares are escrowed until 29 November 2018.
- 181,818,182 fully paid ordinary shares are escrowed until the earlier of 2 May 2019 or until the company issues a prospectus, cleansing statement or other disclosure document.
- 3,000,000 fully paid ordinary shares are escrowed until the earlier of 6 August 2019 or until the company issues a prospectus, cleansing statement or other disclosure document.

Note 2: The Placement Shares will be held in escrow for a period of 12 months commencing immediately on Completion, unless released earlier by the Issuer (in its absolute discretion), subject to applicable laws and the requirements of any Government Agency.

Note 3: Following the issue of the Placement Shares WAPRC will hold 7,892,307,692 shares in total (for a total shareholding of 61.82% of total shares on issue).

Sundance Resources Limited

	Note	Number	Percentage post issue of Placement Shares
Fully Paid Ordinary Shares			
Shares on issue - 14 September 2018	1	8,313,346,952	39.13%
Proposed issue to AustSino of Initial Placement Shares		62,500,000	
Proposed issue to AustSino of Second Placement Shares		10,545,454,545	
Total share ownership of AustSino following transaction	2	10,792,954,545	50.79%
Proposed issue of advisory fee shares at completion of Second Placement		325,000,000	1.53%
Proposed issue of shares to Noteholders at completion of transactions		2,000,000,000	9.41%
Shares on issue post transaction completion		21,246,301,497	100%
Unlisted options			
Existing options	3,4,5	920,000,000	
AustSino Options exercisable at \$0.02 expiring 5 years after issue (estimated to be late 2023)		10,545,454,545	
Noteholder options exercisable at \$0.02 expiring 5 years after issue (estimated to be late 2023)		10,000,000,000	
Options on issue post transaction completion		20,745,454,545	100%

Notes

1. This includes 185,000,000 currently owned by AustSino
2. Total of Initial and Second Placement and existing shares
3. 720,000,000 of these options expire on completion of transaction
4. 100,000,000 options exercisable at \$0.003 expiring 1 December 2022
5. 100,000,000 options vest 1 December 2018 exercisable at \$0.006 expiring 1 December 2023

Schedule 5
Indicative value of Sundance Noteholders' notes

Noteholder	Redemption Value	
	A\$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%

Schedule 6 Chinese regulatory approvals process and indicative timing

Important Note:

AustSino notes that the information and forward looking statements in this Schedule are based on information obtained by AustSino through publicly available sources and from discussions with WAPRC. Such information and forward looking statements are not exhaustive, do not constitute a full explanation of all factors which may affect the ability of WAPRC to obtain approvals to remit money from China to Australia for the Proposed WAPRC Transaction (or the Proposed Sundance Transaction), and may be subject to change, depending on changes in laws, regulations and policy developments in China.

Existing or prospective investors in AustSino are encouraged to make their own independent enquiries, to consult their own professional advisors, and to form their own conclusions in relation to the likely process, timing and likelihood for WAPRC to obtain Chinese regulatory approvals to undertake the Proposed WAPRC Transaction (or the Proposed Sundance Transaction).

Overview

Below is a summary of AustSino's understanding of the current approvals framework, as well as the recent regulatory guidelines (**Guidelines**) that have been issued jointly by the National Development and Reform Commission (**NDRC**), the Ministry of Commerce (**MOFCOM**), the People's Bank of China (**PBOC**) and the Ministry of Foreign Affairs (**MFA**), regarding overseas direct investment (**ODI**) policies of the People's Republic of China (**PRC**).

Under the current existing regulatory regime, an outbound investment by a Chinese privately-owned enterprise has to be either approved by or filed with the NDRC and the MOFCOM at either central or local level, depending on the nature and size of the transaction and the jurisdiction where the funds are to be invested.

AustSino understands that WAPRC has prepared, but has not yet formally lodged, its application with the Shanghai office of NDRC. AustSino understands that WAPRC proposes to lodge its completed ODI application once it receives confirmation that Wafin Ltd has signed the Sundance Agreement and once WAPRC has finalised its proposed investment structure for making the investment. AustSino understands that WAPRC will formally lodge its completed ODI application around the end of September 2018 and that the application will take approximately 4-6 weeks to consider.

AustSino also understands that the process for obtaining ODI approval is a relatively rigorous and comprehensive process (pursuant to which the identity of the investor, the source of the proposed investment funds and the merits of the proposed investment are carefully assessed) and that if/when a Chinese outbound investor has been granted ODI approval, the process for remitting funds out of PRC to make the investment is a relatively streamlined and orderly process.

Monetary threshold

AustSino understands that proposed investments below US\$300 Million require approval by the regional office of NDRC, rather than by the Beijing office of NDRC.

AustSino also understands that because WAPRC is established/located in Shanghai and the value of the Proposed WAPRC Transaction is A\$100 Million, WAPRC's application for ODI approval is being considered by the Shanghai office of NDRC.

Status and indicative timing of WAPRC's Application

AustSino understands that WAPRC has prepared, but has not yet formally lodged, its application with the Shanghai office of NDRC. AustSino understands that WAPRC proposes to lodge its completed ODI application once it receives confirmation that Wafin Ltd has signed the Sundance Agreement and once WAPRC has finalised its proposed investment structure for making the investment. WAPRC anticipates formally lodging its completed ODI application around the end of September and that its ODI application will take approximately 4-6 weeks to be considered.

Guidelines

The Guidelines promote outbound investments that align with the PRC's "One Belt, One Road" policy, endorse investments in certain strategically important areas, and discourage or prohibit those ODI transactions that the PRC believes are against its national interests or prone to irrational risk-taking.

In November 2017, NDRC also released the draft Administrative Measures for Enterprise Outbound Investment (**Draft ODI Rules**) in an effort to implement the Guidelines released in August 2017. AustSino understands that the Draft ODI Rules are intended to replace NDRC's existing outbound investment regulations in an effort to streamline the current ODI approval process.

Categories of investments

The Guidelines officially introduce a negative list approach for the regulation of outbound investment and classify outbound investment into three categories:

- (i) encouraged;
- (ii) restricted; and
- (iii) prohibited.

China encourages entities which are capable and qualified to proactively and pragmatically carry out outbound investments which are conducive to the construction of the "One Belt, One Road" initiative and surrounding, interconnecting infrastructure.

AustSino understands that the categories of *encouraged* investments include:

- (iv) outbound investment that promotes infrastructure construction in countries and regions along the One Belt Road initiative;

- (v) outbound investment that facilitates the export of China's industrial capacity and export China's high quality equipment and technical standards;
- (vi) cooperation with overseas high-tech businesses and establishment of overseas research and development centres;
- (vii) exploration and development of oil, gas and mineral resources on the basis of a prudent assessment of economic benefit;
- (viii) industries such as agriculture, forestry, animal husbandry and fishery;
- (ix) investment in oil, gas, mineral and energy resource projects which are based on a careful assessment of economic benefits and national interests;
- (x) investment in trade, culture, logistics and other service sectors; and
- (xi) establishment of branches and service networks overseas by qualified financial institutions.

AustSino understands that the Proposed WAPRC Transaction and the Proposed Sundance Transaction both fall within the category of *encouraged* investments and do not fall within the categories of outbound investments which are either *restricted* or *prohibited* under the Guidelines.

Schedule 7
Proposed / potential use of \$100M
in funds from WAPRC Transaction

Overview

The \$100M in funds to be raised from the Proposed WAPRC Transaction are intended by AustSino to be used to fund the Proposed Sundance Transaction and for working capital purposes, and to explore the possibility of AustSino pursuing one or more of the following:

- the proposed development of a deepwater port at Oakajee in the Mid West of Western Australia on a build-own-operate-transfer (BOOT) model (**Oakajee Project**); and/or
- the identification and pursuit of one or more other suitable potential opportunities in the Western Australian resources or infrastructure sectors (**Other Western Australian Projects**).

\$58M to be used for Proposed Sundance Transaction

If the Proposed Sundance Transaction is successfully completed, \$58M of the funds raised from the Proposed WAPRC Transaction will be allocated to the Proposed Sundance Transaction, namely: \$50M will be paid out in cash to the Noteholders as partial consideration for the cancellation of their notes; and \$8M will be retained by Sundance as working capital, for transaction costs in connection with the Proposed Sundance Transaction and to progress the Mbalam Nabeba Project.

AustSino may (but has no present intention to) use some of the balance of the funds (\$42M) raised from the WAPRC Proposed Transaction on the development of the Sundance Project.

Balance of funds from Proposed WAPRC Transaction

After allocating \$58M for completion of the Proposed Sundance Transaction, the balance of funds (\$42M) raised from the Proposed WAPRC Transaction is intended to be used as follows (all amounts are indicative only):

- for transaction costs (including legal and other professional fees) related to the Proposed Sundance Transaction and the Proposed WAPRC Transaction (\$1.5M);
- to recruit additional personnel (\$2.5 M);
- to explore the proposed development of the Oakajee Project with the Western Australian Government (\$7.5M);
- to maintain and expand AustSino's portfolio of iron ore tenements in the Mid West Region of Western Australia (\$7.5M);
- to identify and pursue Other Western Australian Projects (e.g. to acquire or earn into other tenements, mineral deposits or mining projects or to pursue other infrastructure solutions) (\$7.5M);
- for feasibility/engineering studies, approvals and to advance discussions and/or negotiations with government and regulatory bodies, investors and project partners, in relation to the proposed Oakajee Project or Other Western Australian Projects \$7.5M);

- for general working capital (\$8M);

AustSino may (but has no present intention to) use some of the balance of the funds (\$42M) raised from the Proposed WAPRC Transaction on the development of the Sundance Project.

If the Proposed Sundance Transaction does not complete, the \$58M which was proposed to be allocated for that transaction, will be retained for general working capital, for the purposes of exploring the development of the Oakajee Project and for the purpose of identifying and pursuing Other Western Australian Projects.

Further information in relation to Oakajee and Other Western Australian Projects

The Midwest Region of Western Australia is a highly prospective minerals province, which has many significant iron ore deposits. But the Region has limited economic infrastructure (including lacking a deepwater port capable of accommodating cape class vessels and limited heavy haul rail infrastructure or slurry pipeline solutions) which makes it difficult for existing and potential explorers and miners to develop their mines and export their minerals. The existing Geraldton port also has capacity constraints and cannot accept cape class vessels.

AustSino's own mineral deposits at Peak Hill are several hundred kilometres from the coast and will not be able to be developed without suitable economic infrastructure. With this in mind, in 2011 AustSino acquired engineering studies and intellectual property for economic infrastructure previously developed by the Chinese-backed Yilgarn Consortium, including in relation to the proposed development of a deepwater port at Oakajee. AustSino has since spent approximately \$3 Million to enhance such intellectual property and studies.

However, during the period after acquiring the above intellectual property and studies, AustSino was not able to complete negotiations with sufficient mining and funding partners in order to progress the development of economic infrastructure solutions for the Mid West, including at Oakajee.

AustSino has been working hard since that time to recapitalise the company, refresh the AustSino Board and Management team and to maintain and expand its mining tenements in the Mid West. When AustSino was requoted in early 2018, the company stated that it hoped its requote would be a catalyst for renewed focus on the need for economic infrastructure solutions for Mid West Region.

Since its requote in early 2018, AustSino's Chairman, Board and Management team have been liaising extensively with local mining parties, potential project partners and other stakeholders. Among other things, in mid 2018 AustSino announced it was commissioning a concept study in relation to Mid West economic infrastructure solutions, and the Board and Management team have made several trips to China to seek to gain support and investment for the development of the Region.

These efforts have culminated in one of AustSino's existing shareholders, WAPRC, seeking to make a \$100M investment in AustSino at the same time as AustSino has been exploring participating in the Mbalam Nabeba Project via a placement of shares in Sundance.

To the extent that funds raised from the Proposed WAPRC Transaction are to be utilised to explore discussions with the Western Australian Government for the development of a deepwater port at Oakajee, such funds should be considered early stage funding only. That said, it that AustSino's preferred model would be for its proposed project partners (rather than AustSino) to directly fund the development of port and rail infrastructure under a BOOT model and to recover their capital plus a reasonable investment return via the tariffs paid by mining parties for utilising such infrastructure.

Any direct involvement by AustSino in the future development of economic infrastructure solutions for the Mid West Region would be likely to require significantly more capital and would also require sufficient involvement of mining parties, construction parties and support and approvals of the Western Australian Government. There is no certainty that AustSino or its proposed project partners will secure the capital, involvement, support or approvals referred to above. There is also no certainty regarding precisely what role AustSino would play in such future developments.

Whether or not AustSino successfully secures the necessary capital, involvement, support or approvals for the proposed development of the Oakajee Project (and whether or not all of the conditions are met or waived for AustSino to complete the Proposed Sundance Transaction or the Proposed Sundance Transaction) AustSino will continue to explore further opportunities to acquire or earn into Other Western Australian Projects. AustSino has identified, or has been directly approached in relation to, various potential opportunities, in Western Australia since its requote in early 2018.

Accordingly, any available funds raised from the \$100M share placement to WAPRC that are not ultimately utilised for the Proposed Sundance Transaction, or the proposed development of a deepwater port at Oakajee, will be utilised to identify and pursue such Other Western Australian Projects.