



ASX Announcement | Media Release  
27 January 2015

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

- **Prominent Australian business leader and highly experienced construction executive Wal King appointed Chairman**
- **Cost reduction program implemented**
- **Cash balance of A\$30.5 million as at 31 December 2014**

Sundance Resources Limited ("**Sundance**" or "**Company**") (ASX: SDL) is pleased to advise that it made further progress during the quarter ended 31 December 2014 ("**Quarter**") in its strategy to develop the Mbalam-Nabeba Iron Ore Project located in Cameroon and the Republic of Congo ("**Project**").

### CHAIRMAN

During the Quarter, George Jones retired as the Company's Chairman at the conclusion of the Annual General Meeting of Sundance shareholders on 27 November 2014. Mr Jones was 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.

### COST REDUCTIONS AND BOARD CHANGES

On 15 December 2014, Sundance advised that the Company was undertaking a number of cost reduction measures to ensure it appropriately manages its cash position into 2016 whilst retaining the ability to move its world-class Mbalam-Nabeba Iron Ore Project into production rapidly when market conditions improve.

The actions taken have resulted in:

- Reduction in Board size to 5 (from 8 in November);
- 10% salary reduction for senior managers and the Board;
- Salary freeze for all other positions;
- 40% reduction in staff numbers in the Perth office;
- 25% reduction in expatriate numbers in Cameroon and Congo; and
- 80% reduction in contractors.

The redundancy expenses associated with this have all been included in the December costs.

These initiatives have resulted in an over 50% reduction in overhead and project support costs whilst allowing the continued advancement of the Project, which ranks as one of the best undeveloped iron ore projects in the world based on its high grade iron ore and largely complete in-country approvals and existing mining conventions.



## PROJECT UPDATE

Project development activities focused on three areas during the reporting period as follows:-

**Cost and Value Challenge Exercise:** A comprehensive cost and value challenge exercise of the entire Project was completed during the period.

As a result of this exercise, plans to upgrade the project nameplate capacity from 35 Mtpa to 40 Mtpa at negligible additional capital cost are being verified, which should significantly improve the Project economics. Other aspects of the exercise focused on reducing operating and capital costs as well as identifying extensions to the high grade DSO Reserves.

A further announcement, expected in the June quarter will be made when these opportunities and their impact on the Project economics have been confirmed.

**Implementation of the Railway Declaration Utility Publique (“DUP”):** A DUP was issued by the Government of Cameroon for the entire project railway corridor in 2011. Work commenced during the period on implementation of the DUP including public consultation meetings, cadastral surveys and evaluations for compensation and resettlement purposes. The work also includes physical examination of the route on the ground and potential minor adjustments of the alignment to minimize impacts to communities and the environment.

**Mine Plant and Associated Infrastructure FEED Study:** Work continued on the Mine Plant FEED Study throughout most of the period. Outputs from the cost and value challenge discussed above have been incorporated into the scope of work, technical design criteria and specifications for design development and these have been completed in preparation for the next stage of design development. As part of the cost reduction measures discussed above, the FEED Study Contract was placed in suspension effective from 19 December 2014.

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

A crew of 60 local workers and three expatriate supervisors was mobilized during the period for the railway DUP implementation works. Two field camps have been set up on the railway corridor, initial public consultations in the area of the two camps have started and cutting of access and cadastral surveying of about 5km of the route has been completed by the end of the period. This work is continuing in the March quarter.



Surveying Activities and Field Camp on the Railway DUP



During the Quarter, work continued on the trial mining area at Nabeba in the Republic of Congo with the collection and analysis of various iron ore samples. The area has four levels of benching excavated into iron ore material with current stockpiling of topsoil material, waste dump material and DSO material with tonnage calculations.



**Nabeba trial mining area with stockpiling of iron ore material**

A ministerial visit at the Yangadou site took place during November 2014, with the department of Mines and Geology from the Republic of Congo in review of the 2013-45 Ibanga Exploration Permit. As part of the visit, the Exploration team conducted a geological visit with the delegation in the Bamegod-Bethel area in the Northern section of the Ibanga Exploration Permit, Republic of Congo.





The “Promote 2014” Expo was held in Yaoundé in December 2014. The trade fair was organized to highlight the region’s businesses and economic capabilities. Sundance secured an exhibition booth with representatives of Cam Iron and Congo Iron present. Exploration employees from Mbalam and Yangadou attended on behalf their respective sites along with the Cam Iron research geologist and senior management.



## 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. During the quarter, 2 Medical Treatment Illnesses (2 non-national Malaria cases) were recorded elevating the quarterly (13.3) and year-end (6.8) Total Recordable Injury Frequency Rates (“TRIFR”). The Company also reported no environmental non-conformances in Cameroon or the Republic of Congo during the reporting period.

HSECS Initiatives for the quarter included: Malaria prevention, upgrading the DUP Environmental, Social, and Impact Assessment (ESIA) to the Equator Principles III, continuing support for Ape Action Africa’s Mefou National Park, Corporate and Country HSEC Meetings, introduction of a Safe Driver Recognition Program and completion and submission of the Kribi Water Abstraction ESIA.



## CORPORATE

In November 2014 Sundance was granted a waiver by the ASX from Listing Rule 6.23.3 allowing Sundance to proceed with the Refinancing Proposal with the investor consortium made up of Blackstone Alternative Solutions, L.L.C., the D.E. Shaw Group and Senrigan Capital ("**Investor Consortium**") and to cancel the existing options held by the Investor Consortium and issue new options to them. Shareholder approval will be required for this to be completed.

The Annual General Meeting was held on the 27 November 2014. Sundance's largest shareholder Hanlong (Africa) Mining Investment Limited Hanlong ("**Hanlong**") voted against all the resolutions except for Resolution 5 (Issue of Performance Rights to Mr Giulio Casello). Even with that negative vote, all the resolutions were carried, except for the Remuneration Report. This is the first strike for Sundance on its Remuneration Report.

On 12 December 2014, Sundance advised that the Maturity Date for the existing A\$5 million convertible notes with Hanlong had been extended from 31 December 2014 to 31 December 2015, and from 1 January 2015, Sundance will pay interest to Hanlong at the rate of 10% per annum on a quarterly basis on the outstanding convertible notes.

## CASH ASSETS

The Company's cash balance at 31 December 2014 was A\$30.5 million.

## PATHWAY FORWARD

2015 is focused on signing up the required strategic equity investors into the Project, in particular, the port and rail infrastructure and progress the required debt funding package. Whilst acknowledging this is very difficult iron ore environment, the Project is a world class high grade iron ore deposit and we intend to make it even more competitive and able to respond to any difficult market environment. The actions below are the key targets to make progress:

- Continue to finalize the involvement of a Strategic equity partner into the Project via:
  - Resolving the Hanlong shareholding post the completion of the court action in China regarding Liu Han, the former Chairman and owner of Hanlong;
  - Improving the project economics via:
    - Reduction in capital cost;
    - Increase Project capacity to 40Mtpa;
    - Reduction in operating costs; and
    - Increasing reserves of high grade DSO.
- Continue to work with the Governments of Cameroon and Congo to assist in attracting the required strategic investors and associated funding of the infrastructure.

## SHAREHOLDING STRUCTURE

As at 31 December 2014, Sundance had 3,089,651,736 ordinary fully paid shares on issue. There were 24,359,792 performance rights, 510,210,338 unlisted options and a total 5,600,001 unlisted convertible notes on issue.

## EXPENDITURE

The Pro-forma 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 as set out on the following link:

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

**ENDS**

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### **About Sundance Resources**

*Sundance Resources is seeking to develop its flagship Mbalam-Nabeba Iron Ore Project, which straddles the border of Cameroon and the Republic of Congo in Central Africa. Stage One will be the production of a Direct Shipping Ore ("DSO")-quality sinter fines product averaging 62.6% Fe at a rate of 35Mtpa 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.*