



ASX Announcement
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Sundance appoints Mota-Engil Africa to build \$US3.5B port and rail infrastructure for the Mbalam-Nabeba Iron Ore Project

Standard Bank appointed as Financial Advisor and Mandated Lead Debt Arranger for the Project

- Sundance appoints leading international engineering and construction company Mota-Engil Africa as the contractor to build the US\$3.5B port and rail infrastructure for the Mbalam-Nabeba Iron Ore Project.
- EPC Contract signed on 5 June 2014 in Yaoundé, Cameroon.
- Mota-Engil Africa has extensive experience in Sub-Saharan Africa, including ongoing construction of a bulk commodity railway in Malawi operated by Brazilian mining group Vale.
- Standard Bank, Africa's largest Bank, has been appointed as Financial Adviser and Mandated Lead Debt Arranger for the Project.
- Discussions are well advanced with a wide variety of potential funding partners; Export Credit Agencies, Development Funds and Commercial Banks have already expressed interest in providing debt funding.
- Sundance aims to achieve Financial Close by mid-2015.
- Construction is expected to take 3.5 years following Financial Close.

Sundance Resources Limited (ASX: SDL) ("Sundance" or "the Company") is pleased to announce leading international engineering and construction company Mota-Engil Africa has been appointed as the Engineering, Procurement and Construction (EPC) contractor to build the port and rail infrastructure for the Mbalam-Nabeba Iron Ore Project ('the Project') in Central Africa.

Sundance has also appointed Standard Bank, Africa's largest bank by assets and earnings, to advise on funding and be the lead debt arranger for the Project rail, port and mines in the Republics of Cameroon and Congo-Brazzaville.

Mota-Engil Africa's role includes detailed design, construction, testing and commissioning of:

- the 510 km railway from the Mbarga Mine in Cameroon to the Mineral Terminal Facility at Lolabe on the west coast of Cameroon;
- the 70 km rail spur line from the Nabeba Mine in the Republic of Congo (Congo-Brazzaville) to the Cameroon railway; and
- a 35 Mtpa deep water Mineral Terminal Facility, including stock yards, capable of loading 'China-max' vessels.

Sundance CEO and Managing Director Mr Giulio Casello said the appointments of these groups marked a pivotal point in the Project's development.

"Mota-Engil Africa is a globally-recognised European engineering and construction company with extensive experience in building transport infrastructure for large bulk-commodity mining projects in Africa. Alongside Standard Bank, with their Africa-focused strategy to promote business investment in the region, both are a fantastic fit for Sundance and the Project," Mr Casello said.

"The decision by Mota-Engil Africa and Standard Bank to take on the key roles of engineering and construction contractor and lead debt funding arranger is a major vote of confidence in not only our Company and the Project, but also in the central African countries of Cameroon and Congo and our belief that this will become a world-class iron ore region.

"The Mbalam-Nabeba Iron Ore Project will be one of the lowest cash-cost producing assets in the world. Now that we have confirmed capital costs for the Project, I believe it is positioned as the most attractive large-scale, high grade iron ore project in the world that is ready for development."

Mota-Engil Africa and Sundance signed the binding and bankable EPC contract for the construction of the Cameroon portion of the port and rail infrastructure component of the Project at a signing ceremony in the capital city of Yaoundé on 5 June 2014.

Attending the ceremony were representatives from Sundance and its subsidiary Cam Iron SA, as well as from Mota-Engil Africa, Standard Bank, and the Cameroon Government including the Honorable Prime Minister, Mr Philemon Yang.

"On behalf of the Government and its people, I congratulate Sundance and Cam Iron on achieving this significant milestone. The importance of such a contract cannot be diminished in what it represents for the future of Cameroon's mining industry.

"The iron ore project expertise of Australia's Sundance Resources, together with the rail and port construction capability of Mota-Engil Africa and the financial strength of Africa's largest bank Standard Bank, make a formidable team to develop the Mbalam-Nabeba Project which will bring significant employment benefits and economic growth to our country," said Prime Minister Yang.

A separate EPC contract for the 40 km spur line rail component for the Nabeba Mining Project in the Republic of Congo will be signed in the coming days by Sundance and its subsidiary company Congo Iron SA and Mota-Engil Africa.

Mota-Engil Africa – Rail and Port Design and Construction

The Mota-Engil Group is a multidisciplinary Portuguese construction company with an international presence that spans across 21 countries. It established its African operations in Angola in 1946. Mota-Engil Africa, which is a subsidiary of Mota-Engil SGPS, is currently building a stretch of railway 245 km long in Malawi that is part of the Nacala Corridor, a facility for transporting mining products from the Moatize coal mine in Mozambique that is operated by Brazilian mining group Vale.

Key terms of the contract for the Mbalam-Nabeba Iron Ore Project are:

- Construction period from Financial Close of 3.5 years;
- Contract value of US\$3.5B (a price lower than the Definitive Feasibility Study (DFS) estimate cost released by Sundance in April 2011);
- Standard internationally-recognised and accepted contract terms based on FIDIC Yellow Book;
- The Contractor must meet and comply with the Equator Principles;
- Performance obligation consists of throughput guarantees for system to produce, transport and ship 35 Mtpa;
- Performance Bond and Performance Damages if the system does not achieve the required throughput;
- International standards and specifications and nominated Australian Standards.

“We are very proud of our success to-date in Africa. With our significant experience in Angola, as well as expanding operations into several other sub-Saharan countries including South Africa, Mozambique, Malawi and Zambia, we have the knowledge, capability and skills to deliver this project for Cameroon and Congo. As a solutions provider, we are delighted to partner with Sundance Resources as we see great opportunity for growth and prosperity in this region as a result of key infrastructure projects such as this,” said Mr Gilberto Rodrigues, CEO of Mota-Engil Africa.

Standard Bank– Financial Advisor and Lead Debt Arranger for the Project

Standard Bank and Sundance have agreed terms for the mandate whereby Standard Bank will be the Financial Advisor and non-exclusive Lead Arranger with respect to project-level funding.

Standard Bank has provided indicative terms for the debt funding of the port, rail and mine facilities in association with the Mota-Engil Africa EPC tender. Standard Bank’s tiered funding plan for debt financing includes Export Credit Agencies, Development Finance Institutions and Commercial Banks.

Given the low cash costs and capital intensity of the Mbalam-Nabeba Project, Sundance anticipates a debt to equity ratio for the Project of better than 70:30 with interest margins,

amortisation schedules and other terms consistent with normal industry practice for African resource project finance situations.

Standard Bank has already held discussions with a wide variety of potential funding partners and has received several expressions of interest from Export Credit Agencies and Development Finance Institutions. In addition, expressions of interest have been received from Insurance Agencies who will provide protection for the commercial banking tranche.

The result of these discussions is that there is considerable support for the Mbalam-Nabeba Project from the above-mentioned institutions, including Western and Chinese providers of project equity and debt capital.

Sundance has commenced work with Standard Bank and Mota-Engil Africa to convert the indicative term sheets to credit-approved term sheets by the end of this calendar year, with an aim to achieve Financial Close by mid-2015 once all conditions precedent are satisfied.

“Standard Bank believes the Mbalam-Nabeba Iron Ore Project is a Tier One asset that will generate significant revenue once in production. However infrastructure is key to unlocking its potential. We have worked with Mota-Engil Africa on projects in the past, and we firmly believe they have the experience, credibility and capacity to put together a consortium that will succeed in building this project within the timeframe and budget outlined in their tender. Moreover, Standard Bank is confident in our ability to raise funds for the construction phase of the project,” said Mr Rob Bessinger, Head of International Client Coverage, at Standard Bank.

Project Equity

In order to secure agreed terms for the EPC contract and indicative terms for debt funding, Sundance, with the assistance of its financial advisor Standard Bank and other equity arrangers, will proceed with delivering the project equity funding strategy.

This will involve parties who have previously expressed interest in the Project, subject to confirmation of an EPC price and debt solution. The provision of project equity is expected to be finalised in parallel with reaching financial close for debt and equity funding by mid-2015.

In addition to the funding proposal outlined above, Sundance, Standard Bank and Mota-Engil Africa are also advancing plans for an alternative funding strategy based on an Own Operate and Transfer model for the port and rail infrastructure.

Discussions on this strategy are underway with specialist infrastructure operators and financiers. The successful completion of these discussions would see a greatly reduced equity requirement from Sundance and its partners.

Tender Process for Mine Plants and Associated Infrastructure

Following the closure of the tender process in April 2014 for the second package of project works, Sundance is pleased to announce that it has received three proposals for construction of the mine plants and associated infrastructure, which includes accommodation villages, workshops, a diesel power plant and an aerodrome.

Indicative prices from all tenderers are in line with the price estimates contained in the original project DFS completed by Sundance in April 2011. Each of the proposals came with different funding structures which ranged from export credit agency support to potentially full funding. Financial proposals will also be evaluated to identify the preferred contractor.

The next step requires the selection of one of the contractors to complete front-end engineering and design (FEED) work to generate a fixed-price contract. Completion of FEED is expected to take approximately six months.

Mining Contractor

Although a formal mining contract will not be awarded at this time, Sundance has tested the market in respect to cost per tonne of ore mined at both sites. This price would include the provision of all capital equipment including trucks, front end loaders and associated field-based facilities. The Company is currently reviewing the responses from potential mining contractors.

-ENDS-

About Mota-Engil Africa

Mota-Engil Africa is a subsidiary of Mota-Engil SGPS a multidisciplinary Portuguese construction company with an international presence that spans across 21 countries. The company is a leading provider of integrated engineering and construction services as well as a wide range of other services across its target markets in Sub-Saharan Africa. The diversified portfolio of services provided by Mota-Engil Africa range from Engineering and Construction (including infrastructure such as roads, railways, bridges and dams, mining services, civil construction works and real estate construction and services), Logistics (including ports and other infrastructure management) and Environment and Services (including waste management and collection and water treatment and distribution). With significant recognition for the portfolio developed in Africa, Mota-Engil Africa maintains a long-term strategic outlook and an expanded horizon for work in the markets of Sub-Saharan Africa. More information at www.mota-engil.pt

About Standard Bank

Standard Bank Group is Africa's largest bank by assets and earnings. It operates in 32 countries around the world, including 20 in Africa. Standard Bank aims to be the bank of choice in Africa and has been driving its strategy of growth into West Francophone Africa as well as expanding its focus to include the six nations that comprise the Central African Economic and Monetary Community (CEMAC), which include Cameroon and the Republic of the Congo. More information at www.standardbank.com

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