SUNDANCE
RESOURCES LTD

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ABN 19 055 719 394

ASX Announcement | Media Release
22 August 2019

The Companies Officer
Australia Securities Exchange Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Sir/Madam

HALF YEARLY REPORT AND PAYMENT OF ANNUAL LISTING FEES

Enclosed is the Half Year Financial Report for the year ended 31 December 2018 for Sundance Resources Limited (**ASX: SDL**) ("**Sundance**" or the "**Company**").

The Company also confirms that payment for the Annual Listing fees has been remitted to the ASX today, 22 August 2019.

Yours faithfully

CAROL MARINKOVICH
Company Secretary

Enc

For further information, please visit www.sundanceresources.com.au or contact:

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Sundance Resources Limited
and subsidiaries

ABN 19 055 719 394

Financial Report
for the Half-Year ended
31 December 2018

This document should be read in conjunction with the annual report of Sundance Resources Limited for the year ended 30 June 2018

SUNDANCE RESOURCES LIMITED
CORPORATE DIRECTORY

Directors:	David Porter (Chairman & Non-Executive Director) Giulio Casello (Managing Director & Chief Executive Officer) Brett Fraser (Non-Executive Director)
Company Secretary:	Carol Marinkovich
ABN:	19 055 719 394
Registered Office:	45 Ventnor Avenue West Perth WA 6005
Head Office:	PO Box 497 45 Ventnor Avenue West Perth WA 6005 Tel: +61 (8) 9220 2300 Email: info@sundanceresources.com.au Internet: www.sundanceresources.com.au
Auditors:	**Deloitte Touche Tohmatsu** Tower 2, Brookfield Place 123 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 11 172 St George's Terrace Perth WA 6000 GPO Box D182 Perth WA 6840 Tel: +61 1300 850 505 (within Australia) +61 (3) 9415 4000 (outside Australia) Fax: +61 (8) 9323 2033

SUNDANCE RESOURCES LIMITED
DIRECTORS' REPORT

The Directors of Sundance Resources Limited submit herewith the financial report of Sundance Resources Limited and its subsidiaries (**'Consolidated Entity'**, '**Company**' or **'Sundance'**) for the half-year ended 31 December 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

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

Mr David Porter	Chairman and Non-Executive Director
Mr Giulio Casello	Managing Director and Chief Executive Officer
Mr Brett Fraser	Non-Executive Director

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

REVIEW OF OPERATIONS

The Project

Sundance holds a majority interest in subsidiaries Cam Iron SA ('**Cam Iron**') and Congo Iron SA ('**Congo Iron**') whose principal asset is the mining permit application in the Republic of Cameroon and the mining permit in the Republic of Congo which rights comprise the Mbalam-Nabeba Iron Ore Project ('**Project**'). The Project straddles the border of Cameroon and Congo in Central Africa.

- The Project is expected to comprise:
  - The iron ore mine, processing plant and associated infrastructure to be developed on the area covered by the previous Exploration Permit 92 ('**EP92**') which had been held by Cam Iron located in the East Province of Cameroon ('**Mbarga**'); and
  - The iron ore mine, processing plant and associated infrastructure to be developed on Mining Permit Nabeba-Bamegod held by Congo Iron in the Sangha Province of the Congo ('**Nabeba**').
  - A new railway (to be constructed) from Congo, through Cameroon, to the coast with:
    - 540km in Cameroon;
    - 40km spur line in Congo; and
  - A dedicated deep water iron ore mineral terminal (to be constructed) in Cameroon
- The Project plans to produce at least 40Mtpa from the two mines at Mbarga and Nabeba for 30+ years in two stages:
  - Stage 1: high-grade hematite direct shipping ore for at least 13 years; and
  - Stage 2: 66% - 68% concentrate product from itabirite for further 20+ years.

Development Strategy

The Mbalam Convention was signed between Cam Iron and the Government of Cameroon in 2012 and agreed the fiscal and legal regimes for the development of the integrated Project. The Mbalam Convention expired in September 2018 and the Government of Cameroon is currently considering whether or not to reinstate the Mbalam Convention.

Notwithstanding the expiry of the Mbalam Convention, and as per the Mining Code, the mining permit application lodged in 2008 remains valid and has never been determined. Although EP92 has now expired, consistent with the Mining Code, the land the subject of the mining permit application remains unavailable for third parties with Cam Iron having priority rights to be granted a mining permit, pending a decision by the Minister on Cam Iron's mining permit application.

Whilst dialogue has continued throughout the last 12 months, a decision by the Minister on these matters has not yet reached. Refer to the section labelled "**Mbalam Convention**" below for further details.

Congo Iron has in place a 25 year mining permit over Nabeba and a Mining Convention (which has been passed into law by the Congo parliament)

Following the signing of the Transition Agreement in June 2015 between Cam Iron and the Government of Cameroon the port and rail infrastructure in Cameroon was planned to be funded by the Government of Cameroon and be jointly owned by Cam Iron (2%) and the Government of Cameroon (98%).

AustSino Noteholder Agreements

Sundance, AustSino Resources Group ('**AustSino**') and the Sundance Noteholders signed an agreement on 24 September 2018 ('**Previous Agreement'**) which was subsequently terminated then superseded by the new agreement announced on 8 July 2019 ('**New Agreement'**). The New Agreement covered the development strategy for the Project including an integrated port, rail and mine in Cameroon and Congo. Details of the New Agreement are below. As part on the implementation of this development strategy, the Transition Agreement will need to be terminated and Sundance does not expect this to be an issue.

The development strategy is supported by a new consortium of potential Chinese partners interested in participating in the funding, construction and operation of the Project.

These potential consortium partners attended meetings held in Cameroon at the end of February 2019 and they have all signed non-binding MOUs or similar documents with AustSino. In addition, a non-binding consortium acknowledgement agreement ("**Consortium Agreement**") was signed on 28 February 2019 between the Chinese parties, Sundance and AustSino. The Chinese parties together represent a world class syndicate and are:

- Shenzhen Yantian Port Holdings Co Ltd
- China Railway Construction Corporation International Co Ltd
- Hong Kong Baofeng International Co Ltd
- Shanghai Tsingshan Mineral Co Ltd.

Pursuant to the Consortium Agreement, the parties intend to use their reasonable endeavours to complete all necessary commercial negotiations, due diligence and legal documentation for funding and developing the Project.

The New Agreement

Sundance entered into the New Agreement on 5 July 2019 with AustSino and the Noteholders of the Company being Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, BSOF Master Fund L.P. Wafin Limited and David Porter (together the "**Noteholders**"). The terms of the New Agreement are described in the section below.

Some of the key differences between the Previous Agreement and the New Agreement are as follows:

- The reinstatement of the Mbalam Convention is not a condition to the completion of the New Agreement.
- The cash payable by AustSino on completion of the New Agreement will reduce from $58M (payable on completion of the Previous Agreement) to $29M. Of this, $25M (previously $50M) will be paid to Noteholders and $4M (previously $8M) will be retained by Sundance.
- AustSino will own approximately 50.2% of Sundance following the completion of the New Agreement under which AustSino will receive approximately 11,153,846,154 shares issued at a price of $0.0026 per share (resulting in a change of control of Sundance).

- The number of options to be granted to the Noteholders is to be halved from 10 billion to 5 billion. The terms of those options (having an exercise price of $0.02 and expiry date of five years from the date of issue) are otherwise unchanged.
- AustSino will provide certain financial support to Sundance to part support its working capital requirements until completion of the New Agreement. Sundance may seek support from other parties. The support of AustSino was an initial $200,000 placement of ordinary shares to AustSino at an issue price of $0.00375 per share, resulting in the issue of 53,333,333 shares to AustSino ("**Initial Placement**") The funds were received by Sundance on 8 July 2019. After the Initial Placement and within 5 business days following a request by Sundance, AustSino is required to pay $100,000 per month to Sundance in return for the issue of ordinary shares in Sundance at an issue price of $0.00375 up to an aggregate of $600,000 (including the initial $200,000) (**Financial Support Arrangement**). The total number of ordinary shares potentially to be issued by Sundance to AustSino under the Financial Support Arrangement is 160,000,000 ordinary shares. In lieu of subscribing for additional Sundance shares, AustSino may instead require that amounts paid under the Financial Support Arrangement be deducted from the $29 Million purchase price payable by AustSino on Placement Completion. Neither the Initial Placement nor any subsequent placement of shares under the Financial Support Arrangement will require Sundance shareholder approval.

Although the reinstatement of the Mbalam Convention is not a condition precedent for the completion of the New Agreement, Sundance and AustSino will continue to explore the reinstatement of the Mbalam Convention.

Details of the New Agreement

Under the New Agreement, Sundance has agreed to issue to AustSino 11,153,846,154 ordinary shares at an issue price of A$0.0026 per Share, together with the grant of 11,153,846,154 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2019 or another date agreed by the parties ("**Placement Completion**").

Placement Completion requires Sundance shareholder approval and is subject to a number of other conditions described in the Sundance ASX announcement of 8 July 2019.

The proceeds of the Placement Completion ($29m) will be used for the following:

- $25M cash will be paid to the Noteholders ("**Cash Payment**"); and
- The balance will be used for working capital and to progress development of the Project and the transaction costs associated with the New Agreement. It is expected that this will comprise the following (including corresponding estimates of the expenses):
  - working capital, including in relation to salaries, administration and regulatory costs in Australia, Cameroon and Congo (approximately $2.5M);
  - transaction costs associated with the New Agreement, including the Independent Expert's Report, EGM and legal costs associated with the New Agreement and the Cameroon Convention (approximately $0.5M); and
  - negotiation and legal costs associated with financing packages and EPC contracts for the Project (approximately $1M).

In exchange for the cancellation of the existing convertible notes in Sundance held by the Noteholders ("**Convertible Notes**") ("**Cancellation**"), and in addition to the Cash Payment to the Noteholders, Sundance will issue to the Noteholders:

- 2,000,000,000 Shares at a deemed issue price of A$0.004; and
- 5,000,000,000 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue.

Cancellation of the Convertible Notes will leave Sundance debt free.

The cash, Shares and options will be allocated amongst the Noteholders in proportion to their redemption value or as otherwise agreed between the Noteholders (with those alternate proportions to be notified to Sundance and outlined in Sundance's notice of meeting in due course, if applicable). Any alternate allocation between the Noteholders will not increase the total value of the consideration payable to the Noteholders for Cancellation of the Convertible Notes. The table below outlines the redemption value of each Noteholder's Convertible Notes and the proportion of that value to the total redemption value of the Convertible Notes.

Noteholder	Redemption Value	
	A$m	% of total
Wafin Limited	63.3	47.6%
Noble Resources International Pte Ltd	31.6	23.8%
D.E. Shaw Composite Holdings International Pte Ltd	18.8	14.2%
Senrigan Master Fund	15.5	11.7%
BSOF Master Fund L.P.	3.4	2.5%
Mr. David Porter	0.3	0.2%
Total	**132.9**	**100.0%**

If all the options issued to AustSino and the Noteholders are exercised before their expiry this will result in a $323M cash injection into Sundance which could be used to fund the equity requirement to build the iron ore mines.

Completion of the transactions under the New Agreement are subject to a number of conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the New Agreement, an independent expert's report is required, and approval will be sought from Sundance shareholders at an Extraordinary General Meeting ("**EGM**").

Sundance also notes that the Placement Completion is conditional on AustSino obtaining FIRB, ASX and shareholder approval for the funding which it will use to subscribe for Shares for the purposes of Placement Completion.

Key terms of the New Agreement

Key Term	Description
Financial support	Sundance will issue 53,333,333 ordinary shares ("**Shares**") to AustSino at an issue price of A$0.00375 per Share by 13 July 2019 ("**Initial Placement**"). After the Initial Placement and within 5 business days following a request by Sundance, AustSino is required to pay $100,000 per month to Sundance in return for the issue of ordinary shares in Sundance at an issue price of $0.00375 up to an aggregate of $600,000 (including the initial $200,000) ("**Financial Support Arrangement**"). Sundance will use the proceeds from the Financial Support Arrangement for the development of the Mbalam-Nabeba Iron Ore Project, working capital purposes and expenses and to fund the transactions contemplated under the New Agreement.
Placement Completion	AustSino will pay A$29 million to Sundance ("**Completion Payment**") and Sundance will: • issue to AustSino 11,153,846,154 Shares at an issue price of A$0.0026 per Share; and • grant AustSino 11,153,846,154 unlisted options at an exercise price of A$0.02, which have an expiry date of five years after the date of issue, are transferable to persons that do not require a disclosure document and are otherwise on terms consistent with existing Noteholder options. Sundance must use A$25 million of the Completion Payment as consideration for the cancellation of the existing convertible notes on issue to the Noteholders in Sundance ("**Convertible Notes**"), with the remaining funds to be used for development of the Mbalam-Nabeba Iron Ore Project, working capital purposes and expenses and to fund the transactions contemplated by the New Agreement.

Conditions to Placement Completion	Completion of the Placement Completion is subject to the following conditions:
	• Any Noteholder that is not party to the New Agreement agreeing to cancel its Convertible Notes and the other transactions involving the Noteholders as contemplated under the New Agreement on the terms contemplated by the New Agreement (this condition has been satisfied)
	• In relation to AustSino's investment in Sundance and the issue of shares by AustSino to fund the Completion Payment:
	  – approval by AustSino's shareholders as required for the purposes of the ASX Listing Rules and Corporations Act 2001 (Cth) ("**Corporations Act**");
	  – approval of any relevant legal or regulatory bodies or by any subscriber in connection with AustSino's placement of shares to fund its subscription for the Initial Placement; and
	  – an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for AustSino's shareholders
	• Completion of AustSino's placement of shares to fund its subscription for the Placement Completion

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AustSino and Sundance continuing to take reasonable steps to discuss and advance the development of the Mbalam-Nabeba Project on an exclusive basis
AustSino and Sundance taking all reasonable steps to discuss and advance the Mbalam-Nabeba Project with the Governments of the Republics of Cameroon and Congo, subject to Placement Completion
In relation to the investment in Sundance and the issue of securities by Sundance:

approval of Sundance's shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act; and
an independent expert's report confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for Sundance's shareholders

Sundance and AustSino not being insolvent at or prior to Placement Completion

The parties must satisfy or waive these conditions on or before 31 December 2019 or as otherwise agreed.</td></tr>
<tr><td>Cancellation of Convertible Notes</td><td>The Convertible Notes will be cancelled in their entirety and the corresponding note deeds will be terminated in exchange for:

the payment of A$25 million to the Noteholders;
the issue of 2,000,000,000 Shares in the capital of Sundance to the Noteholders at a deemed issue price of A$0.004 per Share; and
5,000,000,000 unlisted options at an exercise price of A$0.02, which have an expiry date of 5 years from the date of issue, are transferable to persons that do not require a disclosure document and are otherwise on terms consistent with existing Noteholder options,

with such payment and issue of securities to be pro-rated to the redemption value of the Noteholder's Convertible Notes as a proportion to the total redemption value of the Convertible Notes as set out in the body of this announcement or as otherwise agreed between the Noteholders.</td></tr>
<tr><td>Conditions to Cancellation Completion</td><td>Cancellation of the Convertible Notes (and termination of the corresponding note deeds) and the issue of Shares and options in Sundance to the Noteholders ("Cancellation Completion") is subject to the following conditions:

Approval of Sundance's shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act
Approval of any relevant legal or regulatory bodies
Sundance not being insolvent at or prior to Cancellation Completion
No "Event of Default" (as defined in the Existing Term Sheet) defined below having occurred or continuing to subsist
AustSino complying with its obligations to provide financial support to Sundance

Cancellation Completion will occur at the same time as Placement Completion.</td></tr>
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Existing Term Sheet	The legally binding term sheet between the Noteholders and Sundance dated 29 July 2018 ("**Existing Term Sheet**") will continue to apply and remain binding on the Noteholders and Sundance until Cancellation Completion when it will terminate. Sundance and the Noteholders acknowledge and agree that on and from the date of the New Agreement, the End Date in the Existing Term Sheet will be extended to the earlier of (a) 100 days after the termination of the New Agreement, and (b) 30 June 2020.
Board appointment right	AustSino has the right to appoint at least two directors to the board of Sundance on and from Placement Completion. Noble Resources International Pte Ltd has the right, for so long as it holds 5% of the voting power in Sundance (based on the number of voting Shares on issue in Sundance), to appoint a nominee as a non-executive director of Sundance (and remove and replace that nominee).
Lapse of existing options	On Placement Completion, the existing options held by those Noteholders under the relevant note deeds will lapse in accordance with their terms.
Representations and warranties	The New Agreement contains customary representations and warranties from each party. The Issuer also warrants that it will not issue securities before Placement Completion except in certain limited circumstances (including pursuant to the Sundance directors exercising their fiduciary duties). The Investor also warrants that it considers it is not a state owned enterprise, is a sophisticated investor for the purposes of the Corporations Act and that it is not required to receive a disclosure document for the issue of shares.
Conduct of business obligations	The New Agreement contains certain customary undertakings by Sundance restricting the conduct of its business before Placement Completion without the consent of AustSino and the Noteholders (including, without limitation, the obligation to not enter into or vary any material agreements or acquire any material assets).
Release	With effect from Cancellation Completion: • each Noteholder releases and discharges Sundance; and • Sundance releases and discharges each Noteholder, from all claims, costs and expenses that each Noteholder has, at any time had, may have or, but for the New Agreement, could or might have had, against Sundance in any way related to the Convertible Notes (including, without limitation, pursuant to the Existing Term Sheet).
Events of default	A party will be entitled to terminate the New Agreement if one or more of the following events occurs: • Sundance using the proceeds of the Initial Payment in a manner materially inconsistent with the use contemplated in this Agreement or as otherwise agreed in writing with AustSino; • breach of material representations, warranties or covenants of Sundance or AustSino which are not remedied within 10 business days of the date that breach is notified to Sundance; • material breach of Sundance's or AustSino's obligations under the New Agreement; • insolvency of Sundance; or • insolvency of AustSino.

Mbalam Convention

As per ASX announcements of 19 and 20 March 2018, the Mbalam Convention was extended to 14 September 2018; it has now expired. During the period of extension as per the ASX announcement on 19 March 2018, Sundance needed to demonstrate to the Cameroon Government that a credible partner who is interested in the development of the Project has taken equity. If that was to occur, the Government advised that it would take all useful measures to assist Sundance in carrying out the development of the Project.

The expiry of the Convention is an event of default with the Noteholders but a waiver for this event was obtained from the Noteholders on 31 October 2018.

Despite the best and substantial efforts of Sundance the reinstatement of the Mbalam Convention has not yet been secured.

As described in Sundance's ASX announcement on 3 April 2019, a number of meetings occurred both within and outside of Cameroon between senior representatives of the Cameroon Government and representatives from Sundance and AustSino Resources Group (**ASX: ANS**) ("**AustSino**") as well as potential other consortium partners interested in participating in the funding, construction and operation of the Mbalam Nabeba Iron Ore Project ("**Project**").

These potential consortium partners attended the meetings held in Cameroon at the end of February 2019 and they have all signed non-binding MOUs or similar documents with AustSino. In addition, a non-binding consortium acknowledgement agreement ("**Consortium Agreement**") was signed on 28 February 2019 between the Chinese parties, Sundance and AustSino. The Chinese parties together represent a world class syndicate and are:

- Shenzhen Yantian Port Holdings Co Ltd
- China Railway Construction Corporation International Co Ltd
- Hong Kong Baofeng International Co Ltd
- Shanghai Tsingshan Mineral Co Ltd.).

Details of the Consortium Agreement are included in the Sundance announcement of 8 July 2019.

Pursuant to the Consortium Agreement, the parties intend to use their reasonable endeavours to complete all necessary commercial negotiations, due diligence and legal documentation for funding and developing the Project.

The meetings between the prospective consortium partners mentioned above, AustSino, Sundance and the Cameroon Government were positively received by the Cameroon Government, which reiterated its intention to see the Project developed as quickly as possible. Sundance was expecting a positive outcome in the weeks following these meetings. Unfortunately, the Cameroon Government has not made a decision regarding the reinstatement of the Mbalam Convention and there is some uncertainty as to when any decision will be made and the outcome of any such decision.

There is a risk that the Mbalam Convention will not be reinstated by the Government or that the Government does not enter into a new agreement with Sundance at all or not on substantially similar terms as the Mbalam Convention.

The Company's subsidiary Cam Iron SA's mining permit application over the land previously covered by the previous Exploration Permit EP92 remains in place resulting in Cam Irons belief that it has priority rights to be granted a mining permit over the area previously covered by EP92. This belief is supported by independent Cameroon legal advice with their opinion being that notwithstanding the expiry of the Convention, and as per the Mining Code, the mining permit application was valid and has never been determined. Although EP92 has now expired, consistent with the Mining Code, the land the subject of the mining permit application remains unavailable for third parties, pending a decision by the Minister on Cam Iron's mining permit application.

Media Allegations

Allegations relating to events that occurred between 2006 and 2008 in the Republic of Congo appeared in articles published by Fairfax Media in August and September 2016.

These allegations arose in evidence given during the Porter case heard in the Supreme Court of Western Australia in September 2015 but were not tested by the court and should not necessarily be considered an independent and accurate portrayal of events.

Sundance is co-operating fully with the Australian Federal Police with its investigation into these events. It is expected to take some time to conclude.

Financial Position

Cash and cash equivalents decreased during the period to $0.2 million at 31 December 2018 from $0.5 million at 30 June 2018.

The Board has confidence that the Project still has substantial value. Taking into consideration the current accounting standards and the uncertainty that exists on reinstatement of the Mbalam Convention, how the Project will be developed, and ultimate tenure in Cameroon to be confirmed, the carrying value of the Project has been fully impaired. This will be continuously re-evaluated as further clarity is developed regarding the Mbalam Convention and the development plans that will eventuate from the New Agreement made with AustSino and non binding Consortium Agreement with the potential project consortium.

Net assets of the Consolidated Entity amount to a $121.1 million deficiency (30 June 2018: $66.9 million). Mine development assets decreased to $nil (30 June 2018: $181.2 million) due to impairment of the Project.

At 31 December 2018, the Consolidated Entity had a net working capital deficiency of $121.1 million (30 June 2018: $0.5 million deficiency) due to the convertible notes expiring in September 2019 and impairment of mine development.

The total loss for the period amounted to $189.2 million compared to $10.4 million for the half-year ended 31 December 2017. Of this total loss, $8.5 million related to non-cash convertible note financing charges (2017: $7.5 million) and $188.1 million in impairment charges (2017: nil).

Total comprehensive income amounted to a loss of $189.2 million (2017: $3.2 million) for the half-year ended 31 December 2018, which includes an exchange gain on translation of foreign operations. This gain amounted to $7.2 million (2017: gain of $7.2 million) and is due to a movement in the Central African CFA francs against the Australian Dollar from 427.5 at 31 December 2017 to 404.4 at 31 December 2018.

Corporate

Investments in Sundance

On the 10 January 2019, Sundance announced it received funding of $220,000. Sundance received $120,000 from AustSino and $100,000 from Sea Honour Limited ("Seahonour"). Sundance issued 30,000,000 fully paid ordinary shares to AustSino and 25,000,000 fully paid ordinary shares to Seahonour each at an issue price of $0.004 per share. AustSino also received 60,000,000 bonus options at an exercise price $0.006, and due to lapse 5 years after issue. Seahonour also received 50,000,000 bonus options at an exercise price of $0.006, and due to lapse 5 years after issue.

On the 15 February 2019, Sundance announced that it had received further funding from sophisticated investors to a value of $800,000. The funds were used for working capital and to progress the requirements of the Previous Agreement with AustSino and the noteholders of Sundance.

The terms of the funding were the same as those announced on 31 December 2018. Sundance has issued 200,000,000 fully paid ordinary shares at an issue price of $0.004 per share and the investors have also received 400,000,000 bonus options (2 options per share issued) at an exercise price of $0.006, the options will lapse 5 years after issue.

On the 25 February 2019, Sundance announced a placement with a further sophisticated investor and received $60,000. Sundance issued 15,000,000 fully paid ordinary shares at an issue price of $0.004 per share. Sundance also issued 30,000,000 bonus options (2 options per share issued) at an exercise price of $0.006. The options will lapse 5 years after issue.

On 8 July 2019, as per the New Agreement Sundance issued a placement to AustSino of 53,333,333 ordinary shares at an issue price of $0.00375 per share receiving $200,000.

Cameroon Customs Dispute

Sundance, through its subsidiary Cam Iron SA ("Cam Iron"), is aware that customs officials in Cameroon conducted an audit that found discrepancies in the paper work provided by third parties to Cam Iron on the sale of Cam Iron vehicles and the customs records of those transactions. There is no indication at this time that Cam Iron should have been aware of the discrepancies. The impact of these discrepancies on Cam Iron is uncertain and this matter is the subject of further investigation by Cam Iron.

Material Business Risks

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

Working Capital Funding

At 31 December 2018, Sundance held cash of $0.2 million (30 June 2018: $0.5 million). 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. Post half year end Sundance received $1,260,000 from placements with AustSino and sophisticated investors.

At 31 December 2018, the Consolidated Entity had a net working capital deficiency of $121.1 million (30 June 2018: $0.5 million) due to the Convertible Notes becoming a current liability as they are due for redemption in September 2019 and impairment of mine development.

As per the New Agreement with AustSino and the Noteholders this will result in the cancellation of the Notes for a cash, share and option consideration. If the New Agreement does not complete, then the agreement of 30 July 2018 between Sundance and its Noteholders to restructure the balance sheet remains in place.

The Mbalam Convention

Cessation of the Mbalam Convention, which occurred on 14 September 2018, is an event of default as defined in the various deeds with the Noteholders in relation to the Convertible Notes, which may (if the Noteholders resolve to give notice) result in the Convertible Notes becoming immediately due and payable at their full redemption value unless a waiver is received from the Noteholders. On 31 October 2018 Sundance secured a waiver from the Noteholders for this event of default.

The Mbalam Convention is no longer a condition precedent of the New Agreement signed between Sundance, AustSino and the Sundance Noteholders.

Completion of the New Agreement

Completion of the transactions under the New Agreement are subject to a number of conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the New Agreement, an independent expert's report is required and approval will be sought from Sundance shareholders at an Extraordinary General Meeting ("EGM"). The Notice of Meeting will be issued in due course for an EGM expected to be held in Perth in November 2019.

Sundance also notes that the Completion Placement is conditional on AustSino obtaining FIRB, ASX and shareholder approval for the funding which it will use to subscribe for Shares under the Completion Placement.

If the New Agreement does not complete, then the agreement of 30 July 2018 between Sundance and its Noteholders to restructure the balance sheet remains in place.

Cameroon Tenure Risk

As announced on 31 July 2017 Exploration Permit 92 ("EP92") held by Cam Iron expired on 26 July 2017 after it had reached the maximum number of extensions under the Cameroon Mining Code. Cam Iron believes it has priority rights to be granted a mining permit over the area previously covered by EP92 as a result of Cam Iron having lodged a valid mining permit application in 2009 during the term of EP92.

Independent Cameroon legal advice was sought and their opinion was that notwithstanding the expiry of the Mbalam Convention the mining permit application was never determined and although EP92 has now expired, consistent with the Mining Code, Cam Iron retains priority over any application filed by a third party over the land the subject of the mining permit application, pending a decision by the Minister on Cam Iron's mining permit application.

There is a risk that the Minister may not make a favourable decision.

Project Funding

Sundance and/or its project partner will need to raise further capital and/or debt financing in order to advance the development of the Project. Failure to secure appropriate funding for the development of the Project will result in a delay or inability to develop the Project, the potential loss of the Project and the impairment of the carrying value of the capitalised mine development expenditure related to the Project.

Commodity Price

The price of iron ore can be volatile and is affected by numerous factors beyond Sundance's control such as supply and demand dynamics; and changes in global economic conditions. The decision to develop the Project, and the returns to be achieved from it, are dependent upon the future price of iron ore. The iron price had stabilised to average approximately $US 70/t during 2018 to early 2019. The spot iron ore price then increased significantly to near $US120/t following the curtailment of iron ore production in Brazil that was a result of the Vale dam failure. These prices are now reducing as production from Brazil is now increasing and are expected to return to levels prior to the Brazil issues in 2020.

The movement in China to advance its environmental agenda is resulting in improved positions for producers of high grade iron ore (>62%) with large discounts being offered on lower grade iron ore. Sundance expects that this bias will continue and is supportive of our Project which has stage 1 life of mine averaging 62.2% Fe and stage 2 producing a high grade concentrate of 66 – 68% Fe. Iron ore pricing may continue to exhibit volatility on a short to medium term basis. Sundance however notes that the Project is a mid to longer term project where long term iron ore price forecasts continue to be favourable.

Key Personnel

On 28 January 2016, the Company announced a significant reduction in employees and restructure of the Board. This may have an impact in the future since the success of the Project is dependent on securing the services of key engineering, managerial, financial, commercial, marketing and processing personnel. Loss or diminution in the services of key employees, particularly as a result of an inability to retain key employees or the ability to attract suitable replacement staff could have an adverse effect on the Company's business, financial condition, results of operations and prospects.

There has been no further changes to personnel since this decision was taken.

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; tropical diseases; acts of terrorism; 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.

Political

Changes, if any, in mining or investment policies or shifts in political attitude in Cameroon and Congo or elsewhere may adversely affect Sundance operations. Operations may be affected in 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 Joint Ore Reserves Committee ('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 Group.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the *Corporations Act 2001* section 307C the auditors of the Company, Deloitte Touche Tohmatsu have provided a signed auditors independence declaration to the Directors in relation to the half-year ended 31 December 2018. The auditor's independence declaration has been included in the half-year financial report on page 40.

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

On behalf of the Directors

David Porter
Director (Chairman)

Giulio Casello
Managing Director and CEO

21 August 2019
Perth, Western Australia

DIRECTOR'S DECLARATION

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

a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

b) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including complying with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

David Porter

David Porter
Director (Chairman)

Giulio Casello
Managing Director and CEO

21 August 2019
Perth, Western Australian

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	31-Dec-18 $	31-Dec-17 $
CONTINUING OPERATIONS			
Other income		2,056,674	3,278
Gain on revaluation of derivative – Convertible Notes		-	-
Administration expense		(41,785)	(166,648)
Consultants expense		(189,038)	(147,048)
Employee benefits expense		(492,329)	(1,296,423)
Exchange rate loss		325	(1,234)
Legal fees		(384,695)	(897,117)
Listing and registry fees		(56,082)	(137,759)
Occupancy costs		(77,307)	(50,922)
Professional fees		(114,785)	(60,405)
Travel expenses		(37,444)	(83,416)
Finance charges	**3**	(8,510,117)	(7,462,385)
Project impairment		(188,127,911)	-
Rail project public utility expense		(364,491)	-
Other expenses		(105,700)	(117,932)
Loss from continuing operations before tax		**(196,444,685)**	**(10,418,011)**
Income tax expense		-	-
Loss for the period		**(196,444,685)**	**(10,418,011)**
Loss attributable to:			
- Owners of the parent		(167,764,492)	(9,137,234)
- Non-controlling interests		(28,680,193)	(1,280,777)
Loss for the period		**(196,444,685)**	**(10,418,011)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		7,223,746	7,239,332
Other comprehensive income for the period		**7,223,746**	**7,239,332**
Total comprehensive income		**(189,220,939)**	**(3,178,679)**
Total comprehensive income attributable to:			
- Owners of the parent		(161,810,723)	(3,223,425)
- Non-controlling interests		(27,410,216)	44,746
Total comprehensive income attributable to members		**(189,220,939)**	**(3,178,679)**
Loss per share		¢	¢
From continuing operations			
- Basic (cents per share)		(2.021)	(0.029)
- Diluted (cents per share)		(2.021)	(0.029)

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31-Dec-18 $	30-Jun-18 $
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents		219,532	457,725
Trade & Other Receivables		34,914	42,610
Inventory		1,246	38,263
Other Current Assets		236,941	184,372
Total Current Assets		**492,633**	**722,970**
NON-CURRENT ASSETS			
Mine Development Assets	**2**	-	181,238,078
Total Non-Current Assets		**-**	**181,238,078**
TOTAL ASSETS		**492,633**	**181,961,048**
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	**4**	120,336,149	-
Trade & Other Payables		1,083,015	1,109,854
Provisions		138,489	78,395
Total Current Liabilities		**121,557,653**	**1,188,249**
NON-CURRENT LIABILITIES			
Borrowings	**4**	-	113,794,262
Provisions		11,348	53,966
Total Non-Current Liabilities		**11,348**	**113,848,228**
TOTAL LIABILITIES		**121,569,001**	**115,036,477**
NET ASSETS		**(121,076,368)**	**66,924,571**
EQUITY			
Issued Capital	**6**	427,399,688	426,181,131
Reserves		78,877,499	72,922,287
Accumulated Losses		(570,555,244)	(402,790,752)
Equity attributable to the owners of the parent		**(64,278,057)**	**96,312,666**
Non-controlling interest		(56,798,311)	(29,388,095)
TOTAL EQUITY		**(121,076,368)**	**66,924,571**

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	31-Dec-18 $	31-Dec-17 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,591,194)	(1,219,705)
Receipts from customers		129,306	35,686
Net Cash (used in) Operating Activities		**(1,461,888)**	**(1,184,019)**
Cash Flows from Investing Activities			
Interest received		1,173	3,128
Net Cash (used in) Investing Activities		**1,173**	**3,128**
Cash flows from Financing Activities			
Proceeds from issue of shares		1,220,000	1,910,250
Proceeds from issue of shares from listed options		-	277,048
Borrowing costs associated with convertible notes		-	(159,331)
Net Cash provided by Financing Activities		**1,220,000**	**2,027,967**
Net (Decrease)/Increase in Cash and Cash Equivalents		(240,715)	847,076
Cash and cash equivalents at beginning of period		457,725	820,033
Effect of foreign currency movements on cash and equivalents		2,522	2,729
Cash and Cash Equivalents at end of Period		**219,532**	**1,669,838**

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Share Trans-actions with Non-Controlling Interests	Foreign Currency Translation Reserve	Convertible Note & Option Reserve	Share Based Payments Reserve	Accumulated Losses	Attributable to owners of the parent	Non-Controlling Interests	Total Equity
	$	$	$	$	$	$	$	$	$
At 1 July 2017	**422,517,611**	**(11,160,000)**	**18,996,821**	**29,191,300**	**23,592,958**	**(386,926,036)**	**96,212,654)**	**(29,017,188)**	**67,195,466**
Loss for the period	-	-	-	-	-	(9,137,234)	**(9,137,234)**	(1,280,777)	**(10,418,011)**
Foreign currency gain/(LOSS)	117	-	5,913,692	-	-	-	**5,913,809**	1,325,523	**7,239,332**
Total comprehensive	**117**	**-**	**5,913,692**	**-**	**-**	**(9,137,234)**	**(3,223,425)**	**44,746**	**(3,178,679)**
Equity raising costs	(159,331)	-	-	-	-	-	(159,331)	-	(159,331)
Issue of shares	596,750	-	-	-	-	-	596,750	-	596,750
Options exercised	277,048	-	-	-	-	-	277,048	-	277,048
Issue of shares under SPP	1,910,250					-	1,910,250	-	1,910,250
Share based payment	-	-	-	-	896,412	-	896,412	-	896,412
At 31 December 2017	**425,142,445**	**(11,160,000)**	**24,910,513**	**29,191,300**	**24,489,370**	**(396,063,270)**	**96,510,358**	**(28,972,442)**	**67,537,916**
At 1 July 2018	**426,181,131**	**(11,160,000)**	**30,124,084**	**29,191,300**	**24,766,903**	**(402,790,752)**	**96,312,666**	**(29,388,095)**	**66,924,571**
Loss for the period	-	-	-	-	-	(167,764,492)	**(167,764,492)**	(28,680,193)	**(196,444,685)**
Foreign currency gain/(LOSS)	(1,443)	-	5,955,212	-	-	-	**5,953,769**	1,269,977	**7,223,746**

The accompanying notes form part of this financial report

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital $	Share Trans-actions with Non-Controlling Interests $	Foreign Currency Translation Reserve $	Convertible Note & Option Reserve $	Share Based Payments Reserve $	Accumulated Losses $	Attributable to owners of the parent $	Non-Controlling Interests $	Total Equity $
Total comprehensive loss	**(1,443)**	**-**	**5,955,212**	**-**	**-**	**(167,764,492)**	**(161,810,723)**	**(27,410,216)**	**(189,220,939)**
Issue of shares	1,220,000	-	-	-	-	-	1,220,000	-	1,220,000
Share based payment	-	-	-	-	-	-	-	-	-
At 31 December 2018	**427,399,688**	**(11,160,000)**	**36,079,296**	**29,191,300**	**24,766,903**	**(570,555,244)**	**(64,278,057)**	**(56,798,311)**	**(121,076,368)**

The accompanying notes form part of this financial report

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

Reporting entity

Sundance Resources Limited is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2018 comprises the Company and its subsidiaries (**'Consolidated Entity'**) and the Consolidated Entity's interests in associates and jointly controlled entities.

The statutory annual financial report of the Consolidated Entity for the year ended 30 June 2018 can be downloaded from the Company's website www.sundanceresources.com.au.

Statement of compliance

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

The half-year report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual financial report of the Consolidated Entity as at and for the year ended 30 June 2018.

Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed by the Consolidated Entity in the consolidated financial report as at and for the year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- *AASB 9 Financial Instruments and related amending Standards*
- *AASB 15 Revenue from Contracts with Customers and related amending Standards*
- *AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- *AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- *Interpretation 22 Foreign Currency Transactions and Advance Consideration*

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Consolidated Entity's accounting policies and has no effect on the amounts reported for the current or prior half-years.

Going concern

The financial statements have 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.

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

The consolidated entity incurred a net loss of $196,444,685 (2017: $10,418,011) and incurred net cash outflows from operating activities of $1,460,715 (2017: $1,182,529) for the period ended 31 December 2018. At 31 December 2018, the Consolidated Entity had a working capital deficiency of $121.1 million (30 June 2018: $0.5 million).

The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that the 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. The ability of the Consolidated Entity to continue as going concerns is dependent on:

1. As announced on 8 July 2019 a binding conditional new agreement ("**New Agreement**") was signed with AustSino and Sundance Noteholders. This resulted in an initial placement ("**Initial Placement**") of $200,000 from AustSino to Sundance on 10 July 2019. The New Agreement also included a financing support package of $100,000 per month up to maximum funding of $600,000 (including the Initial Placement) ("**Financial Support**").

2. The Consolidated Entity will also be required to raise an additional $600,000 for the period to the anticipated completion of the New Agreement, expected November 2019, of which $200,000 will be required to be completed by the end of August 2019. Discussions are underway with various parties to facilitate this and the directors are confident that it will be achieved based on discussions held to date.

3. During 2019 and prior to the New Agreement replacing the previous agreement with AustSino and the Sundance Noteholders (which was announced on 25 September 2018) further placements of $1,080,000 have been received from AustSino ($120,000) and other sophisticated investors ($960,000).

4. Once the New Agreement is completed (expected November 2019 a Completion Placement of $29 million from AustSino to Sundance of which $25 million cash, together with a combination of shares and options in Sundance, will be used to cancel the existing convertible notes and a minimum of $3.7 million will be retained by Sundance to fund working capital and to continue project development plans. The Completion Placement is dependent on achieving a number of Conditions Precedent being achieved or waived.
   In relation to AustSino's investment in Sundance and the issue of shares by AustSino to fund the Completion Payment:

   - approval by AustSino's shareholders as required for the purposes of the ASX Listing Rules and Corporations Act 2001 (Cth) ("Corporations Act");
   - approval of any relevant legal or regulatory bodies or by any subscriber in connection with AustSino's placement of shares to fund its subscription for the Completion Placement; and
   - an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for AustSino's shareholders

5. Completion of AustSino's placement of shares to fund its subscription for the Completion Placement
6. AustSino and Sundance continuing to take reasonable steps to discuss and advance the development of the Mbalam-Nabeba Project on an exclusive basis until 31 December 2019
7. In relation to the investment in Sundance and the issue of securities by Sundance:
   - approval of Sundance's shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act; and
   - an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for Sundance's shareholders
   - Sundance and AustSino not being insolvent at or prior to the Completion Placement

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

8. Timing for completion of the New Agreement is uncertain but is expected to be completed in November 2019. Further funding will be required beyond the Financial Support being provided by AustSino in the New Agreement. The Board expects to be able to raise the funds required either from AustSino or the market as has been demonstrated during 2019.

If the AustSino agreement does not complete, then the legally binding term sheet of 30 July 2018 with Noteholders subject to certain conditions being satisfied or waived, which cancels their Convertible Notes in consideration for a combination of equity in Sundance and a capped production royalty remains in place allowing Sundance to raise further funds from the market in a debt free environment. Which at the date of this report the directors have a reasonable belief they would be able to achieve.

Should the Consolidated Entity be unable to achieve the matters set out above, a material uncertainty would exist as to whether the Consolidated Entity will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

The half-year financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

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, external data 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.

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 Consolidated Entity.

Capitalised mine development assets

Capitalised mine development expenditure is recognised at cost less accumulated amortisation and any impairments. Where commercial production in an area of interest has commenced, the associated costs, together with any forecast future capital expenditure necessary to develop proved and probable reserves, are amortised over the estimated economic life of the mine on a units-of-production basis. Changes in factors such as estimates of proved and probable reserves that affect unit-of production calculations are dealt with on a prospective basis. The application of this policy 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 and the future US$ iron ore price and ability of the entity to recoup the expenditure through successful development of the area. Any such estimates and assumptions may change as new information becomes available (please refer to the Directors Report – Material Business Risks). 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.

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

In respect of the assessment of the carrying value of the capitalised mine development expenditure as at 31 December 2018 the Directors have concluded that a number of estimates and judgements are required, the most critical of which relates to the ability of the Consolidated Entity to secure a mining permit in Cameroon and to obtain the necessary funding for the project. As the company does not currently have a convention in Cameroon which creates doubt on the development plan for the Project the carrying value has been impaired in full. Refer to Note 2 for details.

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 or Black Scholes.

Convertible note transactions

Convertible notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will remain in equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

The Consolidated Entity measures financial assets and liabilities at fair value on a recurring basis. Management uses significant estimates when estimating the fair value of financial instruments.

NOTE 2. MINE DEVELOPMENT

	31-Dec-18 $	30-Jun-2018 $
Carrying amount at beginning of period	181,238,078	167,715,706
Effect of movements in exchange rates	6,889,833	13,522,372
Project impairment	(181,127,911)	-
TOTAL MINE DEVELOPMENT ASSET	**-**	**181,238,078**

At 31 December 2018, 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 take up an equity interest in the Project.

Sundance reviews the carrying value of its assets at each balance date. During the period to 31 December 2018, the following material events occurred which were considered indicators of impairment:

- as announced on 31 July 2017 Exploration Permit 92 ("EP92") held by Cam Iron expired on 26 July 2017 after it had reached the maximum number of extensions under the Cameroon Mining Code. Cam Iron believes and has independent Cameroon legal advice that it has priority rights to be granted a mining permit over the area previously covered by EP92 as a result of Cam Iron having lodged a valid mining permit application in 2009 during the term of EP92.
- The expiry of the Mbalam Convention on 14 September 2018
- as at 31 December 2018, the market capitalisation of the Consolidated Entity was below the net assets.

Recoverability

The ability of the consolidated entity to recover the carrying value of the Project is dependent on the granting of a Mining Permit over the land previously covered by EP92, which amongst other matters noted below, includes the ability of the company to obtain project financing to develop the project and realise amounts in excess of its carrying value. Sundance was the holder of Exploration Permit ("EP92") from 2006 to 2017. In 2009 the Company filed a valid application for a mining permit over the tenement covered by EP92. This application was never dealt with and notwithstanding that EP92 has now expired the land, consistent with Cameroon Mining Code, remains unavailable for third parties until a further decision is made on the current Sundance mining permit application.

NOTE 2. MINE DEVELOPMENT (CONTINUED)

The Mbalam Convention had been extended to 14 September 2018 and has now expired. Sundance has completed all steps required of it from The Cameroon Government, as per the AX announcement of 19 March 2018, to receive a reinstatement of the Mbalam Convention. As to the date of publishing this Financial Statement the Mbalam Convention has not been reinstated.

As per ASX announcements of 19 and 20 March 2018, the Mbalam Convention was extended to 14 September 2018. On this date, the convention ended as the company was unable to demonstrate to the Cameroon Government that a credible partner who was interested in the development of the Project had taken an equity position. Sundance has been periodically updating a senior representative of the Government about the progress it had made with regard to securing an equity partner (being AustSino) and associated partners who had the capacity and capability to fund and construct the Project.

Notwithstanding the end of the Mbalam Convention, Sundance's subsidiary Cam Iron SA's mining permit application over the land previously covered by Exploration Permit EP92 remains on foot giving Cam Iron priority rights in respect of its Mining Permit Application relating to that area until a decision is made on the Mining Permit Application. An affirmative decision will lead to a full mining operating permit being issued, whereas a negative decision would see the loss of rights attached to it. The Recoverable amount of the Mine Development Assets as at 30 June 2018 was determined as a single cash generating unit of the Mbalam-Nabeba Iron Ore Project which was subject to certain assumptions as disclosed in The annual financial statements. As a result of the loss of Cameroon tenure, the project has been impaired in full on the basis that the cash flow of the project are interdependent as one cash generating unit, notwithstanding valid tenure still exists in Congo. The consolidated entity continues to pursue the grant of the mining licence based on the mining permit application or entering into a new convention and consequently has not prepared a separate plan or financial model in respect of the standalone Congo asset.

Even though the Board has confidence that the Mbalam Convention will be reinstated and that the New Agreement with AustSino will bring about development of the Project it has been decided to fully impair the asset. This will be re-evaluated as further clarity is developed regarding the Mbalam Convention and the development plans that will eventuate from the agreements made with AustSino and the potential project consortium.

NOTE 3. FINANCE CHARGES

	31-Dec-18 $	31-Dec-17 $
Implied Interest Expense - Convertible Notes	(8,483,875)	(7,436,143)
Amortisation of Capitalised Borrowing Costs	(26,242)	(26,242)
	(8,510,117)	**(7,462,385)**

NOTE 4. BORROWINGS

	31-Dec-18 $	30-Jun-18 $
CURRENT BORROWINGS		
Convertible Note - Debt Liability	118,142,315	-
Convertible Note - Derivative Liability	2,231,770	-
Convertible Note - Capitalised Borrowing Costs	(37,936)	-
	120,336,149	**-**

	31-Dec-18 $	30-Jun-18 $
NON-CURRENT BORROWINGS		
Convertible Note - Debt Liability	-	109,658,440
Convertible Note - Derivative Liability	-	4,200,000
Convertible Note - Capitalised Borrowing Costs	-	(64,178)
	-	**113,794,262**
TOTAL BORROWINGS	**120,336,149**	**113,794,262**

NOTE 4. BORROWINGS (CONTINUED)

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.

BORROWINGS OUTSTANDING

Noble Convertible Notes

On 26 October 2015, the Company announced that it had executed all of the agreements for the effective extension of the maturity date of the convertible notes due on 1 December 2015 to 23 September 2017 held by Noble.

Under the binding convertible note deed entered into by the Company and Noble (Replacement Noble Deed), the Company with ASX and any other regulatory and Shareholder approval:

(a) issued 200,000 new AUD denominated convertible notes at an issue price of $100 per note and a conversion price of $0.03 per share, to Noble valued at $20,000,000 with a maturity date of 23 September 2017 (Replacement Noble Notes); and

(b) issued 200,000,000 free options with an exercise price of $0.07 (New Noble Options).

Under the Replacement Noble Deed, the Company redeemed the Existing Noble Notes and cancelled the Existing Noble Options.

No funds were raised by the issue of the Replacement Noble Notes and New Noble Options. The redemption amount of $20,000,000 owed by Sundance to Noble under the Existing Noble Note (being 100% of face value) was set-off against the subscription amount of $20,000,000 owed by Noble in connection with the Replacement Noble Notes and New Noble Options. The redemption of the Existing Noble Note and cancellation of the Existing Noble Options in consideration for the issue of the Replacement Noble Notes and New Noble Options was a rollover of existing debt and accrued obligations, and did not increase the Company's indebtedness. The Existing Noble Deed was terminated on the 1 December 2015 with full effect.

The replacement Noble Notes and Noble Options are secured.

If the replacement Noble Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $25,156,200 (including $1,156,200 of capitalised interest accrued on the original convertible notes). No interest will accrue in respect of the replacement Noble Notes.

NOTE 4. BORROWINGS (CONTINUED)

The Noble Options have an exercise price of $0.0695 and will lapse on the earlier of:

- 5pm (WST) on 23 September 2019;
- 40 business days after the Company achieves Financial Close; and
- if a Change of Control Event is announced prior to the expiry of the Options, the date on which the Change of Control Event is completed which:
  - in the case of limb (a) of the definition of Change of Control Event, shall be the day the takeover offer closes;
  - in the case of limb (b) of the definition of Change of Control Event, shall be the implementation date of the scheme;
  - in the case of limb (c) of the definition of Change of Control Event, shall be the date of completion of the sale; and
  - in the case of limb (d) of the definition of Change of Control Event, shall be the date of change in control.

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes.

For full details of the convertible notes and options issued to Noble refer to the 2016 Notice of Annual General Meeting.

Investor Consortium Notes

Following shareholder approval, on 1 December 2015, the Company issued the following to an investor consortium made up of investment vehicles managed by Blackstone Alternative Solutions, L.L.C., the D. E. Shaw Group and Senrigan Capital (‘**Investor Consortium’**):

- convertible notes with a face value of $24 million (240,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.03 per share subject to adjustment (**‘Investor Consortium Notes’**); and
- 260 million free attaching options (**‘Investor Consortium Options’**).

The Investor Consortium Notes and Investor Consortium Options are secured.

If the Investor Consortium Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $28.8 million. No interest will accrue in respect of the Investor Consortium Notes.

The Investor Consortium Options have an exercise price of $0.0695 and will lapse on the earlier of:

- 5pm (WST) on 23 September 2019;
- 40 business days after the Company achieves Financial Close; and
- if a Change of Control Event is announced prior to the expiry of the Options, the date on which the Change of Control Event is completed which:
- in the case of limb (a) of the definition of Change of Control Event, shall be the day the takeover offer closes;

in the case of limb (b) of the definition of Change of Control Event, shall be the implementation date of the scheme;

- in the case of limb (c) of the definition of Change of Control Event, shall be the date of completion of the sale; and

NOTE 4. BORROWINGS (CONTINUED)

- in the case of limb (d) of the definition of Change of Control Event, shall be the date of change in control.

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes.

For full details of the convertible notes and options issued to the Investor Consortium refer to the 2016 Notice of Annual General Meeting.

Wafin Notes

On 23 September 2014 Sundance issued 400,000 convertible notes to Wafin Limited (**'Wafin'**) with an issue price of $100 per convertible note for a total investment of $40 million, maturing 36 months from the date of issue (23 September 2017) (**'Wafin Note'**). Wafin also received options over 260 million ordinary shares with an exercise price of 12 cents (**'Wafin Options'**).

Following shareholder approval, on 1 December 2015, the Company amended the Wafin Note and Wafin Options as follows:

- convertible notes with a face value of $40 million (400,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.03 per share subject to adjustment (**'Wafin Replacement Notes'**); and
- 260 million free attaching options (**'Wafin Replacement Options'**).

The Wafin Replacement Notes and Wafin Replacement Options are secured.

If the Wafin Replacement Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $52 million.

The Wafin Replacement Options have an exercise price of $0.0695 and will lapse on the earlier of:

- 5pm (WST) on 23 September 2019;
- 40 business days after the Company achieves Financial Close; and
- if a Change of Control Event is announced prior to the expiry of the Options, the date on which the Change of Control Event is completed which:
- in the case of limb (a) of the definition of Change of Control Event, shall be the day the takeover offer closes;
    - in the case of limb (b) of the definition of Change of Control Event, shall be the implementation date of the scheme;
    - in the case of limb (c) of the definition of Change of Control Event, shall be the date of completion of the sale; and
    - in the case of limb (d) of the definition of Change of Control Event, shall be the date of change in control.

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes. For full details of the convertible notes and options issued to Wafin refer to the 2016 Notice of Annual General Meeting.

NOTE 4. BORROWINGS (CONTINUED)

2015 Investor Group Notes

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

- convertible notes with a face value of $7 million (70,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.01 per share subject to adjustment (**'2015 Investor Consortium Notes'**)

The 2015 Investor Consortium Notes are secured.

Conversion may occur at any time between 27 October 2015 and 22 September 2017. If the 2015 Investor Consortium Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $8.4 million. No interest will accrue in respect of the 2015 Investor Consortium Notes.

The funds raised from the issue of these convertible notes will be used for working capital and project development.

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, as follows.

	$
Proceeds of issue	7,000,000
Liability component at date of issue	(3,937,50
Equity component	**3,062,50**

The equity component of $3,062,500 has been credited to equity (reserves).

The difference between the carrying amount of the liability component at the date of issue ($3,937,500) and the amount reported in the statement of financial position represents the effective interest rate less interest paid.

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes.

For full details of the convertible notes issued to the 2015 Investor Consortium refer to the 2016 Notice of Annual General Meeting.

NOTE 4. BORROWINGS (CONTINUED)

2016 Investor Group Notes

On 28 February 2017, Sundance issued the following to Noble Resources International Pte Ltd ('Noble'), an investment vehicle managed by Senrigan Capital Group ("Senrigan") and David Porter (together the '2016 Investor Group') to be used to assist in an enhanced strategy to find a partner for the Mbalam Nabeba Iron Ore Project:

- convertible notes with a face value of $1.3 million (13,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.0035 per share subject to adjustment ('2016 Investor Group Notes')

The 2016 Investor Consortium Notes are unsecured.

Conversion may occur at any time between 12 January 2017 and 23 September 2019. If the 2016 Investor Consortium Notes are not converted prior to the maturity date, 23 September 2019, they must be redeemed by the Company at its redemption amount of $1.56 million (120% of face value). No interest will accrue in respect of the 2016 Investor Consortium Notes.

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, as follows.

	$
Proceeds of issue	1,300,000
Liability component at date of issue	(185,714)
Derivative component	1,114,286

The liability component is measured at amortised cost

On 13 February 2018, Sundance converted 6,500 $100 2016 Investor Group convertible notes held by Noble Resources into 185,714,286 fully paid ordinary shares.

On 26 February 2018, Sundance converted 3,900 $100 2016 Investor Group convertible notes held by Senrigan into 111,428,571 fully paid ordinary shares.

For full details of the convertible notes issued to the 2016 Investor Consortium refer to the 2016 Notice of Annual General Meeting.

Proposed cancellation of convertible notes

On 29 July 2018 Sundance signed a legally binding term sheet with Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, Wafin Limited, BSOF Master Fund L.P. and David Porter (together the "Noteholders") to, subject to certain conditions being satisfied or waived, cancel their Convertible Notes in consideration for a combination of equity in Sundance and a capped production royalty ("Restructure").

The redemption value of the Notes is $132.86 million. The Notes have a maturity date of 23 September 2019, by which time Sundance would have to repay them.

NOTE 4. BORROWINGS (CONTINUED)

Under the agreed deal, each Noteholder was offered an opportunity to cancel its Notes in exchange for such number of shares in Sundance that represents between 30 – 50% of the redemption value of its Notes, based on a Sundance share price of 0.4 cents. The level of equity that a Noteholder elected to receive determined the rate of the proposed production royalty, which ranged from 1.00% to 1.24% of their share of revenue from the sale of the first 517 million tonnes of ore from the Project. The calculation of value to the Noteholders was determined by reference to the long term iron ore price of US$69/t CFR China.

The detail of the proposed conversion is covered in the table below:

Noteholder	Redemption Value ($M)	Conversion % to equity	No of Shares equivalent (M)	Royalty %
Senrigan	15.48	40	1,548	1.12
Noble	31.61	50	3,951	1
D. E. Shaw	18.84	50	2,355	1
Wafin	63.27	40	6,327	1.12
BSOF	3.36	40	336	1.12
Porter	0.3	40	31	1.12
Total	132.86		14,548	

Completion under the Term Sheet is subject to certain conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the Restructure, approval will be sought from Sundance shareholders at an Extraordinary General Meeting ("EGM").

Following completion, the Noteholders will hold approximately 64% of the issued equity in the Company.

New Agreement

The Term Sheet described above ("Existing Term Sheet") will continue to apply and remain binding on the Noteholders and Sundance until Cancellation Completion of the New Agreement between Sundance, AustSino and the Noteholders. This New Agreement was announced on 8 July 2019 and is described below.

Sundance and the Noteholders acknowledged and agreed that on and from the date of the New Agreement (8 July 2019) , the End Date in the Existing Term Sheet will be extended to the earlier of (a) 100 days after the termination of the New Agreement, and (b) 30 June 2020.

Under the New Agreement, Sundance has agreed to issue to AustSino 11,153,846,154 ordinary shares at an issue price of A$0.0026 per Share, together with the grant of 11,153,846,154 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2019 or another date agreed by the parties ("Placement Completion").

Placement Completion requires Sundance shareholder approval and is subject to a number of other conditions described in the Sundance ASX announcement of 8 July 2019.

The proceeds of the Placement Completion will be used for the following:

- $25M cash will be paid to the Noteholders ("Cash Payment"); and
- The balance will be used for working capital and to progress development of the Project and the transaction costs associated with the New Agreement. It is expected that this will comprise the following (including corresponding estimates of the expenses):
  - working capital, including in relation to salaries, administration and regulatory costs in Australia, Cameroon and Congo (approximately $2.5M);

NOTE 4. BORROWINGS (CONTINUED)

- transaction costs associated with the New Agreement, including the Independent Expert's Report, EGM and legal costs associated with the New Agreement and the Cameroon Convention (approximately $0.5M); and

- negotiation and legal costs associated with financing packages and EPC contracts for the Project (approximately $1M).

In exchange for the cancellation of the existing convertible notes in Sundance held by the Noteholders ("Convertible Notes") ("Cancellation"), and in addition to the Cash Payment to the Noteholders, Sundance will issue to the Noteholders:

- 2,000,000,000 Shares at a deemed issue price of A$0.004; and
- 5,000,000,000 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue.

Cancellation of the Convertible Notes will leave Sundance debt free.

The cash, Shares and options will be allocated amongst the Noteholders in proportion to their redemption value or as otherwise agreed between the Noteholders (with those alternate proportions to be notified to Sundance and outlined in Sundance's notice of meeting in due course, if applicable). Any alternate allocation between the Noteholders will not increase the total value of the consideration payable to the Noteholders for Cancellation of the Convertible Notes. The table below outlines the redemption value of each Noteholder's Convertible Notes and the proportion of that value to the total redemption value of the Convertible Notes.

Noteholder	Redemption Value	
	A$m	% of total
Wafin Limited	63.3	47.6%
Noble Resources International Pte Ltd	31.6	23.8%
D.E. Shaw Composite Holdings International Pte Ltd	18.8	14.2%
Senrigan Master Fund	15.5	11.7%
BSOF Master Fund L.P.	3.4	2.5%
Mr. David Porter	0.3	0.2%
Total	132.9	100.0%

NOTE 5. FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but where fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values:

Financial Liabilities	31-Dec-18		30-Jun-18	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Convertible note debt liability - Noble	25,791,796	25,791,796	24,369,819	24,369,819
Convertible note debt liability - Investor Consortium	30,389,603	30,389,603	28,362,545	28,362,545
Convertible note debt liability - Wafin	53,256,636	53,256,636	49,070,901	49,070,901
Convertible note debt liability – 2015 Investor Consortium	8,417,663	8,417,663	7,584,814	7,584,814
Convertible note debt liability – 2016 Investor Group	248,682	286,618	206,186	270,364

The fair value amounts have been reasonable estimated at balance sheet date, while the carrying amount reflects the fair value less the capitalised borrowing costs incurred in the arrangement of the Noble and Investor Consortium convertible notes.

NOTE 6. ISSUED CAPITAL

	31-Dec-18 $	30-June-18 $
Ordinary Shares		
8,375,846,952 fully paid ordinary shares (30 June 2018: 8,125,846,952)	427,399,688	426,183,967
	427,399,688	**426,183,967**
Movements in ordinary shares	**No.**	**No.**
At the beginning of the period	8,125,846,952	7,102,023,617
Shares issued	250,000,000	1,023,823,335
AT THE END OF THE PERIOD	**8,375,846,952**	**8,125,846,952**

Unlisted Options

At 31 December 2018 there were 920,000,000 (30 June 2018: 920,000,000) unissued ordinary shares for which options were outstanding which were subject to vesting conditions. These comprise the following:

NOTE 6. ISSUED CAPITAL (CONTINUED)

- 50,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 6.95 cents per share expiring on 23 September 2019 or 40 days after Financial Close*.
- 210,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 6.95 cents per share expiring on 28 November 2019 or 40 days after Financial Close*.
- 200,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 6.95 cents per share expiring on 23 September 2019 or 40 days after Financial Close*.
- 260,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 6.95 cents per share expiring on 23 September 2019 or 40 days after Financial Close*.
- 100,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 0.30 cents per share vesting on 1 December 2017 and expiring on 1 December 2022.
- 100,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 0.60 cents per share vesting on 1 December 2018 and expiring on 1 December 2023.

**Financial Close means the time when the project financing documentation for the full debt funding of the Mbalam-Nabeba Iron Ore Project has been executed and conditions precedent have been satisfied or waived and, as a consequence, drawdowns under the project financing documentation are now permissible and a minimum of $40,000,000 has now been received by the Company.*

Listed Options

As at 31 December 2018 there were no (30 June 2018: nil) options outstanding which entitled the holder to subscribe to ordinary shares in the parent entity.

No options expired or were exercised in the period.

NOTE 7. SEGMENT INFORMATION

AASB 8 Operating Segments ('**AASB 8**') requires operating segments to be identified on the basis of internal reports about components of the Group 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 Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is specifically focused on each project being developed. The only project currently under development is the Mbalam-Nabeba Iron Ore Project which includes iron ore deposits in the Republics of Cameroon and Congo in Central Africa. The unallocated portion relates to head office and corporate activities.

The Consolidated Entity's reportable segment under AASB 8 is therefore the Mbalam-Nabeba Iron Ore 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 half financial year ended 31 December 2018:

NOTE 7. SEGMENT INFORMATION (CONTINUED)

	Revenue		Segment Loss	
	Half-year ended		Half-year ended	
	31-Dec-18 $	31-Dec-17 $	31-Dec-18 $	31-Dec-17 $
Continuing operations				
Mbalam-Nabeba Iron Ore Project	-	-	(484,224)	(516,622)
Project impairment	-	-	(188,127,911)	-
Total segments	-	-	(188,612,135)	(516,622)
Interest income			1,173	3,128
Unallocated expenses			(7,833,723)	(9,904,517)
Loss before tax			(196,444,685)	(10,418,011)
Income tax expense				-
Consolidated segment loss for the			**(196,444,685)**	**(10,418,011)**

There were no intersegment sales during the year recorded in the revenue reported above.

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

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

	31-Dec-18 $	30-Jun-18 $
Segment Assets		
Mbalam-Nabeba Iron Ore Project	271,998	181,440,794
Total segment assets	271,998	181,440,794
Unallocated assets	220,635	520,254
Total assets	**492,633**	**181,961,048**

NOTE 8. CONTINGENT LIABILITIES

The Consolidated Entity is aware of the following contingent liabilities as at 31 December 2018:

Hold Co Production Based Compensation

- Sundance is required to pay ongoing production based compensation to Hold Co SARL, Cam Iron's minority shareholder, pursuant to a compensation deed. The obligation to pay this compensation is based on iron ore sold by Congo Iron 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.

NOTE 8. CONTINGENT LIABILITIES (CONTINUED)

Use of the Quantm System on the Mbalam Rail Corridor

- In July 2007, Sundance entered into an agreement with Quantm Pty Ltd 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 and certainty to achieve Financial Close is not known. As a result, no amount has been recognised as a liability in the financial statements.

Fiscal Compliance

- The Group, 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 Group.

Australian Federal Police Investigation (AFP)

- In August 2016, allegations were raised by Fairfax Media relating to events that occurred in Congo between 2006 and 2008. The AFP subsequently commenced an investigation into the allegations. Sundance continues to work cooperatively with the AFP which may lead to further costs being incurred by the Group.

NOTE 9. EXPENDITURE COMMITMENTS

Exploration Permit – Republic of Cameroon

- With the expiry of EP92 no further minimum expenditure is required.

Exploration Permits and Mining Permit – Republic of Congo

- 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. No minimum expenditure is required.
- On 9 August 2013 by Presidential Decree 2013-405, the Ministry granted a second 2 year extension of the Ibanga Exploration Permit. Congo Iron made application for a new permit, the Bethel Exploration Permit covering only part of the previous Ibanga permit area containing the most prospective area in August 2015. Congo Iron is awaiting a determination on this permit. No expenditure requirements have been set.

Mbalam Convention, Cameroon

- On 29 November 2012, Cam Iron agreed the terms of the Convention with the Republic of Cameroon. The Convention underpins the agreement between Cam Iron 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.

Nabeba Convention, Republic of Congo

- On 24 July 2014, Congo Iron agreed the terms of the Convention with the Republic of Congo. The Convention underpins the agreement between Congo Iron 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 the Republic of Congo.

NOTE 10. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Other than set out below, no matters or circumstances have arisen since the end of the half-year ended 31 December 2018 which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods:

- On the 2 January 2019, Sundance announced that it had reached an agreement with all Noteholders and AustSino to extend the end date of the binding agreement that it signed on 24 September 2018 ("Previous Agreement"), from 31 December 2018 to 31 March 2019.

  AustSino agreed to further fund Sundance via a placement. Sundance received $120,000 from AustSino and Sundance issued 30,000,000 fully paid ordinary shares to AustSino at an issue price of $0.004 per share. AustSino also received 60,000,000 bonus options (2 options per share issued) at an exercise price of $0.006, the options will lapse 5 years after issue.

  Sundance also agreed to a placement with Sea Honour Limited ("Seahonour"). Sundance received $100,000 from Seahonour and issued 25,000,000 fully paid ordinary shares at an issue price of $0.004 per share. Seahonour also received 50,000,000 bonus options (2 options per share issued) at an exercise price of $0.006, the options will lapse 5 years after issue.

  The placements did not require shareholder approval as they will be completed under the Company's existing capacity under ASX Listing Rule 7.1.
- On the 10 January 2019, Sundance announced that it had received $220,000 in immediately available funds. Sundance has received $120,000 from AustSino and $100,000 from Sea Honour Ltd via a placement. The funds will be used for working capital and to progress the progress of the requirements of the binding agreement that it signed on 24 September 2018 ("Previous Agreement") with AustSino Resources Group Limited (ASX: ANS) ("AustSino") and the noteholders of Sundance.

  Sundance also announced that due to Cameroon ministerial changes there was a delay in convention discussions. Following President Paul Biya's election victory in August 2018, giving him a new 7-year term, the President on Friday, 4 January 2019, announced a restructure of his Cabinet including the appointment of new ministers. This also included the appointment of a new Prime Minister. Due to these Cabinet changes and the need for the government ministers to settle into their portfolios, planned visits to Cameroon by Sundance and AustSino to discuss the Mbalam Convention have been delayed until late January 2019 at the request of the Cameroon Government.
- On the 15 February 2019, Sundance announced that it had received further funding from sophisticated investors to a value of $800,000. The funds were used for working capital and to progress the progress of the requirements of the binding agreement that it signed on 24 September 2018 ("Previous Agreement") with AustSino Resources Group Limited (ASX: ANS) ("AustSino") and the noteholders of Sundance.
- On the 25 February 2019, Sundance announced that it had received further funding from sophisticated investors to a value of $60,000. The funds will be used for working capital and to progress the progress of the requirements of the binding agreement that it signed on 24 September 2018 ("Previous Agreement") with AustSino Resources Group Limited (ASX: ANS) ("AustSino") and the noteholders of Sundance.
- On the 3 April 2019, Sundance announced that in response to progress in Cameroon, Sundance had reached an agreement with all of the Noteholders and AustSino to further extend the end date of their Previous Agreement to 30 June 2019. As consideration for facilitating the extension of the end date of the Previous Agreement to 30 June 2019, the Company has agreed to issue 300 million fully paid ordinary shares to Western Australian Port Rail Construction (Shanghai) Ltd ("WAPRC") at a deemed issue price of A$0.005. No shareholder approval is required for the issue of these shares to WAPRC.

The agreement previously signed with the Noteholders and announced by Sundance on 30 July 2018, in which the Company announced a restructure of its balance sheet and the elimination of the Convertible Notes, remains on foot. The term of that agreement has been extended by Sundance and the Noteholders to 30 September 2019.

NOTE 10. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)

- On the 11 April 2019, Sundance issued the 300 million fully paid ordinary shares to WAPRC
- On the 8 July 2019 Sundance announced that due to a delay in a decision being made by the Cameroon Government regarding reinstatement of the Mbalam Convention, the Previous Agreement between Sundance, AustSino and the Noteholders announced on 24 September 2018 had been terminated and superseded. Sundance, AustSino and the Sundance Noteholders agreed to a New Agreement:
  - the New Agreement does not have the reinstatement of the Mbalam Convention as a condition precedent, and
  - the funding has reduced from $58M to $29M to reflect this change.

  Following completion of the new agreement, $25M will be used to cancel Sundance's existing convertible notes on issue in exchange for a cash, share and option package for the existing noteholders.

  Sundance will retain $4M cash for working capital and to progress the Mbalam-Nabeba Project.

  If completion of this transaction does not occur then the arrangements under the existing term sheet with Noteholders to convert the existing convertible notes into equity and royalties, remains on foot.

  The transaction will require a number of regulatory and shareholder approvals before completion, which are expected to be satisfied before 31 December 2019. The conditions to this transaction include completion of AustSino's own placement of shares, which in turn requires regulatory and shareholder approvals (including Chinese and FIRB approvals), and there is no guarantee that such approvals will be obtained. Failing to obtain these approvals will result in neither AustSino's placement nor the transaction proceeding.

  Sundance and AustSino intend to continue to explore the potential reinstatement of the Mbalam Convention and the transaction is conditional on the taking of certain further steps in this regard.

  Completion of the new agreement will result in a change of control of Sundance. AustSino will own approximately 50.2% of Sundance. AustSino will receive approximately 11,153,846,154 shares issued at a price of $0.0026 per share.

  The number of options to be granted to the Noteholders is to be halved from 10 billion to 5 billion. The terms of those options (having an exercise price of $0.02 and expiry date of five years from the date of issue) are otherwise unchanged.

  AustSino will provide certain financial support to Sundance to support its working capital requirements until completion of the New Agreement. Sundance may also seek support from other parties. The support from AustSino will be via an initial $200,000 placement of ordinary shares to AustSino at an issue price of $0.00375 per share, resulting in the issue of 53,333,333 shares to AustSino. After the Initial Placement AustSino is required to pay $100,000 per month to Sundance in return for the issue of ordinary shares in Sundance at an issue price of $0.00375 up to an aggregate of $600,000 (including the initial $200,000) (Financial Support Arrangement). The total number of ordinary shares potentially to be issued by Sundance to AustSino under the Financial Support Arrangement is 160,000,000 ordinary shares. In lieu of subscribing for additional Sundance shares, AustSino may instead require that amounts paid under the Financial Support Arrangement be deducted from the $29 Million purchase price payable by AustSino on Placement Completion. Neither the Initial Placement nor any subsequent placement of shares under the Financial Support Arrangement will require Sundance shareholder approval.
- On the 12 July 2019, Sundance issued 53,333,333 fully paid ordinary shares at a deemed issue price of $0.00375 per share to AustSino under the New Agreement dated 5 July 2019 being initial placement of $200,000.

NOTE 11. DIVIDENDS

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

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The Board of Directors
Sundance Resources Limited
45 Ventnor Avenue
WEST PERTH WA 6005

21 August 2019

Dear Board Members

Sundance Resources Limited

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

As lead audit partner for the review of the financial statements of Sundance Resources Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountant

Deloitte.

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

We have reviewed the accompanying half-year financial report of Sundance Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2018, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-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 end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sundance Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Relating to Going Concern

We draw attention to Note 1 in the half-year financial report which indicates that the consolidated entity incurred a net loss of $196.44 million and incurred net cash outflows from operating activities of $1.46 million for the period ended 31 December 2018. These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 21 August 2019