



Sundance Resources Limited
and subsidiaries

ABN 19 055 719 394

Financial Report
for the Half-Year ended
31 December 2012

This document should be read in conjunction with the annual report of
Sundance Resources Ltd for the year ended 30 June 2012



SUNDANCE RESOURCES LIMITED
CORPORATE DIRECTORY

DIRECTORS: George Jones AM (Chairman)
Giulio Casello (Managing Director & Chief Executive Officer)
Michael Blakiston
Barry Eldridge
Fiona Harris
Andrew (Robin) Marshall

COMPANY SECRETARY: Brian Conrick

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2 The Esplanade
Perth WA 6000

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AUDITORS: **Deloitte Touche Tohmatsu**
Level 14, Woodside Plaza
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Perth WA 6000

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Perth WA 6837

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SHARE REGISTRY: **Computershare Investor Services Pty Ltd**
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SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

The Directors of Sundance Resources Limited ('the Directors') submit herewith the financial report of Sundance Resources Limited and its subsidiaries for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

The names of the Directors who held office during or since the end of the half-year are:

- Mr George Jones AM CitWA – Chairman (Non-Executive)
- Mr Giulio Casello – Managing Director and Chief Executive Officer
- Mr Michael Blakiston – Non-Executive Director
- Mr Barry Eldridge – Non-Executive Director
- Ms Fiona Harris – Non-Executive Director
- Mr Andrew (Robin) Marshall – Non-Executive Director

All Directors have held office for the full period of this report and remain in office as at the date of this report.

REVIEW OF OPERATIONS

Sundance Resources Limited (ASX: SDL) ('Sundance' or 'the Company') is an international iron ore exploration and development company focused on the delivery of the Mbalam-Nabeba Iron Ore Project ('the Project') which is based around a group of large-scale iron ore deposits spanning the border between the Republic of Cameroon and the neighbouring Republic of Congo in central West Africa.

The Project is an integrated mine, rail and port project designed to produce 35 million tonnes per annum ('Mtpa'). The Definitive Feasibility Study ('DFS') for stage one of the Project was completed in April 2011. A final investment decision and the commencement of development are pending. The next steps required are securing appropriate funding and final legislative implementation of the Convention in the Republic of Cameroon and conversion of the Mining Permit into a Convention in the Republic of Congo.

At 31 December 2012, the Company held a 90% interest in Cam Iron S.A. which holds a 100% interest in the Project in the Republic of Cameroon; and an 85% interest in Congo Iron S.A. which holds a 100% interest in the Project in the Republic of Congo.

During the period under review, Sundance continued activities on the Project and progressed activities designed to implement the Scheme of Arrangement with Hanlong (Africa) Mining Investment Ltd. Significant achievements during the period included:

➤ **Signing of the Mbalam Convention in Cameroon**

As announced to the ASX on 30 November 2012, the Government of Cameroon officially signed the Mbalam Convention ('Convention') at a ceremony in the capital city of Yaounde. The signed Convention with Cam Iron SA underpins the agreement between Cam Iron SA and the Government outlining the fiscal and legal terms and the conditions to be satisfied by Cam Iron SA for the development and management of the Mbalam Iron Ore Project.

➤ **Issue of the Nabeba Mining Permit**

In the Republic of Congo, the issue of the Mining Permit Decree for Nabeba was awarded on 6 February 2013 by the Ministerial Council for the Republic of Congo.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

➤ Increase in High Grade Hematite Ore Reserves

On 24 December 2012, Sundance announced an increase to the High Grade Ore Reserves to 436.3 million tonnes (Mt) at a grade of 62.6% Fe for Stage One of the Project.

The Ore Reserve increase is based on the current inventory of 775.4Mt of high-grade Hematite Mineral Resources at a grade of 57.2% Fe. This represents a conversion of 58% of the Company's total Indicated Mineral Resources.

Table 1 is the Global Summary of all High Grade Ore Reserves for the Project. The updated Global Ore Reserves consist of the high grade Ore Reserves from the Mbarga, Mbarga South, Nabeba, Nabeba South and Nabeba North West deposits.

Table 1 Global High Grade Hematite Ore Reserves	Reserve Classification	Tonnes of Product (Mt)	Fe in Product (%)	SiO ₂ in Product (%)	Al ₂ O ₃ in Product (%)	P in Product (%)	LOI in Product (%)
Ore Reserves Reported to ASX – 6 April 2011	Probable	251.5	63.6	3.6	2.5	0.08	2.4
Ore Reserves Reported to ASX – 15 November 2011	Probable	352.3	62.4	5.0	2.6	0.09	2.6
Ore Reserves Reported to ASX – 24 December 2012	Probable	436.3	62.6	4.4	2.5	0.09	2.8

➤ Significant Increase in Itabirite Hematite Resources

Sundance significantly increased its Resources which have underpinned the Company's confident view of the prospects of the Mbalam-Nabeba Iron Ore Project.

The total Project Itabirite Resource base now stands at **4.047 billion tonnes grading 36.3% Fe** (Table 2).

Table 2 Global Itabirite Hematite Resource	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Mbarga Deposit	2,325	38.0	44.4	0.5	0.04	0.4
Nabeba Deposit	1,722	33.9	42.5	2.7	0.05	2.6
Total Itabirite Hematite Resource	4,047⁽ⁱ⁾	36.3	43.6	1.4	0.04	1.3

Note:

- (i) Of the total 4,047 Mt Itabirite resource, 1,431 Mt is at a grading of 38.0% and classified as Indicated. The remaining is Inferred Mineral Resources.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Robin Longley, a Member of the Australian Institute of Geoscientists, and Mr Lynn Widenbar, a member of the Australasian Institute of Mining and Metallurgy. Mr Longley and Mr Widenbar are consultants to Sundance and have sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The information in this report that relates to Ore Reserves is based on information compiled by Mr Bruce Gregory, a member of the Australasian Institute of Mining and Metallurgy. Mr Gregory is employed by AMC Consultants Pty Ltd and is a consultant to the Company. Mr Gregory has sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Messrs Longley, Widenbar and Gregory consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

For more information including modelling parameters and details, the ASX announcements pertaining to Exploration Results, Mineral Resources and Ore Reserves are available from the Company's website: www.sundanceresources.com.au.

Details of Mining and Exploration Tenements

The Company, through its subsidiary companies, holds the following exploration/mineral research permits and mining tenements:

Country	Area	Permit	Holder
Republic of Cameroon	Mbalam	Exploration Permit No. 92	Cam Iron SA ^(i,iii)
Republic of Congo	Nabeba-Bamegod	Decree No.2013-45	Congo Iron SA ^(ii,iii,iv)
Republic of Congo	Ibanga	Decree No. 2011-281	Congo Iron SA ^(ii,iii,v)

- (i) Cam Iron SA holds 100% interest; Cam Iron SA is a 90%-owned subsidiary of Sundance Resources Ltd.
- (ii) Congo Iron SA holds 100% interest; Congo Iron SA is an 85%-owned subsidiary of Sundance Resources Ltd.
- (iii) Mining Codes in each of the Republic of Cameroon and the Republic of Congo entitle the state to an equity interest in the Project.
- (iv) The issue of the Nabeba Mining Permit was approved on 28 December 2012 by the Ministerial Council for the Republic of Congo.
- (v) Decree No. 2011-281 expires on 3 April 2013. Congo Iron SA has made application to the Republic of Congo Ministry of Mines for an extension of this permit. Confirmation of this extension is pending. The Company and its subsidiary, Congo Iron SA, are not aware of any reason why the extension should not be granted.



SUNDANCE RESOURCES LIMITED
DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

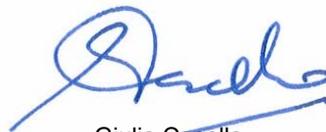
In accordance with the *Corporations Act 2001* section 307C the auditors of the Company, Deloitte Touche Tohmatsu Ltd have provided a signed auditors independence declaration to the Directors in relation to the half-year ended 31 December 2012. The auditor's independence declaration has been included in the half-year financial report on page 6.

Signed in accordance with a resolution of the Directors, made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



George Jones
Director (Chairman)



Giulio Casello
Managing Director and CEO

13 March 2013
Perth, Western Australia

The Board of Directors
Sundance Resources Limited
Level 35, Exchange Plaza
2 The Esplanade
Perth WA 6000

13 March 2013

Dear Board Members

Sundance Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Sundance Resources Limited.

As lead audit partner for the review of the financial statements of Sundance Resources Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



A T Richards
Partner
Chartered Accountants



SUNDANCE RESOURCES LIMITED DIRECTORS' DECLARATION

The Directors of Sundance Resources Limited A.C.N. 055 719 394 declare that, in the opinion of the Directors:

- a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- b) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



George Jones
Director (Chairman)



Giulio Casello
Managing Director and CEO

13 March 2013
Perth, Western Australia



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31-Dec-12	31-Dec-11
	\$	\$
CONTINUING OPERATIONS		
Other income	1,068,478	1,629,849
Administration expense	(1,136,103)	(1,197,976)
Consultants expense	(390,238)	(162,490)
Depreciation and amortisation expense	(1,337,962)	(1,540,879)
Employee benefits expense	(8,163,616)	(9,806,007)
Exchange rate gain/(loss)	(294)	38,247
Legal fees	(1,475,378)	(770,163)
Listing and registry fees	(247,965)	(290,605)
Occupancy costs	(742,738)	(712,803)
Professional fees	(376,090)	(264,361)
Transport & Logistics	(81,206)	(93,344)
Travel expenses	(816,135)	(693,784)
Other expenses	(403,607)	(543,703)
Loss from continuing operations before tax	(14,102,854)	(14,371,386)
Income tax expense	-	-
Loss for the period	(14,102,854)	(14,371,386)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	6,236,683	(8,200,953)
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period	6,236,683	(8,200,953)
Total comprehensive income for the period	(7,866,171)	(22,572,338)
Loss attributable to:		
Owners of the parent	(13,124,347)	(13,173,044)
Non-controlling interests	(978,507)	(1,198,341)
	(14,102,854)	(14,371,386)
Total comprehensive income attributable to:		
Owners of the parent	(7,549,779)	(20,221,064)
Non-controlling interests	(316,392)	(2,351,274)
Net comprehensive loss attributable to members	(7,866,171)	(22,572,338)
Loss per share		
From continuing operations		
- Basic (cents per share)	(0.42)	(0.45)
- Diluted (cents per share)	(0.42)	(0.45)

The accompanying notes form part of this financial report on pages 12 to 19



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

ASSETS		31-Dec-12	30-Jun-12
CURRENT ASSETS	Note	\$	\$
Cash & Cash Equivalents		36,206,792	59,070,799
Trade & Other Receivables		1,008,759	1,209,018
Inventory		3,116,352	2,913,476
Other Current Assets		1,494,680	940,595
Total Current Assets		41,826,583	64,133,888
NON-CURRENT ASSETS			
Property, Plant & Equipment	2	4,198,179	5,141,186
Mine Development Assets	3	182,539,870	163,955,498
Total Non-Current Assets		186,738,049	169,096,684
TOTAL ASSETS		228,564,632	233,230,572
LIABILITIES			
CURRENT LIABILITIES			
Trade & Other Payables		6,778,810	5,248,614
Total Current Liabilities		6,778,810	5,248,614
TOTAL LIABILITIES		6,778,810	5,248,614
NET ASSETS		221,785,822	227,981,958
EQUITY			
Issued Capital	4	407,809,686	402,462,737
Reserves		(17,627,322)	(19,524,976)
Accumulated Losses		(159,840,353)	(146,716,006)
Equity attributable to the owners of the parent		230,342,011	236,221,775
Non-controlling interest		(8,556,189)	(8,239,797)
TOTAL EQUITY		221,785,822	227,981,958

The accompanying notes form part of this financial report on pages 12 to 19



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31-Dec-12	31-Dec-11
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(11,263,703)	(9,922,536)
Interest received	1,085,140	1,861,210
Net Cash used in Operating Activities	(10,178,563)	(8,061,326)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(108,431)	(785,434)
Mine development costs	(12,473,886)	(21,276,275)
Net Cash used in Investing Activities	(12,582,317)	(22,061,709)
Cash flows from Financing Activities		
Proceeds from equity issues	-	6,884,000
Capital raising costs	(113,051)	-
Net Cash (used in)/provided by Financing Activities	(113,051)	6,884,000
Net Decrease in Cash and Cash Equivalents	(22,873,931)	(23,239,034)
Cash and cash equivalents at beginning of period	59,070,799	70,332,853
Effect of foreign currency movements on cash and equivalents	9,924	(84,633)
Cash and Cash Equivalents at end of Period	36,206,792	47,061,368

The accompanying notes form part of this financial report on pages 12 to 19



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Share Trans- actions with Non- Controlling Interests	Accumulated Losses	Attributable to owners of the parent	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
<i>At 1 July 2011</i>	349,048,100	14,732,860	(20,917,504)	-	(123,569,330)	219,294,126	(4,888,586)	214,405,540
Loss for the period	-	-	-	-	(13,173,044)	(13,173,044)	(1,198,341)	(14,371,386)
Foreign currency loss	-	-	(7,048,020)	-	-	(7,048,020)	(1,152,933)	(8,200,953)
Total comprehensive loss	-	-	(7,048,020)	-	(13,173,044)	(20,221,064)	(2,351,274)	(22,572,338)
Securities issued	6,884,000	-	-	-	-	6,884,000	-	6,884,000
Share based payment	5,600,000	3,035,127	-	(5,600,000)	-	3,035,127	-	3,035,127
At 31 December 2011	361,532,100	17,767,987	(27,965,524)	(5,600,000)	(136,742,374)	208,992,189	(7,239,860)	201,752,329
<i>At 1 July 2012</i>	402,462,737	19,319,232	(33,244,208)	(5,600,000)	(146,716,006)	236,221,755	(8,239,797)	227,981,958
Loss for the period	-	-	-	-	(13,124,347)	(13,124,347)	(978,507)	(14,102,854)
Foreign currency gain	-	-	5,574,567	-	-	5,574,567	662,115	6,236,683
Total comprehensive loss	-	-	5,574,567	-	(13,124,347)	(7,549,779)	(316,392)	(7,866,171)
Capital raising costs	(113,051)	-	-	-	-	(113,051)	-	(113,051)
Share based payment	5,460,000	1,783,087	-	(5,460,000)	-	1,783,087	-	1,783,087
At 31 December 2012	407,809,686	21,102,319	(27,669,641)	(11,060,000)	(159,840,353)	230,342,011	(8,556,189)	221,785,822

The accompanying notes form part of this financial report on pages 12 to 19



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Reporting entity

Sundance Resources Limited is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interests in associates and jointly controlled entities.

The statutory annual financial report of the Consolidated Entity as at and for the year ended 30 June 2012 is available upon request from the Company's registered office. A copy can also be downloaded from the Company's website www.sundanceresources.com.au.

Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

The half-year report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Consolidated Entity as at and for the year ended 30 June 2012.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed by the Consolidated Entity in the consolidated financial report as at and for the year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Consolidated Entity's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Consolidated Entity's presentation of, or disclosure in, its half-year financial statements.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONTINUED)

Basis of Preparation (continued)

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Going concern

The financial statements have been prepared on the basis that the Consolidated Entity will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In arriving at this position, the Directors have considered the following pertinent matters and have taken steps to ensure the Consolidated Entity continues as a going concern.

These include:

- (i) the Directors have reviewed the quantum and timing of all discretionary expenditures including exploration and development costs and wherever necessary these costs will be minimised or deferred to suit the Company's cash-flow forecast;
- (ii) the Consolidated Group balance sheet remains strong with net assets of \$221.8 million and net current assets of \$35.0 million as at 31 December 2012;
- (iii) the Company has access to a convertible note facility provided by Hanlong (Africa) Mining Investment Limited for up to \$15 million, to provide working capital; and
- (iv) the Directors are confident in the ability of Sundance to raise additional funding as required. The form and value of such funding is yet to be determined.

The Directors believe that at the date of signing the financial statements, having regard to the matters outlined above, there are reasonable grounds to believe that the Consolidated Entity will have sufficient funds to meet its obligations as and when they fall due.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31-Dec-12 \$	30-Jun-12 \$
NOTE 2. PROPERTY, PLANT & EQUIPMENT		
Buildings – at cost at beginning of period	1,846,057	2,017,314
Effect of movements in exchange rates	113,203	(190,995)
Additions	-	19,738
Buildings - at cost at end of period	1,959,260	1,846,057
Accumulated depreciation at beginning of period	(427,378)	(333,730)
Effect of movements in exchange rates	(26,462)	36,872
Depreciation expense	(58,179)	(130,520)
Accumulated depreciation at end of period	(512,019)	(427,378)
Buildings - Closing written down value	1,447,241	1,418,679
Plant and equipment – at cost at beginning of period	10,240,071	10,114,045
Effect of movements in exchange rates	578,491	(814,916)
Additions	108,431	1,008,276
Write-offs	-	(67,334)
Plant and equipment - at cost at end of period	10,926,993	10,240,071
Accumulated depreciation at beginning of period	(6,517,565)	(4,492,591)
Effect of movements in exchange rates	(378,708)	533,128
Elimination on asset write-off	-	34,453
Depreciation expense	(1,279,782)	(2,592,555)
Accumulated depreciation at end of period	(8,176,055)	(6,517,565)
Plant and Equipment - Closing written down value	2,750,938	3,722,506
TOTAL PROPERTY, PLANT AND EQUIPMENT	4,198,179	5,141,186
NOTE 3. MINE DEVELOPMENT		
Carrying amount at beginning of period	163,955,498	134,981,338
Effect of movements in exchange rates	6,110,486	(11,264,849)
Additions	12,473,886	40,239,009
Carrying amount at end of period	182,539,870	163,955,498
TOTAL MINE DEVELOPMENT ASSET	182,539,870	163,955,498

The ultimate recoupment of costs capitalised for both Mine Development Assets and Exploration and Evaluation Assets for specific areas of interest is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31-Dec-12 \$	31-Dec-11 \$
NOTE 4. ISSUED CAPITAL		
Ordinary Shares		
3,066,227,034 fully paid ordinary shares (31 December 2011: 2,921,322,169)	407,809,686	361,532,100
	407,809,686	361,532,100
Movements in ordinary shares		
At the beginning of the financial year	402,462,737	349,048,100
670,000 shares issued 12 July 2011		134,000
167,500 shares issued 20 July 2011		33,500
750,000 shares issued 20 July 2011		262,500
2,000,000 shares issued 16 August 2011		500,000
1,800,000 shares issued 18 August 2011		180,000
1,340,000 shares issued 18 August 2011		268,000
10,000,000 shares issued 29 August 2011		2,000,000
8,660,000 shares issued 12 September 2011		1,732,000
1,000,000 shares issued 17 October 2011		250,000
167,500 shares issued 18 October 2011		33,500
600,000 shares issued 25 October 2011		210,000
1,000,000 shares issued 4 November 2011		250,000
2,000,000 shares issued 17 November 2011		500,000
1,340,000 shares issued 17 November 2011		268,000
14,000,000 shares issued 28 November 2011		5,600,000
2,000,000 shares issued 2 December 2011		200,000
250,000 shares issued 2 December 2011		62,500
2,650,000 shares issued 28 December 2011		-
2,650,000 shares issued 5 November 2012	-	
14,000,000 shares issued 27 November 2012	5,460,000	
Capital Raising Costs	(113,051)	
AT THE END OF THE PERIOD	407,809,686	361,532,100

NOTE 5. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

Annual short term incentive ('STI') scheme bonuses have been paid since 31 December 2012. These were determined on an individual basis by measuring a combination of personal and company metrics as defined by the STI 2012 scheme documents. These bonuses related to the calendar year ending 31 December 2012.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 6. SEGMENT INFORMATION

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Consolidated Entity's Chief Executive Officer for the purposes of resource allocation and assessment of performance is specifically focused on the Project being developed. The only project currently under development is the Mbalam-Nabeba Iron Ore Project which includes the deposits in the Republics of Cameroon and Congo. The reporting to the chief operating decision maker continues to reflect the operations in both the Republics of Cameroon and Congo as a single project with the remainder as unallocated. The Consolidated Entity's reportable segments under AASB 8 are therefore as follows:

- Mbalam-Nabeba Project
- Unallocated

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Consolidated Entity's accounting policies.

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for periods under review:

	Revenue		Segment Loss	
	Half-year ended		Half-year ended	
	31-Dec-12 \$	31-Dec-11 \$	31-Dec-12 \$	31-Dec-11 \$
Continuing operations				
- Mbalam-Nabeba Project	-	-	(8,038,018)	(12,759,750)
Total segments	-	-	(8,038,018)	(12,759,750)
Interest income			1,068,478	1,629,849
Unallocated expenses			(7,133,314)	(3,241,485)
Profit/(loss) before tax			(14,102,854)	(14,371,386)
Income tax expense			-	-
CONSOLIDATED SEGMENT REVENUE AND LOSS FOR THE PERIOD	-	-	(14,102,854)	(14,371,386)

Segment losses represent the expenses of each segment without allocation of central administration costs and Director's salaries and investment revenue. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

The following is an analysis of the Consolidated Entity's assets by reportable operating segment:

	31-Dec-12	30-Jun-12
	\$	\$
Continuing operations		
- Mbalam-Nabeba Project	191,676,889	172,498,849
Total segment assets	191,676,889	172,498,849
Unallocated assets	36,887,743	60,731,723
TOTAL ASSETS	228,564,632	233,230,572

NOTE 7. RELATED PARTY TRANSACTIONS

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

Legal Services

Gilbert + Tobin received \$689,813 (2011: \$424,605) from the Consolidated Entity for legal services rendered during the current financial period. Michael Blakiston is a Director of the Company and during the period was partner of Gilbert + Tobin. All services provided were carried out on an arms-length basis, under commercial terms.

Prior to Mr Blakiston's appointment to the Board of Sundance, Blakiston & Crabb had been long standing legal advisors to Sundance; having accumulated extensive knowledge of the Company and understanding of the activities in the Republic of Cameroon and Republic of Congo. Upon Mr Blakiston's appointment it was determined that having regard to this experience, expertise and knowledge Blakiston & Crabb should continue to advise Sundance in relation to these matters, although it was agreed that other legal advisors should also be engaged as appropriate. In July 2011, the partners of Blakiston & Crabb joined Gilbert + Tobin.

Sundance has adopted a policy to specify the circumstances in which it is deemed appropriate for Management to contract the services of a Director-Related Entity. This Policy provides that Sundance is only to enter into a transaction with a Director-Related entity in the following circumstances:

- a. Where any proposed transaction is at arm's length and on normal commercial terms; and
- b. Where it is believed that the Director-Related entity is the best equipped to undertake the work after taking into account:
 - Experience;
 - Expertise;
 - Knowledge of the group; and
 - Value for money.

Equity Holdings

At 31 December 2012, Directors and their related entities held directly, indirectly or beneficially in the Company 21,362,500 ordinary shares (2011: 17,712,500), 13,000,000 options over ordinary shares (2011:13,000,000) and 2,650,000 performance rights over ordinary shares (2011:5,300,000).



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 8. CONTINGENT LIABILITIES

The group is aware of the following contingent liabilities as at 31 December 2012.

Congo Aircraft Accident

On 19 June 2010 all Directors of the Company died in the Congo aircraft accident. The enquiry into the events has not yet concluded and may give rise to further costs, which in turn, may or may not lead to further costs being incurred by the Company.

Cam Iron SA has received a legal claim relating to the Congo Air Incident in 2010. This matter was the subject of an ASX announcement released by Sundance on 22 June 2012. Cam Iron SA has appointed legal advisors in Cameroon and will vigorously defend any claims against it. The Illinois District Court proceedings referred to in the ASX announcement have been voluntarily dismissed on a 'without prejudice' basis. These proceedings were not served on Sundance.

Hold Co v Cam Iron SA

On 6 August 2012 Cam Iron SA received a claim from Hold Co SARL returnable in the Yaounde High Court. Hold Co claims to have an entitlement to a 7 per cent interest in Congo Iron via Cam Iron interests. The transaction by which Cam Iron SA acquired its interests in Congo Iron was disclosed in an ASX announcement dated 10 October 2008. Cam Iron's advice is that the Hold Co claims are without merit legally or factually. Cam Iron SA has appointed legal advisors and is vigorously defending these claims.

Absolute Analogue & David Porter v Sundance

The Company has an ongoing dispute with Absolute Analogue & David Porter. In 2008 Absolute Analogue presented invoices claiming a total of \$129,977. An offer of settlement was made in respect of these invoices for a total of \$81,545, plus interest. This offer of settlement was not accepted.

An additional claim has been made by Absolute Analogue & David Porter against the Company for the issue of 30 million options (20 million options with an exercise price of \$0.10 and 10 million options with an exercise price of \$0.20), 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.

Interlocutory proceedings occurred during August 2011. The plaintiffs served a further amended statement of claim on the Company on 9 July 2012. After further interlocutory process the Company has filed an amended defence and unless there is further interlocutory process, this matter may now be listed for trial.

Fiscal Compliance

The Company and its subsidiaries in the Republics of Cameroon and Congo are engaged in on-going discussions with the financial administrations on customs, indirect taxes and other fiscal administrative matters. These discussions may or may not lead to further costs being incurred by the Consolidated Entity.

Use of the Quantm System on the Mbalam Rail Corridor

In July 2007, Sundance entered into an agreement with Quantm Pty Ltd ("Quantm") for the Application of the Quantm System on the Mbalam Rail Corridor. This agreement provided for a success fee of US\$1.85M. This success fee is only payable upon the completion of Financial Close as interpreted under the agreement. The timetable for achieving Financial Close is not known and is therefore not considered probable. As a result no amount has been recognised as a liability in the financial statements.

There have been no other significant changes in contingent liabilities since the last annual reporting date.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 9. EXPENDITURE COMMITMENTS

Exploration Permit – Republic of Cameroon

The Cameroon Ministry of Mines (“Ministry”) granted an extension to Exploration Permit No. 92 from 29 September 2012 which requires a total minimum expenditure of XAF8,000,000,000 (approximately AUD\$15.5M) over the period 29 September 2012 to 29 September 2014.

The expenditure requirements of Exploration Permit No.92 are denoted in Central African CFA franc (XAF).

Exploration Permit – Republic of Congo

The Republic of Congo Ministry of Mines (“Ministry”) granted a 2 year extension of Nabeba-Bamegod and Ibanga permits under Decree No 2011-280 for the Nabeba – Bamegod permit and Decree No 2011-281 for the Ibanga permit. These outline a total minimum exploration expenditure requirement of XAF5,800,000,000 (approximately AUD\$11.3 million) over the period 4 April 2011 to 3 April 2013. Congo Iron SA, a member of the Consolidated Entity, exceeded this minimum expenditure requirement within the permit period.

The expenditure requirements of Decree No 2011-280 for the Nabeba – Bamegod permit and Decree No 2011-281 for the Ibanga permit are denoted in Central African CFA franc (XAF).

Decree No. 2011-281 expires on 3 April 2013. Congo Iron SA has made application to the Republic of Congo Ministry of Mines for an extension of this permit. Confirmation of this extension is pending. The Company and its subsidiary, Congo Iron SA, are not aware of any reason why the extension should not be granted.

The issue of the Nabeba Mining Permit, over the area previously covered by Decree No 2011-280, was approved on 28 December 2012 by the Ministerial Council for the Republic of Congo.

Cam Iron SA and Congo Iron SA as appropriate are not legally bound to meet the minimum expenditure commitments detailed in Exploration Permits, however failure to meet the required level of minimum expenditure could potentially result in revocation of the said permit.

NOTE 10. EVENTS SUBSEQUENT TO BALANCE DATE

Sundance and Hanlong (Africa) Mining Investment Limited (“Hanlong”) are parties to a Scheme Implementation Agreement (“SIA”) pursuant to which it is proposed that Hanlong will acquire Sundance by way of a scheme of arrangement. On 5 December 2012 Hanlong agreed to provide a convertible note facility for up to AUD\$15 million which can be drawn in three tranches of \$5 million each during the months of March, April and May 2013 to meet Sundance’s working capital requirements. The convertible note facility was signed in February 2013. Sundance received the first \$5 million tranche on 28 February 2013.

No matters or circumstances, other than the above, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

NOTE 11. DIVIDENDS

No dividends have been paid or proposed during the half-year.

Independent Auditor's Review Report to the members of Sundance Resources Limited

We have reviewed the accompanying half-year financial report of Sundance Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2012, and the condensed consolidated statement of profit and loss and other comprehensive income, the condensed statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 19.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sundance Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sundance Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sundance Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



A T Richards

Partner

Chartered Accountants

Perth, 13 March 2013