Sundance Resources Limited

ABN 19 055 719 394
and subsidiaries

Annual Financial Report 2013

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2013

SUNDANCE RESOURCES LTD

CONTENTS

CORPORATE DIRECTORY

Directors:	George Jones (Non-Executive Chairman) Giulio Casello (Managing Director & Chief Executive Officer) Michael Blakiston (Non-Executive Director) Barry Eldridge (Non-Executive Director) Fiona Harris (Non-Executive Director) Andrew (Robin) Marshall (Non-Executive Director) David Southam (Non-Executive Director)
Company Secretary:	Brian Conrick
ABN:	19 055 719 394
Registered Office:	Level 35, Exchange Plaza 2 The Esplanade Perth WA 6000
Head Office:	Level 35, Exchange Plaza 2 The Esplanade Perth WA 6000 Tel: +61 (8) 9220 2300 Fax: +61 (8) 9220 2309 Internet: **http://www.sundanceresources.com.au**
Auditors:	**Deloitte Touche Tohmatsu** Level 14, Woodside Plaza 240 St George's Terrace Perth WA 6000 PO Box A46 Perth WA 6837 Tel: +61 (8) 9365 7000 Fax: +61 (8) 9365 7001
Share Registry:	**Computershare Investor Services Pty Ltd** Level 2, Reserve Bank Building 45 St George's Terrace Perth, WA 6000 GPO Box D182 Perth, WA 6840 Tel: +61 1300 557 010 Fax: +61 (8) 9323 2033

DIRECTORS' REPORT

The directors present their report together with the financial report of Sundance Resources Limited ("Sundance" or "the Company") and of the Consolidated Entity, being the Company and its subsidiaries, for the financial year ended 30 June 2013 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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	Other Directorships held in listed companies during the previous 3 years
Mr George F Jones AM CitWA B.Bus, FCIS, FAICD Chairman (Non-executive)	68	Mr George Jones has been involved with the Company for a number of years and has a comprehensive understanding of the Company and its assets. Mr Jones has more than 35 years' experience in the mining, banking and finance industries and has been a Director of a number of private and publicly-listed companies. Director since 2 July 2010	*Directorship Ceased within the past three years:* Gindalbie Metals Limited
Mr Giulio Casello B.Eng, ME Mgt Managing Director & Chief Executive Officer	54	Mr Giulio Casello is a highly experienced executive with national and global exposure in manufacturing environments for blue chip organisations. Backed by 30 years of experience, he has a track record of success with operations, business development and corporate strategy. He has previously worked at Sinosteel Midwest as Chief Operating Officer, Century Aluminium Company in the United States of America where as Senior Vice President Business Development he was responsible for developing and implementing a growth plan in aluminium, alumina and critical raw material and managing new projects across the globe. He has also held a number of significant positions in Alcoa including Director of WA Operations, General Manager of Alcoa's World Chemicals and Location Manager of the Kwinana Alumina Refinery. Director since 8 November 2010	NIL

DIRECTORS' REPORT

Name & Qualifications	Age	Experience and Special Responsibilities	Other Directorships held in listed companies during the previous 3 years
Mr Michael Blakiston B.Juris LLB Non-executive director	55	Mr Michael Blakiston is a solicitor with substantial legal experience in the resources sector. He is a partner of the corporate and resource law firm, Gilbert + Tobin and has over 30 years' experience. Mr Blakiston holds Bachelor of Jurisprudence and Bachelor of Laws degrees from the University of Western Australia. Mr Blakiston has extensive commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry. Gilbert + Tobin are currently engaged by Sundance Resources to provide ongoing legal advice. Mr Blakiston has played a leading role in the negotiation and formulation of a number of key agreements relating to Sundance's Mbalam-Nabeba Iron Ore Project, and is currently involved in the progression of the Convention agreements with the Congolese and Cameroon Governments. Director since 2 July 2010	*Current Directorships:* Nil *Directorship Ceased within the past three years:* Aurora Oil and Gas Limited Rox Resources Limited Vulcan Resources Limited Platinum Australia Limited Axiom Properties Limited
Mr Barry Eldridge B.Sc, BE Non-executive director	67	Mr Barry Eldridge has over 40 years' experience as a geologist and mining engineer in the resource industry both in Australia and overseas. Following a 20 year career in the coal industry in Queensland and New South Wales, Mr Eldridge moved to Western Australia in 1988 where he has been involved in a number of management roles in the mining industry. Most notable of these have been Project Manager for the Super Pit in Kalgoorlie, Project Manager for the development of the Kanowna Belle gold mine, Managing Director of Forrestania Gold NL, Project Director for Rio Tinto's West Angelas iron ore development, Director – Major Projects for North Ltd, Managing Director of Griffin Coal Pty Ltd, Managing Director, Chief Executive Officer of Portman Ltd and Chairman of SNC-Lavalin Australia Pty Ltd. Director since 2 July 2010	*Current Directorships:* Cliffs Natural Resources Inc. *Directorship Ceased within the past three years:* Mundo Minerals Limited

DIRECTORS' REPORT

Name & Qualifications	Age	Experience and Special Responsibilities	Other Directorships held in listed companies during the previous 3 years
Ms Fiona Harris B.Com, FCA, FAICD Non-Executive Director	52	Ms Fiona Harris has extensive experience as a Non-Executive Director over the past 18 years including with iron ore companies, other companies in the energy and natural resource sector, and companies with overseas operations. She has significant experience in mergers, acquisitions and other corporate activity. Ms Harris was previously a member of the Australian Institute of Company Directors (AICD) National Board and a Western Australian State President. Ms Harris is a former partner of KPMG Chartered Accountants, specialising in financial services and superannuation, capital raising, due diligence, initial public offerings, capital structuring of transactions and litigation support. Director since 12 July 2010	*Current Directorships:* Aurora Oil & Gas Limited BWP Trust Infigen Energy Limited Group Oil Search Limited *Directorship Ceased within the past three years:* Altona Mining Limited Territory Resources Limited
Mr Andrew (Robin) Marshall MAICD, I Eng (UK) Non-Executive Director	66	Mr Robin Marshall is an experienced mining executive with an impressive track record of international experience in positions with several global mining groups including Project Director for Vale Inco at its world-class Goro Nickel Project, Vice-President – Asset Development Projects for BHP Billiton Iron Ore, Project manager for North Limited, Project Director with Iron Ore Company of Canada, Manager Project for Forrestania and Project services for Western Mining Corporation and Nedpac (Signet Engineering). Mr Marshall has also spent a number of years in Africa in senior positions in both project and operational areas. Director since 14 October 2010	*Current Directorships:* Gindalbie Metals Limited
Mr David Southam B.Com, CPA Non-Executive Director	41	Mr Southam is a Certified Practicing Accountant with more than 20 years' experience in accounting, banking and finance across the resources and industrial sectors. He is currently an Executive Director listed nickel miner, Western Areas Ltd and has previously been the Chief Financial Officer of Gindalbie Metals Ltd and a Director of Karara Mining Ltd. Mr Southam was responsible for completing one of Australia's largest project financing transactions for 2010 and in securing life of mine off take contracts with consortiums out of China. Mr Southam also spent almost six years with Brambles Industries Limited in a number of finance executive roles, including Chief Financial Officer of Cleanaway Industrial. Director since 11 September 2013	*Current Directorships:* Western Areas Limited *Directorship Ceased within the past three years:* Padbury Mining Limited

DIRECTORS' REPORT

2. COMPANY SECRETARY

Brian Conrick joined Sundance as General Counsel on 1 July 2010 and was appointed Company Secretary on 21 December 2011. Mr Conrick has a Master of Laws (UQ) and is a solicitor of the High Court of Australia and several Australian jurisdictions.

3. PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year were iron ore exploration, the continued evaluation and de-risking of its Mbalam-Nabeba Iron Ore Project ('the Project') in the Republic of Cameroon ('Cameroon') and the Republic of Congo ('Congo'), and the evaluation of various development scenarios for the Project.

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 $31,641,559 (2012: $25,308,131).

5. REVIEW OF OPERATIONS

Operations

The Consolidated Entity holds a majority interest in subsidiaries Cam Iron SA ('Cam Iron') and Congo Iron SA ('Congo Iron') whose principal asset is the Mbalam-Nabeba Iron Ore Project ('the Project'), which straddles the border of Cameroon and Congo in Central Africa. It is comprised of Exploration Permit 92 ('EP92') held by Cam Iron located in the East Province of Cameroon and Mining Permits Nabeba-Bamegod ('Nabeba') and Exploration Permit Ibanga ('Ibanga') in the Sangha Province of Congo held by Congo Iron.

The Project will see: the development of mines at both deposits in Cameroon and Congo; the construction of a 510 kilometre rail line dedicated to the transport of iron ore through Cameroon; construction of a 70 kilometre rail spur line connecting the Nabeba mine in Congo; and, the building of a dedicated deep water port terminal at Lolabe in Cameroon, designed to be capable of taking bulk iron ore carriers of up to 300,000 DWT. This will support the production of 35Mtpa of high grade hematite (averaging 62.6% Fe) for the first 10 to 12 years and then 35Mtpa of a high quality concentrate (averaging 66- 68% Fe) for at least a further 15 years.

DIRECTORS' REPORT

5. REVIEW OF OPERATIONS (continued)

Operations (continued)

Key highlights for the Project during the financial year included:

- The Mbalam Convention ('the Convention') with the Cameroon Government was signed on 29 November 2012. The Convention underpins the agreement between Sundance subsidiary 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 in the Republic of Cameroon. The Convention with a number of other conditions including endorsement by the Cameroon National Assembly will lead to the issuance of a Mining Permit and the right to commence construction of the Project in Cameroon.
- The Congo Government approved the issuing of the Congo Mining Permit in December 2012 and it was granted to Congo Iron SA by Presidential Decree in February 2013 with the issue of official Mines Department decree number 2013-45 covering the Nabeba deposit. The adjoining Ibanga Exploration Permit was also renewed for a further two years of exploration research work in August 2013 as official decree number 2013-405. This approval, coupled with the signed Convention in Cameroon, paves the way for work to commence on a world-class iron ore operation in Central Africa once financing is in place.
- High Grade Mineral Ore Reserves increased to 436.3 million tonnes (Mt) at 62.6% Fe[1] – underpinning 12 years of Direct Shipping Ore ('DSO') production for stage one of the project. The Ore Reserve increase is from within the current inventory of 775.4Mt of High-Grade Hematite Resources at 57.2% Fe[2] representing a conversion of 58% of the Company's total Indicated Mineral Resources (748.0Mt)[3].
- Itabirite hematite resources were increased from 2.3Bt to 4Bt at an average grade of 36.3%. An exploration target[4] of an additional 9.3 to 13.2Bt at 30 – 40% Fe was also declared.
- A renewed project development strategy was approved by the Sundance Resources Limited Board of Directors ('the Board') in April 2013. Implementation of this strategy has commenced with tender documents issued for Engineering, Procurement and Construction ('EPC') of the port and rail with accompanying debt and equity options. Term sheets were also issued for off take and mine/project equity options.

The material business risks faced by the Company that are likely to have an effect on the prospects of the Company are considered below:

- **Working Capital Funding** – At 30 June 2013, Sundance held cash of $19.6M. Sundance is not currently in a position to generate income from operations and as such is reliant upon the equity and/or debt markets for additional working capital funding. The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that the Consolidated Entity and Company will have sufficient funds to meet its obligations as and when they fall due. Refer to note 2 to the Financial Statements.

- **Project Funding** – Sundance will need to raise further capital or debt financing in order to advance the development of the Project. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing conditions at that time. Failure to secure appropriate funding for the development of the Project will result in a delay or inability to develop the Project.

- **Foreign Jurisdiction** – Sundance's operations in Cameroon and Congo, in Central Africa, are exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign jurisdictions. These risks and uncertainties include, but are not limited to: currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; and currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

[1] Full details of these reserves have been released via ASX announcement and media release dated 24 Dec 2012.
[2] Full details of these resources have been released via the September Quarterly Report ASX announcement dated 26 Oct 2012.
[3] Full details of these resources have been released via ASX announcement dated 20 June 2012.
[4] It must be noted that this range is an Exploration Target only, and not to be misconstrued as an estimate of Mineral Resources. The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain whether further exploration will result in the determination of a mineral resource.

DIRECTORS' REPORT

5. REVIEW OF OPERATIONS (continued)

Operations (continued)

- **Commodity Price** – The price of iron ore fluctuates widely and is affected by numerous factors beyond Sundance's control such as supply and demand; and changes in global economies. The decision to develop the Project, and the returns to be achieved from it, are dependent upon the future price of iron ore.

- **Political** – Changes, if any, in mining or investment policies or shifts in political attitude in Cameroon and Congo may adversely affect Sundance operations. Operations may be affected in a varying degrees by government regulations with respect to, but not limited to: restrictions on production; pricing controls; export controls; currency remittance; income taxes; foreign investment; maintenance of claims; environmental legislation; land use; land claims of local people; water use; mine safety and government and local participation. Failure to comply strictly with applicable laws, regulation and local practices relating to mineral tenure and development could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted.

- **Resource/Reserve estimates** - The resources and reserve estimates are expressions of judgements based on knowledge, experience and industry practice. These estimates are currently considered appropriate and have been made in accordance with JORC requirements, however, they may change significantly when additional data becomes available or economic assumptions change.

- **Production and other operational risks** – Future operations will be subject to a number of factors that can cause material delays or changes in operating costs for varying lengths of time. These factors include weather conditions and natural disasters, disruption to supply, unexpected technical problems, unanticipated geological conditions, equipment failures, personnel issues, or disruptions of rail and ship loading facilities.

- **Litigation** – Sundance may be exposed to risks of litigation which may have a material adverse effect on the financial position of the consolidated entity. As at the date of this report, the litigation matters considered significant to Sundance's business are disclosed in Note 23 to the Consolidated Financial Statements.

Financial Position

During the financial year considerable focus was directed to progressing the Scheme Implementation Agreement ("SIA") with Hanlong (Africa) Mining Investments Ltd ("Hanlong") and development of the Mbalam-Nabeba Iron Ore Project ('the Project'); the activities related to this necessitated additional spend on scheme implementation costs including consultants, legal fees and travel.

It is estimated that the SIA resulted in an additional $3.6M of expenses from the inception of the SIA process, the cash flows from which were offset by the $5M in convertible note funding received from Hanlong (the interest on which was waived under a condition of the SIA termination agreement). Details of the convertible note are provided in Note18 to the financial statements. Additional disclosure was announced to the ASX on 6 February 2013 and amendments thereto on 9 April 2013.

The total loss for the period amounted to $31.6M compared to a loss incurred during the 2012 financial year of $25.3M.

Included in comprehensive income for the 2013 financial year is an exchange gain on translation of foreign operations. This gain amounted to $42.6M (2012: loss $13.5M) and is due to a movement in the Central African CFA francs [5] against the Australian Dollar from 541:1 at 30 June 2012 to 461:1 at 30 June 2013.

Cash and cash equivalents reduced during the financial year to $19.6M from $59.1M, the consolidated statement of cash flows indicates that expenditure was directed towards exploration and development activities on the Project of $25.5M (2012: $40.9M) and payments to suppliers and employees $21.1M (2012: $19.7M).

The financial position of the Consolidated Entity as at 30 June 2013 remains positive. Net assets of the Consolidated Entity amounted to $242.3M (2012: $228.0M). Mine development assets increased to $225.0M (2012: $164.0M) of which $35.5M is as a result of the movement in the exchange rate noted above.

[5] The Central African CFA franc has a fixed exchange rate to the euro, 1 euro = 655.957 CFA francs exactly.

DIRECTORS' REPORT

5. REVIEW OF OPERATIONS (continued)

Business strategies and prospects for future financial years

Sundance's business strategy is focussed on the development of the Project. The achievements of the past12 months mean that many of the pre requisites required to obtain project funding, proceed to project development and to construction are largely in place. On this basis the business strategy approved by the Board is:

1. Maintain business relations and protection of key assets in Cameroon and Congo.

2. Retain key staff who are integral to the development of the Project and relationships in country.

3. Prudently control cash flow and continuously look for cost reductions which include cost of overheads, cost of labour, cost of contractors and consultants, reduction of cash payments related to payment of employee incentive schemes and a pay freeze into 2014.

4. Mandate expert support with thorough knowledge of international markets, Chinese construction and Chinese steel mills, funding relationships and knowledge both internationally and in China with payment based on successful project completion.

5. Financially separate the development of the infrastructure to the mine development and its associated iron ore product sales.

6. Continually and pragmatically look for opportunities to ensure shareholder value is enhanced.

DIRECTORS' 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 at the directors' meetings and of members at the meetings of the committees of the Company during the financial year were:

Director	Directors' Meetings C		Audit & Risk Management Committee Meetings		Nomination & Remuneration Committee Meetings		Project Oversight Committee Meetings	
	A	B	A	B	A	B	A	B
Mr G Jones	**14**	15	-	-	-	-	-	-
Mr G Casello	14	15	-	-	-	-	5	7
Mr M Blakiston	12	15	3	4	-	-	-	-
Mr B Eldridge	15	15	4	4	**3**	3	6	7
Ms F Harris	13	15	**4**	4	3	3	-	-
Mr A Marshall	12	15	-	-	3	3	**7**	7

A - Number of meetings attended
B - Number of meetings held while the director held office
C - Events during the year required the calling of many unscheduled directors' meetings at short notice and at times when certain directors were unavailable to attend

Bolding of the number of meetings attended denotes the Chairman of the Board or Board Committee.

In addition to the above meetings, a number of matters were dealt with by way of circular resolution during the year.

7. STATE OF AFFAIRS

The following significant changes in the state of affairs of the Consolidated Entity occurred during the financial year.

- On 9 April 2013, Sundance announced that it had terminated the SIA with Hanlong.

Other than the above, there was no significant change in the state of affairs of the Consolidated Entity during the financial year.

8. LIKELY DEVELOPMENTS

The Consolidated Entity will continue iron ore exploration and to explore and evaluate development alternatives for the Project in Cameroon and Congo as discussed in section 5. Review of Operations.

DIRECTORS' REPORT

9. ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to environmental regulations under Cameroon and Congo legislation.

Cam Iron SA received environmental approval to progress the Project on 25 June 2010 with the receipt of a Certificate of Conformity from the Ministry of Environment and Nature Protection ("MINEP"). This approval was unconditional but upgrades to the Environmental and Social Assessment ("ESA") documentation were required to be completed prior to the commencement of operations. The ESA has been submitted and assessed by the Cameroon Government and the process for renewal has been initiated.

The baseline study programme for Congo Iron SA's Nabeba Permit ESA was conducted in early 2011. The ESA documentation was first submitted on 24 January 2012 to the Ministry for Sustainable Development, Forest Economy and the Environment ("MDDEFE") and presented to the public. The ESA was reviewed by the MDDEFE and additional amendments to the ESA were requested. The revised ESA was re-submitted on 15 May 2012 and was then followed up with a project site visit from members of the MDDEFE on 10 June 2012. On 13 August 2012 a letter from the Chairman of the Inter-Ministerial Commission was received stating that the working group is satisfied with the amended terms of reference and the ESA has been accepted in its final form. The Certificate of Environmental Conformity was received from the Minister of the Environment in September 2012 and reissued in June 2013.

10. DIVIDENDS

In respect of the year ended 30 June 2013, no dividends have been paid or proposed (2012: nil).

11. EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year, Sundance has progressed negotiations in relation to securing further working capital and agreed payment terms in relation to aspects of the Cameroon Convention (refer to section 5. Review of Operations). 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.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Dear Shareholder,

We are pleased to present the 2013 Remuneration Report.

Your directors are committed to the alignment of executive and senior management pay with shareholder interests.

Over the reporting period the Nomination and Remuneration Committee has convened on a regular basis to actively implement its Charter which aims to assist the Board on matters relating to Board composition and performance and to design and oversee the Company's remuneration practices and policies.

One important matter through the period has been to balance retaining key personnel, whilst also maintaining prudent cost management measures.

Establishing a clear link between remuneration, both fixed and at risk, and the direction and performance of the Company has been a focus area of the Committee. Performance indicators and measures over the past year have centred on the activities of securing funding, government approvals, resource levels, project progress, business risk control and Health and Safety.

Over what has been a demanding year within the sector, and indeed within your Company, the stability of the Board and the management team of the Company have been crucial in continuing to progress the Mbalam-Nabeba Iron Ore Project. Through the achievement of hurdles which have de-risked our project the Company has been able to present the Sundance project to potential strategic partners as a high value and stabilised investment.

Your directors continue to review the remuneration structure, drawing advice from independent sources, as appropriate. We are mindful of the position of the Company and regularly review our policy and practices to ensure they will deliver the Company objectives which result in the delivery of strong returns to our shareholders.

The Committee welcomes any feedback on this report and we look forward to your continued support.

Yours faithfully

Barry Eldridge
Chairman
Nomination & Remuneration Committee

Date - 29 September 2013

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12. REMUNERATION REPORT OVERVIEW

The remuneration report, which forms part of the Directors' report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Company for the financial year ended 30 June 2013.

CONTENTS

Section		What it covers
	Message from the NRC Chairman	
12	**Remuneration Report Overview**	Content of the Remuneration Report
12.1	**Nomination & Remuneration Committee**	The Nomination and Remuneration Committee (NRC), composition and activities
12.2	**Key Management Personnel details**	Shows the individuals comprising the Key Management Personnel (Non-Executive Directors and Executives)
12.3	**Remuneration Policy**	Describes the key principles that underpin the Company's remuneration strategy and how the outcomes for KMP are determined, including the use of external remuneration consultants
12.4	**Relationship between Remuneration Policy and Company Performance**	Describes the structure of at risk remuneration (Short and Long Term plans) and explains how it underpins the Company performance
12.5	**Remuneration of Directors and Executives**	Details total remuneration for KMP in 2013 and 2012, calculated pursuant to legislative and accounting requirements
12.6	**Short Term Incentive ("STI") Payments**	Outlines the Key Performance Indicators ("KPI"), assessment process and outcomes of the 2012 STI payments
12.7	**Long Term Incentives ("LTI")and Share based Payments**	Outlines the KPIs, assessment process and outcomes of the components of the 2012 LTI plan
		Describes the KPIs of the 2013 LTI plan
		Presents the interests of KMP resulting from Sundance remuneration plans
		Sets out the share-based grants made pursuant to an Employee Share Option Plan
12.8	**Key terms of employment/consulting contracts**	Summarises key service contract terms, including termination entitlements

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.1 Nomination and Remuneration Committee (NRC), composition and activities

The Nomination and Remuneration Committee ('NRC') has been set up to assist the Board in nomination and remuneration related matters. The members of this Committee are:
Mr Barry Eldridge (Chairman);
Ms Fiona Harris; and
Mr Andrew (Robin) Marshall.

During the year, the Nomination and Remuneration Committee has:
- Reviewed the Company Remuneration Policy
- Reviewed Company achievement against 2012 Calendar Year Key Performance Indicators (KPIs);
- Supervised the setting of Company 2013 Calendar Year KPIs;
- Supervised the application of Short and Long Term Incentive Plans;
- Monitored internal and external remuneration relativities;
- Set Individual KPIs for and reviewed the performance of the Managing Director & CEO;
- Ensured that KPIs are aligned with corporate objectives;
- Approved short and long-term incentive opportunities for eligible staff;
- Reviewed the Sundance Board size and composition;
- Evaluated workplace diversity in accordance with the Company's Diversity Policy;
- Reviewed Superannuation arrangements and compliance;
- Self-assessed the performance of the Committee; and
- Reviewed Board Induction procedures.

Significant matters to note for the 2013 Financial Year remuneration are:
- Remuneration levels are considered to be in line with market levels and trends based on data from independent surveys and advice of independent consultants;
- Chief Financial Officer, Peter Canterbury resigned effective 17 May 2013. There were no payments or benefits provided in connection with his resignation. Mr Canterbury's assistance was retained from July to November 2013 to provide part time consultancy services as to the Company's activities in Africa. Total fees payable under this contract amounted to $100,000;
- There were no increases to Non-Executive Director fees in this reporting period, and there have been no fee increases for any Non-Executive Directors since taking office in 2010; and
- There were no share based remuneration grants to Directors in this reporting period.

12.2 Key Management Personnel (KMP) details

The following persons acted as Directors or Executives of the Company during and since then end of the financial year:

<u>Non-Executive Directors</u>	
George Jones	Chairman
Michael Blakiston	Director
Barry Eldridge	Director
Fiona Harris	Director
Andrew (Robin) Marshall	Director
David Southam	Director (appointed 11 September 2013)
<u>Executive Director</u>	
Giulio Casello	Managing Director & Chief Executive Officer
<u>Executives</u>	
Peter Canterbury	Chief Financial Officer (resigned 17 May 2013)
Brian Conrick	Company Secretary
Paul De Nardi	General Manager – Finance & Commercial
Nicola Gill	Business Services Manager
Robin Longley	General Manager – Geology
David Meehan	Chief Operating Officer & Project Director
Tim Sewell	HSECS Group Manager

Except as noted, the persons held their current position for the whole of the financial year and since the end of the financial year.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.2 Key Management Personnel (KMP) details (continued)

With the exception of Mr Longley, who is engaged under consultancy arrangements, all Executives are employed under contracts of employment.

12.3 Remuneration Policy

The Board has adopted a Remuneration Policy which ensures that its remuneration practices enable the Company to:

- Provide reasonable remuneration to employees for the services they provide to the Company;
- Attract and retain employees with the skills required to effectively manage the operations and growth of the business;
- Motivate employees to perform in the best interests of the Company and its stakeholders; and
- Ensure a level of equity and consistency across the Company.

The Remuneration Policy can be found on the Company Website and is reviewed annually.

The Nomination and Remuneration Committee is responsible for reviewing and making recommendations to the Board on remuneration arrangements within the Company. The Committee assesses the appropriateness of the nature and amount of emoluments of Key Management Personnel on an annual basis.

Non-Executive Directors

The overall level of annual Non-Executive Director fees is approved by shareholders in accordance with the requirements of the Company's Constitution and the Corporations Act. The Board decides on actual fees to be received by individual Directors within the quantum approved by shareholders. In accordance with the resolution passed at the Company's annual general meeting on 24 November 2010, the maximum aggregate Directors' fees payable to all of the Company's Non-Executive Directors remains fixed at $1,000,000 per annum (this fee pool includes superannuation entitlements).

In setting the fees, the Board has regard to the rates payable by ASX listed entities of similar size, Director skills and experience, the circumstances of the Company and the actual and expected workloads of the Directors.

Non-Executive Directors are remunerated by way of fees paid; including fees paid in recognition of acting as Chair on Board committees, superannuation and, in certain circumstances, by way of shareholder approved equity issues. Issues of equity to Non-Executive Directors will only occur where the Board believes it is in the best interests of the Company to do so, in particular where such issues may reduce the amount of cash remuneration otherwise required to be paid to attract the appropriate calibre of Directors, or in recognition of exceptional workload or circumstances.

Executives

The Company aims to align remuneration, including Key Management Personnel, with that of other comparable ASX listed entities for roles at all levels of the Company. Remuneration comprises both fixed remuneration and performance based (at risk) remuneration.

The proportion of an employee's total remuneration that is at risk will increase with seniority of the role and with the individual's ability to impact the performance of the Company. At risk elements of total remuneration for Executives may comprise both short term incentives as a reward for achievement of specific objectives during the calendar year and long term incentives that align medium and long term shareholder interests.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.3 Remuneration policy (continued)

Fixed Remuneration (base salary and superannuation)

Fixed remuneration is set having regard to the levels paid in comparable ASX listed entities at the time of recruitment, Company position and performance and the individual's experience or specialist skills and market demand for particular roles. Taking into account these elements, typically the Company will broadly aim to pay between the 50th and 75th percentile of comparable base salary market data. Consideration is given to the overall total remuneration package of the employee when setting the remuneration package.

A review of fixed salary is conducted on an annual basis using independent market surveys.

Any increases in fixed salary are based on market movements, growth in role, Company position and performance (including capacity to pay), remuneration history and individual performance.

Performance Based (at Risk) Remuneration

In addition to fixed remuneration employees may be entitled to performance based remuneration which is paid to reward achievement of corporate and individual objectives. The level at which performance based remuneration is set is based on independent market surveys and analysis supported by information gathered from a number of consulting organisations about other ASX listed entities of similar size in the mining industry.

Performance based remuneration is initially determined by assessing performance against the achievement of predetermined KPIs and challenging objectives. The outcomes of the formula calculation are capped as a percentage of the relevant employee's base remuneration, dependant on level of seniority and direct influence on the Company's performance, and are reviewed by the Board to guard against anomalous or inequitable outcomes.

Use of Remuneration Consultants

Where necessary and appropriate, the Nomination and Remuneration Committee seeks and considers advice from independent remuneration consultants. Remuneration consultants are engaged by and report directly to the Remuneration Committee.

The Committee did not engage the services of external remuneration consultants during the 2012/2013 reporting period.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.4 Relationship between Remuneration Policy and Company Performance

Performance based remuneration aims to align remuneration with the Company's performance and attainment of strategic objectives.

Performance based remuneration may comprise both short term (annual) and long term (3-4 year) incentives.

Short Term Incentive ('STI') Plan

The purpose of this plan is to:-

- Drive achievement of the stated objectives of Sundance and its subsidiaries;
- Drive a culture of "delivering outputs" as a team and also as an individual;
- Motivate employees to contribute to the best of their capabilities by recognising and rewarding high individual and group contributions towards the organisation's objectives via a mix of individual and corporate objectives, and
- To attract and retain the right people.

The maximum remuneration opportunity provided by the STI plan is based on a percentage of annual base salary and is pre-determined. The maximum pre-determined percentage of base salary and the percentage attributed to corporate and individual objectives for Key Management Personnel are shown below.

	Maximum potential of base salary	Portion attributed to Corporate objectives	Portion attributed to Individual objectives
Managing Director & CEO	25%	80%	20%
Other Key Management Personnel	20%	70%	30%

The level of STI ultimately paid is determined based on meeting both corporate and individual objectives against the pre-determined Key Performance Indicators (KPIs), comprising both financial and non-financial indicators.

The Company assesses the achievement of both Company and individual KPI's on a calendar year basis (January to December). Corporate achievements are assessed by the NRC and submitted for Board approval. Individual performance is determined during the annual performance appraisal process. All these measures are taken into account when determining the amount, if any, to be paid to Key Management Personnel as a short term incentive. Short term incentives are only used when they support and are consistent with the Company's long term goals.

Corporate and individual objectives for the 2013 calendar year were drawn from the following categories:

- In Country Project Approvals;
- Partnerships;
- Asset and tenement maintenance;
- Project activities and progress;
- Health, Safety, Environment, Community and Security; and
- Company cash position

The Board regards the above categories as fundamental to the achievement of the stated goals of Sundance.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.4 Relationship between Remuneration Policy and Company Performance (continued)

Long Term Incentive ('LTI') Plan

The purpose of the LTI plan is to provide an appropriate incentive to eligible persons to deliver the medium and longer term development and success of the Company, and to align the interests of Key Management Personnel with the interests of shareholders. It also aims at attracting and retaining key employees, including Key Management Personnel.

Long Term Incentives are available by invitation to senior, or specifically targeted, staff and consultants/contractors where there is a clear intention of long term engagement with the Company.

Eligible persons, including Key Management Personnel, are granted performance rights to a specified dollar value at the beginning of each LTI plan grant period. The remuneration opportunity provided by the LTIP is based on a percentage of the annual base salary at the time of the grant; ranging between 20% and 40%. Rights are issued at the Volume Weighted Average Price (VWAP) over the last thirty days leading up to January 1 of the issue year. Under the Plan, participants are granted performance rights which only vest if certain performance conditions are met and they are employed by the Company at the measurement date.

Each Performance condition is chosen to correlate directly to the Company's medium and longer term interests and success of the Project, the Company, and shareholders' best interests. Performance conditions typically spread over a 4-year period. These performance conditions are then submitted to the Board for consideration and approval.

Performance conditions are set with quantifiable and measurable outcomes, which can then be objectively assessed against supporting information and evidence of achievement. Progress toward, and achievement of, performance conditions is assessed by the MD/CEO and reviewed by the Nomination and Remuneration Committee. The Board will then determine the level of achievement for each performance condition, seeking information where needed from the Nomination and Remuneration Committee, the Executive Committee, other Managers or sources.

The 2013 LTIP performance conditions are derived from the following performance areas:

- Achieving funding (equity and debt) commitment for Stage 1 of the Project;
- Delivery of Total Shareholder Returns (TSR) over a three or four year period; and
- Increasing the NPV of the Project.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.4 Relationship between Remuneration Policy and Company Performance (continued)

The tables below set out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the five years to 30 June 2013.

	30 June 2013 $	30 June 2012 $	30 June 2011 $	30 June 2010 $	30 June 2009 $
Revenue	**1,771,966**	2,539,818	2,888,359	2,530,200	1,474,177
Net loss before tax	**(31,641,559)**	(25,308,131)	(21,738,100)	(10,754,551)	(14,313,262)
Net loss after tax	**(31,641,559)**	(25,308,131)	(21,738,100)	(10,754,551)	(14,313,262)

	30 June 2013 $	30 June 2012 $	30 June 2011 $	30 June 2010 $	30 June 2009 $
Share price at start of year	**0.35**	0.34	0.13	0.16	0.33
Share price at end of year	**0.07**	0.35	0.34	0.13	0.16
Basic earnings per share	**(0.95)**	(0.79)	(0.74)	(0.40)	(0.71)
Diluted earnings per share	**(0.95)**	(0.79)	(0.73)	(0.40)	(0.71)

Growth and Conversion of Resources Summary

High Grade Hematite resources growth					
Announced to ASX	20 June 2012	01 Sept 2011	17 Mar 2011	02 June 2010	11 May 2009
High Grade Resources	775.4Mt	521.7Mt	484.0Mt	415.4Mt	215.2Mt

Itabirite resources growth					
Announced to ASX	26 Oct 2012	20 June 2012	11 May 2009	11 Sept 2008	21 July 2008
Itabirite resources	4,047Mt	3,716Mt	2,325Mt	1,750Mt	1,190Mt

Defined Reserves			
Announced to ASX	24 Dec 2012	15 Nov 2011	6 April 2011
High Grade Hematite Ore Reserve	436.3Mt	352.0Mt	251.7Mt
Based on Resources announced	20 June 2012	01 Sept 2011	17 March 2011

Full details of these reserves and resources have been announced to the Australian Securities Exchanges on the dates indicated.

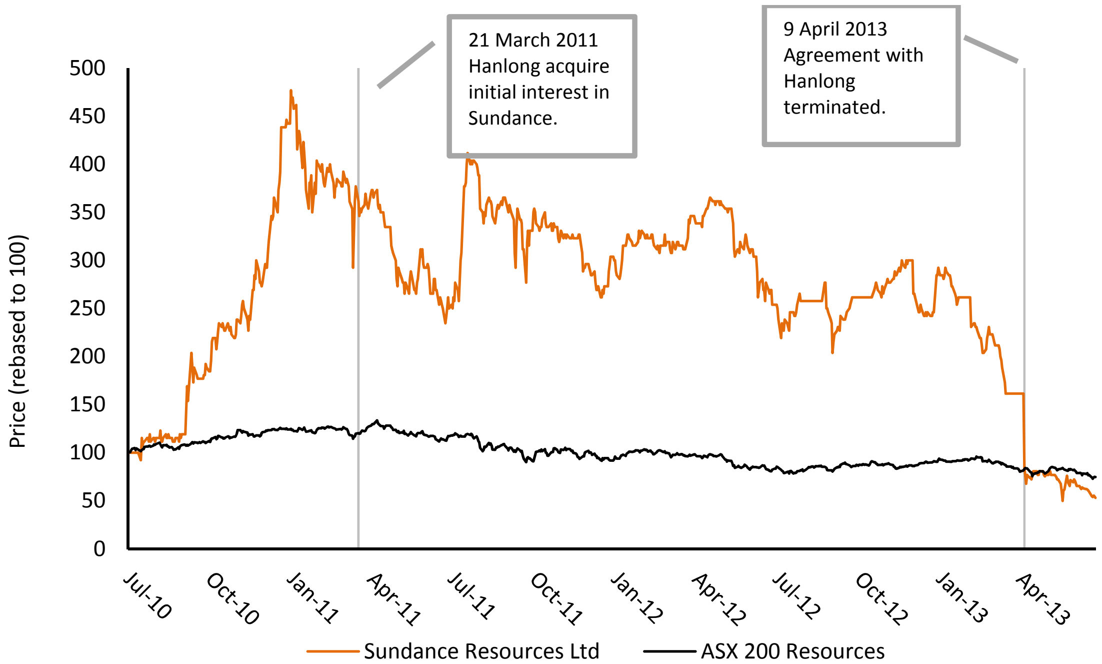
DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.4 Relationship between Remuneration Policy and Company Performance (continued)

Company Performance
The Company considers it appropriate to review the performance of the Sundance share price with reference to the general performance of the Australian securities market over the past three years.

The significant reduction in the Sundance share price during the financial year ended 30 June 2013 predominantly reflects the loss of support for the stock following the termination of the Scheme Implementation Agreement with Hanlong, which was announced to the ASX on 9 April 2013.

The following graph provides a comparison of the SDL share price to the ASX 200 Resources Index. The S&P/ASX 200 Resources Index (XJR) consists of companies from the S&P/ASX 200 index where the company is classified as belonging to the Energy sector or the Metals & Mining industry.



Notes to Graph:

On 21 March 2011, Sundance announced that the Company had been notified that all of the shares in the Company previously owned by Ken Talbot's estate had been transferred to Hanlong. This represented approximately 16% holding in Sundance and Hanlong disclosed that they had also purchased another 3% on-market, bringing their total holding in Sundance to approximately 19%.

On 18 July 2011, Sundance announced that it had received written advice from Hanlong of its intention to make an offer for all of the Company's shares for cash consideration of 50 cents per share under a scheme of arrangement. This was subsequently raised to 57 cents per share on 4 October 2011, and revised lower to 45 cents per share on 24 August 2012.

On 9 April 2013, Sundance announced that the SIA with Hanlong had been terminated.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.5 Remuneration of Directors and Executives

2013 FY	Short-term benefits			Post-employment benefits	Total cash based remuneration	Share based payments	Total Remuneration (vii)	% of Compensation for the year consisting of share based payments
	Salary & fees	STI Payment (i)	Other (ii)	Superannuation		Shares, Options & Performance Rights (iii)		
	$	$	$	$	$	$	$	
Non-executive Directors								
Mr G Jones	223,530	-	12,888	16,470	252,888	265,133	518,021	51%
Mr M Blakiston	82,569	-	-	7,431	90,000	106,053	196,053	54%
Mr B Eldridge	96,330	-	-	8,670	105,000	106,053	211,053	50%
Ms F Harris	96,330	-	-	8,670	105,000	106,053	211,053	50%
Mr A Marshall	96,330	-	-	8,670	105,000	106,053	211,053	50%
Executive Directors								
Mr G Casello	641,250(iv)	128,125	12,888	25,000	807,263(iv)	522,965(v)	1,330,228	39%
Senior Management								
Mr P Canterbury*	411,406	58,327	11,334	29,671	510,738	50,563	561,301	9%
Mr B Conrick	237,550	38,399	1,554	26,775	304,278	35,816	340,094	11%
Mr P De Nardi	362,500	55,558	11,036	32,625	461,719	106,096	567,815	19%
Ms N Gill	320,000	47,786	-	28,800	396,586	95,379	491,965	19%
Mr R Longley	450,000	74,475	11,036	-	535,511	143,492	679,003	21%
Mr D Meehan(vi)	620,470	96,880	106,256	25,000	848,606	188,257	1,036,863	18%
Mr T Sewell	376,125	56,373	42,609	33,851	508,958	113,485	622,443	18%
					5,031,547		**6,976,945**	

* Part year only

(i) STI Payment - Details of STI payments are provided in section 12.6

(ii) Other:

1. *Includes parking for G Jones, G Casello, P De Nardi, R Longley for whole FY. Pro Rata parking for P Canterbury, B Conrick and T Sewell*
2. *Includes accommodation costs and financial services for D Meehan*
3. *Includes home leave airfares for T Sewell*

(iii) Shares, Options and Performance Rights - Further details of share based payments are provided in Section 12.7

(iv) Mr Casello's TFR increase for 2013 was 5%. A reduction in Superannuation payments made relative to the previous FY impact base salary movement

(v) Mr Casello's performance rights are those approved by Shareholders on 24 November 2010, further details are provided in Section 12.7

(vi) Mr Meehan's base salary increase for 2013 was 5%. Other impacts on total remuneration are attributable to benefits provided and the transfer from consultancy arrangements to employee

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

(vii) No Director or Executive appointed during the current or previous period received a cash payment as part of their consideration for agreeing to hold the position.

12.5 Remuneration of Directors and Executives (continued)

2012 FY	Short-term benefits			Post-employment benefits	Total cash based remuneration	Share based payments	Total Remuneration (iv)	% of Compensation for the year consisting of share based payments
	Salary & fees $	STI Payment (i) $	Other (ii) $	Superannuation $	$	Shares, Options & Performance Rights (iii) $	$	
Non-executive Directors								
Mr G Jones	220,183	-	20,341	19,817	260,341	554,507	814,848	68%
Mr M Blakiston	82,568	-	-	7,432	90,000	221,803	311,803	71%
Mr B Eldridge	96,330	-	-	8,670	105,000	221,803	326,803	68%
Ms F Harris	96,330	-	-	8,670	105,000	221,803	326,803	68%
Mr A Marshall	96,330	-	-	8,670	105,000	221,803	326,803	68%
Executive Directors								
Mr G Casello	540,826	78,268	20,341	46,674	686,109	1,259,905	1,946,014	65%
Senior Management								
Mr P Canterbury	340,000	-	20,341	30,600	390,941	127,770	518,711	25%
Mr B Conrick(v)	223,750	26,400	-	40,317	290,467	19,308	309,775	6%
Mr P De Nardi	348,583	42,856	16,091	31,373	438,903	72,373	511,276	14%
Ms N Gill	307,500	-	-	22,063	329,563	92,389	421,952	22%
Mr N Hackett*	125,943	-	-	-	125,943	-	125,943	-
Mr R Longley	425,000	54,720	16,091	-	495,811	99,594	595,405	17%
Mr D Meehan(vi)	526,099	31,032	-	13,146	570,278	107,713	677,991	16%
Mr T Sewell*	333,625	-	-	28,641	362,266	81,022	443,288	18%
					4,355,622		**7,657,415**	

**Part Year Only*

(i) Details of the short term incentive payments are provided in section 12.6. Payment of the STI was made in January 2012 for the 2011 Calendar year. P Canterbury, N Gill and T Sewell elected to receive performance rights in respect to this payment. Mr Hackett was not eligible to participate.

(ii) Other short term benefits include parking in Perth CBD, accommodation costs and home leave flights.

(iii) Further details of the share based payments granted are contained in section 12.7 of the remuneration report.

(iv) No Director or Executive appointed during the period received a cash payment as part of their consideration for agreeing to hold the position.

(v) Mr B Conrick was appointed Company Secretary on 21 December 2011 prior to this date Mr Conrick held the position of General Counsel.

(vi) Mr Meehan transferred from a consultancy arrangement to employee effective 4 February 2012.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.6 Short Term Incentive ('STI') Payments

2012 Calendar Year STI Payments

Board approved STI payments were made in January 2013 based on the achievement of individual and Corporate KPI's as stated for the 2012 calendar year.

The 2012 Corporate KPI's were derived from the following Key Performance Areas

- Approvals, which included
  - Congo Mining Permit
  - Congo Convention
  - Cameroon Convention
  - Bilateral Agreement
- Cash Position
- Project Progress
- Safety & Compliance
- Corporate Risk Management
- JORC Resource

The NRC assessed the extent to which the Corporate KPIs were met for the year in December 2012 and recommended to the Board that 77.5% of the STI awards be granted; resulting in the forfeiture of 22.5% of the potential incentive payments attributed to Corporate KPIs.

It is important to note the above KPIs and the related achievement applied to the calendar year up to December 2012. The progression and growth of the project during that period was substantial. They included increases to High Grade Hematite and Itabirite Resources, the upgrade of the High Grade Ore Reserve, successfully signing the Convention, receiving the Congo Mining Permit, preparing for the Declaration of Utility Publique (DUP) in-country, and advancing community engagement programmes in both Cameroon and Congo all whilst maintaining excellent health & safety standards. Payments made in relation to individual objectives were assessed through individual performance appraisals.

The Managing Director and Chief Executive Officer individual KPIs covered the areas of
- Strategic partnership relations;
- Executive and key personnel retention; and
- Shareholder and investor Relations

Final approval of the Managing Director and Chief Executive Officer performance review was made by the Board. The NRC also reviewed the achievement of the Executive Committee members' individual objectives.

Details of the payments are provided below:

2012 Calendar Year (paid in Jan 2013)	**Potential Variable Remuneration STI (% of base salary)**	**Potential Incentive Entitlement $**	**Actual Payment $**	**Incentive Forfeited $**
Mr G Casello	25%	156,250	128,125	28,125
Mr P Canterbury	20%	71,000	58,327	12,673
Mr B Conrick	20%	47,000	38,399	8,601
Mr P De Nardi	20%	71,000	55,558	15,442
Ms N Gill	20%	63,000	47,786	15,214
Mr R Longley	20%	90,000	74,475	15,525
Mr D Meehan	20%	122,400	96,880	25,520
Mr T Sewell	20%	73,450	56,373	17,077

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.6 Short Term Incentive ('STI') Payments (continued)

2011 Calendar Year STI Payments

STI payments were made in January 2012 upon the recommendation of the NRC the Chief Executive Officer, based on the achievement of individual and Corporate KPI's as stated for the 2011 calendar year. Employees were entitled to elect to receive STI payment in cash or share rights.

The 2011 Corporate KPI's covered the areas of:

- Completion of a viable Definitive Feasibility Study by a defined time, which included:
  - Targeted capital and operating costs
  - Targeted reserve (Mt)
  - Approved Project Implementation Plan;
- Engagement of a Strategic Partner;
- Government Conventions signed;
- Governance policies and procedures in place; and
- Achieving a resource target above 450 Mt for high grade hematite.

The NRC assessed the extent to which the Corporate KPIs were met for the year and recommended that 60% of the STI awards be granted, resulting in the forfeiture of 40% of the potential incentive payments attributed to Corporate KPIs. Payments made in relation to individual objectives were assessed through individual performance appraisals.

The Managing Director and Chief Executive Officer individual KPIs, which covered the areas of
- improvement of the capabilities of the Company;
- government relations; and
- investor relations,

were assessed by the NRC and referred to the full Board for approval.

The NRC also reviewed the achievement of other Executives' individual objectives.

Details of the payments are provided below:

2011 Calendar Year (paid in Jan 2012)	**Potential Variable Remuneration STI (% of base salary)**	**Potential Incentive Entitlement $**	**Actual Payment $**	**Incentive Forfeited $**
Mr G Casello	25%	120,412	78,268	42,144
Mr P Canterbury*	20%	65,000	42,461	22,538
Mr B Conrick	20%	44,000	26,400	17,600
Mr P De Nardi	20%	64,348	42,856	21,492
Ms N Gill*	20%	60,000	40,140	19,860
Mr R Longley	20%	80,000	54,720	25,280
Mr D Meehan(i)	20%	45,600	31,032	14,568
Mr T Sewell*(i)	20%	23,760	16,099	7,661

i) Pro rata part year service
** Those so indicated elected to receive performance rights in respect of this entitlement.*

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.7 Long Term Incentives and Share Based Payments

The following share based payments have been made to Executives during the 2013 financial year:

- Performance rights granted as part of the LTI plans, pursuant to the Performance Rights Plan ("PRP") and;
- Shares issued as a result of vesting of Performance rights, pursuant to the PRP.

Long Term Incentive Plan Performance Conditions

The objectives and application of the Long Term Incentive plan is detailed in Section 12.4. The specified Performance Conditions are detailed below

LTI Plan Grant Year	Tranche No.	% of total grant	Performance Condition	Measure Date	Achieved	Forfeited
2011	1	50%	Securing funding commitment for Stage 1 of the Mbalam Iron Ore Project with a high degree of certainty before 31 December 2011(Note 1)	31 Dec 2011	0%	100%1
	2	15%	Increasing JORC high grade hematite resources by 15% by 31 December 2011(Note 2)	31 Dec 2011	100%	0%2
	3	25%	Achievement of Total Shareholder Returns (TSR) of 15% per annum (cumulative) over a three year period - to 31 December 2013 or alternatively over a four year period to 31 December 2014	31 Dec 2013	-	-
	4	5%	Achievement of production targets prior to 31 December 2013	31 Dec 2014	-	-
	5	5%	Achievement of budgeted operating costs prior to 31 December 2014	31 Dec 2014	-	-
2012	1	40%	Achievement of funding (equity and debt) commitment for Stage 1 of the Mbalam Iron Ore Project before 31 December 2012 (Note 3)	31 Dec 2012	50%	50%3
	2	35%	Achieving total shareholder return (TSR) of 15% per annum cumulative over the three year period from 1 January 2012 to 31 December 2014 or alternatively over the four year period to 31 December 2015	31 Dec 2014	-	-
	3	25%	Achieving an increase in NPV of the Mbalam Iron Ore Project of 10%.	31 Dec 2015	-	-
2013	1	25%	Achieving funding (equity and debt) commitment for Stage 1 of the Mbalam Iron Ore Project.	31 Dec 2013	-	-
	2	50%	Achieving total shareholder return (TSR) of 15% per annum cumulative over three year period from 1 January 2013 to 31 December 2015 or alternatively over the four year period to 31 December 2016.	31 Dec 2015	-	-
	3	25%	Increasing NPV of the project by 10%.	31 Dec 2016	-	-

Notes

(1) 0% of Tranche 1 in the 2011 LTI plan was awarded on the basis that while the SIA with Hanlong had been signed, it did not provide a high degree of certainty of funding for Stage 1 of the Project.

(2) 100% of Tranche 2 of the 2011 LTI plan was awarded (being 15% of the total grant). This was on the basis of the September 2011 ASX update of JORC resources to 521Mt, being a resource increase of 25%.

(3) A part payment of (50%) of the 40% achievable (net 20%) was awarded in December 2011 due to the receipt of China Development Bank and Everbright financing commitment letters.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.7 Long Term Incentives and Share Based Payments (continued)

Performance Rights Plan (PRP)

The PRP was approved by the shareholders at the Company's AGM held on 24 November 2010. A copy of the PRP is available from the Company website.

Details of the Performance rights granted pursuant to the PRP arrangements during the financial period or held at year end by Directors or Executives are provided in the following table.

Notes to Table on following page

(i) *The issue of performance rights to Mr Casello was approved by shareholders at the Company's AGM held on 24 November 2010. Upon vesting of the performance rights, shares will automatically be issued to the participant, unless the Company is in a "Blackout Period" (as defined in the Company's Share Trading Policy) or the Company determines in good faith that the issue of Shares at that time may breach the insider trading provisions of the Corporations Act, in which case the Company will issue the shares as soon as reasonably practical thereafter.*

a. *The Performance Rights vest in three equal tranches of 2,650,000 on each of 3 November 2011, 2012 and 2013 if Mr Casello continues to be employed by the Company at the vesting date, there are no other performance conditions attached to these rights. All performance rights are forfeited upon termination of employment.*

b. *The value of these performance rights at grant date equated to $0.37 each, for a total value of $2,941,500.*

(ii) *The Grant Date is the date at which the Performance Rights were issued following approval by the Board of Sundance. The 2011, 2012 and 2013 LTI Plan are effective from the 1 January 2011, 2012 and 2013 respectively.*

(iii) *Upon vesting of the performance rights, shares will automatically be issued to the participant, unless the Company is in a "Blackout Period" (as defined in the Company's Share Trading Policy) or the Company determines in good faith that the issue of Shares at that time may breach the insider trading provisions of the Corporations Act, in which case the Company will issue the shares as soon as reasonably practical thereafter.*

(iv) *Performance rights issued under the 2011, 2012 and 2013 LTI Plans vest on the achievement of performance conditions over a period to 31 December 2014, 2015 and 2016 respectively. Details of the 2011, 2012 and 2013 LTI Plans are provided in this report.*

(v) *In the event a takeover bid is declared to be unconditional, a change in control event has occurred or if a merger by way of a scheme of arrangement under the Corporations Act has been approved by the Court the Board will at its discretion determine the extent to which unvested performance rights vest.*

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.7 Long Term Incentives and Share Based Payments (continued)

Name	Performance Rights Series	Grant Date[(ii)]	No. Held at Start of Financial Year	Granted During Financial Year				Vested During Financial Year			Lapsed During Financial Year			No. Held at End of Financial Year
				No.	Fair Value at Grant Date $/Right	Value of rights granted $	Vesting Period [(iii,iv,v)]	No.	% of Grant Vested	Fair Value of Rights Issued $	No.	% of Grant Lapsed	Fair Value of Rights Lapsed $	
Directors of Sundance Resources Ltd														
Mr G Casello	22 December 2010[(i)]	24/11/2010	5,300,000	-	-	-	-	2,650,000	33.3%	$948,700	-	-	-	2,650,000
Key Management Personnel of Sundance Resources Ltd														
Mr P Canterbury *Resigned May 17 2013	2013 LTI Plan	11/02/2013	-	454,804	$0.227	$103,241	31/12/2016	-	-	-	454,804	100%	$41,842	-
	2012 LTI Plan	20/03/2012	156,820	-	-	-	-	78,410	20%	$27,914	78,410	20%	$27,914	-
	2012 LTI Plan	20/03/2012	235,229	-	-	-	-	-	-	-	235,229	60%	$21,641	-
	2011 LTI Plan	13/10/2011	111,328	-	-	-	-	-	-	-	111,328	35%	$10,242	-
Mr B Conrick	2013 LTI Plan	11/02/2013	-	142,126	$0.218	$30,913	31/12/2016	-	-	-	-	-	-	142,126
	2012 LTI Plan	20/03/2012	129,763	-	-	-	-	25,953	20%	$9,239	25,952	20%	$9,239	77,858
	2011 LTI Plan	13/10/2011	37,680	-	-	-	-	-	-	-	-	-	-	37,680
Mr P De Nardi	2013 LTI Plan	11/02/2013	-	420,694	$0.217	$91,501	31/12/2016	-	-	-	-	-	-	420,694
	2012 LTI Plan	20/03/2012	392,048	-	-	-	-	78,410	20%	$27,914	78,409	20%	$27,914	235,229
	2011 LTI Plan	13/10/2011	103,792	-	-	-	-	-	-	-	-	-	-	103,792
Ms N Gill	2013 LTI Plan	11/02/2013	-	369,528	$0.208	$76,862	31/12/2016	-	-	-	-	-	-	369,528
	2012 LTI Plan	20/03/2012	347,875	-	-	-	-	69,575	20%	$24,769	69,575	20%	$24,769	208,725
	2011 LTI Plan	13/10/2011	102,765	-	-	-	-	-	-	-	-	-	-	102,765
Mr R Longley	2013 LTI Plan	11/02/2013	-	511,654	$0.213	$108,727	31/12/2016	-	-	-	-	-	-	511,654
	2012 LTI Plan	20/03/2012	496,963	-	-	-	-	99,393	20%	$35,384	99,392	20%	$35,384	298,178
	2011 LTI Plan	13/10/2011	137,020	-	-	-	-	-	-	-	-	-	-	137,020
Mr D Meehan	2013 LTI Plan	11/02/2013	-	734,508	$0.218	$159,755	31/12/2016	-	-	-	-	-	-	734,508
	2012 LTI Plan	20/03/2012	675,869	-	-	-	-	135,174	20%	$48,122	135,174	20%	$48,122	405,521
	2011 LTI Plan	08/11/2011	205,529	-	-	-	-	-	-	-	-	-	-	205,529
Mr T Sewell	2013 LTI Plan	11/02/2013	-	437,749	$0.227	$99,369	31/12/2016	-	-	-	-	-	-	437,749
	2012 LTI Plan	20/03/2012	405,577	-	-	-	-	81,116	20%	$28,877	81,115	20%	$28.877	243,346
	2011 LTI Plan	08/11/2011	123,318	-	-	-	-	-	-	-	-	-	-	123,318

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.7 Long Term Incentives and Share Based Payments (continued)

Employee Share Option Plan
An Employee Share Option Plan ("ESOP") has been approved by the shareholders of the Company. A copy of the ESOP is available from the Company website.

The following share-based grants were made in prior financial years pursuant to the ESOP arrangements. There were no grants made pursuant to the ESOP to Key Management Personnel in the past 3 financial years. The Company does not intend to make any future awards under the existing ESOP.

Option series	Exercise Price	Grant date	Expiry date	Grant date fair value	Vesting date (i)
(12) Issued 9 April 2009	$0.35	10/10/08	31/03/13	$0.029	31/03/09
(13) Issued 9 April 2009	$0.35	10/10/08	31/03/13	$0.035	31/03/10
(14) Issued 9 April 2009	$0.35	10/10/08	31/03/13	$0.037	31/03/11
(27) Issued 10 February 2010	$0.225	10/02/10	30/01/13	$0.060	30/01/12
(28) Issued 10 February 2010	$0.225	10/02/10	30/01/13	$0.066	30/01/12
(32) Issued 10 February 2010	$0.25	10/02/10	28/01/13	$0.057	28/01/12
(33) Issued 10 February 2010	$0.25	10/02/10	30/01/13	$0.057	30/01/12
(34) Issued 10 February 2010	$0.25	10/02/10	28/01/14	$0.070	30/01/13
(35) Issued 10 February 2010	$0.25	10/02/10	30/01/14	$0.070	30/01/13
(36) Issued 10 February 2010	$0.25	10/02/10	30/01/14	$0.071	30/01/13
(37) Issued 10 February 2010	$0.35	10/02/10	31/03/13	$0.029	30/01/11

(i) The vesting of the interest in the Options is conditional on continuity of service and/or previously agreed corporate objectives.

Share Options

The following share-based grants, not made pursuant to the ESOP arrangements, were held by Directors. These options were approved by shareholders at the Company's AGM held on 24 November 2010.

Option series	Exercise Price	Grant date	Expiry date	Grant date fair value	Vesting date
(41) Issued 22 December 2010	$0.30	24/11/10	22/12/13	$0.233	22/12/2012
(42) Issued 22 December 2010	$0.40	24/11/10	22/12/13	$0.210	22/12/2012

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

12.8 Key terms of employment/consulting contracts

Executive Service Agreements

Remuneration and other terms of employment for the Executives disclosed in this Remuneration Report are contained in contracts of employment or consultancy agreements. The remuneration and other terms are reviewed at least annually and generally relate to a calendar year. As such the current terms are effective January 2013.

Executive	Date of Agreement Commencement	Term of Agreement	Base salary/fees and Superannuation	Others(i)	Variable Remuneration - STI (% of Base Salary)(ii)	Variable Remuneration-LTI (% of Base Salary) (iii)	Notice of Termination required by the Company (other than dismissal for cause) (iv)&(v)	Notice required on resignation of Executive
Mr G Casello Managing Director & Chief Executive Officer	08/11/2010	Ongoing	$682,500	Car parking	25%	-	12 months	3 months
Mr B Conrick Company Secretary	21/12/2011	Ongoing	$272,500	N/A	20%	20%	3 months	3 months
Mr P De Nardi General Manager - Finance & Commercial	11/01/2010	Ongoing	$403,300	Car Parking	20%	40%	2 months	2 months
Ms N Gill Business Services Manager	1/02/2011	Ongoing	$354,250	N/A	20%	40%	1 month	1 month
Mr R Longley General Manager - Geology	31/01/2013	12 months	$450,000	Car Parking	20%	40%	8 weeks	8 weeks
Mr D Meehan Chief Operating Officer / Project Director	01/06/2011	3 years	$662,470	Accommodation Home leave flights	20%	40%	12 weeks	12 weeks
Mr T Sewell HSECS Group Manager	01/9/2011	Ongoing	$419,650	Home leave flights	20%	40%	8 weeks	8 weeks

(i) The value of benefits to the employee or consultant is determined by the market value of such benefit and is detailed further in Section 12.5

(ii) Entitlement to Short Term Incentive payment on termination is subject to the terms and conditions of the STI plan.

(iii) Entitlement to Performance Rights on termination is subject to the terms and conditions of the Performance Rights Plan.

(iv) Payment of any termination benefit to Mr Casello is to be made pursuant to section 200 of the Corporations Act 2001

(v) All agreements include provision to make payment in lieu of notice period if deemed appropriate.

DIRECTORS' REPORT

13. SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

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

Issuing Entity	Expiry Date	Exercise Price	Number of Options	Class of Shares
Sundance Resources Ltd	22 December 2013	$0.400	6,500,000	Ordinary
Sundance Resources Ltd	22 December 2013	$0.300	6,500,000	Ordinary
Sundance Resources Ltd	29 January 2014	$0.250	193,750	Ordinary
Sundance Resources Ltd	30 January 2014	$0.250	3,567,748	Ordinary
Sundance Resources Ltd	30 January 2014	$0.225	389,049	Ordinary
Sundance Resources Ltd	30 January 2015	$0.250	502,000	Ordinary

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or any other body corporate or registered scheme.

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):

Issuing Entity	Number of Shares	Amount paid on each share	Class of Shares
Sundance Resources Ltd	301,200	$0.200	Ordinary
Sundance Resources Ltd	1,150,000	$0.250	Ordinary
Sundance Resources Ltd	3,618,000	$0.225	Ordinary

14. DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital and options in shares of the Company, as notified by the Directors to the Australian Securities Exchange ("ASX") in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary shares	Options over ordinary shares	Performance Rights over ordinary shares
Mr G Jones	16,062,500	5,000,000	-
Mr G Casello	5,300,000	-	2,650,000
Mr M Blakiston	-	2,000,000	-
Mr B Eldridge	-	2,000,000	-
Ms F Harris	-	2,000,000	-
Mr A Marshall	-	2,000,000	-
Mr D Southam (appointed 11 September 2013)	-	-	-

DIRECTORS' REPORT

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 or any related body corporate:

- has not indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor.
- has paid a premium of $66,719 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.

16. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been included on page 30.

In accordance with the Corporations Act 2001 section 307C the auditors of the Company, Deloitte Touche Tohmatsu have provided a signed auditor's independence declaration to the directors in relation to the year ended 30 June 2013. This declaration has been attached to the independent audit report to the members of the Company.

Non-audit services were provided to the Company by the auditors, Deloitte Touche Tohmatsu, details of which are outlined in Note 8 to the financial statements. On the basis of written advice from the Audit & Risk Management Committee, 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.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298 (2) of the Corporations Act 2001, in Perth, Western Australia on 29 September 2013.

On behalf of the Directors

Mr George Jones
Chairman

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 (8) 9365 7001
www.deloitte.com.au

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

29 September 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 audit of the financial statements of Sundance Resources Limited for the financial year ended 30 June 2013, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A Richards

A T Richards
Partner
Chartered Accountants

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The Company's practices are consistent with the ASX Corporate Governance Council Principles.

The following section addresses the Company's practices in complying with the ASX Corporate Governance Council Guidelines.

PRINCIPLE 1: LAYING SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role of the Board

The Board's role is to represent the shareholders. It is accountable to them for creating and delivering value through the effective governance of the business. This role requires a high-performing Board, with all Directors contributing to the Board's collective decision-making processes.

The Board exists to lead and oversee the management and direction of the Company. The Board operates in accordance with the broad principles set out in its Charter, a copy of which is on the Company's website. The Charter details the board's composition and functions.

The Board is responsible for:

OVERSEEING

Strategy – defining and setting the business objectives and monitoring performance and achievement of those objectives;

Leadership selection – as appropriate appointing or removing the Chief Executive Officer, evaluating the performance of the Chief Executive Officer, and approving other key executive appointments; and

Succession and remuneration planning – planning for Board, CEO and executive succession and remuneration, and setting Non-executive Director remuneration within shareholder approved limits.

GOVERNANCE

Corporate governance – reviewing and monitoring the Company's corporate governance policies and practices;

Board performance and composition – evaluating the performance of the Board and determining its size and composition; and

Social responsibility – considering the social, ethical and environmental impact of activities and operations and monitoring compliance with the Company's social responsibility policies.

RISK AND REPORTING

Financial performance – monitoring and approving financial performance and budgets;

Financial reporting – considering and approving half-yearly and annual financial statements, and monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;

Risk management – oversight of the effectiveness of risk management; and

External auditor – selecting and recommending to shareholders the appointment of the external auditor.

Matters reserved for the Board have been agreed by way of a Board Approved Delegation of Authority.

Letters of appointment are provided to all directors which address the roles and responsibilities of individual directors.

CORPORATE GOVERNANCE STATEMENT

Performance evaluation of Senior Executives

The importance of a clear relationship between management performance and remuneration is reflected in our approach to evaluating management performance.

The following process for senior management performance evaluation was undertaken, to the satisfaction of the Board, during the reporting period:

- the performance evaluation of the Managing Director and Chief Executive Officer was undertaken by the Chairman, in consultation with the Nomination and Remuneration Committee; and
- the performance evaluation of other Senior Executives was undertaken by the Managing Director and Chief Executive Officer, with the Remuneration Committee's oversight of their objectives and performance assessments.

PRINCIPLE 2: STRUCTURING THE BOARD TO ADD VALUE

Composition of the Board

The names of the directors of the Company, their qualifications, skills, expertise, experience and period of office held are set out in the 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 achieve 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 considered to be one who:

- is not a substantial shareholder of the Company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the Company;
- is not an employee and 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;
- has not within the last 3 years been a principal of a material professional adviser or a material consultant to the Company or another group member; or an employee materially associated with the service provided;
- is not a material 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; or
- has no material contractual relationship with the Company or any other group member other than as a director of the Company.

Of the current Board members Mr George Jones (Chairman), Mr Barry Eldridge, Mr Andrew (Robin) Marshall, Mr David Southam and Ms Fiona Harris meet these criteria.

Chairman & Chief Executive Officer

The Company has at all times maintained a separation between the Chairman and Chief Executive Officer roles. The day-to-day management of the Company is overseen by the Managing Director and Chief Executive Officer, Mr Giulio Casello.

CORPORATE GOVERNANCE STATEMENT

Board Committees

The Board's Charter allows it to establish committees if and when required to assist in the execution of the duties of the Board. As at the date of this Report the Board has established an Audit and Risk Management Committee, a Nomination and Remuneration Committee and a Project Oversight Committee, each having its own Charter approved by the Board that sets the standards for the operation of the Committees. The Chairpersons and majority of members of each Committee are independent non-executive directors.

The number of meetings of each Committee and number attended by each director at the meeting of the committees of the Company during the financial year is detailed in the Directors' Report.

AUDIT & RISK MANAGEMENT COMMITTEE

The Board has established an Audit & Risk Management Committee, with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements. A copy of the Charter is on the Company's website.

The Audit & Risk Management Committee currently has three members, being:

Ms Fiona Harris (Chairman of the Audit & Risk Management Committee);
Mr Michael Blakiston; and
Mr Barry Eldridge

All members of the Audit & Risk Management Committee are non-executive directors, and a majority are independent non-executive directors. The Chairman, Ms Fiona Harris, is an independent non-executive director who is not the Chairman of the Board.

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

NOMINATION & REMUNERATION COMMITTEE

The Board has established a Nomination & Remuneration Committee, with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements. A copy of the Charter is on the Company's website.

The Nomination & Remuneration Committee currently has three members, being:

Mr Barry Eldridge (Chairman of the Nomination & Remuneration Committee);
Ms Fiona Harris; and
Mr Andrew (Robin) Marshall.

All Committee members including the Chairman are independent non-executive directors.

The Chairman and Nomination and Remuneration Committee will ensure that membership of the Board is reviewed on an on-going basis and determine if additional skills or experience are required to be added to the Board in light of the nature of the Company's businesses and its objectives.

PROJECT OVERSIGHT COMMITTEE

The Board has established a Project Oversight Committee, with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements. A copy of the Charter is on the Company's website.

The Nomination & Remuneration Committee currently has three members, being:

Mr Andrew (Robin) Marshall (Chairman of the Project Oversight Committee);
Mr Giulio Casello; and
Mr Barry Eldridge.

The Project Oversight Committee consists of two independent non-executive directors and the Managing Director, Mr Giulio Casello. The Chairman, Mr Andrew (Robin) Marshall, is an independent non-executive director.

CORPORATE GOVERNANCE STATEMENT

Board Performance Assessment

The Board has undertaken a process of self-assessment of its collective performance, and the performance of its committees utilising questionnaires.

Independent Advice

The Directors, the Board and the Board Committees may seek external professional advice, as considered necessary, at the Company's expense, with the consent of the Chairman and assistance of the Company Secretary. If appropriate, any advice so received will be made available to all Directors.

PRINCIPLE 3: PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Conduct

The Company has adopted a Vision and Values and established a number of key Policies, including a formalised Code of Conduct and Anti-Corruption Policy, copies of which are available on the Company's website.

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. The Company's Values are an integral part of all employees' ongoing performance management.

All directors, executives and staff of the Company and of all controlled entities are required to abide by the legal requirements and high standards of ethical conduct as recognised in each relevant jurisdiction in which the Group operates.

Conflicts of Interest

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.

Securities Trading

The Company has adopted a Securities Trading Policy, a copy of which is available on the Company's website.

Directors are required to make disclosure of any trading in the Company's securities. The Company policy in relation to securities trading is that officers are prohibited from trading whilst in possession of potential or actual inside information concerning the Company or during designated 'blackout periods' throughout the year. All directors are required to discuss any proposal to acquire or sell securities with the Chairman, Chief Executive Officer and the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that director might not be aware. The undertaking of any trading in securities by directors must be notified to the ASX.

CORPORATE GOVERNANCE STATEMENT

Diversity

The Company has established a Diversity Policy, a copy of which is available on the Company's website, which includes a requirement for the Board to establish measurable diversity objectives. The Diversity Policy was reviewed by the Nomination and Remuneration Committee, and subsequently reviewed and approved by the full Board.

The Board approved 2012-2013 diversity objectives, and the progress made toward achieving them, is detailed below;

To maintain, or improve the August 2012 level of female participation across the company

	2012	2013
Whole Organisation	27%	22%
Senior Executives	13%	14%
Board of Directors	20%	20%

For all recruitment of positions over banding level 5, we will aim to have a minimum of one female candidate as part of the selection pool.

Over the reporting period there were two recruitment cases which were above banding level 5. Both of these roles were managed through an international executive search agency. For both roles, the agency was briefed on SDL's aim to have at least one suitable female candidate possessing the required skills and experience to be considered for each position. Unfortunately, in both instances, the agency was not able to source female candidates fitting the requirements of the positions.

The Board has resolved to maintain the diversity objectives as set for the previous year for the coming period of 2013-2014.

PRINCIPLE 4: SAFEGUARDING INTEGRITY IN FINANCIAL REPORTING

Audit & Risk Management Committee

The Board has established an Audit & Risk Management Committee, with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements. A copy of the Charter is on the Company's website.

The Audit & Risk Management Committee currently has three members, being:

Ms Fiona Harris (Chairman of the Audit & Risk Management Committee);
Mr Michael Blakiston; and
Mr Barry Eldridge

All members of the Audit & Risk Management Committee are non-executive directors, and a majority are independent non-executive directors. The Chairman, Ms Fiona Harris, is an independent non-executive director who is not the Chairman of the Board.

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

External auditors

The performance of the external auditor is reviewed annually and a tender for of external audit services will be requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

Deloitte Touche Tohmatsu ("Deloitte") is the appointed external auditor of the Company and the audit engagement partner is changed at least every five years. An analysis of fees paid to the external auditors, including a break-down of any fees for any non-audit services, is provided in Note 8 to the

CORPORATE GOVERNANCE STATEMENT

financial statements. The external auditors provide an annual declaration of their independence to the Company.

The external auditor is required to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

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.

PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE

The Company has a Continuous Disclosure Policy and Shareholder Communications Policy, copies of which are on the Company's website.

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. All directors, executives and staff are required to abide by all legal requirements, the Listing Rules of the Australian Securities Exchange ("ASX") and high standards of ethical conduct. This includes compliance with the continuous disclosure requirements of the Listing Rules.

The Chief Executive Officer and Company Secretary have been nominated as the persons responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

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's policy is to seek 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 (if requested) together with notice of meeting and proxy form; and
- voluntarily releasing other information to the market as a whole which it believes is in the interest of shareholders.

The Company has a Shareholder Communications Policy, a copy of which is on the Company's website.

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. Shareholders that have made an election receive a copy of the Company's Annual Report by mail; otherwise, the Annual Report is available on the Company's website.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 7: RECOGNISING AND MANAGING RISK

The Board has adopted a formal Risk Management Policy and associated procedures so as to formalise the process of managing material business risks of the Company. A copy of the Policy is available on the Company's website.

The Policy requires management to design and implement risk management processes and systems to identify and manage the Company's material business risks and report to the Board on whether those risks are being managed effectively. For the year ended 30 June 2013 management has reported to the Board that the material risks are being appropriately managed.

The Board is regularly briefed and involved in discussions in relation to many of the material business risks facing the Company. Risk Management is a standing item at all Board Meetings.

The Chief Executive Officer is accountable to the Board, through its Audit and Risk Management Committee, for the implementation of the risk management process and is ultimately responsible for the management of risks in the business.

All Sundance employees are responsible for managing risks within their area of accountability and responsibility.

The Chief Executive Officer and the Chief Financial Officer are required to make a declaration in accordance with section 295A of the Corporations Act 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, and to provide assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks. For the year ended 30 June 2013 the declarations have been made by the Chief Executive Officer and the Business Services Manager.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Board has established a Nomination and Remuneration Committee, with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements. A copy of the Charter is on the Company's website.

The Nomination & Remuneration Committee currently has three members, being:

Mr Barry Eldridge (Chairman of the Nomination & Remuneration Committee);
Ms Fiona Harris; and
Mr Andrew (Robin) Marshall.

All Committee members including the Chairman are independent non-executive directors.

The Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and the *Corporations Regulations*. It also provides the remuneration disclosure required by AASB124 Related Party Disclosures.

The Committee has established a Remuneration Policy for the Company. A copy of the Remuneration Policy is available on the Company's website. The Company's Remuneration Policy clearly distinguishes the structure of executive and non-executive remuneration, and contains a prohibition on directors and employees entering into hedging arrangements to mitigate the risk of changes in value of unvested performance rights or options by the use of financial instruments. Any such arrangements entered into in relation to vested entitlements are required to be reported to the Board and must only occur within the trading periods allowed under the Securities Trading Policy.

There are no schemes for retirement benefits, other than superannuation, for non-executive directors.

SUNDANCE RESOURCES LTD

DIRECTORS' DECLARATION

The directors declare that:

(a) In the directors' 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;

(b) in the directors' opinion the attached financial statements, notes thereto and the additional disclosures included in the directors' report designated as audited 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;

(c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in note 2 to the financial statements; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors

Mr George Jones
Chairman
29 September 2013
Perth, Western Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2013 $	2012 $
CONTINUING OPERATIONS			
Other income	3	1,771,966	2,539,818
Administration expense	4	(2,237,628)	(2,483,200)
Consultants fees expensed		(971,256)	(157,328)
Depreciation and amortisation expense	4	(2,345,456)	(2,723,075)
Employee benefits expense	4	(17,511,692)	(15,939,519)
Exchange rate losses		(48,757)	(44,487)
Legal fees		(4,382,426)	(1,264,053)
Listing and registry fees		(429,119)	(439,217)
Occupancy costs		(1,460,341)	(1,403,660)
Professional fees	4	(699,929)	(758,646)
Transport & logistics		(171,604)	(280,317)
Travel expenses		(2,175,531)	(1,344,960)
Other expenses	4	(979,786)	(1,009,487)
Loss from continuing operations before tax		(31,641,559)	(25,308,131)
Income tax expense	6	-	-
LOSS FOR THE PERIOD		(31,641,559)	(25,308,131)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		42,564,625	(13,516,460)
Other comprehensive income for the period		42,564,625	(13,516,460)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		10,923,066	(38,824,591)
Loss attributable to:			
Owners of the parent		(29,216,683)	(23,146,675)
Non-controlling interests		(2,424,876)	(2,161,456)
NET LOSS ATTRIBUTABLE TO MEMBERS		(31,641,559)	(25,308,131)
Total comprehensive income attributable to:			
Owners of the parent		8,907,596	(35,473,380)
Non-controlling interests		2,015,470	(3,351,211)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS		10,923,066	(38,824,591)
LOSS PER SHARE			
From continuing operations		¢	¢
- Basic (cents per share)	10	(0.95)	(0.79)
- Diluted (cents per share)	10	(0.95)	(0.79)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2013 $	2012 $
CURRENT ASSETS			
Cash and cash equivalents	11	19,629,458	59,070,799
Trade and other receivables	12	989,758	1,209,018
Inventory	13	3,479,093	2,913,476
Other current assets	14	1,419,248	940,595
Total Current Assets		25,517,557	64,133,888
NON-CURRENT ASSETS			
Property, plant & equipment	15	3,897,006	5,141,186
Mine development assets	16	224,963,327	163,955,498
Total Non-Current Assets		228,860,333	169,096,684
TOTAL ASSETS		254,377,890	233,230,572
CURRENT LIABILITIES			
Borrowings	18	4,793,774	-
Trade and other payables	17	7,277,936	5,248,614
Total Current Liabilities		12,071,710	5,248,614
NON CURRENT LIABILITIES			
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		12,071,710	5,248,614
NET ASSETS		242,306,180	227,981,958
EQUITY			
Issued capital	20	408,971,476	402,462,737
Reserves	21	15,491,720	(19,524,976)
Accumulated losses		(175,932,689)	(146,716,006)
Equity attributable to owners of the Company		248,530,507	236,221,775
Non-controlling interests		(6,224,327)	(8,239,797)
TOTAL EQUITY		242,306,180	227,981,958

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Share Transactions with Non-Controlling Interests	Foreign Currency Translation Reserve	Share Based Payments Reserve	Accumulated Losses	Attributable to Owners of the Parent	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$
At 30 June 2011	349,048,100	-	(20,917,504)	14,732,860	(123,569,330)	219,294,126	(4,888,586)	214,405,540
Loss for the year	-	-	-	-	(23,146,676)	(23,146,676)	(2,161,455)	(25,308,131)
Foreign Currency Translation	-	-	(12,326,704)	-	-	(12,326,704)	(1,189,756)	(13,516,460)
Total comprehensive income for the year	-	-	(12,326,704)	-	(23,146,676)	(35,473,380)	(3,351,211)	(38,824,591)
Funds from securities issued	49,350,063	-	-	-	-	49,350,063	-	49,350,063
Equity raising costs	(1,535,426)	-	-	-	-	(1,535,426)	-	(1,535,426)
Share based payments	5,600,000	(5,600,000)	-	4,586,372	-	4,586,372	-	4,586,372
At 30 June 2012	402,462,737	(5,600,000)	(33,244,208)	19,319,232	(146,716,006)	236,221,755	(8,239,797)	227,981,958
Loss for the year	-	-	-	-	(29,216,683)	(29,216,683)	(2,424,876)	(31,641,559)
Foreign Currency Translation	-	-	38,124,279	-	-	38,124,279	4,440,346	42,564,625
Total comprehensive income for the year	-	-	38,124,279	-	(29,216,683)	8,907,596	2,015,470	10,923,066
Funds from securities issued	1,161,790	-	-	-	-	1,161,790	-	1,161,790
Equity raising costs	(113,051)	-	-	-	-	(113,051)	-	(113,051)
Share based payments	5,460,000	(5,460,000)	-	2,352,417	-	2,352,417	-	2,352,417
At 30 June 2013	408,971,476	(11,060,000)	4,880,071	21,671,649	(175,932,689)	248,530,507	(6,224,327)	242,306,180

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers & employees		(21,099,592)	(19,735,952)
Interest received		1,673,938	2,821,958
Interest paid		(33,473)	-
Net Cash used in Operating Activities	24	(19,459,127)	(16,913,994)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(531,875)	(1,155,899)
Exploration and development expenditure		(25,528,678)	(40,946,507)
Net Cash used in Investing Activities		(26,060,553)	(42,102,406)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues		1,161,790	49,350,064
Share issue expenses		(113,051)	(1,535,426)
Proceeds from borrowings		5,000,000	-
Net Cash generated by Financing Activities		6,048,739	47,814,638
Net Decrease in Cash Held		(39,470,941)	(11,201,762)
Cash and cash equivalents at beginning of year		59,070,799	70,332,853
Effect of exchange rates on cash and cash equivalents		29,600	(60,292)
Cash and cash equivalents at end of Year	11	19,629,458	59,070,799

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Note 1. GENERAL INFORMATION

Sundance Resources Limited A.C.N. 055 719 394 (the Company) is a public company listed on the Australian Stock Exchange (trading under the symbol "SDL"), incorporated in Australia and operating in Australia and Africa.

Sundance Resources Limited's registered office and its principal place of business are as follows:

Registered office	**Principal place of business**
Level 35	Level 35
Exchange Plaza	Exchange Plaza
2 The Esplanade	2 The Esplanade
Perth WA 6000	Perth WA 6000

The Company's principal activities during the year were iron ore exploration, evaluation and project development in Cameroon and Congo.

Note 2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the financial statements of the Consolidated Entity and the separate financial statements of the parent entity (refer note 31). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Consolidated Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 29 September 2013.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Consolidated Entity incurred a loss of $31,641,559 (2012: $25,308,131) and had cash outflows from operating activities and investing activities of $45,519,680 (2012: $59,016,400) for the year ended 30 June 2013.

The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that the Company and Consolidated Entity will have sufficient funds to meet their obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate. In arriving at this position, the directors have considered the following pertinent matters and have taken steps to ensure the Company and Consolidated Entity continue as going concerns. 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 Consolidated Entity's cash flow forecast.

(ii) the Consolidated Entity's cash flow forecast indicates a minimum of $18 million is required to support a reduced level of the Consolidated Entity's activities for the period to 30 September 2014, and these funds will be required to be raised before December 2013. At the date of this report the Directors are in advanced negotiations to raise a sum in excess of the required amount.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

Should the Company and Consolidated Entity be unable to secure the additional funding referred to above, a material uncertainty would exist as to whether the Company and Consolidated Entity will be able to continue as going concerns and therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Consolidated Entity and Company be unable to continue as going concerns.

Basis of Preparation of Accounts

The financial report has been prepared on an accruals basis and is based on historical cost, except for the revaluation of certain financial instruments that are measured at fair values as explained in the accounting policies below. Costs are based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

Critical accounting judgements and the key sources of estimation uncertainty

In the application of the Consolidated Entity's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods. Refer to Note 1(n) for further details.

Accounting Policies

a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members in the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of the consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the fair value of those interests at the date of the original business combination and the non-controlling interest's share of the changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value of initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associated or jointly controlled entity.

b) Foreign currency

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environments in which the entity operates. For the purposes of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Sundance Resources Limited and is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing in the month of the transactions. At each balance sheet date, monetary items are translated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowing which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in the profit or loss on disposal of the net investment.

On consolidation, assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing at the balance date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed. Any exchange differences that have previously been attributed to non-controlling interests are derecognised but they are not classified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of the transition to Australian Accounting Standards are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense; or
ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified within operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

e) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes or binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions have been determined can be found in Note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the equity instruments that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with the corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payments transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are at the fair value of the equity instrument granted, measured at the date the entity obtains the goods or the counterparty renders the service.

f) Income Tax

<u>Current Tax</u>

Current income tax is calculated by reference to the amount of income taxes payable or recoverable in respect to the taxable profit or tax loss for the period. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

<u>Deferred Tax</u>

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences arising between the tax bases of an asset or liability and its carrying amount in the financial statements. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets or liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity) in which case, the tax is also recognised outside of profit or loss.

g) Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

h) Financial assets
Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

i) Property, plant and equipment
Buildings, plant & equipment, IT & communications and furniture & fittings are stated at cost less accumulated depreciation and impairment. Construction in progress is stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Buildings	–	15 years
Plant & equipment	–	3 to 15 years
IT& communications	–	2 to 10 years
Furniture & fittings	–	3 to 15 years

j) Intangible assets
Intangible assets acquired separately
Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

The following useful lives are used in the calculation of amortisation - Patents & licences 10 – 20 years

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Impairment of long-lived assets excluding goodwill
At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

l) Employee Benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and that they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to defined contribution benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

m) Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Critical accounting estimates and judgements

Significant accounting judgements

The directors evaluate the estimates and judgements 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.

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 this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

Capitalised mine development assets

The Group's accounting policy for capitalised mine development 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 this policy, the Directors conclude that the Group is 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 in Note 26 Share Based Payments.

o) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and on allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Mine Development

When the economic viability of a project is determined, capitalised exploration and evaluation expenditure is reclassified as Mine Development and separately disclosed in the Financial Statements.

All subsequent expenditure on the area of interest is capitalised including mine infrastructure, pre-production development costs, development excavation, project execution costs and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

Development costs are carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward development costs are to be amortised over the life of economically recoverable reserves.

q) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to each particular class of inventory, with all categories being valued on a first in first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

r) Financial liabilities and equity instruments issued by the Group

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS

Adoption of new and revised accounting standards

At the date of the authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective. Initial application of the following Standards will not affect the amounts recognised in the financial report, but may change the disclosures presently made in relation to the Group and the Company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments'(December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 8 and Transition Disclosure'.	*1 January 2015*	*30 June 2016*
AASB 9 'Financial Instruments'(December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' and AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 8 and Transition Disclosure'.	*1 January 2015*	*30 June 2016*
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	*1 January 2013*	*30 June 2014*
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	*1 January 2013*	*30 June 2014*
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	*1 January 2013*	*30 June 2014*
AASB 13 'Fair Value Measurement' and related AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	*1 January 2013*	*30 June 2014*
AASB 119 'Employee Benefits (2011)' and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	*1 January 2013*	*30 June 2014*
AASB 127 'Separate Financial Statements (2011)' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	*1 January 2013*	*30 June 2014*
AASB 128 'Investments in Associates and Joint Ventures (2011)' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	*1 January 2013*	*30 June 2014*
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	*1 July 2013*	*30 June 2014*
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	*1 January 2013*	*30 June 2014*
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	*1 January 2014*	*30 June 2015*
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	*1 January 2013*	*30 June 2014*
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments' [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	*1 January 2013*	*30 June 2014*
AASB 2013-3 'Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets'	*1 January 2014*	*30 June 2015*

NOTES TO THE FINANCIAL STATEMENTS

Note 3. OTHER INCOME

	2013 $	2012 $
Other income from continuing operations		
Interest revenue	1,556,082	2,523,266
Gain on revaluation of derivative	206,226	-
Other income	9,658	16,552
TOTAL OTHER INCOME	1,771,966	2,539,818

Note 4. EXPENSES

	2013 $	2012 $
Expenses from continuing operations		
Depreciation and amortisation expense:		
-Depreciation of property, plant & equipment	2,345,456	2,723,075
	2,345,456	2,723,075
Employee and director benefit expense:		
-Share based payment	2,352,417	4,586,372
-Salaries and wages	14,680,113	10,894,231
-Superannuation	479,162	458,916
	17,511,692	15,939,519
Administration expense:		
-Corporate expenses	142,951	380,828
-General and administration expenses	1,428,736	1,335,608
-IT and communications	665,941	766,764
	2,237,628	2,483,200
Professional fees:		
-Audit, accounting and tax	405,227	522,110
-Public relations	294,702	236,536
	699,929	758,646
Other expenses:		
-Consumables	26,211	48,090
-Insurance	589,490	646,228
-Interest paid	33,473	4,873
-Motor vehicles	317,502	301,693
-Other	13,110	8,603
	979,786	1,009,487

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. SEGMENT INFORMATION

5.1 Products and services from which reportable segments derive their revenues

AASB 8 *Operating Segments* ("AASB 8") 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 Project which includes the deposits in Cameroon and Congo. The unallocated portion relates to head office and corporate activities.

The Consolidated Entity's reportable segment under AASB 8 is therefore the Project.

Information regarding this segment is presented below. The accounting policies of the reportable segment 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 the financial year.

5.3 Segment revenues and results

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment.

	SEGMENT REVENUE		SEGMENT LOSS	
	Year Ended		Year Ended	
	30 June 2013 $	30 June 2012 $	30 June 2013 $	30 June 2012 $
Continuing Operations				
- Mbalam-Nabeba Project	-	-	(22,480,327)	(16,595,061)
Total segments	-	-	(22,480,327)	(16,595,061)
Interest income			1,556,082	2,523,266
Unallocated expenses			(10,717,314)	(11,236,336)
Loss before tax			(31,641,559)	(25,308,131)
Consolidated segment revenue and loss for the period			(31,641,559)	(25,308,131)

There were no intersegment sales during the year.

Segment loss represents the loss attributed to 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. SEGMENT INFORMATION (CONTINUED)

5.4 Segment assets and liabilities

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

	30 June 2013 $	30 June 2012 $
Segment assets		
- Mbalam-Nabeba Project	233,996,064	172,498,849
Total segment assets	233,996,064	172,498,849
Unallocated assets	20,381,826	60,731,723
CONSOLIDATED ASSETS	254,377,890	233,230,572
Segment liabilities		
- Mbalam-Nabeba Project	4,604,374	3,262,348
Total segment liabilities	4,604,374	3,262,348
Unallocated liabilities	7,467,336	1,986,266
CONSOLIDATED LIABILITIES	12,071,710	5,248,614

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than parent entity current assets, the majority of which are cash and cash equivalents. Assets used jointly by reportable segments are allocated on the basis of the usage by individual reportable segments; and

- All liabilities are allocated to reportable segments other than 'other financial liabilities', current and deferred tax liabilities, and 'other' liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. SEGMENT INFORMATION (CONTINUED)

5.5 Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	Year Ended		Year Ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Mbalam-Nabeba Project	2,169,781	2,537,524	26,038,892	26,644,386
Unallocated	175,675	185,551	21,661	165,922
	2,345,456	2,723,075	26,060,553	26,810,308

5.6 Geographical Information

The Group operates in two principal geographical areas – Australia (country of domicile) and Central Africa (Republic of Cameroon and Republic of Congo).

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below.

	Revenue from external customers		Non-current assets	
	30 June 2013 $	30 June 2012 $	30 June 2013 $	30 June 2012 $
Central West Africa	-	-	228,670,395	168,603,263
Australia	-	-	189,938	493,421
	-	-	228,860,333	169,096,684

NOTES TO THE FINANCIAL STATEMENTS

Note 6. INCOME TAX

	2013 $	2012 $
The components of tax expense comprise:		
Current Income Tax		
- Current income charge	(8,965,701)	(6,376,388)
Deferred Income Tax		
- Relating to origination and reversal of temporary differences	53,086	(968)
- Tax losses not brought to account	8,965,701	6,376,388
- Timing differences not brought to account	(53,086)	968
Income tax expense reported in the statement of comprehensive income	-	-
The prima facie tax on loss from ordinary activities is reconciled to the income tax as follows:		
Prima facie tax receivable on loss from ordinary activities before income tax at 30% (2012: 30%)		
– consolidated group	(9,514,144)	(7,592,439)
Add:		
Tax effect of:		
– Tax rate difference for foreign operations	(1,870,549)	(1,540,430)
– Other non-allowable items	2,365,906	2,757,449
– Losses not brought to account	8,965,701	6,405,844
– Unbooked tax losses recouped in the current year	-	(29,456)
– Timing differences not brought to account	53,086	(968)
Income tax attributable to entity	-	-
Unrecognised deferred tax balances		
Unrecognised deferred tax asset – losses	33,937,957	28,917,336
Unrecognised deferred tax assets – other	491,200	469,441
Unrecognised deferred tax liabilities – other	(2,225)	(37,582)
Deferred tax asset not brought to account	34,426,931	29,349,195

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.

NOTES TO THE FINANCIAL STATEMENTS

Note 7. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to key management personnel of the Company and the Group is set out below.

	2013 $	2012 $
Short-term employee benefits	4,779,914	4,089,549
Post-employment benefits	251,633	266,073
Share-based payment	1,945,398	3,301,793
	6,976,945	7,657,415

Details of key management personnel
The directors and other members of key management personnel of the Group during the year were:

<u>Non-Executive Directors</u>	
George Jones	Chairman
Michael Blakiston	Director
Barry Eldridge	Director
Fiona Harris	Director
Andrew (Robin) Marshall	Director
David Southam	Director (appointed 11 September 2013)
<u>Executive Director</u>	
Giulio Casello	Managing Director & Chief Executive Officer
<u>Executives</u>	
Peter Canterbury	Chief Financial Officer (resigned 17 May 2013)
Paul De Nardi	General Manager – Finance & Commercial
Nicola Gill	Business Services Manager
Robin Longley	General Manager – Geology
David Meehan	Chief Operating Officer & Project Director
Tim Sewell	HSECS Group Manager
Brian Conrick	Company Secretary

Except as noted, the persons held their current position for the whole of the financial year.

SUNDANCE RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS

Note 7. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

Fully paid ordinary shares of Sundance Resources Limited

	Balance at 1 July No.	Granted as compensation No.	Shares Granted or Issued on the exercise of options or vesting of performance rights No.	Net other change No.	Balance at 30 June No.
2013					
Mr G Jones	16,062,500	-	-	-	16,062,500
Mr M Blakiston	-	-	-	-	-
Mr B Eldridge	-	-	-	-	-
Ms F Harris	-	-	-	-	-
Mr A Marshall	-	-	-	-	-
Mr D Southam	-	-	-	-	-
Mr G Casello	2,650,000	-	2,650,000	-	5,300,000
Mr R Longley	-	-	99,393	-	99,393
Mr P Canterbury	627,494	-	480,410	-	1,107,904
Mrs N Gill	194,347	-	69,575	-	263,922
Mr P DeNardi	544,483	-	78,410	-	622,893
Mr D Meehan	34,996	-	135,174	-	170,170
Mr T Sewell	62,068	-	81,116	-	143,184
Mr B Conrick	16,149	-	25,953	-	42,102
2012					
Mr G Jones	16,062,500	-	-	-	16,062,500
Mr M Blakiston	-	-	-	-	-
Mr B Eldridge	-	-	-	-	-
Ms F Harris	-	-	-	-	-
Mr A Marshall	-	-	-	-	-
Mr G Casello	-	-	2,650,000	-	2,650,000
Mr R Longley	-	-	-	-	-
Mr P Canterbury	462,500	-	164,994	-	627,494
Mrs N Gill	39,482	-	154,865	-	194,347
Mr N Hackett	-	-	-	-	-
Mr P DeNardi	500,000	-	44,483	-	544,483
Mr D Meehan	-	-	34,996	-	34,996
Mr T Sewell	-	-	62,068	-	62,068
Mr B Conrick	-	-	16,149	-	16,149

NOTES TO THE FINANCIAL STATEMENTS

Share options and performance rights of Sundance Resources Limited

	Balance at 1 July	Granted as compensation	Exercised	Forfeited/ Lapsed	Balance at 30 June	Balance vested at 30 June	Vested and exercisable	Vested and not exercisable	Vested during the year
2013									
Mr G Jones	5,000,000	-	-	-	5,000,000	5,000,000	-	5,000,000	5,000,000
Mr M Blakiston	2,000,000	-	-	-	2,000,000	2,000,000	-	2,000,000	2,000,000
Mr B Eldridge	2,000,000	-	-	-	2,000,000	2,000,000	-	2,000,000	2,000,000
Ms F Harris	2,000,000	-	-	-	2,000,000	2,000,000	-	2,000,000	2,000,000
Mr A Marshall	2,000,000	-	-	-	2,000,000	2,000,000	-	2,000,000	2,000,000
Mr D Southam	-	-	-	-	-	-	-	-	-
Mr G Casello [i]	5,300,000	-	2,650,000	-	2,650,000	-	-	-	2,650,000
Mr R Longley[iii]	3,372,648	511,654	99,393	2,318,808	1,466,101	519,250	519,250	-	618,643
Mr P Canterbury[iii]	1,577,377	454,804	480,410	1,551,771	-	519,250	519,250	-	597,660
Mrs N Gill[iii]	450,640	369,528	69,575	69,575	681,018	-		-	69,575
Mr P DeNardi[iii]	1,495,840	420,694	78,410	1,078,409	759,715	-		-	78,410
Mr D Meehan[iii]	881,399	734,508	135,174	135,174	1,345,559	-		-	135,174
Mr T Sewell[iii]	528,894	437,749	81,116	81,116	804,411	-		-	81,116
Mr B Conrick[iii]	167,443	142,126	25,953	25,953	257,663	-		-	25,953
2012									
Mr G Jones	5,000,000	-	-	-	5,000,000	-	-	-	-
Mr M Blakiston	2,000,000	-	-	-	2,000,000	-	-	-	-
Mr B Eldridge	2,000,000	-	-	-	2,000,000	-	-	-	-
Ms F Harris	2,000,000	-	-	-	2,000,000	-	-	-	-
Mr A Marshall	2,000,000	-	-	-	2,000,000	-	-	-	-
Mr G Casello [i]	7,950,000	-	2,650,000	-	5,300,000	-	-	-	2,650,000
Mr R Longley[ii]	5,676,666	888,448	2,728,723	463,743	3,372,648	2,068,666	2,068,666	-	460,723
Mr P Canterbury[ii]	4,010,000	827,362	2,834,944	425,041	1,577,377	402,000	402,000	-	432,944
Mrs N Gill[ii]	-	752,312	154,865	146,807	450,640	-	-	-	154,865
Mr N Hackett	-	-	-	-	-	-	-	-	-
Mr P DeNardi[ii]	2,000,000	688,598	1,044,483	148,275	1,495,840	1,000,000	1,000,000	-	1,044,483
Mr D Meehan[ii]	-	1,033,048	34,996	116,653	881,399	-	-	-	34,996
Mr T Sewell[ii]	-	649,685	62,068	58,723	528,894	-	-	-	62,068
Mr B Conrick(ii)	-	237,421	16,149	53,829	167,443	-	-	-	16,149

(i) These figures relate to performance rights granted during the 2010/11 financial year.

(ii) All figures granted as compensation in the 2011/12 financial year relate to performance rights issued whereas all opening balance figures relate to options held.

(iii) All figures granted as compensation in the 2012/13 financial year relate to performance rights issued.

NOTES TO THE FINANCIAL STATEMENTS

Note 8. AUDITORS REMUNERATION

	2013 $	2012 $
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial report	103,950	120,750
- corporate taxation services	9,735	44,528
- taxation services related to the Project	112,909	25,405
- financial advisory related to the Project	386,288	570,448
	612,883	761,131
Remuneration of auditor network firms of the company for:		
- auditing or reviewing the financial report of foreign subsidiaries	136,312	123,676
	749,195	884,804

Deloitte Touche Tohmatsu ("Deloitte") performs the audit of the Company and its subsidiaries.

During the 2011 financial year the Board of the Company adopted a policy to specify the circumstances in which it is deemed appropriate for Management to contract the services of Deloitte for non-audit work.

This Policy provides that the Company is only to enter into a non-audit contract or transaction with the external audit firm in the following circumstances:

a. Where any proposed transaction will not compromise the independence of the external auditors; and

b. Where it is believed that the external auditor is the best equipped to undertake the work after taking into account:
- Experience;
- Expertise, particularly in Cameroon and Congo where Deloitte have permanent representation;
- Knowledge of the group;
- Synergies of having the auditor perform the work; and
- Value for money.

Contracts for the auditors other services were, in large part, entered into prior to the specification of the above Policy. The Board has reviewed these contracts and does not believe it would be in the best interests of the Company to change service providers at this point in time.

Note 9. DIVIDENDS

No dividends have been paid or proposed during the year.

NOTES TO THE FINANCIAL STATEMENTS

Note 10. LOSS PER SHARE

	Consolidated Entity 2013 $	2012 $
a. Reconciliation of earnings to profit or loss from continuing operations		
Loss from continuing operations	(31,641,559)	(25,308,131)
Less loss attributable to non-controlling interest	2,424,876	2,161,456
Earnings used to calculate basic & dilutive loss per share	(29,216,683)	(23,146,675)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share.	3,062,138,286	2,940,414,850
Shares deemed to be issued for no consideration in respect of:		
- employee options	-	-
-performance rights	12,345,960	11,857,928
c. Weighted average number of ordinary shares plus potential ordinary shares outstanding during the year used in calculating diluted loss per share.	3,074,484,246	2,952,272,778

During the year ended 30 June 2013 no options to subscribe for ordinary shares were issued, 5,069,200 options were exercised, 8,265,119 options were forfeited, leaving 17,652,547 outstanding at 30 June 2013 (Note 21).

These options are not considered dilutive for the purposes of the calculation of diluted earnings per share as their conversion to ordinary shares would decrease the net loss from continuing operations per share.

Note 11. CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Cash at bank and in hand	7,629,458	7,071,182
Short-term bank deposits	12,000,000	51,999,617
	19,629,458	59,070,799

The effective interest rate on short-term deposits was 3.05% (2012: 4.81%) these deposits have an average maturity of 24 days.

NOTES TO THE FINANCIAL STATEMENTS

Note 12. TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
CURRENT		
GST/VAT	981,907	798,812
Other receivables	7,851	410,206
	989,758	1,209,018

Other receivables are comprised entirely of accrued interest on short-term deposits. These deposits have an average maturity of 24 days.

Note 13. INVENTORY

	2013 $	2012 $
CURRENT		
Consumables	3,479,093	2,913,476
	3,479,093	2,913,476

Inventories are carried at lower of cost and net realisable value. The cost of inventories recognised as an expense during the period in respect of continuing operations was $nil (2012: $nil). All inventory consumed is capitalised to mine development or exploration and evaluation expenditure as appropriate.

Inventories are expected to be consumed within 12 months.

Note 14. OTHER CURRENT ASSETS

	2013 $	2012 $
CURRENT		
Prepayments	718,767	630,371
Other current assets	700,481	310,224
	1,419,248	940,595

NOTES TO THE FINANCIAL STATEMENTS

Note 15. PROPERTY, PLANT AND EQUIPMENT

	2013 $	2012 $
Cost	14,607,654	12,086,128
Accumulated depreciation	(10,710,648)	(6,944,942)
	3,897,006	5,141,186
Buildings	1,596,778	1,418,679
Plant and Equipment	1,179,008	2,534,706
IT and Communications	591,710	653,536
Furniture and Fittings	529,510	534,265
	3,897,006	5,141,186

Cost

	Buildings $	Plant & Equipment $	IT & Communication $	Furniture & Fittings $	Total $
Balance at 30 June 2011	2,017,314	8,111,428	1,201,982	800,634	12,131,359
Effect of movement in exchange rates	(190,995)	(712,940)	(60,100)	(41,878)	(1,005,911)
Additions	19,738	635,696	212,203	160,376	1,028,014
Write-offs	-	(28,785)	(36,475)	(2,074)	(67,334)
Balance at 30 June 2012	1,846,057	8,005,400	1,317,611	917,058	12,086,128
Effect of movement in exchange rates	338,688	1,427,093	155,941	163,409	2,085,131
Additions	13,889	206,136	198,703	113,146	531,875
Write-offs	-	(93,352)	(2,126)	-	(95,478)
Balance at 30 June 2013	2,198,634	9,545,277	1,670,130	1,193,613	14,607,654

Accumulated depreciation and impairment

	Buildings $	Plant & Equipment $	IT & Communication $	Furniture & Fittings $	Total $
Balance at 30 June 2011	(333,730)	(3,786,760)	(382,560)	(323,270)	(4,826,321)
Effect of movement in exchange rates	36,872	394,469	68,330	70,329	570,000
Eliminated on asset write-off	-	14,218	20,183	52	34,453
Depreciation expense	(130,520)	(2,092,622)	(370,029)	(129,904)	(2,723,075)
Balance at 30 June 2012	(427,378)	(5,470,695)	(664,076)	(382,794)	(6,944,943)
Effect of movement in exchange rates	(46,420)	(1,294,437)	(11,469)	(126,215)	(1,478,541)
Eliminated on asset write-off	-	57,170	1,122	-	58,292
Depreciation expense	(128,058)	(1,658,307)	(403,997)	(155,094)	(2,345,456)
Balance at 30 June 2013	(601,856)	(8,366,269)	(1,078,420)	(664,103)	(10,710,648)

NOTES TO THE FINANCIAL STATEMENTS

Note 16. MINE DEVELOPMENT ASSETS

	2013 $	2012 $
Mbalam-Nabeba Iron Ore Project		
Carrying amount at beginning of year	163,955,498	134,981,338
Effect of movement in exchange rates	35,479,151	(11,264,849)
Additions	25,528,678	40,239,009
	224,963,327	163,955,498

At 30 June 2013, the Company held a 90% interest in Cam Iron S.A. which holds a 100% interest in the Project in Cameroon and an 85% interest in Congo Iron S.A. which holds a 100% interest in the Project in Congo. The mining codes in both Cameroon and Congo entitle the state to an equity interest in the Project.

Sundance has reviewed the recoverable amount of the Project based on the discounted value of future cash flows assuming development and commercial exploitation. This review highlighted a recoverable value significantly in excess of the carrying value. As such no impairment was recorded during the period.

The cash flow forecasts were derived from a life of mine model based on the following information and assumptions:

- The Consolidated Entity achieving funding for the development of the Project;
- The definitive feasibility study completed in March 2011 for Stage 1 of the Project and the prefeasibility study completed in April 2011 for Stage 2. The results of which were announced to the ASX on 6 April 2011;
- Construction and development for Stage 1 to commence in late 2014;
- Production from Stage 1 to commence in late 2017, ramping up to annual production of 35 M tonnes per annum;
- The latest JORC code compliant reserves and resource estimates;
- The receipt of all necessary approvals for the development and operation of the Project; and
- Financial commitments outlined in the Convention agreed with the Cameroon government.

The Project economics are most sensitive to achieving project funding, the iron ore pricing assumptions and discount rates applied to determine the net present value. This will become more relevant on full development of the project. At this stage, long term iron ore prices have been utilised in the cash flow forecasts.

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. As detailed in note 2, the Company requires additional funding in order to develop the Project.

NOTES TO THE FINANCIAL STATEMENTS

Note 17. TRADE AND OTHER PAYABLES

	2013 $	2012 $
CURRENT		
Trade payables	2,131,240	3,053,270
Sundry payables and accrued expenses	5,146,696	2,195,344
	7,277,936	5,248,614

Trade payables and sundry creditors are non-interest bearing and generally on 30 day terms.

Note 18. BORROWINGS

	2013 $	2012 $
Convertible Note – debt liability	4,708,774	-
Convertible Note – derivative liability	85,000	-
	4,793,774	-

5 million AUD denominated convertible notes were issued by the Company on 6 February 2013 to Hanlong at an issue price of $1.00 per note. The holder may convert notes into underlying shares utilising a conversion price of the average daily volume weighted average price of Sundance shares traded on the ASX over the five trading days preceding the date of conversion. Conversion may occur at any time between 8 October 2013 and 30 June 2014 at the election of either Sundance or Hanlong. If the notes have not been converted they will be redeemed on 30 June 2014 at $1.00 per note.

The net proceeds received from the issue of the convertible notes have been split between the financial liability element and a derivative component, representing the residual attributable to the option to convert the financial liability into equity of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Note 19. CONTROLLED ENTITIES

	Principal Activity	Country of Incorporation	Percentage Owned (%)	
			2013	2012
Parent Entity:				
- Sundance Resources Limited	Corporate	Australia	—	—
Subsidiaries of Sundance Resources Limited:				
- Cam Iron S.A.	Iron ore exploration	Cameroon	90	90
- Sundance Minerals Pty Ltd	Holding	Australia	100	100
- Sundance Exploration Pty Ltd	Holding	Australia	100	100
- Sundance Mining Pty Ltd	Holding	Australia	100	100
- Congo Iron SA	Iron ore exploration	Congo	85	85
Subsidiaries of Cam Iron S.A.:				
- Mine Co S.A.	Holding	Cameroon	90	-
- Rail Co S.A.	Holding	Cameroon	90	-
- Port Co S.A.	Holding	Cameroon	90	-

Note 20. ISSUED CAPITAL

	2013 $	2012 $
3,072,110,985 fully paid ordinary shares (2012: 3,049,577,034)	408,971,476	402,462,737
	408,971,476	402,462,737

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. ISSUED CAPITAL (CONTINUED) MOVEMENTS IN ISSUED CAPITAL	Number of shares	Share capital $
Balance as at 30 June 2011	2,870,927,169	349,048,100
Shares issued 12 July 2011	670,000	134,000
Shares issued 20 July 2011	167,500	33,500
Shares issued 20 July 2011	750,000	262,500
Shares issued 16 August 2011	2,000,000	500,000
Shares issued 18 August 2011	1,800,000	180,000
Shares issued 18 August 2011	1,340,000	268,000
Shares issued 29 August 2011	10,000,000	2,000,000
Shares issued 12 September 2011	8,660,000	1,732,000
Shares issued 17 October 2011	1,000,000	250,000
Shares issued 18 October 2011	167,500	33,500
Shares issued 25 October 2011	600,000	210,000
Shares issued 4 November 2011	1,000,000	250,000
Shares issued 17 November 2011	2,000,000	500,000
Shares issued 17 November 2011	1,340,000	268,000
Shares issued 28 November 2011 (ii)	14,000,000	5,600,000
Shares issued 2 December 2011	2,000,000	200,000
Shares issued 2 December 2011	250,000	62,500
Shares issued 28 December 2011	2,650,000	-
Shares issued 3 January 2012	2,000,000	300,000
Shares issued 12 January 2012	670,000	134,000
Shares issued 16 January 2012	670,000	134,000
Shares issued 16 January 2012	521,680	-
Shares issued 19 January 2012	473,656	-
Shares issued 23 January 2012	335,000	67,000
Shares issued 23 January 2012	5,000,000	1,250,000
Shares issued 27 January 2012	1,340,000	268,000
Shares issued 7 February 2012	500,000	125,000
Shares issued 20 February 2012	402,000	90,450
Shares issued 19 March 2012	300,000	75,000
Shares issued 19 June 2012	115,942,029	40,000,000
Capital raising costs	-	(1,535,426)
Shares issued 22 June 2012	100,500	22,613
Balance as at 30 June 2012	**3,049,577,034**	**402,462,737**
2,650,000 shares issued 5 November 2012	2,650,000	-
14,000,000 shares issued 23 November 2012 (ii)	14,000,000	5,460,000
Capital raising costs	-	(113,051)
971,500 shares issued 18 January 2013 (i)	971,500	218,588
150,000 shares issued 18 January 2013 (i)	150,000	37,500
814,751 shares issued 18 January 2013 (i)	814,751	-
301,200 shares issued 30 January 2013 (i)	301,200	60,240
2,646,500 shares issued 30 January 2013 (i)	2,646,500	595,462
1,000,000 shares issued 30 January 2013 (i)	1,000,000	250,000
Balance as at 30 June 2013	**3,072,110,985**	**408,971,476**

(i) Issued through exercise of employee share options

(ii) Relates to 14,000,000 shares issued on 23 November 2012 following an agreement in relation to the third and final conditional instalment of Sundance shares to be issued to the recipient in consideration of Sundance's acquisition from the recipient of a 15% interest in Sundance subsidiary Congo Iron on 19 September 2008

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. ISSUED CAPITAL (CONTINUED)

OPTIONS OVER ORDINARY SHARES

At 30 June 2013 there were 17,652,547 unissued ordinary shares for which options (2012: 30,986,866) were outstanding which were subject to vesting conditions. These comprise the following:

- 6,500,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 30 cents per share expiring on 22 December 2013
- 6,500,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 40 cents per share expiring on 22 December 2013
- 193,750 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share expiring on 29 January 2014
- 3,567,748 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share expiring on 30 January 2014
- 389,049 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 22.5 cents per share expiring on 30 January 2014
- 502,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share expiring on 30 January 2015

PERFORMANCE RIGHTS OVER ORDINARY SHARES

At 30 June 2013 there were 9,859,433 performance rights (2012:10,534,449) on issue over ordinary shares.

- 2,650,000 performance rights issued to Mr Casello which were approved by shareholders at the Company's AGM held on 24 November 2010. These performance rights vest on 3 November 2013.
- 1,049,384 performance rights issued pursuant to the 2011 Long Term Incentive Plan ("LTIP"). These performance rights vest over the period to 31 December 2014
- 2,209,014 performance rights issued pursuant to the 2012 LTIP. These performance rights vest over the period to 31 December 2015
- 3,951,034 performance rights issued pursuant to the 2013 LTIP. These performance rights vest over the period to 31 December 2016

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.

NOTES TO THE FINANCIAL STATEMENTS

Note 21. RESERVES	2013 $	2012 $
Share based payments premium reserve	21,671,649	19,319,232
Foreign currency translation reserve (i)	4,880,071	(33,244,208)
Transactions with Non-Controlling Interests reserve(ii)	(11,060,000)	(5,600,000)
	15,491,720	(19,524,976)

(i) Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

(ii) Transactions with non-controlling interests relates to 14,000,000 shares issued on 23 November 2012 following an agreement in relation to the third and final conditional instalment of Sundance shares to be issued to the recipient in consideration of Sundance's acquisition from the recipient of a 15% interest in Sundance subsidiary Congo Iron on 19 September 2008.

Movements in share based payments premium reserve	2013 $	2012 $
At the beginning of the financial year	19,319,232	14,732,860
Options Expensed (Issued in 2009/10) (*)	42,524	177,226
Options Expensed (Issued in 2010/11) (*)	1,288,520	2,891,605
3,406,088 Long Term Incentive (LTI) performance rights issued 7 December 2011	120,940	1,027,464
515,332 Short Term Incentive (STI) performance rights issued 19 January 2012	-	177,790
4,073,737 LTI performance rights issued 11 May 2012	764,753	312,288
3,951,034 LTI performance rights issued 28 March 2013	135,680	-
At the end of the financial year	21,671,649	19,319,232

(*) includes net of options expensed and options forfeited during the year.

The share based payments premium reserve is used to accumulate the fair value of shares, options or performance rights issued.

Details of the valuation of options issued during the financial year are disclosed in the table contained in Note 26 Share Based Payments.

SUNDANCE RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS

Note 22. CAPITAL AND LEASING COMMITMENTS

	2013 $	2012 $
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	879,851	1,292,105
- Between 12 months and 5 years	28,083	685,848
- Greater than 5 years	-	-
	907,934	1,977,953

The Company's premises at Level 35, Exchange Plaza are leased for a period of three years which expires on 31 January 2014.

The office premises lease of Cam Iron S.A. extends for a period of 36 months to 30 October 2013. The Congo Iron SA office premises are leased for a period of 12 months through to 6 November 2013.

Cam Iron S.A. provides residential premises for two employees, while Congo Iron SA provides one. Each of these leases is for 12 months and has the option of being renewed.

NOTES TO THE FINANCIAL STATEMENTS

Note 23. CONTINGENT ASSETS AND LIABILITIES

The Group is aware of the following contingencies as at 30 June 2013.

Congo Aircraft Incident

On 19 June 2010 all directors of the Company died in the Congo aircraft incident. 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 Consolidated Entity.

As previously advised in the 2012 Annual Report, Cam Iron SA was notified of a legal claim in Cameroon on behalf of the families of persons lost in the Congo air incident of 2010. The claim lapsed. However an application to revive the claim has been brought in a Cameroon Court. Cam Iron SA will continue to defend any claim against it.

In July 2013 legal action in the UK High Court on behalf of the Cassley family was served on the Company. Mr James Cassley was an employee of the investment company GMP Securities Europe LL. GMP is the First Defendant in the action and Sundance is the Second Defendant. The losses claimed in the process are put at a total of 6,236,844 pounds. Sundance has appointed legal advisors and is defending the action.

In June 2013 the Company was informed of court process filed in the US state of Illinois on behalf of the estates and survivors of John Jones, Don Lewis, Geoff Wedlock, John Carr-Gregg, Natasha Flason and James Cassley. These proceedings have not been 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 SA via Cam Iron SA's interests. The transaction by which Cam Iron SA acquired its interests in Congo Iron SA was disclosed in an ASX announcement dated 10 October 2008.

On 27 August 2013, Cam Iron SA and Sundance reached an out of court settlement with Hold Co SARL and its permanent representative and former CEO of Cam Iron SA, Mr Roger Bogne. As a result, one million Sundance shares will be issued to Mr Bogne, and, subject to fulfilling certain conditions, Sundance will pay cash settlement amounts to Hold Co and Mr Bogne. Payment of these amounts is expected to occur by mid-October 2013. Sundance has recorded a current liability for the cash amount to be settled.

As part of the settlement Sundance is required to pay ongoing production based compensation to Hold Co pursuant to a compensation deed. The obligation to pay this compensation is based on iron ore sold by Congo Iron SA and is calculated at the rate of US$0.10 per tonne for iron ore sold at the price of US$80 per tonne and is subject to a rise and fall of US$0.005 per tonne for every US$10 movement in the price (ie at US$90 per tonne the rate is US$0.105).

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$1,850,000 which 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 23. CONTINGENT ASSETS AND LIABILITIES (continued)

Absolute Analogue & David Porter v Sundance

The Company has an ongoing dispute with Absolute Analogue Pty Ltd and 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. The accounts allow for cost and expenses incurred and anticipated in respect of this claim. In the opinion of the Board, no other liability should be accounted for in respect of this claim. This action also includes a claim 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), or damages in lieu. This matter is expected to proceed to trial in November 2013.

In addition to the Absolute Analogue and David Porter proceedings, Mr Porter alone has issued a further claim (WA Supreme Court Action No. CIV 1632 of 2013) in which he is seeking an order for the grant of 10 million Sundance options at $0.10 and damages, or alternatively damages in lieu of specific performance. These proceedings issued on 29 April 2013. Mr Porter claims to be entitled to additional options pursuant to an alleged agreement contingent on the achievement of stipulated entitlements as to iron ore deposits in the Republic of Congo. Sundance is defending this action. The parties are undertaking interlocutory processes including discovery. The Board will not be in a position to provide any further guidance until completion of these interlocutory processes.

Fiscal Compliance

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

Mbalam Convention, Cameroon

On 29 November 2012, Cam Iron SA agreed the terms of the Convention with the Republic of Cameroon. The Convention underpins the agreement between Cam Iron SA and the government outlining the fiscal and legal terms and conditions and commitments to be satisfied for the development and operation of the Project in Cameroon. Since 30 June 2013 Sundance has agreed to payments in relation to satisfying certain requirements of the Convention. These will occur prior to the end of 2013. There are further payments to the Cameroon Government in relation to project development which are contingent on Sundance achieving project funding.

NOTES TO THE FINANCIAL STATEMENTS

Note 24. CASH FLOW INFORMATION	2013 $	2012 $
Reconciliation of cash flow from operations with loss after income tax		
Loss after tax	(31,641,559)	(25,308,131)
Non-cash items in loss after tax		
Cost of share based payments	2,352,417	4,586,372
Depreciation of plant and equipment	2,345,456	2,723,075
Loss on disposal of fixed asset	48,205	-
Other non-cash flows in the income statement	220,397	154,708
Total foreign exchange impact on operating cash flows	3,677,962	(1,041,853)
Changes in assets and liabilities		
Increase in debt liabilities	4,793,774	-
(Decrease)/increase in creditors & provisions	(430,769)	57,900
(Increase)/decrease in inventories	(565,617)	377,417
(Increase)/decrease in other debtors and prepayments	(259,393)	1,536,519
Net cash used in operating activities	(19,459,127)	(16,913,993)
Cash and cash equivalents at the end of the year is shown in the accounts as:		
Cash and cash equivalents	19,629,458	59,070,799
Cash and cash equivalents at the end of the financial year	19,629,458	59,070,799

NOTES TO THE FINANCIAL STATEMENTS

Note 25. SHARE BASED PAYMENTS

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Series	Number	Grant Date	Expiry Date	Exercise price $	Fair value at grant date $
(1) Issued 8 January 2007	20,000,000	08/01/07	03/01/12	0.200	0.0259
(2) Issued 8 January 2007	10,000,000	08/01/07	04/01/12	0.100	0.0418
(3) Issued 30 January 2007	2,000,000	30/01/07	04/01/12	0.100	0.0397
(4) Issued 12 April 2007	2,000,000	12/04/07	05/01/12	0.150	0.0777
(5) Issued 30 August 2007	1,000,000	30/08/07	08/10/12	0.400	0.2312
(6) Issued 30 August 2007	1,000,000	30/08/07	08/10/12	0.400	0.2410
(7) Issued 15 September 2007	1,000,000	15/09/07	08/11/12	0.500	0.3431
(8) Issued 15 September 2007	1,000,000	15/09/07	08/11/12	0.700	0.3023
(9) Issued 14 January 2008	500,000	14/01/08	18/02/13	0.500	0.1180
(10) Issued 14 January 2008	500,000	14/01/08	18/02/13	0.700	0.1077
(11) Issued 10 March 2008	1,000,000	10/03/08	10/03/13	0.450	0.0584
(12) Issued 9 April 2009	1,978,334	10/10/08	31/03/13	0.350	0.0290
(13) Issued 9 April 2009	1,978,333	10/10/08	31/03/13	0.350	0.0350
(14) Issued 9 April 2009	1,978,333	10/10/08	31/03/13	0.350	0.0370
(15) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0732
(16) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0765
(17) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0796
(18) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0827
(19) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0856
(20) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0884
(21) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0912
(22) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0938
(23) Issued 13 June 2011	10,000,000	15/09/09	05/04/12	0.250	0.0750
(24) Issued 10 February 2010	7,035,000	10/02/10	30/01/12	0.200	0.0460
(25) Issued 10 February 2010	1,340,000	10/02/10	30/01/12	0.200	0.0490
(26) Issued 10 February 2010	670,000	10/02/10	28/01/12	0.200	0.0460
(27) Issued 10 February 2010	7,035,000	10/02/10	30/01/13	0.225	0.0600
(28) Issued 10 February 2010	1,340,000	10/02/10	30/01/13	0.225	0.0660
(29) Issued 10 February 2010	670,000	10/02/10	28/01/13	0.225	0.0600
(30) Issued 10 February 2010	1,000,000	10/02/10	28/01/12	0.250	0.0380
(31) Issued 10 February 2010	250,000	10/02/10	30/01/12	0.250	0.0380
(32) Issued 10 February 2010	1,000,000	10/02/10	28/01/13	0.250	0.0570
(33) Issued 10 February 2010	250,000	10/02/10	30/01/13	0.250	0.0570
(34) Issued 10 February 2010	670,000	10/02/10	28/01/14	0.250	0.0700
(35) Issued 10 February 2010	7,285,000	10/02/10	30/01/14	0.250	0.0700
(36) Issued 10 February 2010	1,340,000	10/02/10	30/01/14	0.250	0.0710
(37) Issued 10 February 2010	666,666	10/02/10	31/03/13	0.350	0.0290
(38) Issued 24 May 2011	500,000	15/04/10	14/04/12	0.250	0.0310
(39) Issued 24 May 2011	500,000	15/04/10	14/04/13	0.250	0.0760
(40) Issued 24 May 2011	500,000	15/04/10	14/04/14	0.250	0.0920
(41) Issued 22 December 2010	6,500,000	24/11/10	22/12/13	0.300	0.2330
(42) Issued 22 December 2010	6,500,000	24/11/10	22/12/13	0.400	0.2100
(43) Issued 22 December 2010 (i)	2,650,000	24/11/10	22/12/13	n/a	0.3700
(44) Issued 22 December 2010 (i)	2,650,000	24/11/10	22/12/13	n/a	0.3700
(45) Issued 22 December 2010 (i)	2,650,000	24/11/10	22/12/13	n/a	0.3700
(48) Issued 24 May 2011	502,000	24/05/11	31/01/12	0.200	0.1760
(49) Issued 24 May 2011	502,000	24/05/11	30/01/13	0.225	0.1880
(50) Issued 24 May 2011	502,000	24/05/11	30/01/14	0.250	0.2330

Table continued on the following page.

(i)These relate to performance rights rather than share options.

NOTES TO THE FINANCIAL STATEMENTS

Note 25. SHARE BASED PAYMENTS (CONTINUED)

Series	Number	Grant Date	Expiry Date	Exercise price $	Fair value at grant date $
(51) Issued 28 November 2011 (ii)	14,000,000	10/10/08	n/a	n/a	0.4000
(52) Issued 7 December 2011 (i)	1,852,014	13/11/11	31/12/11	n/a	0.4350
(53) Issued 7 December 2011 (i)	712,316	13/11/11	31/12/14	n/a	0.4350
(54) Issued 7 December 2011 (i)	284,923	13/11/11	31/12/14	n/a	0.4350
(55) Issued 7 December 2011 (i)	227,988	08/11/11	31/12/11	n/a	0.4250
(56) Issued 7 December 2011 (i)	234,891	08/11/11	31/12/14	n/a	0.4250
(57) Issued 7 December 2011 (i)	93,956	08/11/11	31/12/14	n/a	0.4250
(58) Issued 19 January 2012 (i)	515,332	22/12/11	31/12/11	n/a	0.3450
(59) Issued 11 May 2012 (i)	1,629,494	20/03/12	31/12/12	n/a	0.4100
(60) Issued 11 May 2012 (i)	1,425,808	20/03/12	31/12/15	n/a	0.4100
(61) Issued 11 May 2012 (i)	1,018,435	20/03/12	31/12/15	n/a	0.4100
(62) Issued 27 November 2012 (ii)	14,000,000	10/10/08	n/a	n/a	0.3900
(63) Issued 11 February 2013 (i)	1,101,459	28/03/13	31/12/13	n/a	0.3101
(64) Issued 11 February 2013 (i)	2,202,920	28/03/13	31/12/16	n/a	0.3101
(65) Issued 11 February 2013 (i)	1,101,459	28/03/13	31/12/16	n/a	0.3101

(i) *These relate to performance rights rather than share options.*
(ii) Shares issued following an agreement in relation to the second and third conditional instalments relating to the purchase of a 15% interest in Sundance subsidiary Congo Iron on 19 September 2008**.**

Employee share based payment plan

The Consolidated Entity has an ownership-based compensation plan for executives and senior employees. Historically an option based plan was used and in 2011 this was changed to a performance rights based plan.

Each employee share option or performance right converts into one ordinary share of Sundance upon exercise. No amounts are paid or payable by the recipient upon receipt of the performance right or option, and only upon exercise for option holders. The performance rights and options carry neither rights to dividends nor voting rights. Performance rights or options may be exercised at any time from the date of vesting to the date of their expiry. The number of performance rights and options vested is calculated in accordance with the performance criteria approved by the Nomination and Remuneration Committee. The performance criteria reward executives and senior management to the extent of the Group's and the individuals achievement judged against achievement of corporate and operational objectives. The 2013 LTIP performance conditions are derived from the following performance areas: achieving funding (equity and debt) commitment for Stage 1 of the Project; delivery of Total Shareholder Returns (TSR) over a three or four year period; and increasing the NPV of the Project. Options issued in previous periods under the Employee Share Option Plan have varying performance conditions derived from key organisational objectives and are conditional on the holder remaining an employee at vesting date.

The weighted average fair value of the performance rights granted during the financial year is \$0.3709 (2012: \$0.3564). There were no share options granted during the current financial year. Performance rights and options were priced using a binomial pricing model. Expected volatility is based on the historical share price volatility of other entities listed on the Australian Stock Exchange with similar profiles to Sundance.

NOTES TO THE FINANCIAL STATEMENTS

Note 25. SHARE BASED PAYMENTS (CONTINUED)

Inputs into the share based payments pricing model:

Series	Grant date share price $	Exercise price $	Expected volatility	Risk free interest rate	Vesting Date
(51) Issued 28 November 2011 (i), (ii)	0.0900	n/a	n/a	n/a	15/11/11
(52) Issued 7 December 2011 (i)	0.4400	n/a	n/a	n/a	31/12/11
(53) Issued 7 December 2011 (i)	0.4400	n/a	n/a	n/a	31/12/14
(54) Issued 7 December 2011 (i)	0.4400	n/a	n/a	n/a	31/12/14
(55) Issued 7 December 2011 (i)	0.4300	n/a	n/a	n/a	31/12/11
(56) Issued 7 December 2011 (i)	0.4300	n/a	n/a	n/a	31/12/14
(57) Issued 7 December 2011 (i)	0.4300	n/a	n/a	n/a	31/12/14
(58) Issued 19 January 2012 (i)	0.3400	n/a	n/a	n/a	31/12/11
(59) Issued 11 May 2012 (i)	0.4100	n/a	n/a	n/a	31/12/12
(60) Issued 11 May 2012 (i)	0.4100	n/a	n/a	n/a	31/12/15
(61) Issued 11 May 2012 (i)	0.4100	n/a	n/a	n/a	31/12/15
(62) Issued 27 November 2012 (i)(ii)	0.0900	n/a	n/a	n/a	23/11/12
(63) Issued 11 February 2013 (i)	0.3100	n/a	n/a	n/a	31/12/13
(64) Issued 11 February 2013 (i)	0.3100	n/a	n/a	n/a	31/12/15
(65) Issued 11 February 2013 (i)	0.3100	n/a	n/a	n/a	31/12/16

(i) These relate to performance rights and as such there are no related exercise prices and the volatility and risk free interest rate are not factors in the valuation as they are in options.
(ii) These rights were issued in the current period but have grant dates in the prior comparative period.

The following reconciles the outstanding share options at the beginning and end of the financial year

	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	30,986,866	$0.31	86,577,666	$0.25
Granted	-	-	-	-
Forfeited	(8,265,119)	$0.34	(10,528,300)	$0.34
Exercised	(5,069,200)	$0.23	(45,062,500)	$0.21
Outstanding at year-end	17,652,547	$0.32	30,986,866	$0.31
Exercisable at year-end	4,652,547	$0.25	25,372,866	$0.32

NOTES TO THE FINANCIAL STATEMENTS

Exercised during the financial year

There were 5,069,200 options exercised during the year ended 30 June 2013. These options had a weighted average share price of $0.23 at exercise date.

Option series	Number exercised	Exercise date	Share price at exercise date $
2013			
(27) Issued 10 February 2010	301,500	18/01/2013	0.35
(29) Issued 10 February 2010	670,000	18/01/2013	0.35
(31) Issued 10 February 2010	150,000	18/01/2013	0.35
(49) Options Issued 24 May 2011	301,200	30/01/2013	0.34
(28) Issued 10 February 2010	1,340,000	30/01/2013	0.34
(27) Issued 10 February 2010	1,306,500	30/01/2013	0.34
(32) Issued 10 February 2010	1,000,000	30/01/2013	0.34

Balance at end of financial year
The options outstanding at 30 June 2013 had a weighted average exercise price of $0.32 (2012: $0.31) and a weighted average remaining contractual life of 0.54 years (2012: 1.05 years). Exercise prices range from $0.225 to $0.40 in respect of options outstanding at 30 June 2013.

Note 26. EVENTS AFTER BALANCE SHEET

Since the end of the financial year, Sundance has progressed negotiations in relation to securing further working capital (refer note 2) and agreed payment terms in relation to aspects of the Cameroon Convention. 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 27. RELATED PARTY TRANSACTIONS

The Company is the parent and ultimate controlling party of the Consolidated Entity. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Consolidated Entity and other related parties are disclosed below.

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.

Legal Services

Gilbert + Tobin received $2,078,530 (2012:$1,193,634) 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.

In July 2011, the partners of Blakiston & Crabb joined Gilbert + Tobin. 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.

Advisory Services

In April 2013 the Consolidated Entity engaged PCF Capital for advisory services relating to project funding or a corporate transaction with specific parties. George Jones is a Director of Company and also of PCF Capital. All services provided were carried out on an arms-length basis, under commercial terms. No payments were made to PCF Capital during the financial period.

PCF Capital was engaged as they had an existing relationship with the specified parties and the experience which the Board considered necessary to advance any potential negotiations in an expeditious manner.

Equity Holdings

At 30 June 2013, directors and their related entities held directly, indirectly or beneficially in the Company 21,362,500 ordinary shares (2012:18,712,500), 13,000,000 options over ordinary shares (2012:13,000,000) and 2,650,000 performance rights over ordinary shares (2012:5,300,000).

NOTES TO THE FINANCIAL STATEMENTS

Note 28. FINANCIAL INSTRUMENTS

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, trade payables and convertible notes, which arise directly from its operating and financing activities. The Group's policy is that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate risk, credit risk, capital risk, foreign currency risk and liquidity risk. The Board reviews each of these risks on a regular basis.

Credit risk

The Group's maximum exposures to credit risk, without taking into account the value of any collateral obtained at balance date, in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet. Credit risk on unrecognised financial instruments refers to the potential financial loss to the Group that may result from counter parties failing to meet their contractual obligations. The Group manages their counterparty credit risk by limiting transactions to only those counterparties of sound credit worthiness and by ensuring a diversified number of counterparties, avoiding undue exposure to any single counterparty. The Group did not face any significant credit exposures at balance date (other than intercompany balances).

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 XAF/A$ exchange rates. The Group also has exposure to movements in US$/A$ exchange rates under two drilling contracts it has in place. Both contracts have termination clauses which allow early release from contractual commitments thereby mitigating the overall exposure under these contracts. The Group does not currently hedge this exposure.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2013 $	2012 $	2013 $	2012 $
Euro (EUR)	14	129,876	63,166	57,886
US Dollars (USD)	49,629	5,099	1,621	1,630
Central African Franc (XAF)	403,480	996,925	470,404	158,043
South African Rand (ZAR)	16,713	-	51	57
GB Pound (GBP)	5,820	-	88	-

NOTES TO THE FINANCIAL STATEMENTS

Note 28. FINANCIAL INSTRUMENTS (CONTINUED)

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currencies. 10% is the sensitivity rate assessed by management as the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the loss and other equity, and the balances below would be negative. Due to the nature of foreign currency denominated assets and liabilities, the figures below will only impact the loss, there would be no effect on other equity.

AUD Movement	EUR Impact		USD Impact		XAF Impact		ZAR Impact		GBP Impact	
	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
10% Increase	6,315	(7,199)	(4,801)	(347)	6,692	(83,888)	(1,666)	6	(573)	-
10% Decrease	(6,315)	7,199	4,801	347	(6,692)	83,888	1,666	(6)	573	-

Capital risk

The Group and Company endeavour to manage their capital to ensure the Group and the Company will be able to continue as a going concern while maximising the development outcomes from its exploration expenditure.

The Group's and the Company's overall strategy remains unchanged.

The capital structure of the Group and the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves, carried forward losses and non-controlling interests. The Group and the Company have a convertible note facility with Hanlong but are otherwise debt free.

The Group has exploration expenditure commitments under the exploration permits it has in place and the Board regularly reviews commitments as part of the overall exploration program.

NOTES TO THE FINANCIAL STATEMENTS

Note 28. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Group and the Company are exposed to interest rate risk as entities in the Group deposit funds at both short-term fixed and floating rates of interest. Neither the Group nor the Company have any interest bearing liabilities. The Group and the Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

A change in interest rates would not have a material impact on the carrying value of the Group or the Company's financial instruments as at the current or prior year end given that cash reserves were held predominantly in fixed interest rate instruments as at balance date, while amounts in variable interest rate instruments were held for use in the short term.

Liquidity risk

The Consolidated Entity manages liquidity risk by maintaining adequate reserves through the monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Ultimate responsibility for liquidity risk management rests with the board of directors, who oversee a liquidity risk management framework for the management of the Group and the Company's funding and liquidity management requirements. The Group and the Company manage liquidity risk by regularly monitoring forecast and actual cash flows and ensuring there are appropriate plans in place to fund these future cash flows.

Liquidity and interest rate risk tables

The tables below have been drawn up based on the undiscounted cash flows (including both interest and principal cash flows expected) using contractual maturities of financial assets and the earliest date on which the Group and the Company can be required to pay financial liabilities. Amounts for financial assets include interest earned on those assets except where it is anticipated the cash flow will occur in a different period.

2013	**Weighted average effective interest rate**	**Less than 1 month**	**1 to 3 months**	**3 to 12 months**	**Total**
Financial assets		**$**	**$**	**$**	**$**
Variable interest rate	2.95%	7,629,458	-	-	7,629,458
Fixed interest rate	3.22%	12,000,000	-	-	12,000,000
		19,629,458	-	-	19,629,458
Financial liabilities					
Trade Payables	0%	7,277,936	-	-	7,277,936
Borrowings	0%	-	-	4,793,774	4,793,774
		7,277,936	-	4,793,774	12,071,710
2012					
Financial assets					
Variable interest rate	3.79%	7,071,182	-	-	7,071,182
Fixed interest rate	4.81%	10,999,617	32,500,000	8,500,000	51,999,617
		18,070,799	32,500,000	8,500,000	59,070,799
Financial liabilities					
Trade Payables		5,248,614	-	-	5,248,614
		5,248,614	-	-	5,248,614

NOTES TO THE FINANCIAL STATEMENTS

Note 28. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

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

	2013		2012	
	Carrying Amount $	**Fair Value $**	**Carrying Amount $**	**Fair Value $**
Consolidated				
Cash and cash equivalents	19,629,458	19,629,458	59,070,799	59,070,799
Receivables	989,758	989,758	1,209,018	1,209,018
Financial Liabilities	12,071,710	12,071,710	5,248,614	5,248,614

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

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

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

Note 29. EXPENDITURE COMMITMENTS

Exploration Permit – Republic of Cameroon

The Cameroon Ministry of Mines ("Ministry") granted a second 2 year extension of Exploration Permit No. 92 requiring a total minimum expenditure of XAF6,900,000,000 (approximately AUD$15,000,000) over the period 29 September 2010 to 28 September 2012. Cam Iron SA, a member of the Consolidated Entity, exceeded this minimum expenditure requirement within the permit period.

On 27 July 2012 the Ministry granted a third 2 year extension which requires a total minimum expenditure of XAF8,000,000,000 (approximately AUD$18,000,000) 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 Permits and Mining Permit – Republic of Congo

The Republic of Congo Ministry of Mines ("Ministry") granted a 2 year extension of Nabeba-Bamegod and Ibanga exploration permits under Decree No 2011-280 for the Nabeba – Bamegod permit and Decree No 2011-281 for the Ibanga permit dated 5 April 2011. These outlined a total minimum exploration expenditure requirement of XAF5,800,000,000 (approximately AUD$13,000,000) 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.

Congo Iron SA made application to the Ministry for further extension of these permits in June 2012, with the renewal being granted for the Nabeba – Bamegod permit (over the area previously covered by Decree No. 2011-280) under the Nabeba Mining Permit, which was approved by the Ministerial Council for the Republic of Congo on the 28 December 2012. In this case the exploration permit application was superseded by the successful granting of the Mining Permit.

On 6 February 2013, by Presidential Decree 2013-45, Congo Iron obtained a Mining Permit over the Nabeba – Bamegod exploration permit area for a period of 25 years. Expenditure commitments are yet to be negotiated with the Congolese Government which are to be included in a Mining Convention.

NOTES TO THE FINANCIAL STATEMENTS

Note 29. EXPENDITURE COMMITMENTS (continued)

Exploration Permits and Mining Permit – Republic of Congo (continued)
On 9 August 2013 by Presidential Decree 2013-405, the Ministry granted a second 2 year extension of the Ibanga Exploration Permit, which requires a total minimum expenditure requirement of XAF 3,550,000,000 (approximately AUD$8,000,000) over the two year period 2 August 2013 to 2 August 2015.

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).

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 31. PARENT ENTITY FINANCIAL INFORMATION

<u>Financial Position (as at 30 June)</u>	**2013 $**	**2012 $**
Current assets	20,141,382	60,267,517
Non-current assets	303,960,300	264,181,638
Total assets	324,101,683	324,449,155
Current liabilities	7,427,056	2,014,452
Non-current liabilities	-	-
Total liabilities	7,427,056	2,014,452
Net assets	316,674,627	322,434,703
Shareholders' equity		
Issued Capital	408,971,476	402,462,737
Share based payments premium reserve	21,671,649	19,319,232
Transactions with non-controlling interests reserve	(11,060,000)	(5,600,000)
Accumulated losses	(102,908,498)	(93,747,266)
Total equity	316,674,627	322,434,703
<u>Financial Performance (for the year ended 30 June)</u>		
Loss for the year	(9,161,232)	(8,713,345)
Total comprehensive income	(9,161,232)	(8,713,345)

<u>Contingent Liabilities</u>

Congo Aircraft Incident

On 19 June 2010 all directors of the Company died in the Congo aircraft incident. 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 Consolidated Entity.
As previously advised in the 2012 Annual Report, Cam Iron SA was notified of a legal claim in Cameroon on behalf of the families of persons lost in the Congo air incident of 2010. The claim lapsed. However an application to revive the claim has been brought in a Cameroon Court. Cam Iron SA will continue to defend any claim against it.
In July 2013 legal action in the UK High Court on behalf of the Cassley family was served on the Company. Mr James Cassley was an employee of the investment company GMP Securities Europe LL. GMP is the First Defendant in the action and Sundance is the Second Defendant. The losses claimed in the process are put at a total of 6,236,844 pounds. Sundance has appointed legal advisors and is defending the action.

NOTES TO THE FINANCIAL STATEMENTS

In June 2013 the Company was informed of court process filed in the US state of Illinois on behalf of the estates and survivors of John Jones, Don Lewis, Geoff Wedlock, John Carr-Gregg, Natasha Flason and James Cassley. These proceedings have not been 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 SA via Cam Iron SA's interests. The transaction by which Cam Iron SA acquired its interests in Congo Iron SA was disclosed in an ASX announcement dated 10 October 2008.
On 27 August 2013, Cam Iron SA and Sundance reached an out of court settlement with Hold Co SARL and its permanent representative and former CEO of Cam Iron SA, Mr Roger Bogne. As a result, one million Sundance shares will be issued to Mr Bogne, and, subject to fulfilling certain conditions, Sundance will pay cash settlement amounts to Hold Co and Mr Bogne. Payment of these amounts is expected to occur by mid-October 2013. Sundance has recorded a current liability for the cash amount to be settled.
As part of the settlement Sundance is required to pay ongoing production based compensation to Hold Co pursuant to a compensation deed. The obligation to pay this compensation is based on iron ore sold by Congo Iron SA and is calculated at the rate of US$0.10 per tonne for iron ore sold at the price of US$80 per tonne and is subject to a rise and fall of US$0.005 per tonne for every US$10 movement in the price (i.e. at US$90 per tonne the rate is US$0.105).

Absolute Analogue & David Porter v Sundance

The Company has an ongoing dispute with Absolute Analogue Pty Ltd and 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. The accounts allow for cost and expenses incurred and anticipated in respect of this claim. In the opinion of the Board, no other liability should be accounted for in respect of this claim. This action also includes a claim 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), or damages in lieu. This matter is expected to proceed to trial in November 2013.
In addition to the Absolute Analogue and David Porter proceedings, Mr Porter alone has issued a further claim (WA Supreme Court Action No. CIV 1632 of 2013) in which he is seeking an order for the grant of 10 million Sundance options at $0.10 and damages, or alternatively damages in lieu of specific performance. These proceedings issued on 29 April 2013. Mr Porter claims to be entitled to additional options pursuant to an alleged agreement contingent on the achievement of stipulated entitlements as to iron ore deposits in the Republic of Congo. Sundance is defending this action. The parties are undertaking interlocutory processes including discovery. The Board will not be in a position to provide any further guidance until completion of these interlocutory processes.

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, which 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.

Note 32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on the 29 September 2013.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 (8) 9365 7001
www.deloitte.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Sundance Resources Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 38 to 85.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

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. Those 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, 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 company'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.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, Deloitte.

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 report.

Opinion

In our opinion:

(a) 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 consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a loss of $31,641,559 (2012: $25,308,131) and had cash outflows from operating and investing activities of $45,519,680 (2012: $59,016,400) for the year ended 30 June 2013. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 27 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Sundance Resources Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants
Perth, 29 September 2013