



ASX Announcement | Media Release
16 December 2020

**SUNDANCE AND ITS SUBSIDIARIES, CONGO IRON AND CAM IRON,
SERVE NOTICES OF DISPUTE ON THE REPUBLIC OF CONGO AND THE REPUBLIC OF CAMEROON
OVER THE MBALAM NABEBA IRON ORE PROJECT**

- A notice of dispute has been served on the Republic of Congo with respect to the apparent withdrawal of Congo Iron's mining permit.
- The actions of the Republic of Congo breach its obligations under the Mining Convention between the State and Congo Iron.
- A separate notice of dispute has also been served on the Republic of Cameroon in respect of its failure to implement the exploitation permit that was deemed to have been granted to Cam Iron in 2009.
- Sundance has engaged experienced international dispute resolution counsel Clifford Chance.
- If the disputes are not resolved within 60 days, Sundance and its subsidiaries will commence international arbitration proceedings to pursue full compensation.

Dispute with Republic of Congo

Sundance Resources Limited ("**Sundance**" or "**the Company**") (ASX Code: **SDL**) advises that it became aware on 7 December 2020 that the Republic of Congo ("**Congo**") had issued a decree on 30 November 2020, which purports to withdraw the mining permit from Sundance's subsidiary Congo Iron ("**Congo Iron**").

While the withdrawal decree has not yet been published in the Official Journal of Congo or formally provided to Congo Iron, the decree as seen by Sundance appears to bear the signatures of the President of Congo, the Minister of Mines and Geology, the Minister of Tourism and Environment, and the Minister of Finance and Budget.

As a result of the withdrawal of the mining permit, Sundance considers that Congo has breached numerous provisions of the Mining Convention dated 24 July 2014 between Congo and Congo Iron ("**Convention**"). The Convention was passed into law on 29 April 2016.

In particular, and without limitation, the withdrawal was not conducted in a manner and on grounds that complied with the Convention, and Congo did not give Congo Iron the opportunity to remedy any alleged non-performance.

Given the circumstances, not only do the actions of Congo constitute a serious breach of the Convention, they also constitute a grave violation of due process.

Further, the withdrawal breaches Congo's undertaking not to expropriate (by direct or indirect action) all or part of the assets of Congo Iron.

Congo Iron is now commencing the formal dispute resolution process provided for in the Convention.

In the event the dispute resolution process does not achieve a settlement within 60 days, Congo Iron intends to commence international arbitration proceedings pursuant to Article 33 of the Convention.

These proceedings will be conducted under the Rules of Arbitration of the International Chamber of Commerce ("ICC") before a tribunal of three arbitrators seated in London. Congo Iron will seek the payment by Congo of fair compensation for the expropriation of the mining permit and damages for other breaches of the Convention and the applicable law.

Dispute with the Republic of Cameroon

In accordance with the Cameroon Mining Code (2001), Sundance's subsidiary Cam Iron ("Cam Iron") applied for an exploitation permit on 9 October 2009. The Minister did not reject or otherwise process Cam Iron's exploitation permit application within the 90-day time limit prescribed by Article 22 of the Regulations to the Mining Code.

As a result, Cam Iron's application for an exploitation permit is deemed to have been granted. However, to perfect the exploitation permit that Cam Iron was deemed granted under Article 22 of the Regulations to the Mining Code, an implementing decree must be issued by the President of Cameroon. No such implementing decree has been issued for Cam Iron's exploitation permit.

By failing to issue the implementing decree, Sundance considers that Cameroon has breached certain obligations owed to Sundance and Cam Iron under the Transition Agreement dated 30 June 2015, including Cameroon's obligation to do all things reasonably required of it to effect, perfect or complete the transactions contemplated by the Transition Agreement.

The Transition Agreement provides for disputes to be resolved by a 60-day process of negotiation and, failing that, arbitration under the ICC Rules before a three-member tribunal seated in Paris.

Sundance and Cam Iron are now commencing the formal dispute resolution process provided for in the Transition Agreement. If the dispute cannot be resolved by negotiation, Sundance and Cam Iron intends to commence international arbitration against Cameroon for breach of the Transition Agreement and the applicable law.

Litigation Funding

Sundance is currently seeking proposals from international litigation funders familiar with funding actions of the kind Sundance and its subsidiaries will need to initiate against Congo and Cameroon if the disputes cannot be amicably resolved by negotiation.

Relisting

In the circumstances described, the Company will no longer be in a position to satisfy the requirements of the ASX (which requirements were outlined in the Company's announcement of 7 December 2020) in order for the Company's shares to be re-admitted to trading as the loss of the mining permit in Congo means the Company no longer has a business which would satisfy the requirements of Chapter 12 of the Listing Rules. The Company has been in discussions with the ASX and it has been agreed the Company's shares will be delisted as at the close of trading on 21 December 2020.

Reporting Entity

Although the Company will on delisting cease to be subject to the Listing Rules it will remain a reporting entity for the purposes of the Corporations Act and as such, material announcements will be released to the Australian Securities and Investments Commission.

Noteholders

The Company and its noteholders, who are owed A\$132 million, were intending to put to the Company's shareholders a resolution and accompanying materials pursuant to which that debt was to be converted to shares and a royalty, resulting in the Company being debt free. Given the turn of events described above, that agreement is not capable of being implemented without amendment. The Company has commenced engagement with noteholders to see if the Company can agree the amendment to achieve a debt free status. If the Company is not successful with this initiative, there is a real risk the Company will

have to go into administration as it does not have the capacity to repay the monies it owes the noteholders, when repayment falls due.

Sundance Resources Chief Executive Officer Giulio Casello said:

"The Sundance Resources team, on behalf of our shareholders, has been pursuing the development of the Mbalam-Nabeba Iron Ore Project for more than a decade by working persistently and diligently on advancing and arranging support for what is a world-class iron ore project.

"Along the way, Sundance has had to deal with turbulent market conditions including this year's impact of COVID-19, unsolicited takeover proposals and the tragedy of 2010 when most of our Company's board and senior management team were killed in a plane crash in Congo.

"But our commitment to deliver value from Mbalam-Nabeba for shareholders and our partners in Congo and Cameroon has remained steadfast and resolute. This was demonstrated prior to COVID-19 when a high-quality Chinese consortium were introduced to Congo and Cameroon as Sundance's potential partner in the development.

"But the latest breaches of the legal agreements we hold with our host countries leave Sundance with the need to enforce the Company's legal rights, and those of its subsidiaries, and protect the interests of Sundance shareholders. Sundance has invested near \$400 million in Mbalam and Nabeba, underpinned by our reliance on agreements with the Governments of Congo and Cameroon and our adherence to the laws of those countries.

"Sundance has always acted in good faith and with the sole intent to deliver value for both our shareholders and the people of Congo and Cameroon. However, Sundance is now left with no choice but to issue the notices of dispute and prepare for international arbitration. If arbitration is necessary the Company has secured first-class representation in Magic Circle firm Clifford Chance and the Company is confident it will be able to secure the funding needed to meet the costs of the proceedings via international litigation funders.

"Unfortunately, the forced action by Sundance means we need to reconsider our ASX re-listing plans. Following consultation with the ASX, the Company had no choice but to seek a de-listing from the ASX and this will occur at close of trading on 21 December 2020.

"The Company appreciates the continued and loyal support of our shareholders and the ASX during what has been a frustrating and disruptive past two years for all involved.

"Sundance will further update shareholders as soon as practicable."

Further information on the Mbalam-Nabeba Iron Ore Project, including historical reporting and releases, can be found at the Company's website <https://www.sundanceresources.com.au>.

This announcement is authorised for release to the market by the Chairman of Sundance Resources Limited with the authority from the Board of Directors.

Further information:

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