



ASX Announcement | Media Release
23 October 2014

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

- **Prominent Australian business leader and highly experienced construction executive Wal King to be appointed Chairman, effective from the conclusion of the Company's AGM**
- **Front End Engineering Design ("FEED") study for the Mbarga and Nabeba mine plants and associated infrastructure awarded to Fluor Australia**
- **A\$40M raised through convertible note to new strategic investor, Gennadiy Bogolyubov**
- **Nabeba Mining Convention signed with Republic of Congo Government**
- **Discussions underway for securing project equity and debt funding**
- **Cash balance of A\$46 million as at 30 September 2014**

Sundance Resources Limited ("Sundance" or "Company") (ASX: SDL) is pleased to advise that it made further progress during the quarter ended 30 September 2014 ("Quarter") in its strategy to develop the Mbalam-Nabeba Iron Ore Project located in Cameroon and the Republic of Congo.

CHAIRMAN

During the Quarter, George Jones announced that he would retire as the Company's Chairman at the conclusion of the Annual General Meeting of Sundance shareholders, which will take place on 27 November 2014. Mr Jones will be succeeded as Sundance Chairman by former chief executive of Leighton Holdings, Wal King, who was appointed to the Sundance Board as Non-Executive Deputy Chairman in May 2014. Mr Jones said the transition in the project from exploration to development made it a logical time for him to step down and for Mr King to take the Chairmanship.

"Mbalam-Nabeba is not so much a mining project as it is an infrastructure project. Wal is one of the most experienced and skilled engineering and construction executives in Australia and his knowledge and contacts in his field will be invaluable to Sundance as it moves into construction," Mr Jones said.

FRONT END ENGINEERING DESIGN OF MINE PLANTS

In September 2014, Sundance appointed Fluor Australia Pty Ltd ("Fluor") to undertake a Front End Engineering Design ("FEED") study for the mine processing plants and their associated mine site infrastructure (such as villages, power stations and aerodrome). Fluor has commenced work on the FEED study, which is expected to take approximately six months to complete. The initial phase of the FEED study will involve reviewing the design to minimise capital requirements while maintaining an efficient operation.



The FEED contract will lead into an Engineering, Procurement and Construction (“EPC”) contract for the mine plants and associated infrastructure. The FEED contract gives Fluor the first right, but not the last right, to negotiate a full EPC contract for delivery of the mine plants and associated infrastructure as defined by the FEED study. In the event that an acceptable EPC price and contract terms cannot be agreed, Sundance will have the right to negotiate with any of the other original tenderers or to institute an entirely new tender process for the EPC contract.

“We are delighted to add Fluor to our list of world-class contractors for the Mbalam-Nabeba Iron Ore Project,” Sundance Managing Director Giulio Casello said.

“The FEED study is integral to the development of the Project because it will produce a detailed design which will be the basis of the EPC contract. As we are utilising a proven standard design of crushing and screening facilities, the focus will be on minimising capital as much as possible.

“We look forward to working closely with Fluor over coming months to complete the FEED study and ultimately to awarding a full EPC contract early next year.”

Fluor is a wholly-owned subsidiary of the US-based Fluor Corporation (NYSE: FLR). Fluor Corporation is one of the world’s leading publicly traded engineering, procurement, fabrication, construction, maintenance and project management companies. Along with its project execution capabilities, Fluor Corporation has been internationally recognised for its excellence in the EPC industry and has a strong track record in health, safety and sustainability.

CONVERTIBLE NOTE

On 3 September 2014, Sundance announced it had reached an agreement with a new strategic investor regarding a A\$40 million investment in the Company via convertible notes and options. Global resources investor Gennadiy Bogolyubov made the investment through his vehicle Wafin Limited (“Wafin”), to take up the convertible notes with a conversion price of 10 cents per share.

The key terms are:

- Wafin invested A\$40 million via three-year zero coupon unsecured convertible notes (“Wafin Notes”) with a conversion price of 10 cents;
- Wafin will also receive options over 260 million ordinary shares with an exercise price of 12 cents (“Wafin Options”), which expire on the earlier of 60 months from issue or 20 business days after the project’s Financial Close or a Change of Control Event. 50 million of these Options are not subject to Shareholder approval and were issued on 23 September 2014 (“Tranche 1 Options”) but 210 million of these Options are subject to shareholder approval at the Annual General Meeting to be held on 27 November 2014 (“Tranche 2 Options”);
- If not converted into Sundance shares, the Wafin Notes are redeemable at maturity for 130% of face value; and
- Wafin will have the right to appoint a representative to the Company’s Board if its total shareholding in Sundance exceeds 12.5% of Sundance’s total issued share capital. Wafin will also have certain anti-dilution rights, including a right of first refusal and (subject to an ASX waiver) a top-up right where the right of first refusal does not apply.



The proceeds were received by Sundance on 23 September 2014 and will be used for the following purposes:

- To support and oversee Mota-Engil Africa as it mobilises its EPC team for the Project;
- The FEED contract for the mine plants and associated infrastructure;
- Appointment of independent technical experts to satisfy lenders' requirements, which will include upgrading the Environmental Impact Assessment to the latest Equator Principles III;
- Negotiation and detailed term sheet documentation of a comprehensive debt and equity funding package for the Project;
- Continued pre-construction activities in-country; and
- Ongoing corporate working capital.

Please refer to the ASX announcement dated 3 September 2014 for more information on the Wafin Notes and Wafin Options.

NABEBA MINING CONVENTION

On 24 July 2014, Sundance subsidiary Congo Iron SA and the Republic of Congo Government signed the Nabeba Mining Convention.

Signing of the Convention followed the issuing of the Nabeba Mining Permit, which was approved by the Ministerial Council for the Republic of Congo on 28 December 2012 and was granted by Presidential Decree in February 2013.

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



**Congo Minister of Mines signs
the Nabeba Convention**

PROJECT FINANCING

During the Quarter, Sundance and Standard Bank undertook planning for, and commenced discussions with, potential equity and debt funding partners. Based on these discussions, Sundance and Standard Bank are confident there is considerable support from Western and Chinese providers of project equity and debt capital.

The following sources of Project Equity funding are being considered:

- Partial mine equity sale;
- Partial port and/or rail equity sale; and
- Total infrastructure sale.

Standard Bank's proposed tiered funding plan for debt financing includes involvement from:

- Export Credit Agencies;
- Development Finance Institutions; and
- Commercial Banks.



ON-SITE OPERATIONS, CAMEROON AND REPUBLIC OF CONGO

During the Quarter, trial mining at the Nabeba mine site in the Republic of Congo continued with the collection and analysis of bulk iron ore samples. Results of the analysis support the Nabeba Run of Mine (ROM) bulk density and as-dug moisture content adopted for the design criteria during the Definitive Feasibility Study published in April, 2011. The results support the input parameters to the FEED study being conducted by Fluor for the design of the process plants.



Trial mining at the Nabeba Iron Ore Mine Site, Republic of Congo

The Exploration team also carried out some geological mapping in the Bamegod-Bethel area in the Northern section of the 2013-45 Ibanga Exploration Permit, Republic of Congo, during September 2014.



Direct Shipping Ore (“DSO”) and Itabirite occurrences that were previously identified in this area were subject to evaluation following the completion of the first phase of the Bamegod interpretative map. Exploration drilling targets have been identified within the area and a drilling plan for both the DSO resources and preliminary evaluation of the Itabirite resources were undertaken.

Planning of access roads and selection of a trench location were accomplished during the mapping trip, with 40 samples collected along the tracks to define the DSO and Itabirite occurrences within the study area.

In Cameroon, site works included extensive road works such as delineating better road form, drainage channel and cleared side aprons. This allows for freer movement for vehicles travelling between the villages and towns nearest to the Mbarga mine site, as well as safety improvements for safer pedestrian walking areas along the roadside.

In collaboration with local authorities, the Company has also been engaging with a range of stakeholders such as logging companies and truck drivers to raise awareness on road safety practices.



Simple improvements, such as long distance visibility around winding local roads, can significantly reduce the risk of traffic-related incidents



The site operations team conducting a safety toolbox pre-start meeting prior to the day’s work

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

Sundance and its subsidiary companies demonstrated good safety performance during the reporting period with no permanent or serious injuries being sustained by our employees and a Lost Time Injury Frequency Rate (“LTIFR”) of zero and a Total Recordable Injury Frequency Rate (“TRIFR”) of zero. The Company also reported no environmental non-conformances in Cameroon or the Republic of Congo during the reporting period.

HSECS Statistics for the July-September Quarter 2014	Total Hours Performed	Total Lost Time Incidents	Total Lost Work Days
All Operations	150,173	0	0
Lost Time Injury Frequency Rate (“LTIFR”) for the Quarter			0
Previous annual LTIFR			0
Rolling annual LTIFR			1.8
Total Recordable Incident Frequency Rate (“TRIFR”) for the Quarter			0
Previous TRIFR			2.0
Rolling annual TRIFR			2.8

The Company’s second Annual Environmental Report was completed in July 2014 and submitted to the Ministry of Environment of Cameroon and the Ministry of Environment for the Republic of Congo. It is available for viewing on the Sundance website [www.sundanceresources.com.au].

Congo Iron SA received a renewal of its Certificate of Environmental Conformity for the Nabeba Project. The Certificate was received in August 2012 following the approval of the ESA by the Congolese Government and subsequently renewed in August 2014 by the Congolese Minister of Tourism and Environment for three additional years.

During the reporting period, the Cameroon ESA Certificate of Environmental Conformity was also renewed for an additional year following the Cameroon Ministry of Environment, Nature Protection and Sustainable Development (“MINEPDED”) representatives visit to site to audit Sundance against their Environmental and Social Impact Assessment deliverables and management plans.

The Project Environmental Social Impact Assessment (ESIA) Update Project Contract was awarded to an internationally experienced and lender acceptable environmental consultant, Environment Resources Management (“ERM”), in September 2014. The Equator Principles III (a financial industry benchmark for determining, assessing and managing environmental and social risk in projects) released a revised version in June 2013. The ESIA Update will focus on additional baseline studies and implementing the learnings and good practice captured in the revised June 2013 Equator Principles III in Cameroon and the Congo. This will ensure that the project achieves all requirements from international lenders and Development funds.



Cam Iron SA continues its planning and implementation of the Declaration of Public Utility (“DUP”) for the Project Rail Corridor in Cameroon. During the Quarter, a reconnaissance mission was undertaken by representatives from the Ministry of State Property and Land Tenure (“MINDCAF”) and Cam Iron staff on the implementation methodology and MINDCAF has issued its final report and recommendations. As a result, Cam Iron SA has finalised the DUP Implementation Plan with advanced works scheduled to begin shortly.

CORPORATE

In August 2014, the Supreme Court of Western Australia (Action no. CIV 1773 of 2007) delivered its judgment in the longstanding dispute between Absolute Analogue Inc. and David Porter (as Plaintiffs) and Sundance Resources Limited, following a trial in November 2013. The WA Supreme Court found in favour of Sundance, dismissing the plaintiffs’ claim, which sought damages in lieu of a grant of 30 million options, and ordered the plaintiffs to pay Sundance’s costs. The Plaintiffs have lodged an appeal against this decision and this will be considered by the Court in due course.

CASH ASSETS

The Company’s cash balance at 30 September 2014 was A\$46.0 million.

SHAREHOLDING STRUCTURE

As at 30 September 2014, Sundance had 3,082,028,456 ordinary fully paid shares on issue held by 21,524 individual shareholders. There were 33,220,935 performance rights, 510,210,338 unlisted options and a total 5,600,001 unlisted convertible notes on issue. The Top 20 shareholders held 47.6 per cent of the total issued capital.

EXPENDITURE

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

ENDS

GIULIO CASELLO

**Chief Executive Officer and Managing Director
Sundance Resources Limited**

Investor Inquiries:

Jill Thomas, Manager Investor Relations & PR
Sundance Resources Limited

Tel: +61 8 9220 2300

E-mail: jthomas@sundanceresources.com.au