

RÉPUBLIQUE DU CAMEROUN  
*Paix – Travail - Patrie*

SERVICES DU PREMIER MINISTRE

SECRETARIAT GÉNÉRAL

PROJET FER DE MBALAM



REPUBLIC OF CAMEROON  
*Peace – Work - Fatherland*

PRIME MINISTER'S OFFICE

SECRETARIAT GENERAL

MBALAM IRON PROJECT

---

**JOINT STATEMENT ON PROGRESS MADE WITHIN THE FRAMEWORK OF NEGOTIATIONS BETWEEN THE  
GOVERNMENT OF CAMEROON, SUNDANCE RESOURCES LTD AND ITS STRATEGIC PARTNER  
HANLONG GROUP TOWARDS MEETING KEY PRINCIPLES  
AND KEY TERMS OF THE MBALAM IRON ORE PROJECT CONVENTION**

\*\*\*\*\*

\*\*\*\*\*

On the high instructions of the **Prime Minister, Head of Government**, the Secretary General of the Prime Minister's Office, **Mr. Louis Paul Motaze** had a working session in Yaoundé on Thursday, 26<sup>th</sup> April 2012, with a delegation from Sundance Resources Ltd headed by its Chairman, **Mr. George Jones**, and a delegation from Hanlong Group headed by its Chairman **Mr. Liu Han**, centered on the Mbalam Iron Ore Mining Project hereinafter referred to as the Mbalam Project. The working session was also attended by the Minister of Mines, Industry and Technological Development, the Minister of Transports, the Minister of Economy, Planning and Regional Development and the Minister of Finances.

At the end of the meeting, a joint statement was released on the progress made since February 2012 in developing the Mbalam Project, especially the Parties' agreement on certain principles and key terms that will guide the negotiation of the Mining Convention and its related agreements.

Further, the Secretary General of the Prime Minister's Office and his guests agreed on a path forward to conclude the Mbalam Mining Convention over the coming months. Moreover, they expressed satisfaction with the constructive and balanced partnership that has been struck, based on the shared values and mutual trust that exist between the Government of the Republic of Cameroon, Hanlong Group and Sundance Resources Limited.

The Parties noted that the Mbalam Project is one of the largest investments ever being carried out in Cameroon. It is an integrated mining project comprising a mine, a railway infrastructure of about 570 km, and a port facility with a minimum capacity of 35mtpa operation.

The Mbalam project will be the foundation of the regional iron ore mining industry. It will also act as a catalyst for other developments in the highly prospective iron ore area including Cameroon and some other countries in the sub-region. Initial estimated capital investment of the project will be US\$ 5 billion with an additional USD 3.7 billion investment for the beneficiation stage of the project. The mine will operate for 25 years with the prospect of this development lasting for many decades past its planned 25 years.

The Government expects that the project will generate significant benefits to the Republic of Cameroon and its citizens since it will create thousands of jobs and foster small and medium sized enterprises in the construction and service industries with substantial economic benefits to the country.

The Secretary General of the Prime Minister's Office welcomed the involvement of Hanlong Group – Sundance Resources' partner and major shareholder – in the Mbalam Project. The Government believes that Hanlong's involvement is an additional sign of positive progress toward the success of the Mbalam Project. Such involvement

2. H

will also contribute to the strengthening of the long-standing and beneficial partnership enjoyed already by the Republic of Cameroon and the People's Republic of China.

The Secretary General of the Prime Minister's Office, welcomed both Sundance Resources and Hanlong's demonstrated commitment to ensure the successful implementation of the Mbalam Project in a manner that benefits all Parties.

In particular, the Secretary General of the Prime Minister's Office highlighted the importance of structuring this historic project to comply with international standards for the welfare of the people of Cameroon for many years to come.

At the end of their discussions, the Parties expressed satisfaction with the progress made on principles and key terms that will guide negotiations leading to the signing of the Mining Convention, notably:

1. Government Equity: the Parties have agreed that the Government of Cameroon will own a 10% free carry equity in the various project companies that will be created to implement and operate the Mbalam Project. Moreover, the Parties are about to agree on the level of additional equity to be acquired by the Government of Cameroon in these same project companies.
2. Term of Mining Permit: the Parties confirmed the 25-year term of the Mining Permit and the procedures and terms for any related extensions, including providing access to third-party commercial users which will encourage further mining activities in the Republic of Cameroon and the CEMAC region. The Government accepted the principle of CAMIRON being the Operator of the integrated rail and port facilities for the term of the related concessions. The Parties agreed to negotiate the conditions of the Operations of the integrated railway and port infrastructures.
3. Royalty. The Parties agreed to a royalty fee 2.5% of the mine gate mining revenue from the Cameroonian ore payable to the Republic in accordance with Cameroon's Mining Code.
4. Fiscal Terms: the Parties agreed that the fiscal incentives under the Investment Code including the Strategic Enterprise Free Trade Zone incentives as well as other additional fiscal incentives provided by the law will be made available to the project.
5. Exchange Control: the Parties have recognized the need to comply with exchange control procedures and at the same time to provide the project the ability to meet its foreign currency obligations.
6. Corporate restructuring: the corporate restructuring amongst affiliates may be executed over several stages, after consultation with the Government. A special fiscal incentive package will be put in place to alleviate the burden of the capital gain tax applicable under the mining code for such transactions.
7. Beneficiation: the Parties came to general agreement on the procedures for building a beneficiation unit to extend the life of the mine and increase the maximum commercial value of the mining resources.

The Secretary General of the Prime Minister's Office, on one hand, the Chairman of Sundance Resources Ltd and the Chairman of Hanlong Group, on the other hand, committed to continue working in good faith to finalize the terms of the foreign investment incentives within the framework of the Mbalam Project and other details required to finalize the Mbalam Project Mining Convention.



L. H.




On behalf of the Head of State, the Secretary General of the Prime Minister's Office expressed his thanks to Sundance Resources and Hanlong Group for their strong commitment to the implementation of the Mbalam Project.

The Parties acknowledged with satisfaction their joint efforts towards the finalization of the Mining Convention and all other agreements required for the success of the project and expressed their deep belief that the success of the Mbalam Project will not only serve the fundamental interests of the people of Cameroon, but also become a model for Africa, as concerns developing open, transparent, and integrated natural resources projects./-

YAOUNDE, 26<sup>TH</sup> APRIL 2012

**For Sundance-Cam Iron**

**Chairman,**



**Mr. George Jones**

**For Hanlong Group**


**Chairman,**



**Mr. Liu Han**

**For the Government of Cameroun**

**The Secretary General  
of the Prime Minister's Office  
Chairman of the Steering Committee,**



**Mr. Motaze Louis Paul**