



ASX Announcement | Media Release  
30 April 2015

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2015

- **40Mtpa capacity confirmed**
- **Productive funding discussions for the development of the Port and Rail continue**
- **Cash balance of A\$21.5 million as at 31 March 2015**

Sundance Resources Limited (“**Sundance**” or “**Company**”) (ASX: SDL) is pleased to advise that it made further progress in its strategy to develop the Mbalam-Nabeba Iron Ore Project located in Cameroon and the Republic of Congo (“**Project**”) during the quarter ended 31 March 2015 (“**Quarter**”).

### **40 MTPA CAPACITY CONFIRMED**

A comprehensive cost and value challenge was completed in the previous quarter. As a result the nameplate capacity of Stage One of the Project has been increased from 35Mtpa to 40Mtpa.

In order to verify the upgraded capacity, a new and more sophisticated pit-to-port dynamic simulation model was commissioned during the quarter. This model confirmed that the nameplate capacity can be increased with the addition of one passing loop together with an additional railway siding feeding into the car dumper at a total capital cost of around \$10 million.

The results from this increase in annual tonnage include:

- Annual revenue will increase by \$US295 million per annum (assuming a CFR China iron ore price of \$US80/dmt and a freight cost of \$21/dmt.); and
- Fixed operating costs will be allocated over higher annual tonnages resulting in a reduction in the unit operating cost for Stage One of the Project.

The updated operating unit cost numbers and other key details from this value adding exercise will be released in due course.

### **ON-SITE OPERATIONS, CAMEROON AND REPUBLIC OF CONGO**

Work continued throughout the period on the implementation of the Declaration Utility Publique (“**DUP**”) for the railway corridor. The work entails holding public consultation meetings along the railway corridor, carrying out a cadastral survey to physically demarcate the previously approved railway corridor on the ground and agreeing the cadastral survey with the government. This is followed by an assessment to identify any affected private property and any social, historical or culturally sensitive areas along the railway corridor and to assess any compensation and/or resettlement necessary. The work is being carried out to international standards as defined in the Equator III principles and the process was some 35% complete at the end of the period. This work will continue over the coming months and is an essential component of protecting the assets in country and ensuring that the Project will comply with required international standards when given the go-ahead, irrespective of the funding structure.

## HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

The Sundance Group demonstrated good safety performance during the reporting period with no permanent injuries being sustained by our employees or contractors. One Lost Time Injury occurred when a contract employee was bitten by a snake while cutting brush. The quarterly Lost Time Injury Frequency Rate (“LTIFR”) is currently 6.5. The Sundance Group also reported no environmental non-conformances in Cameroon or the Republic of Congo during the quarter.

HSECS initiatives for the quarter included malaria prevention, camp maintenance health and safety audit, revision of emergency response plans and a DUP waste management plan.

Sundance continues to ensure that Project governance follows international standards and Good International Industry Practice by applying the Equator Principle Financial Institutions III and the International Finance Corporation's Performance Standards. In conjunction with the DUP Rail Project, additional studies have been undertaken along the DUP in communities potentially affected by the rail project in support of the Government's efforts to declare public utility. Studies included the collection of additional social and economic data, as well as robust stakeholder engagement meetings. Indigenous Peoples have also been a focus of Sundance's efforts to ensure transparency and fairness in the process by facilitating Free, Prior Informed Consent in all affected Indigenous People communities.

The implementation and compliance to these principles and standards will ensure that all affected communities and stakeholders understand the process, the outcomes of the Project and have been given the opportunity to negotiate and provide feedback and consent in the process. This will greatly assist in managing the project risks by having an adequate, accurate and objective evaluation of the social and community context, risks and impacts.

## CORPORATE

The quarter saw a reduction in cash expenditure of approximately 40% from the previous quarter as result of the successful implementation of the cost reduction initiatives announced in mid-December. Actual costs incurred during the quarter were approximately \$7.7 million, with a total cash outflow during the quarter of approximately \$9 million due to payments of creditors accrued during the previous quarter. This was accomplished while continuing the expenditure on the DUP and in-country community and environmental work.

Sundance expects to spend approximately \$7 million during the June 2015 quarter on progressing the DUP work, project development and administration expenditure. This work on the DUP is expected to be complete in the September quarter 2015

Sundance continues to expect to stay cash positive during the current calendar year.

Discussions continued with the Investor Consortium and Noble regarding extending the maturity dates of the convertible notes. A reasonable likelihood exists that Sundance will be able to extend the maturity dates of these convertible notes.

## CASH ASSETS

The Company's cash balance at 31 March 2015 was A\$21.5 million.

## PATHWAY FORWARD

As discussed in the December quarterly, the focus for Sundance in 2015 is signing up the required strategic equity investors for the Project (in particular, for the port and rail infrastructure) and arranging the required debt funding package. Whilst acknowledging the current environment is challenging, the Project is a world-class high grade iron ore deposit and Sundance has been seeking to ensure it is competitive throughout price cycles and any market conditions.

Progress in this regard has been made with the confirmation of the Project capacity being increased to 40Mtpa which improves the Project economics further. To fully capitalise on this by maintaining or increasing the life of the DSO stage, during the quarter Sundance has been working on increasing the DSO Ore Reserves. This work is currently undergoing independent review and we expect to announce an increased Reserve in the coming weeks.

During the quarter Sundance commenced discussions on the process which will resolve the Hanlong shareholding in Sundance. It remains unclear what the final process will be. Notwithstanding, Sundance remains in close contact with the relevant Chinese authorities and we expect to see progress on this in the June quarter.

Sundance has been working with the Government of Cameroon and Chinese debt and equity providers to fund the infrastructure separately from the mines. Chinese debt providers will more than likely require substantial Chinese participation in construction activities and the procurement of Chinese equipment where appropriate. Discussions with the Government of Cameroon, including discussion on the extension of Exploration Permit EP92 and the Convention Long Stop date, have progressed well with significant progress having been made. Sundance anticipates being able to provide a more detailed update in the near term.

## **SHAREHOLDING STRUCTURE**

As at 31 March 2015, Sundance had 3,110,250,938 ordinary fully paid shares on issue. There were 21,136,834 performance rights, 720,000,000 unlisted options and a total 5,600,001 unlisted convertible notes on issue.

## **EXPENDITURE**

The Pro-forma appendix 5B - Statement of Consolidated Cash Flows is provided in a separate report.

## **ASX ANNOUNCEMENTS**

This announcement should be read in conjunction with all announcements made by the Company to ASX during the quarter, in particular, the financial statements for the half-year ended 31 December 2014 which contain further details about Material Business Risks. These announcement can be found on the following link:

<http://www.sundanceresources.com.au/irm/content/asx-announcements.aspx>

**ENDS**

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**What about disclaimer for forward looking statement disclaimer?**



### **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 12 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 scope involves the construction of a 510km rail line dedicated to the transport of iron ore through Cameroon and 70km rail spur line connecting the Nabeba mine in Congo. It also includes the building of 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.*