



Sundance Resources Limited
ABN 19 055719394
and Controlled Entities

Annual Financial Report 2007

CORPORATE DIRECTORY

DIRECTORS:	George Jones (Chairman) Donald Lewis (Managing Director) John Saunders Alec Pismiris Ken Talbot
COMPANY SECRETARY:	Alec Pismiris
ABN:	19 055 719 394
REGISTERED OFFICE:	Level 34 Exchange Plaza 2 The Esplanade Perth WA 6000
HEAD OFFICE:	Level 34 Exchange Plaza 2 The Esplanade Perth WA 6000 Tel: +61 (8) 9220 2300 Fax: +61 (8) 9220 2311 Internet: http://www.sundanceresources.com.au/
AUDITORS:	Bentleys MRI Perth Partnership Level 1 10 Kings Park Rd West Perth WA 6005 GPO Box 570 West Perth WA 6872 Tel: +61 (8) 9480 2000 Fax: +61 (8) 9322 7787
SHARE REGISTRY:	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace Perth, Western Australia 6000 GPO Box D182 Perth, Western Australia 6840 Tel: +61 1300 557 010 Fax: +61 (8) 9323 2033

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2007

The Directors present their report together with the financial report of Sundance Resources Ltd ("the Company") and of the Consolidated Entity, being the Company and its controlled entities, for the financial year ended 30 June 2007 and the auditor's report thereon.

1. DIRECTORS

The directors of the Company at any time during or since the end of the financial year were:

Name & Qualifications	Age	Experience and Special Responsibilities
Mr George F Jones B.Bus, FCIS, FAICD Chairman (Non-Executive)	62	Chairman Gindalbie Metals Limited Chairman Mundo Minerals Limited Extensive experience in the mining, banking and finance industries Director since November 2006
Mr Donald P Lewis B.E (Hons), M.Eng (Calif); MIE (Aust) Managing Director	45	Chief Executive Officer Civil engineer with extensive experience in resource project development, construction and financing Director since November 2006
Mr Alec C Pismiris B.Comm, ICSA Executive Director	44	Appointed Company Secretary 20 December 2006. Non-Executive Director Colonial Resources Limited Non-Executive Director Industrial Minerals Corporation Limited Non-Executive Director Prairie Downs Metals Limited Non-Executive Director Western Uranium Limited Extensive experience in the securities, finance and mining industries. Director since July 2006
Dr John R Saunders B.Sc (Hons) Ph.D, FAICD, FTSC Non-Executive Director	63	Executive Chairman Yilgarn Infrastructure Limited Executive Chairman Sydney Gas Limited Extensive experience in the private and public sectors, including high- level investment, business development and advisory roles in Australia, US, Europe and China. Director since November 2006
Mr Ken Talbot B.E, M.E, ASIA, FAICD, FAUSIMM Non-Executive Director	57	Non-Executive Director Macarthur Coal Limited Executive Director Talbot Group Holdings Pty Ltd Mining engineer with extensive experience in resource project development and operations, particularly in carbon steel materials sector. Director since September 2007
Mr John Corr LL.B (Hons), B.Comm, B.A. Executive Director	51	Resigned 22 May 2007
Mr Stephen Dobson B.Comm Executive Director	45	Resigned 13 November 2006
Mr Michael Frayne BSc, CA. Non-Executive Director	40	Resigned 5 July 2006

2. COMPANY SECRETARY

Mr Alec C Pismiris joined Sundance Resources Ltd as a Non-Executive Director in July 2006. Mr Pismiris has over 20 years' experience in the securities, finance and mining industries. Mr Pismiris has a Bachelor of Commerce degree from the University of Western Australia and is an associate of the Institute of Chartered Secretaries in Australia.

3. PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year were iron, copper, gold and other base metal exploration.

There were no significant changes in the nature of the principal activities during the financial year.

4. RESULTS

The operating loss after tax of the Consolidated Entity for the financial year was \$9,317,989 (2006: \$1,704,664) and \$9,166,769 (2006: \$1,847,413) for the Company.

5. REVIEW OF OPERATIONS

The Consolidated Entity focused on exploration and evaluation of the Mbalam Iron Ore Project in Cameroon throughout the financial year ended 30 June 2007. A full review of operations will be set out in the 2007 Annual Report.

6. DIRECTORS MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year were:

Director	Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Mr GF Jones (appointed 13 November 2006)	6	6	-	-	-	-
Mr DP Lewis (appointed 13 November 2006)	6	6	1	1	-	-
Mr AC Pismiris (appointed 5 July 2006)	5	6	2	2	-	-
Mr JR Saunders (appointed 13 November 2006)	5	6	-	1	-	-
Mr JF Corr (resigned 22 May 2007)	5	6	2	2	-	-
Mr S Dobson (resigned 13 November 2006)	3	3	1	1	-	-
Mr M Frayne (resigned 5 July 2006)	1	1	-	-	-	-

A - Number of meetings attended

B - Number of meetings held while the director held office

7. STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the financial year:

On 30 November 2006, the Company allotted and issued 155,187,500 fully paid ordinary shares in the Company for 8 cents per share, pursuant to a share placement to sophisticated investors.

On 11 January 2007, the Company allotted and issued 53,057,500 fully paid ordinary shares in the Company for 8 cents per share, pursuant to a share placement to sophisticated investors.

On 19 January 2007, the Company allotted and issued 166,755,000 fully paid ordinary shares in the Company for 8 cents per share, pursuant to a share placement to sophisticated investors.

8. LIKELY DEVELOPMENTS

The consolidated entity will continue iron ore exploration and development activities at the Mbalam Iron Ore Project in Cameroon.

9. ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to environmental regulations under Cameroon legislation. An Environmental Impact Assessment of the exploration programme has been completed for the Mbalam Iron Ore Project, with formal approval received from the Cameroon Ministry of Mines.

10. EVENTS SUBSEQUENT TO REPORTING DATE

On 30 July 2007, the Company issued 118,500,000 fully paid ordinary shares in the Company for 40 cents per share, pursuant to a share placement to international and Australian based institutional investors to accelerate the current resource drilling program and pre-feasibility study at the Mbalam Iron Ore Project.

On 2 August 2007, the Company issued 6,500,000 fully paid ordinary shares for 40 cents per share, pursuant to a share placement to international and Australian based institutional investors to accelerate the current resource drilling program and pre-feasibility study at the Mbalam Iron Ore Project.

On 10 September 2007, the Company issued 25,000,000 fully paid ordinary shares for 40 cents per share, pursuant to a share placement to international and Australian based institutional investors to accelerate the current resource drilling program and pre-feasibility study at Mbalam Iron Ore Project.

On 17 September 2007, the Company announced the appointment of Mr Ken Talbot to the Board as a non-executive Director. Mr Talbot has more than 36 years of industry experience, including 20 years at CEO/Managing Director level.

On 24 September 2007, the Company announced the proposed merger of Sundance Resources Limited and Gindalbie Metals Limited. The Company has executed a Merger Implementation Agreement to effect the merger by way of a Scheme of Arrangement, under which Gindalbie Metals Limited will make offers to acquire all of the issued securities in Sundance Resources Limited.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the Company in future financial years.

11. REMUNERATION REPORT (AUDITED)

11.1 Key management personnel disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

George Jones	Non-Executive Chairman (appointed 13 November 2006)
John Saunders	(appointed 13 November 2006)
Ken Talbot	(appointed 17 September 2007)
Michael Frayne	(resigned 5 July 2006)

Executive directors

Donald Lewis	Managing Director & CEO (appointed 13 November 2006)
Alec Pismiris	(appointed 5 July 2006)
John Corr	Executive Chairman (resigned 22 May 2007)
Stephen Dobson	(resigned 13 November 2006)

Executives

Robin Longley	Chief Geologist (appointed 5 February 2007)
Roger Bogne	Chief Executive Officer – Cam Iron S.A.
Peter Canterbury	Chief Financial Officer (appointed 1 May 2007)
Jack Toby	(resigned 20 December 2006)

11.2 Principles of compensation

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the consolidated entity. Key management personnel include the five most highly remunerated S300A directors and executives for the Company and the consolidated entity.

Compensation levels for key management personnel of the Company and the consolidated entity are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The employment conditions of all key management personnel are formalised in contracts of employment. Mr P Canterbury and Mr R Bogne are the only executives who are permanent employees of the Group.

11.3 Directors' and executive officer's remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company and each of the executives of the Company and the consolidated entity receiving the highest remuneration are listed below. The officers of the Company are the same as those of the consolidated entity.

		Short-term benefits	Post-employment benefits	Share based payments	Total \$	Value of options as proportion of remuneration %
		Salary & fees \$	Superannuation \$	Value of options (a)		
Non-executive directors						
Mr G Jones (Non-executive Chairman) (appointed 13 November 2006)	2007	-	75,288	936,751	1,012,039	92.6%
Mr J Saunders (appointed 13 November 2006)	2007	34,670	-	338,763	373,433	90.7%
Mr M Frayne (resigned 5 July 2006)	2007	-	-	-	-	-
	2006	30,000	-	-	30,000	-
Executive directors						
Mr D Lewis (Managing Director & CEO) (appointed 13 November 2006)	2007	302,500	-	936,751	1,239,251	75.6%
Mr A Pismiris (Company Secretary) (appointed 5 July 2006)	2007	91,775	-	338,763	430,538	78.7%
Mr J Corr (Executive Chairman) (resigned 22 May 2007)	2007	135,048	-	593,270	728,318	81.5%
	2006	132,632	3,368	-	136,000	-
Mr S Dobson (resigned 13 November 2006)	2007	51,800	-	593,270	645,070	92.0%
	2006	123,000	5,400	-	128,400	-
Mr E Valenzuela (resigned 18 August 2005)	2006	52,919	3,071	-	55,990	-
Total, all directors	2007	615,793	75,288	3,737,568	4,428,649	
	2006	338,551	11,839	-	350,390	
Executives						
Mr R Longley (Chief Geologist)(appointed 5 February 2007)	2007	125,000	-	79,450	204,450	38.9%
Mr R Bogne (CEO – Cam Iron S.A.) (appointed 11 April 2005)	2007	84,340	-	-	84,340	-
Mr P Canterbury (CFO)(appointed 1 May 2007)	2007	38,333	3,333	155,499	197,165	78.9%
Mr J Toby (resigned 20 December 2006)	2007	27,000	-	-	27,000	-
	2006	52,875	-	-	52,875	-
Total, all executives	2007	274,673	3,333	234,949	512,955	
	2006	52,875	-	-	52,875	
Total, all key management personnel	2007	890,466	78,621	3,972,517	4,941,604	
	2006	391,426	11,839	-	403,265	

11.4 Options issued as part of remuneration for the year ended 30 June 2007

Options are issued to directors and executives as part of their remuneration. These options are not issued based on performance criteria, but are issued to the majority of directors and executives of the Company and its subsidiaries to increase goal congruence between executives, directors and shareholders.

						Terms & Conditions for Each Grant	
	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date
Key Management Personnel							
Mr G Jones	-	10,000,000	08.01.2007	0.087	0.10	01.12.2007	04.01.2012
		20,000,000	08.01.2007	0.087	0.20	01.12.2007	03.01.2012
Mr J Saunders	-	5,000,000	08.01.2007	0.087	0.10	01.12.2007	04.01.2012
		5,000,000	08.01.2007	0.087	0.20	01.12.2007	03.01.2012
Mr D Lewis	-	10,000,000	08.01.2007	0.087	0.10	01.12.2007	04.01.2012
		20,000,000	08.01.2007	0.087	0.20	01.12.2007	03.01.2012
Mr A Pismiris	-	5,000,000	08.01.2007	0.087	0.10	01.12.2007	04.01.2012
		5,000,000	08.01.2007	0.087	0.20	01.12.2007	03.01.2012
Mr J Corr	10,000,000	10,000,000	03.07.2006	0.059	0.03	03.07.2006	30.06.2008
Mr S Dobson	10,000,000	10,000,000	03.07.2006	0.059	0.03	03.07.2006	30.06.2008
Mr R Longley	-	2,000,000	30.01.2007	0.093	0.10	30.01.2008	04.01.2012
Mr P Canterbury	-	2,000,000	12.04.2007	0.145	0.15	01.05.2008	04.01.2012

All options are granted for nil consideration.

12. SHARE OPTIONS

Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of Options
30 June 2008	\$0.03	32,833,334
31 May 2010	\$0.08	4,000,000
3 January 2012	\$0.20	50,000,000
4 January 2012	\$0.10	32,000,000
4 January 2012	\$0.15	2,000,000

Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

Number of Shares	Amount paid on each share
30,833,333	\$0.02
83,166,666	\$0.03
10,000,000	\$0.10

13. DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary shares	Option over ordinary shares
Mr G Jones	15,000,000	30,000,000
Mr D Lewis	1,250,000	30,000,000
Mr A Pismiris	8,333,333	14,000,000
Mr J Saunders	1,575,000	10,000,000
Mr K Talbot	360,457,043	-

14. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 18 and forms part of the Directors Report for the year ended 30 June 2007.

15. INDEMNIFYING OFFICER OR AUDITOR

The Company, during the financial year, in respect of any person who is or has been an officer or auditor of the Company:

- has not indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor.
- has paid a premium of \$27,142 for a policy of insurance to cover legal liability and expenses for the directors and executive officers in the event of any legal action against them arising from their actions as officers of the Company.

The insurance policy does not contain details of the premiums paid in respect of individual officers of the Company.

Signed in accordance with a resolution of directors at Perth, Western Australia on 26 September 2007.



GF Jones
Director



DP Lewis
Director

CORPORATE GOVERNANCE

PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND BEST PRACTICE RECOMMENDATIONS

INTRODUCTION

The directors are focused on fulfilling their responsibilities individually, and as a board, for the benefit of all the company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The board supports the guidelines on the "Principles of Good Corporate Governance and Best Practice Recommendations" established by the ASX Corporate Governance Council.

Given the size and structure of the company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which it considers will enable it to meet the principles of good corporate governance.

The company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the company considers that its adopted practices are appropriate to it. At the end of this statement a table is included detailing the recommendations with which the company does not strictly comply.

The following section addresses the company's practices in complying with the principles.

PRINCIPLE 1: LAYING SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role and Responsibilities of the Board

The board exists to lead and oversee the management and direction of the company.

After appropriate consultation with executive management, the Board:

- defines and sets its business objectives and subsequently monitors performance and achievements of those objectives;
- it oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes and a review of executive management of the company;
- monitors and approves financial performance and budgets; and
- reports to shareholders.

PRINCIPLE 2: STRUCTURING THE BOARD TO ADD VALUE

Composition of the Board

The names of the directors of the company and their qualifications are set out in the section headed Directors' Report.

The composition of the board is determined so as to provide the company with a broad base of industry, business, technical, administrative, financial and corporate skills and experience considered necessary to represent shareholders and fulfil the business objectives of the company.

The recommendations of best practice are that a majority of the directors and in particular the chairperson should be independent. An independent director is one who:

- does not hold an executive position;
- is not a substantial shareholder of the company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the company;
- has not within the last 3 years been employed in an executive capacity by the company or another group member or been a director after ceasing to hold such employment;
- is not a principal of a professional adviser to the company or another group member;
- is not a significant supplier or customer of the company or another group member, or an officer of, or otherwise associated directly or indirectly with a significant supplier or customer;
- has no significant contractual relationship with the company or any other group member other than as a director of the company; and
- is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the company.

Of the current board members, Mr George Jones and Dr John Saunders meet these criteria. Mr Michael Frayne met the criteria until his resignation as a director on 5 July 2006.

Nomination of Other Board Members

Membership of the Board of directors is reviewed on an on-going basis by the Chairman of the Board to determine if additional core strengths are required to be added to the board in light of the nature of the company's businesses and its objectives. The board does not believe that at this point in the company's development it is necessary to appoint additional directors.

Independent Advice

Each of the directors is entitled to seek independent advice at the company's expense to assist them to carry out their responsibilities, however, prior approval of the Chairman is required which is not unreasonably withheld.

PRINCIPLE 3: PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING

Directors, officers, employees and consultants to the company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the company and they are required to maintain a reputation of integrity on the part of both the company and themselves. The company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

Directors are required to disclose to the board at each board meeting, actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director or the interests of any other party in so far as it affects the activities of the company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Directors are required to make disclosure of any share trading. The company policy in relation to share trading is that officers are prohibited to trade whilst in possession of unpublished price sensitive information concerning the company. That is information which a reasonable person would expect to have a material effect on the price or value of the company's shares. It is recommended that an officer discuss the proposal to acquire or sell shares with the Chief Executive Officer or the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares by directors must be notified to the ASX.

PRINCIPLE 4: SAFEGUARDING INTEGRITY IN FINANCIAL REPORTING

An audit committee has been established. The two executive directors play an active role in monitoring the daily affairs of the company.

Each board member has access to the external auditors and the auditor has access to each board member.

The Chief Executive Officer and the Chief Financial Officer make a statement to the Audit Committee that the company's financial reports present a true and fair view in all material respects of the company's financial condition and operational results and are in accordance with relevant accounting standards.

Two directors make a statement to the shareholders that the company's financial reports present a true and fair view in all material respects of the company's financial condition and operational results and are in accordance with relevant accounting standards.

PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE

All directors, executives and staff are required to abide by all legal requirements, the Listing Rules of the Australian Stock Exchange and the highest standards of ethical conduct. This includes compliance with the continuous disclosure requirements of the listing rules.

The company secretary is the person responsible for overseeing and co-ordinating disclosure of information to ASX as well as communicating with the ASX.

PRINCIPLE 6: RESPECTING THE RIGHTS OF SHAREHOLDERS

The board's fundamental responsibility to shareholders is to work towards meeting the company's objectives so as to add value for them.

The board seeks to inform shareholders of all major developments affecting the company by:

- preparing half yearly and yearly financial reports;
- preparing quarterly cash flow reports and reports as to activities;
- making announcements in accordance with the listing rules and the continuous disclosure obligations;
- hosting all of the above on the company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the annual report together with notice of meeting and proxy form; and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Annual General Meeting enables shareholders to receive the reports and participate in the meeting by attendance or by written communication. The board seeks to notify all shareholders so they can be fully informed annually for the voting on the appointment of directors and so as to enable them to have discussion at the Annual General Meeting with the directors and/or the auditor of the company who is invited to the Annual General Meeting.

PRINCIPLE 7: RECOGNISING AND MANAGING RISK

The board is conscious of the need to continually maintain systems of risk management and controls to manage all of the assets and affairs of the company.

As an ordinary part of the company's business involves holding assets in a country where sovereign risk is considered higher than in Australia, the directors are sensitive to the need for risk management. The risk management includes asset risk, operational risk, personnel health and safety risk, currency fluctuation risk, amongst others. The company identifies and manages those risks on a case by case and overall corporate basis.

PRINCIPLE 8: ENCOURAGING ENHANCED PERFORMANCE

The board regularly discusses and reviews its performance. The board also discusses with each director their requirements, performances and aspects of involvement in the company.

PRINCIPLE 9: REMUNERATE FAIRLY AND RESPONSIBLY

A remuneration committee has been established. Directors remuneration is set out in the in the Directors' Report.

One third of the directors' retire annually in accordance with the Constitution and are free to seek re-election by shareholders.

Each member of the board has committed to spending sufficient time to enable them to carry out their duties as a director of the company.

A maximum amount of remuneration for non-executive directors is fixed by shareholders in a General Meeting and can be varied in that same manner. In determining the allocation the board takes account of the time demands made on the directors together with such factors as fees paid to other corporate directors and to the responsibilities undertaken by them.

PRINCIPLE 10: RECOGNISING THE LEGITIMATE INTERESTS OF STAKEHOLDERS

The company recognises its responsibilities extend beyond its shareholders to clients, customers, consumers and regulators. The company is committed to providing an adequate level of detail for the benefit of all stakeholders, the accuracy in that detail, and to meeting principles of equity and fairness in all of its dealings.

TABLE OF DEPARTURES AND EXPLANATIONS (FROM THE RECOMMENDATIONS OF THE ASX CORPORATE GOVERNANCE COUNCIL)

RECOMMENDATION REFERENCE	DEPARTURE	EXPLANATION
1.1	There was no formalisation and disclosure of separate functions between the board and management during the reporting period.	Throughout the reporting period the board consisted of between one and two non-executive and between two and three executive directors. The executive directors were involved in the overall management of the company. The practices followed were compatible with the Principle.

RECOMMENDATION REFERENCE	DEPARTURE	EXPLANATION
2.1	Majority of the current board members are not independent.	Given the nature and size of the company, its business interests and the stage of development, the board is of the view that there is an adequate and broad mix of skills required and that given their experience each of the directors are aware of and capable of acting in an independent manner and in the best interests of the shareholders.
2.4	A separate Nomination Committee has not been formed.	The board comprises five members each of who have valuable contributions to make in fulfilling the role of a nomination committee member. A director will excuse himself where there is a personal interest or conflict.
3.1	No formal code of conduct has been established as to practices necessary to maintain confidence in the company's integrity or as to reporting and investigating unethical practices.	The board and management consists of appropriately qualified and experienced members. It is not considered that a code of conduct or reporting guide is yet necessary. The principles are followed.
3.2	No formal policy concerning trading in the company securities by directors, officers or employees has been disclosed.	Although there is no written policy there is a clear understanding as to when trading is inappropriate. CEO communication is made when the Company enters into sensitive trading periods and requires prior approval of trading in securities.
4.2, 4.3 and 4.4	An audit committee has been established but no formal charter has been drawn	Given the size and nature of the company, its business interests and the ongoing level of involvement of all directors it is not considered necessary that a formal audit charter be drawn.

RECOMMENDATION REFERENCE	DEPARTURE	EXPLANATION
5.1	No written policy exists to ensure compliance with ASX Listing Rules disclosure requirements are met at senior management level.	The board and management consists of appropriately qualified and experienced members and the board does not consider that a written policy is at this time required. The Boards' practice is to comply strictly with ASX Listing Rules and disclosure requirements and whenever in doubt, contact has been made promptly with the ASX seeking advice. This is a standing item on the Board's agenda and is discussed at each Board meeting.
6.1	The company has no formal communication strategy in place for the benefit of its shareholders.	The board is very conscious of the need to continually keep shareholders and markets advised. The development and regular update of the company's web-site and regular investor presentations provides a continuous communication channel which ensures shareholders and the markets are adequately informed about its activities.
7.1 and 7.2	There has been no written implementation of policy on risk oversight and management or for senior management to make statements to the board concerning those matters.	Given the nature and size of the company, its business interests and the involvement of all directors it is not considered necessary to establish this practice at this time, however the principles are adopted in circumstances where an event or issue is deemed to require it. This is a standing item on the Board's agenda and is discussed at each Board meeting.
8.1	There has been no formal disclosure of the process for performance evaluation of the board, committees, individual directors and key executives. No formal review has been undertaken.	Given the size of the company and the involvement of all directors a policy has not been required to date. The directors continually monitor, review and discuss performance and implement changes as necessary.

RECOMMENDATION REFERENCE	DEPARTURE	EXPLANATION
9.1	The company has not disclosed remuneration policies.	Given the size and nature of the company, its business interests, remuneration and other benefits paid to its directors, the board does not consider it yet to be necessary to formulate remuneration policies. At the appropriate time the board will take independent advice.
10.1	There has been no disclosure of a code of conduct to deal with compliance for legal or other obligations to legitimate stakeholders.	The business practices adopted by the board recognise this principle but no formal code has been drawn-up or approved.

Any director may nominate a person to be considered for appointment as a director of the Company, either as an additional director or as a replacement for a retiring director. Criteria for Board membership rests on the Board's assessment of the capacity of a nominee to contribute to the Parent Entity. Membership of the Board of directors is reviewed on an on-going basis by the Chairman of the Board.

The terms and conditions relating to the appointment and retirement of non-executive directors are determined by the Board on an individual basis at the time of appointment of the director and are reviewed by the Chairman on an on-going basis.

Each director of the Parent Entity or a controlled entity has the right to seek independent professional advice at the expense of the Parent Entity or the controlled entity, however prior approval of the relevant Chairman is required which is not unreasonably withheld.

The remuneration of executive directors and non-executive directors is reviewed by the Board of directors with the exclusion of the director concerned. The remuneration of other senior executives of the Parent Entity is approved by the relevant board of directors. Directors are not remunerated in accordance with the performance of the Parent Entity or the Consolidated Entity.

The nomination of external auditors and the review of the adequacy of external audit arrangements is the responsibility of the Board of Directors as a whole.

The Parent Entity does not have a nomination committee as the Parent Entity is not of a size or complexity to justify such committee of directors. All matters which might properly be dealt with by such committees are subject to scrutiny at full board meetings.

The identification of areas of significant business risk and arrangements to manage such risks is the responsibility of the Chairman, executive directors and senior executives. The Chairman reports to the Board on such matters on an on-going basis.

All directors, executives and staff of the Parent Entity and of all controlled entities, if any, are required to abide by the legal requirements and the highest standards of ethical conduct as recognised in each relevant jurisdiction in which the Consolidated Entity operates.

All directors, executives and staff of the Parent Entity and of all controlled entities, if any, are required to abide by all legal requirements, the Listing Rules of the Australian Stock Exchange and the highest standards of ethical conduct with regard to their personal trading in the securities of the Parent Entity or any of its controlled Entities, including the use of trading windows.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the Corporations Act 2001 section 307C the auditors of the Company, Bentleys MRI Perth Partnership have provided a signed auditor's independence declaration to the directors in relation to the year ended 30 June 2007. This declaration has been attached to the independent audit report to the members of the Company.

Non-audit services, as defined below, were provided to the Company by the auditors, Bentleys MRI Perth Partnership. The directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. Bentleys MRI Perth Partnership received or is due to receive \$4,300 for the provision of tax compliance services.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'GF Jones', with a stylized flourish at the end.

GF Jones
Director

A handwritten signature in blue ink, appearing to be 'DP Lewis', with a stylized flourish at the end.

DP Lewis
Director

26 September 2007
Perth, Western Australia



SUNDANCE RESOURCES LTD DIRECTORS' DECLARATION

The directors of Sundance Resources Ltd A.C.N. 055 719 394 ("Company") declare that:

- a) the financial statements and notes of the Company and of the Consolidated Entity (an remuneration disclosures that are contained in section 11 of the Directors Report) as set out on pages 20 to 57 are in accordance with the Corporations Act 2001 and:
 - i. comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the Company and the Consolidated group;
- b) the financial report complies with International Financial Reporting standards as disclosed in note 1;
- c) the Chief Executive Officer and Chief Financial Officer have each declared that:
 - i. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - ii. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - iii. the financial statements and notes for the financial year give a true and fair view;
- d) the remuneration disclosures that are contained in section 12 of the Directors' Report comply with Australian Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001; and
- e) in the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.

This declaration is made in accordance with a resolution of the Board of Directors.

GF Jones
Director

DP Lewis
Director

26 September 2007
Perth, Western Australia



SUNDANCE RESOURCES LTD
INCOME STATEMENT FOR YEAR ENDED 30TH JUNE 2007

	Note	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
CONTINUING OPERATIONS					
Revenues	2	979,933	1,181,980	978,882	1,181,980
Finance costs	3a	(34,711)	(40,320)	(34,711)	(40,320)
Write down of loans and investments	3a	(124,423)	(100,817)	(695,604)	(291,835)
Carrying value of investments sold	3a	—	(927,518)	—	(927,518)
Cost of share based payment	3a	(2,785,977)	(124,770)	(2,785,977)	(124,770)
Other expenses		(2,327,554)	(1,409,505)	(1,604,102)	(1,361,236)
Loss from continuing operations before income tax expense		(4,292,732)	(1,420,950)	(4,141,512)	(1,563,699)
DISCONTINUED OPERATIONS					
Other expenses	3b	(5,025,257)	(283,714)	(5,025,257)	(283,714)
Loss from discontinued operations before income tax expense		(5,025,257)	(283,714)	(5,025,257)	(283,714)
Income tax expense		—	—	—	—
LOSS FOR THE YEAR		(9,317,989)	(1,704,664)	(9,166,769)	(1,847,413)
Loss attributable to minority equity interest		72,240	—	—	—
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(9,245,749)	(1,704,664)	(9,166,769)	(1,847,413)
BASIC LOSS PER SHARE – CONTINUING OPERATIONS (CENTS PER SHARE)					
	9	(0.31)	(0.27)	—	—
BASIC LOSS PER SHARE – DISCONTINUED OPERATIONS (CENTS PER SHARE)					
	9	(0.37)	—	—	—
BASIC LOSS PER SHARE - CONSOLIDATED (CENTS PER SHARE)					
	9	(0.68)	(0.27)	—	—
DILUTED LOSS PER SHARE – CONTINUING OPERATIONS (CENTS PER SHARE)					
	9	(0.31)	(0.27)	—	—
DILUTED LOSS PER SHARE – DISCONTINUED OPERATIONS (CENTS PER SHARE)					
	9	(0.37)	—	—	—
DILUTED LOSS PER SHARE - CONSOLIDATED (CENTS PER SHARE)					
	9	(0.68)	(0.27)	—	—

The accompanying notes form part of these financial statements



SUNDANCE RESOURCES LTD
BALANCE SHEET AS AT 30TH JUNE 2007

	Note	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	10	24,171,094	4,165,380	24,000,889	4,105,928
Trade and other receivables	11	1,061,931	—	275,701	—
Other current assets	12	2,011,122	49,670	57,559	49,670
TOTAL CURRENT ASSETS		27,244,147	4,215,050	24,334,149	4,155,598
NON-CURRENT ASSETS					
Property, plant and equipment	13	2,758,859	24,654	152,564	5,534
Exploration and evaluation assets	14	35,279,857	34,856,758	10,816,579	3,257,902
Other financial assets	15	—	—	29,283,712	31,432,496
Intangibles		10,962	—	—	—
TOTAL NON-CURRENT ASSETS		38,049,678	34,881,412	40,252,855	34,695,932
TOTAL ASSETS		65,293,825	39,096,462	64,587,004	38,851,530
CURRENT LIABILITIES					
Trade and other payables	17	1,358,601	3,179,936	679,274	3,077,753
Financial liabilities	18	—	448,000	—	448,000
TOTAL CURRENT LIABILITIES		1,358,601	3,627,936	679,274	3,525,753
NON-CURRENT LIABILITIES					
TOTAL NON-CURRENT LIABILITIES		—	—	—	—
TOTAL LIABILITIES		1,358,601	3,627,936	679,274	3,525,753
NET ASSETS		63,935,224	35,468,526	63,907,730	35,325,777
EQUITY					
Contributed equity	20	126,104,817	93,515,150	126,104,817	93,515,150
Reserves	21	9,039,640	3,844,620	9,003,675	3,844,620
Accumulated losses		(71,136,993)	(61,891,244)	(71,200,762)	(62,033,993)
Parent interest		64,007,464	35,468,526	63,907,730	35,325,777
Minority equity interest		(72,240)	—	—	—
TOTAL EQUITY		63,935,224	35,468,526	63,907,730	35,325,777



SUNDANCE RESOURCES LTD
STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30TH JUNE 2007

CONSOLIDATED ENTITY					
ATTRIBUTABLE TO MEMBERS OF THE COMPANY	Issued Capital \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
<i>At 1 July 2005</i>	64,245,887	—	168,304	(60,186,580)	4,227,611
Loss attributable to members of parent entity	—	—	—	(1,704,664)	(1,704,664)
Loss attributable to minority shareholders	—	—	—	—	—
TOTAL LOSS FOR THE PERIOD	—	—	—	(1,704,664)	(1,704,664)
Securities issued	29,990,333	—	—	—	29,990,333
Equity raising costs	(721,070)	—	—	—	(721,070)
Cost of share based payment	—	—	3,676,316	—	3,676,316
At 30 JUNE 2006	93,515,150	—	3,844,620	(61,891,244)	35,468,526
Loss attributable to members of parent entity	—	—	—	(9,245,749)	(9,245,749)
Loss attributable to minority shareholders	—	—	—	(72,240)	(72,240)
TOTAL LOSS FOR THE PERIOD	—	—	—	(9,317,989)	(9,317,989)
Securities issued	34,089,667	—	—	—	34,089,667
Equity raising costs	(1,500,000)	—	—	—	(1,500,000)
Cost of share based payments	—	—	5,159,055	—	5,159,055
Adjustments from translation of foreign controlled entities	—	35,965	—	—	35,965
At 30 JUNE 2007	126,104,817	35,965	9,003,675	(71,209,233)	63,935,224



SUNDANCE RESOURCES LTD
STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30TH JUNE 2007

ATTRIBUTABLE TO MEMBERS OF THE COMPANY	PARENT ENTITY				
	Issued Capital \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
<i>At 1 July 2005</i>	64,245,887	—	168,304	(60,186,580)	4,227,611
Loss attributable to members of parent entity	—	—	—	(1,847,413)	(1,847,413)
TOTAL LOSS FOR THE PERIOD	—	—	—	(1,847,413)	(1,847,413)
Securities issued	29,990,333	—	—	—	29,990,333
Equity raising costs	(721,070)	—	—	—	(721,070)
Cost of share based payment	—	—	3,676,316	—	3,676,316
At 30 JUNE 2006	93,515,150	—	3,844,620	(62,033,993)	35,325,777
Loss attributable to members of parent entity	—	—	—	(9,166,769)	(9,166,769)
TOTAL LOSS FOR THE PERIOD	—	—	—	(9,166,769)	(9,166,769)
Securities issued	34,089,667	—	—	—	34,089,667
Equity raising costs	(1,500,000)	—	—	—	(1,500,000)
Cost of share based payments	—	—	5,159,055	—	5,159,055
Adjustments from translation of foreign controlled entities	—	—	—	—	—
At 30 JUNE 2007	126,104,817	—	9,003,675	(71,200,762)	63,907,730



SUNDANCE RESOURCES LTD
CASH FLOW STATEMENT FOR YEAR ENDED 30TH JUNE 2007

	Note	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers & employees		(9,433,810)	(1,187,777)	(6,614,792)	(1,189,023)
Interest received		977,374	112,221	977,374	112,221
Interest & finance costs paid		(34,711)	(40,320)	(34,711)	(40,320)
Other		—	11,239	—	11,239
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	25	(8,491,147)	(1,104,637)	(5,672,129)	(1,105,883)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant & equipment		(2,782,635)	(19,120)	(165,391)	—
Sale of property, plant & equipment		1,200	—	1,200	—
Purchase of mining tenements		—	(3,444,081)	(10,873,835)	(3,044,081)
Purchase of investments		—	—	—	(400,000)
Proceeds on disposal of investments		—	1,058,520	—	1,058,520
Loans to other entities		—	—	(695,000)	(191,018)
Exploration expenditure		(6,011,463)	(625,001)	(604)	(511,309)
Other		(10,962)	—	—	—
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		(8,803,860)	(3,029,682)	(11,733,630)	(3,087,888)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from equity issues		38,800,721	6,693,333	38,800,721	6,693,333
Share issue expenses		(1,500,000)	(360,000)	(1,500,000)	(360,000)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		37,300,721	6,333,333	37,300,721	6,333,333
NET INCREASE IN CASH HELD		20,005,714	2,199,014	19,894,961	2,139,562
Cash and cash equivalents at beginning of year	10	4,165,380	1,966,366	4,105,928	1,966,366
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	24,171,094	4,165,380	24,000,889	4,105,928



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT

The following is a summary of the significant accounting policies adopted by Sundance Resources Ltd A.C.N. 055 719 394 ("Parent Entity" or "Company") and by its controlled entities ("Consolidated Entity") in the preparation of these accounts. The Parent Entity is a listed public company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation of Accounts

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law 2001.

The financial report has been prepared on an accruals basis and is based on a historical cost basis, except for available-for-sale financial assets that have been measured at fair value. The presentation currency used in this financial report is Australian Dollars.

Statement of Compliance

The financial report of Sundance Resources Limited and controlled entities, and Sundance Resources Limited as an individual parent entity comply with all International Financial Reporting Standards (IFRS) in their entirety.

Accounting Policies

a) Principles of Consolidation

A controlled entity is any entity Sundance Resources Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 16 to the financial statements. Not all of these controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits.

d) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts and investments in money market instruments with less than 14 days to maturity.

e) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

f) Revenue recognition

Revenue from services rendered is recognised upon the delivery of goods or services to customers. Interest revenue is recognised when control of the right to receive interest has been obtained. All revenue is stated net of the amount of goods and services tax (GST).

g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

h) Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

j) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

k) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land and buildings are measured at fair value less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment	–	3 to 15 years
Land and buildings	–	15 years
Leasehold improvements	–	15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Impairment

The carrying values of plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

l) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

m) Trade and other payables



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

Trade payables and other payables are carried at amortised cost which represents future liabilities for goods and services received, whether or not billed to the Company.

n) Investments

Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

o) Critical accounting estimates and judgements

Significant accounting judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out below. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, we conclude that we are unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed below. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

p) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

q) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, in the period in which the relevant employees become initially entitled to the award ('grant date'). No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

r) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for: costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

s) Foreign currency translation

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

t) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

New Standards and Interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report.

- AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the Group's financial instruments and share capital.
- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings Per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-time adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.
- AASB 8 *Operating Segments* replaces the presentation for annual reporting periods beginning on or after 1 January 2009 and it is not expected to have an impact on the financial results of the Company and the Group as the standard is only concerned with disclosures.
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 6 *Exploration for and Evaluation of Mineral Resources*, AASB 102 *Inventories*, AASB 107 *Cash Flow Statements*, AASB 119 *Employee Benefits*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 134 *Interim Financial Reporting*, AASB 136 *Impairment Assets*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 *Operating Segments*. This standard is only expected to impact disclosures contained within the financial report.
- AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation II amends AASB 2 *Share-based Payments* to insert the transitional provisions of IFRS 2, previously contained in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. AASB 2007-1 is applicable for annual reporting periods beginning on or after 1 March 2007 and is not expected to have any impact on the consolidated financial report.
- AASB 2007-2 Amendments to Australia Accounting Standards arising from AASB Interpretation 12 makes amendments to AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, AASB 121 *The Effects of Changes in Foreign Exchange Rates*, AASB 127 *Consolidated and Separate Financial Statement*, AASB 131 *Interest in Joint Ventures*, and AASB 139 *Financial Instruments Recognition and Measurement*. AASB 2007-2 is applicable for annual reporting periods beginning on or after 1 January 2008 and must be applied at the same time as the Interpretation 12 Service Concession Arrangements.
- AASB 2007-2 Amendments to Australian Accounting Standards also amends references to "UIG Interpretation" to interpretations. This amending standard is applicable to annual reporting periods ending on or after 28 February 2007.
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and other Amendments makes consequential amendments to AASB 1 *First-time adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 2 *Share Based Payments*, AASB 3 *Business Combinations*, AASB 4 *Insurance Contracts*, AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*, AASB 6 *Exploration for and Evaluation of Mineral Resources*, AASB 7 *Financial Instruments : Disclosures*, AASB 102 *Inventories*, AASB 107 *Cash Flow Statement*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 110 *Events after the Balance Sheet Date*, AASB 112 *Income Taxes*, AASB 114 *Segment Reporting*, AASB 116 *Property, Plant and Equipment*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 119 *Employee Benefits*, AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, AASB 121 *The Effects of Changes in Foreign Currency Rates*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investment in Associates*, AASB 129 *Financial Reporting in Hyperinflationary Economies*, AASB 130 *Disclosures of Financial Statement of Banks and Similar Financial Institutions*, AASB 131 *Interest in Joint Ventures*, AASB 132



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

Financial Instruments: Disclosures and Presentation, AASB 133 Earnings Per Share, AASB 134 Interim Financial Reporting, AASB 136 Impairment of Assets, AASB 137 Provision, Contingent Liabilities and Contingent Assets, AASB 138 Intangible Assets, AASB 139 Financial Instruments: Recognition and Measurement, AASB 141 Agriculture, AASB 1023 General Insurance Contracts, and AASB 1038 Life Insurance Contracts. This standard is applicable to annual reporting periods beginning on or after 1 July 2007. The potential impact on the Company has not yet been determined.

- AASB 2007-5 Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities requires inventories held for distribution by not-for-profit entities to be measured at the lower of cost and current replacement costs. AASB 2007-5 is applicable for annual reporting periods beginning on or after 1 July 2007 and is not expected to have an impact on the financial results or disclosures contained within the financial report.
- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow Statements, AASB 111 Construction contracts, AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets, Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities and Interpretation 12 Service Concession Arrangements. AASB 2007-6 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be applied at the same time as AASB 123 Borrowing Costs. This standard principally removes the references to expensing borrowing costs on qualifying assets.
- AASB 2007-7 Amendments to Australian Accounting Standards arising from AASB 2007-4 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 2 Share-Based Payment, AASB 4 Insurance Contracts, AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB Cash Flow Statements and AASB 128 Investments in Associates. AASB 2007-7 is applicable for annual reporting periods beginning on or after 1 July 2007. This standard is only expected to impact disclosures contained within the financial report.

NOTE 2. REVENUE

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
REVENUE				
<i>Operating activities</i>				
Diesel rebates	—	11,239	—	11,239
Interest - other persons	977,374	112,221	977,374	112,221
Other income	1,051	—	—	—
TOTAL REVENUE FROM OPERATING ACTIVITIES	978,425	123,460	977,374	123,460
<i>Non-operating activities</i>				
Proceeds on disposal of investments	308	1,058,520	308	1,058,520
Proceeds on disposal of non-current assets	1,200	—	1,200	—
TOTAL REVENUE FROM NON-OPERATING ACTIVITIES	1,508	1,058,520	1,508	1,058,520
TOTAL REVENUE	979,933	1,181,980	978,882	1,181,980



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 3. EXPENSES

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
a. Expenses from Continuing Operations				
Depreciation of:				
plant & equipment	44,372	2,529	14,303	2,529
TOTAL DEPRECIATION	44,372	2,529	14,303	2,529
Interest expense - other persons	34,711	40,320	34,711	40,320
Rental expense on operating lease	146,349	15,139	55,298	15,139
Write down of listed securities	—	100,817	—	100,817
Carrying value of investments sold	—	927,518	—	927,518
Loans to controlled entities written off	124,423	—	695,604	191,018
Loss on disposal of plant & equipment	2,858	—	2,858	—
Cost of share based payment	2,785,977	124,770	2,785,977	124,770
Personnel costs	1,059,691	458,602	813,404	458,602
Listing & registry fees	249,652	135,238	249,652	135,238
Legal fees	227,239	73,878	227,239	73,878
Repairs & maintenance	464,760	—	277	—
Other	132,634	724,119	241,071	675,850
	5,272,666	2,602,930	5,120,394	2,745,679
b. Expenses from Discontinued Operations				
Write down of Chacarilla Copper Project	2,648,252	—	2,648,252	—
Write down of Mantos Grandes Project	2,328,777	—	2,328,777	—
Write down of Anaconda Copper Project	—	283,714	—	283,714
Other expenditure from discontinued operations	48,228	—	48,228	—
	5,025,257	283,714	5,025,257	283,714



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 4. INCOME TAX

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
THE COMPONENTS OF TAX EXPENSE COMPRISE:				
<i>Current Income Tax</i>				
- Current income charge	54,281	(171,297)	54,281	(171,297)
<i>Deferred Income Tax</i>				
- Relating to origination and reversal of temporary differences	(166,285)	3,525	(166,285)	3,525
- Losses not brought to account	112,004	167,772	112,004	167,772
INCOME TAX EXPENSE REPORTED IN THE INCOME STATEMENT	—	—	—	—
The prima facie tax on profit from ordinary activities is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)				
- consolidated group	(2,773,725)	(511,399)	—	—
- parent entity	—	—	(2,705,031)	(554,224)
Add:				
Tax effect of:				
- write down of investments	1,493,290	30,245	1,493,290	30,245
- other non allowable items	1,099,737	356,206	1,099,737	356,206
- tax losses not brought to account	180,698	124,948	112,004	167,773
INCOME TAX ATTRIBUTABLE TO ENTITY	—	—	—	—
UNRECOGNISED DEFERRED TAX BALANCES				
Unrecognised deferred tax asset - losses	7,890,016	7,944,299	7,890,016	7,944,299
Unrecognised deferred tax assets - other	228,819	62,534	228,819	62,534
DEFERRED TAX ASSET NOT BROUGHT TO ACCOUNT	8,118,835	8,006,833	8,118,835	8,006,833

The deferred tax asset not brought to account will only be of benefit to the Consolidated Entity if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and the entities in the Consolidated Entity are able to meet the continuity of ownership and/or continuity of business tests.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 5. DISCONTINUED OPERATIONS

	Consolidated Entity	
	2007	2006
	\$	\$
At the beginning of year	3,065,963	1,836,984
Expenditure capitalised during the year	1,911,066	1,512,693
Write down of exploration asset – Chacarilla Copper project	(2,648,252)	—
Write down of exploration asset – Mantos Grandes project	(2,328,777)	—
Write down of exploration asset – Anaconda project	—	(283,714)
	<hr/>	<hr/>
AT THE END OF THE YEAR	—	3,065,963

It was resolved at a meeting of directors on 8 January 2007 to cease any further funding toward the Chacarilla Copper project, and to write-off the carrying value of the project to nil.

It was resolved at a meeting of directors on 8 January 2007 to cease any further funding toward the Mantos Grandes project, and to write-off the carrying value of the project to nil.

NOTE 6. KEY MANAGEMENT PERSONNEL COMPENSATION

a. Names and positions held of economic and parent entity key management personnel at any time during the financial year are:

Non-executive directors

Mr G Jones	Chairman – Non-Executive
Mr J Saunders	Director – Non-Executive
Mr M Frayne	Director – Non-Executive (resigned 5 July 2006)

Executive directors

Mr D Lewis	Managing Director – Executive
Mr A Pismiris	Director – Executive (Co Secretary)
Mr J Corr	Director – Executive (resigned 22 May 2007)
Mr S Dobson	Director – Non-Executive (resigned 13 November 2006)

Executives

Mr R Longley	Chief Geologist – Sundance Resources Limited
Mr R Bogne	Chief Executive Officer – Cam Iron S.A.
Mr P Canterbury	Chief Financial Officer – Sundance Resources Limited
Mr J Toby	(resigned 20 December 2006)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

b. Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 1.7.2006	Granted as Compensation	Options Exercised	Net Change Other
Mr G Jones	-	30,000,000	-	-
Mr J Saunders	-	10,000,000	-	-
Mr M Frayne	-	-	-	-
Mr D Lewis	-	30,000,000	-	-
Mr A Pismiris	4,000,000	10,000,000	-	-
Mr J Corr	7,500,000	10,000,000	-	-
Mr S Dobson	-	15,000,000	-	-
Mr R Longley	-	2,000,000	-	-
Mr R Bogne	-	-	-	-
Mr P Canterbury	-	2,000,000	-	-
Mr J Toby	-	-	-	-
	11,500,000	109,000,000	-	-

Number of Options Held by Key Management Personnel

	Balance 30.6.2007	Total Vested 30.6.2007	Total Exercisable 30.6.2007	Total Unexercisable 30.6.2007
Mr G Jones	30,000,000	-	-	30,000,000
Mr J Saunders	10,000,000	-	-	10,000,000
Mr M Frayne	-	-	-	-
Mr D Lewis	30,000,000	-	-	30,000,000
Mr A Pismiris	14,000,000	4,000,000	4,000,000	10,000,000
Mr J Corr	17,500,000	-	17,500,000	-
Mr S Dobson	15,000,000	-	15,000,000	-
Mr R Longley	2,000,000	-	-	2,000,000
Mr R Bogne	-	-	-	-
Mr P Canterbury	2,000,000	-	-	2,000,000
Mr J Toby	-	-	-	-
	120,500,000	4,000,000	36,500,000	84,000,000



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

b. Shareholdings

Number of Shares Held by Key Management Personnel

	Balance 1.7.2006	Received as Compensation	Options Exercised	Net Change Other*	Balance 30.6.2007
Mr G Jones	-	-	-	15,000,000	15,000,000
Mr J Saunders	-	-	-	1,575,000	1,575,000
Mr M Frayne	2,500,000	-	-	-	2,500,000
Mr D Lewis	-	-	-	1,250,000	1,250,000
Mr A Pismiris	3,333,333	-	-	5,000,000	8,333,333
Mr J Corr	8,500,000	-	-	-	8,500,000
Mr S Dobson	1,000,000	-	-	-	1,000,000
Mr R Longley	-	-	-	-	-
Mr R Bogne	11,500,000	-	-	11,000,000	22,500,000
Mr P Canterbury	-	-	-	375,000	375,000
Mr J Toby	-	-	-	-	-
	<u>26,833,333</u>	<u>-</u>	<u>-</u>	<u>34,200,000</u>	<u>61,033,333</u>

* Net Change Other refers to shares purchased or sold during the financial year.

NOTE 7. AUDITORS REMUNERATION

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
- auditing or reviewing the financial report	44,745	10,380	44,745	10,380
- taxation services	4,300	—	4,300	—
- other services	1,440	1,500	1,440	1,500
Remuneration of other auditors of subsidiaries for:				
- auditing or reviewing the financial report of subsidiaries	34,491	—	—	—

NOTE 8. DIVIDENDS

No dividends have been paid or proposed during the year.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 9. EARNINGS PER SHARE

	Consolidated Entity	
	2007	2006
	\$	\$
<i>a. Reconciliation of earnings to profit or loss</i>		
Loss	(9,317,989)	(1,704,664)
Loss attributable to minority equity interest	72,240	—
Redeemable and converting preference share dividends	—	—
Earnings used to calculate basic EPS	(9,245,749)	(1,704,664)
Dividends on converting preference shares	—	—
Earnings used in the calculation of dilutive EPS	<u>(9,245,749)</u>	<u>(1,704,664)</u>
<i>b. Reconciliation of earnings to profit or loss from continuing operations</i>		
Loss from continuing operations	(4,292,732)	(1,420,950)
Loss attributable to minority equity interest in respect of continuing operations	72,240	—
Redeemable and converting preference share dividends	—	—
Earnings used to calculate basic EPS from continuing operations	(4,220,492)	(1,420,950)
Dividends on converting preference shares	—	—
Earnings used in the calculation of dilutive EPS from continuing operations	<u>(4,220,492)</u>	<u>(1,420,950)</u>
<i>c. Reconciliation of earnings to profit or loss from discontinuing operations</i>		
Loss from discontinuing operations	(5,025,257)	(283,714)
Loss attributable to minority equity interest	—	—
Redeemable and converting preference share dividends	—	—
Earnings used to calculate basic EPS from discontinuing operations	<u>(5,025,257)</u>	<u>(283,714)</u>
	No.	No.
<i>d. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS</i>		
Weighted average number of options outstanding	—	—
Weighted average number of converting preference shares on issue	—	—
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>1,363,461,460</u>	<u>629,752,228</u>
<i>e. Diluted earnings per share is not reflected for discontinued operations as the result is anti-dilutive in nature</i>		

During the year ended 30 June 2007, 122,000,000 options to subscribe for ordinary shares were issued, 106,999,999 options were exercised 4,500,000 options expired unexercised, leaving 139,833,334 outstanding at 30 June 2007 (note 19).

During the year ended 30 June 2006, 112,000,000 options to subscribe for ordinary shares were issued, 46,166,667 options were exercised and no options expired unexercised, leaving 129,333,333 options and 448 convertible notes of \$1,000 each outstanding at 30 June 2006 (note 19).

These options are not considered dilutive for the purposes of the calculation of diluted earnings per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share nor increase the net loss from continuing ordinary operations per share. Consequently, diluted earnings per share is the same as basic earnings per share.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 10. CASH AND CASH EQUIVALENTS

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash at bank and in hand	2,255,334	4,165,380	2,085,129	4,105,928
Short-term bank deposits	21,915,760	—	21,915,760	—
	<u>24,171,094</u>	<u>4,165,380</u>	<u>24,000,889</u>	<u>4,105,928</u>

The effective interest rate on short-term bank deposits was 5.9% (2006: 5.6%) these deposits have an average maturity of 91 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	24,171,094	4,165,380	24,000,889	4,105,928
	<u>24,171,094</u>	<u>4,165,380</u>	<u>24,000,889</u>	<u>4,105,928</u>

NOTE 11. TRADE AND OTHER RECEIVABLES

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
CURRENT				
Other debtors	1,061,931	—	275,701	—
	<u>1,061,931</u>	<u>—</u>	<u>275,701</u>	<u>—</u>

NOTE 12. OTHER CURRENT ASSETS

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
CURRENT				
Prepayments	94,829	49,670	57,559	49,670
Deposit	1,916,293	—	—	—
	<u>2,011,122</u>	<u>49,670</u>	<u>57,559</u>	<u>49,670</u>

Cam Iron S.A. has entered into a drilling contract with Wallis Drilling Pty Ltd (Australia). Under the contract Cam Iron S.A. paid a deposit of \$1,916,293 to secure Diamond and RC drilling services. Under the provisions of the contract a discount of 15% will be deducted from monthly invoices in order to amortise the deposit.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 13. PLANT AND EQUIPMENT

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
LAND AND BUILDINGS				
Buildings:				
At cost	319,899	—	—	—
Accumulated depreciation	—	—	—	—
	319,899	—	—	—
PLANT AND EQUIPMENT				
At cost	2,433,626	31,984	76,763	12,864
Accumulated depreciation	(79,543)	(7,330)	(9,076)	(7,330)
	2,354,083	24,654	67,687	5,534
LEASEHOLD IMPROVEMENTS				
At cost	88,629	—	88,629	—
Accumulated depreciation	(3,752)	—	(3,752)	—
	84,877	—	84,877	—
TOTAL PROPERTY, PLANT AND EQUIPMENT	2,758,859	24,654	152,564	5,534



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

MOVEMENTS IN THE CARRYING AMOUNT OF
EACH CLASS OF PLANT AND EQUIPMENT

	Buildings	Leasehold Improvements	Plant and Equipment	Total
Consolidated Group				
Balance at 1 July 2005	—	—	8,063	8,063
Additions	—	—	19,120	19,120
Disposals	—	—	—	—
Depreciation expense	—	—	(2,529)	(2,529)
Balance at 30 June 2006	—	—	24,654	24,654
Additions	319,899	88,629	2,414,508	2,823,036
Disposals	—	—	(4,546)	(4,546)
Depreciation expense	—	(3,752)	(80,533)	(84,285)
Balance at 30 June 2007	319,899	84,877	2,354,083	2,758,859
Parent Entity				
Balance at 1 July 2005	—	—	8,063	8,063
Additions	—	—	—	—
Disposals	—	—	—	—
Depreciation expense	—	—	(2,529)	(2,529)
Balance at 30 June 2006	—	—	5,534	5,534
Additions	—	88,629	76,763	165,392
Disposals	—	—	(4,546)	(4,546)
Depreciation expense	—	(3,752)	(10,064)	(13,816)
Balance at 30 June 2007	—	84,877	67,687	152,564



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 14. EXPLORATION AND EVALUATION ASSETS

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<i>Mbalam Iron Ore Project</i>				
Carrying amount at beginning of year	30,128,921	—	191,938	—
Additions	5,150,936	30,128,921	11,319,641	191,938
Expenditure written off	—	—	(695,000)	—
Disposals	—	—	—	—
	35,279,857	30,128,921	10,816,579	191,938
<i>Congo Iron Ore Project</i>				
Carrying amount at beginning of year	—	—	—	—
Additions	124,423	—	604	—
Expenditure written off	(124,423)	—	(604)	—
Disposals	—	—	—	—
	—	—	—	—
<i>Chacarilla Copper Project</i>				
Carrying amount at beginning of year	2,567,275	1,132,636	2,567,275	1,132,636
Additions	80,977	1,434,639	80,977	1,434,639
Expenditure written off	(2,648,252)	—	(2,648,252)	—
Disposals	—	—	—	—
	—	2,567,275	—	2,567,275
<i>Mantos Grandes Project</i>				
Carrying amount at beginning of year	2,160,562	426,190	498,689	426,190
Additions	168,215	1,734,372	168,215	72,499
Expenditure written off	(2,328,777)	—	(666,904)	—
Disposals	—	—	—	—
	—	2,160,562	—	498,689
<i>Anaconda Copper Project</i>				
Carrying amount at beginning of year	—	278,159	—	278,159
Additions	—	5,554	—	5,554
Expenditure written off	—	—	—	—
Disposals	—	(283,713)	—	(283,713)
	—	—	—	—
	35,279,857	34,856,758	10,816,579	3,257,902

At 30 June 2006, the Parent Entity held a 100% interest in the Chacarilla Copper Project in Bolivia. Following a detailed evaluation undertaken on the Chacarilla Copper Project during the year, the directors of the Parent Entity elected not to commit any further expenditure on the project. As a consequence of the Board's decision to cease all expenditure on the Chacarilla Copper Project the mining concessions lapsed in March 2007.

During the year the Parent entity engaged a consultant with project evaluation and management capabilities to evaluate the Mantos Grandes Project and provide local representation in Chile. It was resolved at a meeting of directors on 8 January 2007, to cease any further funding toward the Mantos Grandes project, and to write-off the carrying value of the project to nil.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

At 30 June 2007, the Parent Entity held a 90% interest in Cam Iron (SA) in Cameroon. Cam Iron S.A. holds a 100% interest in the Mbalam Iron Ore Project in Cameroon. The Mbalam Iron Ore Project has not yet reached the stage of assessing the existence of economically recoverable reserves, the outcome of which will ultimately affect the carrying value of this investment.

The ultimate recoupment of costs for areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas. The commercial exploitation of some areas of interest may require the satisfactory settlement of native title claims.

At 30 June 2007, Cam Iron S.A. held a 70% interest in Congo Iron S.A, a company incorporated in Congo. This company holds a 100% interest in the Congo Iron Ore Project in Cameroon. The Congo Iron Ore Project has not yet reached the stage of assessing the existence of economically recoverable reserves, the outcome of which will ultimately affect the carrying value of this investment. It was resolved at a meeting of directors on 20 September 2007, to write-off the carrying value of the project to nil.

NOTE 15. FINANCIAL ASSETS

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<i>Unlisted investments, at cost</i>				
Share in controlled entities				
- Cam Iron S.A.	—	—	29,283,712	29,770,623
- Servicios E Inversiones Futuro Limitada	—	—	1,661,873	1,661,873
Less: impairment provision				
- Servicios E Inversiones Futuro Limitada	—	—	(1,661,873)	—
	—	—	29,283,712	31,432,496

NOTE 16. CONTROLLED ENTITIES

a. Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)	
		2007	2006
<i>Parent Entity:</i>			
- Sundance Resources Ltd	Australia	—	—
<i>Subsidiaries of Sundance Resources Ltd:</i>			
- Cam Iron S.A.	Cameroon	90	100
- Servicios e Inversiones Futuro Limitada	Chile	100	100
- Copper International Pty Ltd	Australia	100	100
<i>Entities controlled by Copper International Pty Ltd</i>			
- Mine Holdings Corporation	Turks & Caicos Islands	100	100
<i>Entities controlled by Cam Iron S.A.</i>			
- Congo Iron S.A.	Congo	70	—

Part Disposal of Controlled Entities:

On 18 October 2006, the Company agreed to issue 10% of its interest in Cam Iron S.A. to HoldCo.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 17. TRADE AND OTHER PAYABLES

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
CURRENT				
Trade payables	1,122,897	46,152	518,653	46,152
Sundry payables and accrued expenses	235,704	3,133,784	160,621	3,031,601
	1,358,601	3,179,936	679,274	3,077,753

Sundry creditors are non-interest bearing and generally on 30 day terms.

NOTE 18. FINANCIAL LIABILITIES

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
CURRENT				
Convertible Notes (unsecured)	—	448,000	—	448,000
	—	448,000	—	448,000

The Parent Entity had on issue 448 convertible notes redeemable on 11 May 2007 of \$1,000 each which earn interest of 9% per annum. These notes were successfully converted to 37,333,334 fully paid ordinary shares in the Parent Entity at 1.2 cents per share.

NOTE 19. TAX

UNRECOGNISED DEFERRED TAX BALANCES

Unrecognised deferred tax asset - losses	7,890,016	7,944,299	7,890,016	7,944,299
Unrecognised deferred tax assets - other	228,819	62,534	228,819	62,534
DEFERRED TAX ASSET NOT BROUGHT TO ACCOUNT	8,118,835	8,006,833	8,118,835	8,006,833

The deferred tax asset not brought to account will only be of benefit to the Consolidated Entity if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and the entities in the Consolidated Entity are able to meet the continuity of ownership and/or continuity of business tests.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 20. ISSUED CAPITAL

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
1,675,081,908 fully paid ordinary shares	126,104,817	—	126,104,817	—
1,155,748,575 fully paid ordinary shares	—	93,515,150	—	93,515,150
	126,104,817	93,515,150	126,104,817	93,515,150

MOVEMENTS IN ISSUED CAPITAL

At the beginning of the financial year	93,515,150	64,245,887	93,515,150	64,245,887
1,500,000 shares issued 1 August 2006	30,000	—	30,000	—
5,833,333 shares issued 30 November 2006	116,667	—	116,667	—
155,187,500 shares issued 30 November 2006	12,415,000	—	12,415,000	—
53,057,500 shares issued 11 January 2007	4,224,600	—	4,224,600	—
166,755,000 shares issued 19 January 2007	13,360,400	—	13,360,400	—
3,000,000 shares issued 15 February 2007	90,000	—	90,000	—
13,500,000 shares issued 30 March 2007	405,000	—	405,000	—
1,400,000 shares issued 17 April 2007	42,000	—	42,000	—
6,600,000 shares issued 17 April 2007	198,000	—	198,000	—
2,000,000 shares issued 17 April 2007	24,000	—	24,000	—
2,000,000 shares issued 20 April 2007	24,000	—	24,000	—
13,000,000 shares issued 17 April 2007	260,000	—	260,000	—
6,666,666 shares issued 10 May 2007	200,000	—	200,000	—
1,500,000 shares issued 10 May 2007	30,000	—	30,000	—
3,250,000 shares issued 10 May 2007	97,500	—	97,500	—
29,333,334 shares issued 10 May 2007	352,000	—	352,000	—
4,000,000 shares issued 29 May 2007	48,000	—	48,000	—
1,000,000 shares issued 29 May 2007	30,000	—	30,000	—
366,667 shares issued 29 May 2007	11,000	—	11,000	—
10,000,000 shares issued 29 May 2007	1,000,000	—	1,000,000	—
1,500,000 shares issued 19 June 2007	30,000	—	30,000	—
8,300,000 shares issued 19 June 2007	249,000	—	249,000	—
4,000,000 shares issued 19 June 2007	120,000	—	120,000	—
19,583,333 shares issued 22 June 2007	587,500	—	587,500	—
500,000 shares issued 22 June 2007	15,000	—	15,000	—
5,500,000 shares issued 29 June 2007	130,000	—	130,000	—
5,000,000 shares issued 26 August 2005	—	70,000	—	70,000
15,916,667 shares issued 30 September 2005	—	318,333	—	318,333
9,750,000 shares issued 3 November 2005	—	195,000	—	195,000
110,000,000 shares issued 1 December 2005	—	2,200,000	—	2,200,000
4,000,000 shares issued 13 December 2005	—	80,000	—	80,000
1,000,000 shares issued 13 January 2006	—	27,000	—	27,000
1,000,000 shares issued 27 January 2006	—	20,000	—	20,000
500,000 shares issued 3 March 2006	—	10,000	—	10,000
3,000,000 shares issued 24 March 2006	—	60,000	—	60,000
7,000,000 shares issued 7 April 2006	—	140,000	—	140,000
295,000,000 shares issued 1 June 2006	—	17,110,000	—	17,110,000
120,000,000 shares issued 2 June 2006	—	3,600,000	—	3,600,000
80,000,000 shares issued 30 June 2006	—	6,160,000	—	6,160,000
Capital raising costs	(1,500,000)	(721,070)	(1,500,000)	(721,070)



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

AT THE END OF THE FINANCIAL YEAR	126,104,817	93,515,150	126,104,817	93,515,150
-----------------------------------------	-------------	------------	-------------	------------

On 3 July 2006, the Company issued 40,000,000 free options expiring on 30 June 2008 exercisable at 3 cents each. The issue of these options was approved at the General Meeting of shareholders of the Company held on 19 May 2006.

On 1 August 2006, the Company allotted and issued 1,500,000 fully paid ordinary shares in the Company for 2 cents per share, pursuant to the exercise of 1,500,000 options expiring on 29 November 2006.

On 30 November 2006, the Company allotted and issued 5,833,333 fully paid ordinary shares in the Company for 2 cents per share, pursuant to the exercise of 5,833,333 options expiring on 29 November 2006.

On 30 November 2006, the Company allotted and issued 155,187,500 fully paid ordinary shares in the Company for 8 cents per share, pursuant to a share placement to sophisticated investors.

On 11 January 2007, the Company allotted and issued 53,057,500 fully paid ordinary shares in the Company for 8 cents per share, pursuant to a share placement to sophisticated investors.

On 15 January 2007, the Company issued 30,000,000 free options expiring on 4 January 2012 exercisable at 10 cents each. The issue of these options was approved at the General Meeting of shareholders of the Company held on 8 January 2007.

On 15 January 2007, the Company issued 50,000,000 free options expiring on 3 January 2012 exercisable at 20 cents each. The issue of these options was approved at the General Meeting of shareholders of the Company held on 8 January 2007.

On 19 January 2007, the Company allotted and issued 166,755,000 fully paid ordinary shares in the Company for 8 cents per share, pursuant to a share placement to sophisticated investors.

On 15 February 2007, the Company allotted and issued 3,000,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 3,000,000 options expiring on 30 June 2008.

On 30 March 2007, the Company allotted and issued 13,500,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 13,500,000 options expiring on 30 June 2008.

On 17 April 2007, the Company allotted and issued 1,400,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 1,400,000 options expiring on 30 June 2008.

On 17 April 2007, the Company allotted and issued 6,600,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 6,600,000 options expiring on 30 June 2008.

On 17 April 2007, the Company allotted and issued 2,000,000 fully paid ordinary shares in the Company for 1.2 cents per share, pursuant to the conversion of 24 Convertible Notes options expiring on 11 May 2007.

On 20 April 2007, the Company allotted and issued 2,000,000 fully paid ordinary shares in the Company for 1.2 cents per share, pursuant to the conversion of 24 Convertible Notes options expiring on 11 May 2007.

On 23 April 2007, the Company allotted and issued 13,000,000 fully paid ordinary shares in the Company for 2 cents per share, pursuant to the exercise of 13,000,000 options expiring on 31 May 2010.

On 10 May 2007, the Company allotted and issued 6,666,666 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 6,666,666 options expiring on 30 June 2008.

On 10 May 2007, the Company allotted and issued 1,500,000 fully paid ordinary shares in the Company for 2 cents per share, pursuant to the exercise of 1,500,000 options expiring on 31 May 2010.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

On 10 May 2007, the Company allotted and issued 3,250,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 3,250,000 options expiring on 30 June 2008.

On 10 May 2007, the Company allotted and issued 29,333,334 fully paid ordinary shares in the Company for 1.2 cents per share, pursuant to the conversion of 352 Convertible Notes options expiring on 11 May 2007.

On 29 May 2007, the Company allotted and issued 4,000,000 fully paid ordinary shares in the Company for 1.2 cents per share, pursuant to the conversion of 48 Convertible Notes options expiring on 11 May 2007.

On 29 May 2007, the Company allotted and issued 1,000,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 1,000,000 options expiring on 30 June 2008.

On 29 May 2007, the Company allotted and issued 366,667 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 366,667 options expiring on 30 June 2008.

On 29 May 2007, the Company allotted and issued 10,000,000 fully paid ordinary shares in the Company for 10 cents per share, pursuant to the exercise of 10,000,000 options expiring on 1 June 2007.

On 19 June 2007, the Company allotted and issued 1,500,000 fully paid ordinary shares in the Company for 2 cents per share, pursuant to the exercise of 1,500,000 options expiring on 31 May 2010.

On 19 June 2007, the Company allotted and issued 8,300,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 8,300,000 options expiring on 30 June 2008.

On 19 June 2007, the Company allotted and issued 4,000,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 4,000,000 options expiring on 30 June 2008.

On 22 June 2007, the Company allotted and issued 19,583,333 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 19,583,333 options expiring on 30 June 2008.

On 22 June 2007, the Company allotted and issued 500,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 500,000 options expiring on 30 June 2008.

On 29 June 2007, the Company allotted and issued 2,000,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 2,000,000 options expiring on 30 June 2008.

On 29 June 2007, the Company allotted and issued 3,500,000 fully paid ordinary shares in the Company for 2 cents per share, pursuant to the exercise of 3,500,000 options expiring on 31 May 2010.

At 30 June 2007 there were 139,833,334 unissued ordinary shares for which options were outstanding. These comprise 32,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 10 cents per share and expire on 4 January 2012, 2,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 15 cents per share and expire on 4 January 2012, 50,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 20 cents per share and expire on 3 January 2012, 8,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 2 cents per share and expire on 31 May 2010, 49,833,334 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 3 cents per share and expire on 30 June 2008.

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of, and amounts paid up, of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at any meeting of the Company.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 21. RESERVES

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Option premium reserve	9,003,675	3,844,620	9,003,675	3,844,620
Foreign currency translation reserve	35,965	—	—	—
	9,039,640	3,844,620	9,003,675	3,844,620

MOVEMENTS IN OPTION PREMIUM RESERVE

At the beginning of the financial year	3,844,620	168,304	3,844,620	168,304
40,000,000 options issued 3 July 2006	2,373,078	—	2,373,078	—
30,000,000 options issued 15 January 2007	1,254,897	—	1,254,897	—
50,000,000 options issued 15 January 2007	1,296,131	—	1,296,131	—
2,000,000 options issued 30 January 2007	79,450	—	79,450	—
2,000,000 options issued 12 April 2007	155,499	—	155,499	—
20,000,000 options issued 1 December 2005	—	361,070	—	361,070
2,000,000 options issued 13 January 2006	—	25,431	—	25,431
80,000,000 options issued 1 June 2006	—	3,165,045	—	3,165,045
10,000,000 options issued 1 June 2006	—	124,770	—	124,770
AT THE END OF THE FINANCIAL YEAR	9,003,675	3,844,620	9,003,675	3,844,620

The option premium reserve is used to accumulate the fair value of options issued.

On 3 July 2006, the Company issued 40,000,000 free options expiring on 30 June 2008 exercisable at 3 cents each. The issue of these options was ratified at the General Meeting of shareholders of the Company held on 19 May 2006. These options were valued at 1.805 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.024, a risk free interest rate of 5.25% and an average of calculations using volatility factors of 95.8%, 96.8%, 94.1% and 96.5% (each derived from different methodologies for calculating the volatility factor based on share price history).

On 8 January 2007, the Company issued 50,000,000 free options expiring on 3 January 2012 exercisable at 20 cents each. These options were issued to directors in consideration for services. These options have a vesting date of 1 December 2008. These options were valued at 8.7 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.087, a risk free interest rate of 5.99% and a peer group volatility factor of 63.00%.

On 8 January 2007, the Company issued 30,000,000 free options expiring on 4 January 2012 exercisable at 10 cents each. These options were issued to executives in consideration for services. These options have a vesting date of 1 December 2007. These options were valued at 8.7 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.087, a risk free interest rate of 5.99% and a peer group volatility factor of 63.00%.

On 30 January 2007, the Company issued 2,000,000 free options expiring on 4 January 2012 exercisable at 10 cents each. These options were issued to executives in consideration for services. These options have a vesting date of 5 February 2008. These options were valued at 9.3 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.093, a risk free interest rate of 5.99% and a peer group volatility factor of 60.00%.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

On 12 April 2007, the Company issued 2,000,000 free options expiring on 4 January 2012 exercisable at 15 cents each. These options were issued to executives in consideration for services. These options have a vesting date of 1 May 2008. These options were valued at 14.5 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.145, a risk free interest rate of 6.09% and a peer group volatility factor of 64.00%.

NOTE 22. CAPITAL AND LEASING COMMITMENTS

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Operating Lease Commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements.				
Payable – minimum lease payments				
-not later than 12 months	142,800	—	41,160	—
-between 12 months and 5 years	—	—	—	—
-greater than 5 years	—	—	—	—
	<u>142,800</u>	<u>—</u>	<u>41,160</u>	<u>—</u>

The Company's premises are sub-leased (office sharing agreement) from Capital Investment Partners Pty Ltd. This lease expires on 1 February 2008. The term of the agreement may be extended by mutual agreement of the parent entity and the lessor until 29 June 2009.

The office premises lease of Cam Iron S.A. extends for a period of 12 months from 9 June 2007.

Cam Iron S.A. provides residential premises for short term staff accommodation. The residential lease extends for a period of 12 months from 24 March 2007.

NOTE 23. CONTINGENT LIABILITIES

The Company has an ongoing dispute with Absolute Analogue & David Porter regarding outstanding invoices. As at 30 June 2007 all invoices received from Absolute Analogue have been recorded in trade creditors of the Company.

An additional claim has been made by Absolute Analogue & David Porter against the Company for the issue of 30 million options, exercisable at any time before 29 May 2009. In the opinion of the Board, no liability should be accounted for in respect of this claim.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 24. SEGMENT REPORTING

PRIMARY REPORTING BUSINESS SEGMENTS

During the year ended 30 June 2007 and also during the year ended 30 June 2006, the Consolidated Entity operated entirely in the mining and exploration industry in Africa and South America.

SECONDARY REPORTING GEOGRAPHICAL SEGMENTS

SECONDARY REPORTING GEOGRAPHICAL SEGMENTS	External Revenue \$	Inter-Segment Revenue \$	Total Revenue \$	Segment Loss \$	Segment Assets \$
YEAR TO 30 JUNE 2007					
Australasia	978,882	—	978,882	(3,570,329)	25,106,706
Africa	1,051	—	1,051	(722,403)	40,187,119
South America	—	—	—	(5,025,257)	—
TOTAL	979,933	—	979,933	(9,317,989)	65,293,825

SECONDARY REPORTING GEOGRAPHICAL SEGMENTS	External Revenue \$	Inter-Segment Revenue \$	Total Revenue \$	Segment Loss \$	Segment Assets \$
YEAR TO 30 JUNE 2006					
Australasia	1,181,980	—	1,181,980	1,161,364	4,239,704
Africa	—	—	—	48,269	30,128,921
South America	—	—	—	495,031	4,727,837
TOTAL	1,181,980	—	1,181,980	1,704,664	39,096,462

Segment revenues, expenses and results may include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length. These transfers are eliminated on consolidation.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 25. CASH FLOW INFORMATION

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
25A. RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX				
Profit/(loss) after tax	(9,317,989)	(1,704,664)	(9,166,769)	(1,847,413)
<i>Cash flows in loss attributable to non-operating activities</i>				
Exploration expenditure	—	290,832	—	241,317
<i>Non-cash flows in loss</i>				
Cost of share based payment	—	124,770	—	124,770
Loss/(Profit) on disposal of investment	2,858	(131,002)	2,858	(131,002)
Depreciation of plant and equipment	44,372	2,529	14,303	2,529
Loss/(profit) on sale of plant and equipment	—	—	—	—
Current investments written down	—	100,817	—	100,817
Exploration expenditure written off	4,977,029	283,714	4,977,029	283,714
Inter-Company loans written off	124,423	—	695,604	191,018
<i>Changes in assets and liabilities</i>				
Decrease/(increase) in deposits	(1,916,293)	—	—	—
Decrease/(increase) in reserves	35,965	—	—	—
Increase/(decrease) in trade creditors	1,122,899	—	518,655	—
Decrease/(increase) in other debtors and prepayments	(1,107,091)	(46,670)	(283,590)	(46,670)
Increase/(decrease) in other creditors and accruals	(2,457,320)	(24,963)	(2,430,219)	(24,963)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(8,491,147)	(1,104,637)	(5,672,129)	(1,105,883)
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
<i>Cash and cash equivalents at the end of the year is shown in the accounts as:</i>				
Cash	24,171,094	4,165,380	24,000,890	4,105,928
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	24,171,094	4,165,380	24,000,890	4,105,928



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

25B. ACQUISITION OF CONTROLLED ENTITIES

The fair value of assets and liabilities held by the Parent Entity and by its wholly owned controlled entities at acquisition are:

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Capitalised exploration expenditure	—	31,534,679	—	—
Payables	—	(102,183)	—	—
FAIR VALUE OF NET ASSETS ACQUIRED	—	31,432,496	—	—
Cash consideration	—	2,624,373	—	—
Equity consideration	—	28,808,123	—	—
TOTAL CONSIDERATION	—	31,432,496	—	—

Non-cash Financing and Investing Activities

Equity issue

The following equity consideration was issued by the Company as part consideration for the acquisition of Cam Iron S.A. The equity issue was based on the fair value of the Company, which was determined by an independent valuation of Cam Iron S.A. prior to the acquisition.

- 295,000,000 ordinary shares were issued at \$0.058 per share
- 80,000,000 ordinary shares were issued at \$0.077 per share
- 80,000,000 free options expiring on 30 June 2008 exercisable at 3 cents each. The issue of these options was ratified at the General Meeting of shareholders of the Company held on 19 May 2006. These options were valued at 3.956 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.058, a risk free interest rate of 5.25% and an average of calculations using volatility factors of 97.2%, 97.2%, 100% and 81.2% (each derived from different methodologies for calculating the volatility factor based on share price history).



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

NOTE 26. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2007:

On 3 July 2006, the Company issued 40,000,000 free options expiring on 30 June 2008 exercisable at 3 cents each. The issue of these options was ratified at the General Meeting of shareholders of the Company held on 19 May 2006. These options were valued at 1.805 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.024, a risk free interest rate of 5.25% and an average of calculations using volatility factors of 95.8%, 96.8%, 94.1% and 96.5% (each derived from different methodologies for calculating the volatility factor based on share price history).

On 8 January 2007, the Company issued 50,000,000 free options expiring on 3 January 2012 exercisable at 10 cents each. These options were issued to directors in consideration for services. These options have a vesting date of 1 December 2008. These options were valued at 8.7 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.087, a risk free interest rate of 5.99% and a peer group volatility factor of 63.00%. This was ratified by a meeting of shareholders on 8 January 2007.

On 8 January 2007, the Company issued 30,000,000 free options expiring on 4 January 2012 exercisable at 10 cents each. These options were issued to executives in consideration for services. These options have a vesting date of 1 December 2007. These options were valued at 8.7 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.087, a risk free interest rate of 5.99% and a peer group volatility factor of 63.00%. This was ratified by a meeting of shareholders on 8 January 2007.

On 30 January 2007, the Company issued 2,000,000 free options expiring on 4 January 2012 exercisable at 10 cents each. These options were issued to executives in consideration for services. These options have a vesting date of 5 February 2008. These options were valued at 9.3 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.093, a risk free interest rate of 5.99% and a peer group volatility factor of 60.00%.

On 12 April 2007, the Company issued 2,000,000 free options expiring on 4 January 2012 exercisable at 15 cents each. These options were issued to executives in consideration for services. These options have a vesting date of 1 May 2008. These options were valued at 9.3 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.145, a risk free interest rate of 6.09% and a peer group volatility factor of 64.00%.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

	Consolidated Entity				Parent Entity			
	2007		2006		2007		2006	
	\$	\$	\$	\$	\$	\$	\$	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	10,000,000	0.02	—	—	10,000,000	0.02	—	—
Granted	124,000,000	0.08	10,000,000	0.02	124,000,000	0.08	10,000,000	0.02
Forfeited	—	—	—	—	—	—	—	—
Exercised	(10,000,000)	0.02	—	—	(10,000,000)	0.02	—	—
Expired	—	—	—	—	—	—	—	—
Outstanding at year-end	<u>124,000,000</u>	<u>0.08</u>	<u>10,000,000</u>	<u>0.02</u>	<u>124,000,000</u>	<u>0.08</u>	<u>10,000,000</u>	<u>0.02</u>
Exercisable at year-end	<u>40,000,000</u>	<u>0.03</u>	<u>10,000,000</u>	<u>0.02</u>	<u>40,000,000</u>	<u>0.03</u>	<u>10,000,000</u>	<u>0.02</u>

There were 10,000,000 options exercised during the year ended 30 June 2007. These options had a weighted average share price of \$0.115 at exercise date.

The options outstanding at 30 June 2007 had a weighted average exercise price of \$0.78 and a weighted average remaining contractual life of 3.38 years. Exercise prices range from \$0.03 to \$0.15 in respect of options outstanding at 30 June 2007.

The weighted average fair value of options granted during the year was \$0.066.

NOTE 27. EVENTS AFTER BALANCE SHEET DATE

On 13 July 2007, the Company received \$68,761 for the right to acquire the Company's interest in Servicios E Inversiones Futuro Limitada. The term of the option is six (6) months and if exercised, the Company will receive an agreed amount of A \$500,000.

On 30 July 2007, the Company issued 118,500,000 fully paid ordinary shares in the Company for 40 cents per share, pursuant to share placement to international and Australian based institutional investors to accelerate the current resource drilling program and pre-feasibility study at Mbalam Iron Ore Project.

On 30 July 2007, the Company issued 13,000,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 13,000,000 options expiring 30 June 2008.

On 30 July 2007, the Company issued 4,000,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 4,000,000 options expiring 31 May 2010.

On 2 August 2007, the Company issued 6,500,000 fully paid ordinary shares for 40 cents per share, pursuant to share placement to international and Australian based institutional investors to accelerate the current resource drilling program and pre-feasibility study at Mbalam Iron Ore Project.

On 10 September 2007, the Company issued 25,000,000 fully paid ordinary shares for 40 cents per share, pursuant to share placement to international and Australian based institutional investors to accelerate the current resource drilling program and pre-feasibility study at Mbalam Iron Ore Project.

On 10 September 2007, the Company issued 4,000,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 4,000,000 options expiring 30 June 2008.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

On 17 September 2007, the Company announced the appointment of Mr Ken Talbot to the Board as a non-executive Director. Mr Talbot has more than 36 years of industry experience, including 20 years at CEO/Managing Director level.

On 24 September 2007, the Company announced the proposed merger of Sundance Resources Limited and Gindalbie Metals Limited. The Company has executed a Merger Implementation Agreement to effect the merger by way of a Scheme of Arrangement, under which Gindalbie Metals Limited will make offers to acquire all of the issued securities in Sundance Resources Limited.

There have been no other conversions to, calls of or subscriptions for ordinary shares or issues of potential ordinary shares.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

NOTE 28. RELATED PARTY TRANSACTIONS

The Company is a single entity and is not controlled by any other entity.

Capital Investment Partners Pty Ltd received benefits from the Company for services performed by Mr John Corr, a director of the Company during the financial year. Full details of the remuneration received are disclosed in note 6 Key Management Personnel Compensation.

Capital Investment Partners Pty Ltd received benefits from the Company for services performed by Mr Alec Pismiris, a director of the Company. Full details of the remuneration received are disclosed in note 6 Key Management Personnel Compensation.

Capital Investment Partners were issued with 20,000,000 options on 3 July 2006. These were free options expiring on 30 June 2008 exercisable at 3 cents each. The issue of these options was ratified at the General Meeting of shareholders of the Company held on 19 May 2006. These options were valued at 1.805 cents each using the Cox, Ross, & Rubinstein Binomial method and based on a spot price of \$0.024, a risk free interest rate of 5.25% and an average of calculations using volatility factors of 95.8%, 96.8%, 94.1% and 96.5% (each derived from different methodologies for calculating the volatility factor based on share price history).

Capital Investment Partners Pty Ltd received \$90,000 for corporate advisory services (2006: \$50,000).

Capital Investment Partners Pty Ltd received \$1,500,000 for equity raising costs (2006: \$nil)

Florentino Pty Ltd received benefits from the Company for services performed by Mr John Corr, a director of the Company. Full details of the remuneration received are disclosed in note 6 Key Management Personnel Compensation.

Fortview Capital Management Pty Ltd received benefits from the Company for services performed by Mr Stephen Dobson, a director of the Company. Full details of the remuneration received are disclosed in note 6 Key Management Personnel Compensation.

Linden Group Pty Ltd received benefits from the Company for services performed by Mr John Saunders, a director of the Company. Full details of the remuneration received are disclosed in note 6 Key Management Personnel Compensation.

JBP Nominees Pty Ltd received benefits from the Company for services performed by Mr George Jones, a director of the Company. Full details of the remuneration received are disclosed in note 6 Key Management Personnel Compensation.

Piedmont Nominees Pty Ltd received benefits from the Company for services performed by Mr Donald Lewis, a director of the Company. Full details of the remuneration received are disclosed in note 6 Key Management Personnel Compensation.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

At 30 June 2007, directors and their related entities held directly, indirectly or beneficially 223,143,717 ordinary shares in the Company and 80,000,000 options over ordinary shares in the Company.

At 30 June 2006, directors and their related entities held directly, indirectly or beneficially 12,000,000 ordinary shares in the Company, 7,500,000 options over ordinary shares in the Company and 60 convertible notes.

NOTE 29. FINANCIAL INSTRUMENTS

The Consolidated Entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at 30 June 2007 are as follows:

FINANCIAL INSTRUMENTS	TERMS AND CONDITIONS AND INTEREST RATE RISK
-----------------------	---------------------------------------------

Bank Deposits	Bank deposits are either held at call, subject to notice of withdrawal or subject to maturity after a specified period of time. All cash held is subject to floating interest rate risk. The weighted average effective interest rate earned was 5.85% (2006: 3.84%).
Short Term Deposits	Short term deposits (term deposits & commercial paper) are subject to maturity after a specified period of time. The weighted average effective interest rate earned was 6.50%.
Receivables	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non interest bearing and there is no exposure to interest rate risk.
Listed Shares and Unlisted Shares	These are non interest bearing and there is no exposure to interest rate risk.
Accounts Payable	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non interest bearing and there is no exposure to interest rate risk.
Equity	Details of equity securities issued and outstanding are disclosed separately in these financial statements. These are non interest bearing and there is no exposure to interest rate risk.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise cash and short-term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, and foreign currency risk. The Board reviews each of these risks on an on-going basis.

FOREIGN CURRENCY RISK

As a result of significant investment operations in Africa, the Group's balance sheet can be affected significantly by movements in the Euro/US\$/A\$ exchange rates. The Group does not seek to hedge this exposure.

INTEREST RATE RISK

The consolidated group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

CREDIT RISK

The maximum exposure to credit risk, excluding the value of any collateral or security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes in the financial statements. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.



SUNDANCE RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

The limitation of investment risk is governed by the Company's Investment guidelines which have been signed off by the Board and include limitation of credit risk exposure based on S&P credit ratings.

FAIR VALUES

The aggregate net fair values of the Consolidated Entity's financial assets and financial liabilities, both recognised and unrecognised are as follows:

	CARRYING AMOUNT IN THE FINANCIAL STATEMENTS 2007 \$	AGGREGATE NET FAIR VALUE 2007 \$	CARRYING AMOUNT IN THE FINANCIAL STATEMENTS 2006 \$	AGGREGATE NET FAIR VALUE 2006 \$
Cash assets	24,171,094	24,171,094	4,215,150	4,215,150
Receivables	3,073,053	3,073,503	49,670	49,670
Payables	1,358,601	1,358,601	3,627,936	3,627,936

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities:

Cash assets and financial assets are carried at amounts approximating fair value because of their short term nature to maturity. Receivables and payables are carried at amounts approximating fair value.

The net fair values of listed investments have been valued at the quoted market bid price at balance date. For unlisted investments where there is no organised financial market the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment. The net fair values of other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value. For other assets and other liabilities the net fair value approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Consolidated Entity intends to hold these assets to maturity.

NOTE 30. EXPENDITURE COMMITMENTS

The Cameroon Ministry of Mines requires a total minimum exploration expenditure under Exploration Permit No.92 of XAF 12,000,000,000 (approximately \$30 million). Expenditure requirements total XAF 7,562,500,000 (approximately AU\$18 million) over the next 12 months and XAF 2,437,500,000 (approximately AU\$6 million) over the remainder of the 3 year term, which commenced on 29 September 2005. The expenditure requirements of Exploration Permit No.92 are denoted in Central African CFA (XAF).

Report on the Financial Report and AASB 124 Remuneration Disclosures Contained in the Directors' Report

We have audited the accompanying financial report of Sundance Resources Limited (the "Company"), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of changes in equity, and statements of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes, and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the Company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" in the Directors' report and not in the financial report. We have audited these remuneration disclosures.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the Directors' report.

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors of the Company are also responsible for the remuneration disclosures contained in the Directors' report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in Directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the Directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the Directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the Directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' report.

Chartered Accountants

A member of Bentleys MRI, an association of independent accounting firms throughout Australia, and a member of Moores Rowland International, an association of independent accounting firms throughout the world. The firms practising as Bentleys MRI and Moores Rowland are independent. The member firms of these associations are affiliated only and not in partnership.

Report on the Financial Report and AASB 124 Remuneration Disclosures Contained in the Directors' Report (continued)

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance and whether the remuneration disclosures are in accordance with Australian Accounting Standard AASB 124

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

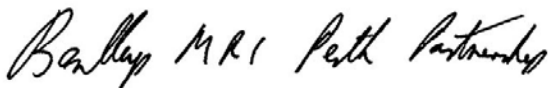
Auditor's opinion on the financial report

In our opinion, the financial report of Sundance Resources Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of their performance for the financial year ended on that date, and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001

Auditor's opinion on AASB 124 remuneration disclosures contained in the directors' report

In our opinion, the remuneration disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.



BENTLEYS MRI PERTH PARTNERSHIP



MICHAEL J HILLGROVE
PARTNER

Dated this day at Perth 26th September 2007.

Chartered Accountants

Effective from 1 July 2006 Hall Chadwick and Bentleys MRI Perth have merged and will continue to practice as Bentleys MRI Perth. A member of Bentleys MRI, an association of independent accounting firms throughout Australia, and a member of Moores Rowland International, an association of independent accounting firms throughout the world. The firms practising as Bentleys MRI and Moores Rowland are independent. The member firms of these associations are affiliated only and not in partnership.

**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

TO THE DIRECTORS OF SUNDANCE RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007 there have been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

Bentley MRI Perth Partnership

BENTLEYS MRI PERTH PARTNERSHIP



**MICHAEL J HILLGROVE
PARTNER**

Dated this day at Perth 26th September 2007.

Chartered Accountants

A member of Bentleys MRI, an association of independent accounting firms throughout Australia, and a member of Moores Rowland International, an association of independent accounting firms throughout the world. The firms practising as Bentleys MRI and Moores Rowland are independent. The member firms of these associations are affiliated only and not in partnership.



SUNDANCE RESOURCES LTD
ADDITIONAL INFORMATION AS AT 18 SEPTEMBER 2007

ANALYSIS OF HOLDINGS OF SHARES AND QUOTED OPTIONS IN THE COMPANY

	Ordinary Shares	Unquoted Options expiring 30 June 2008	Unquoted Options expiring 31 May 2010	Unquoted Options expiring 3 Jan 2012	Unquoted Options expiring 4 Jan 2012
1 — 1,000	325	1	0	0	
1,001 — 5,000	2,762	0	0	0	
5,001 — 10,000	2,199	0	0	0	
10,001 — 100,000	5,161	0	0	0	
100,001 —and over	1,195	7	2	0	
TOTAL NUMBER OF HOLDERS	11,642	8	2	0	
HOLDINGS OF LESS THAN A MARKETABLE PARCEL	147				

VOTING RIGHTS

For all ordinary shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.



SUNDANCE RESOURCES LTD
ADDITIONAL INFORMATION AS AT 18 SEPTEMBER 2007

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

	Number of Shares	Percentage of Total
Talbot Group Holdings Pty Ltd	297,153,067	16.10%
ANZ Nominees Limited	163,591,433	8.86%
Citicorp Nominees Pty Limited	75,326,979	4.08%
Talbot Group Holdings Pty Ltd	63,303,976	3.43%
Osson Pty Ltd	50,000,000	2.71%
M/S Donna Joy Loxton	49,000,000	2.65%
HSBC Custody Nominees (Australia) Limited	46,933,137	2.54%
HSBC Custody Nominees (Australia) Limited	43,037,755	2.33%
Surfboard Pty Ltd	34,263,533	1.86%
RBC Dexia Investor Services Australia Nominees Pty Ltd	27,100,000	1.47%
Blackmort Nominees Pty Ltd	26,000,000	1.41%
Fortis Clearing Nominees Pty Ltd	22,792,843	1.23%
Mr Roger Bogne	21,000,000	1.14%
Triangle Resource Fund (Cayman) LP	16,250,000	0.88%
Connemara Investments Pty Ltd	15,000,000	0.81%
Istana Securities Limited	14,970,000	0.81%
Mr Serge E Asso'o Mendomo	13,800,000	0.75%
Loxton Nominees Pty Ltd	12,000,000	0.65%
Dr Salim Cassim	11,034,518	0.60%
M/S Diane Margaret Porter	9,666,667	0.52%
	1,012,873,908	54.83%

TWENTY LARGEST HOLDERS OF OPTIONS EXPIRING 30 JUNE 2008

	Number of Options	Percentage of Total
Caperange Investments Pty Ltd	13,333,333	40.61%
Mr John Corr	6,000,000	18.27%
Mr Stephen Dobson	6,000,000	18.27%
ACP Investments Pty Ltd	4,000,000	12.19%
Bayonet Investments Pty Ltd	2,000,000	6.09%
Surfboard Pty Ltd	1,500,000	4.57%
Bluefind Pty Ltd	1	0.00%
	32,833,334	100.00%

TWENTY LARGEST HOLDERS OF OPTIONS EXPIRING 31 MAY 2010

	Number of Options	Percentage of Total
Mr Gavin John Argyle	2,000,000	50.00%
Pismiris Holdings Pty Ltd	2,000,000	50.00%
	4,000,000	100.00%



SUNDANCE RESOURCES LTD
ADDITIONAL INFORMATION AS AT 18 SEPTEMBER 2007

TWENTY LARGEST HOLDERS OF OPTIONS EXPIRING 3 JANUARY 2012

	Number of Options	Percentage of Total
Mr George Jones	20,000,000	40.00%
Mr Donald Lewis	20,000,000	40.00%
Mr John Saunders	5,000,000	10.00%
Mr Alec Pismiris	5,000,000	10.00%
	50,000,000	100.00%

TWENTY LARGEST HOLDERS OF OPTIONS EXPIRING 4 JANUARY 2012

	Number of Options	Percentage of Total
Mr George Jones	10,000,000	29.41%
Mr Donald Lewis	10,000,000	29.41%
Mr John Saunders	5,000,000	14.71%
Mr Alec Pismiris	5,000,000	14.71%
Mr Robin Longley	2,000,000	5.88%
Mr Peter Canterbury	2,000,000	5.88%
	34,000,000	100.00%

SUBSTANTIAL SHAREHOLDERS

Date Announced	Name	Number of Shares
16-Aug-07	Talbot Group Holdings	352,162,307
31-May-07	Lehman Brothers Prime Broker Nominees	113,817,071
08-Nov-06	Loxton Investment Trust	74,900,000