

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Sundance Resources Limited

ABN

19 055 719 394

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,998)	(6,326)
(b) development	(409)	(946)
(c) production	-	-
(d) administration	(2,256)	(4,762)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	80
1.5 Interest and other costs of finance paid	(125)	(250)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(5,775)	(12,204)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(5)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(5)
1.13 Total operating and investing cash flows (carried forward)	(5,775)	(12,209)

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(5,775)	(12,209)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	7,000	7,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (legal and advisors fees in relation to the convertible notes issued)	(819)	(1,144)
	Net financing cash flows	6,181	5,856
	Net increase (decrease) in cash held	406	(6,353)
1.20	Cash at beginning of quarter/year to date	6,870	13,650
1.21	Exchange rate adjustments to item 1.20	13	(8)
1.22	Cash at end of quarter	7,289	7,289

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	241
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Payment to parties reported in 1.23: Remuneration of Directors - \$241,000	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities:		
- Convertible note with Hanlong (Africa) Mining Investments Ltd – see note 1	2,500	2,500
- Convertible notes with Investor Consortium – see note 2	24,000	24,000
- Convertible note with Noble Resources International Pte Ltd – see note 3	20,000	20,000
- Convertible note with Wafin Limited – see note 4	40,000	40,000
- Convertible note with 2015 Investor Group – see note 5	7,000	7,000
3.2 Credit standby arrangements	-	-

Notes:

1. 5 million convertible notes were issued by the Company on 6 February 2013 to Hanlong (Africa) Mining Investment Ltd ('**Hanlong**') at an issue price of \$1.00 per note with a total face value of \$5 million. On 12 December 2014, Sundance advised that the maturity date 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. On 30 December 2015, Hanlong converted 2.5 million convertibles notes into 192,307,692 fully paid Sundance shares at \$0.013 per share which was based on the average daily volume weighted average price of Sundance shares traded on the ASX over the five trading days preceding the date of notice of conversion. On 15 December 2015 Sundance advised that the maturity date for the remaining \$2.5 million convertible notes had been extended from 31 December 2015 to 31 December 2016, and from 1 January 2016 Sundance will continue to pay interest to Hanlong at the rate of 10% per annum on a quarterly basis on the outstanding convertible notes. Conversion may occur at any time until 31 December 2016 at the election of either Sundance or Hanlong utilising a conversion price of the average daily volume weighted average price of Sundance shares traded on the ASX over the five trading days preceding the date of conversion. If the notes have not been converted into Sundance shares by 31 December 2016, they will be redeemed at \$1.00 per note.
2. Following shareholder approval, on 1 December 2015, the Company issued the following to an investor consortium made up of investment vehicles managed by Blackstone Alternative Solutions, L.L.C., the D. E. Shaw Group and Senrigan Capital ('**Investor Consortium**'):
 - convertible notes with a face value of \$24 million (240,000 AUD denominated convertible notes at an issue price of \$100 per note) and a conversion price of \$0.06 per share subject to adjustment ('**Investor Consortium Notes**'); and
 - 260 million free attaching options ('**Investor Consortium Options**').

The Investor Consortium Notes and Investor Consortium Options are secured. If the Investor Consortium Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of \$28.8 million. No interest will accrue in respect of the Investor Consortium Notes.
3. Following shareholder approval, on 1 December 2015, the Company issued the following to Noble Resources International Pte Ltd ('**Noble**'):
 - convertible notes with a face value of \$20 million (200,000 AUD denominated convertible notes at an issue price of \$100 per note) and a conversion price of \$0.06 per share subject to adjustment ('**Noble Notes**'); and
 - 200 million free attaching options ('**Noble Options**').

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The Noble Notes and Noble Options are secured. If the Noble Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of \$25,156,200. No interest will accrue in respect of the Noble Notes.

4. *On 23 September 2014 Sundance issued 400,000 convertible notes to Wafin Limited ('Wafin') with an issue price of \$100 per convertible note for a total investment of \$40 million, maturing 36 months from the date of issue (23 September 2017) ('Wafin Note'). Wafin also received options over 260 million ordinary shares with an exercise price of 12 cents ('Wafin Options'). Following shareholder approval, on 1 December 2015, the Company amended the Wafin Note and Wafin Options as follows:*

- convertible notes with a face value of \$40 million (400,000 AUD denominated convertible notes at an issue price of \$100 per note) and a conversion price of \$0.06 per share subject to adjustment ('Wafin Replacement Notes'); and*
- 260 million free attaching options ('Wafin Replacement Options').*

The Wafin Replacement Notes and Wafin Replacement Options are secured. If the Wafin Replacement Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of \$52 million. No interest will accrue in respect of the Investor Consortium Notes.

5. *On 9 November 2015, the Company issued the following to an investor consortium made up of investment vehicles managed by Noble, Wafin, the D. E. Shaw Group and Senrigan Capital ('2015 Investor Consortium'):*

- convertible notes with a face value of \$7 million (70,000 AUD denominated convertible notes at an issue price of \$100 per note) and a conversion price of \$0.016 per share subject to adjustment ('2015 Investor Consortium Notes')*

The 2015 Investor Consortium Notes are secured. If the 2015 Investor Consortium Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of \$8.4 million. No interest will accrue in respect of the 2015 Investor Consortium Notes.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(96)
4.2 Development	(69)
4.3 Production	-
4.4 Administration	(4,318)
Total	(4,483)

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7,289	470
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)		
- Term Deposits	-	6,400
Total: cash at end of quarter (item 1.22)	7,289	6,870

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	3,302,558,630	3,302,558,630		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	192,307,692 -	192,307,692 -	- -	- -
7.5 +Convertible debt securities				Maturity Date
Hanlong (Africa) Mining Investments Ltd	2,500,000	-	\$1	31 December 2016
Noble Resources International Pte Ltd	200,000	-	\$100	23 September 2017
Investor Consortium	240,000	-	\$100	23 September 2017
Wafin Limited	400,000	-	\$100	23 September 2017
2015 Investor Group	<u>70,000</u>	-	\$100	23 September 2017
	3,410,000			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	70,000 2,500,000	- -	\$100 \$1	23 September 2017 -
7.7 Options (description and conversion factor)	720,000,000		Exercise Price 7 cents	Expiry Date 23 September 2019
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (totals only)	-	-		

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	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.12 Unsecured notes <i>(totals only)</i>	-	-		
7.13 Performance rights <i>(totals only)</i>	19,687,107	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~ give a true and fair view of the matters disclosed.

Sign here:


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Company Secretary

Date: 27 January 2016

Print name:

Alan Rule

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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