



SUNDANCE
RESOURCES LTD

INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2009
ABN 19 055 719 394
and Subsidiaries



**SUNDANCE RESOURCES LIMITED
CORPORATE DIRECTORY**

- DIRECTORS:** Geoff Wedlock (Non-Executive Chairman)
Donald Lewis (Managing Director)
Kenneth Talbot
Craig Oliver
- COMPANY SECRETARY:** John Carr-Gregg
- REGISTERED OFFICE:** Level 17, AMP Building
140 St Georges Terrace
Perth WA 6000
- HEAD OFFICE:** Level 17, AMP Building
140 St Georges Terrace
Perth WA 6000

Tel: +61 (8) 9220 2300
Fax: +61 (8) 9220 2311

Email: info@sundanceresources.com.au
Internet: <http://www.sundanceresources.com.au>
- AUDITORS:** **Deloitte Touche Tohmatsu**
Level 14, Woodside Plaza
240 St Georges Terrace
Perth WA 6000

PO Box A46
Perth WA 6837

Tel: +61 (8) 9365 7000
Fax: +61 (8) 9365 7001
- SHARE REGISTRY:** **Computershare Investor Services Pty Ltd**
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000

GPO Box D182
Perth, Western Australia 6840

Tel: +61 1300 557 010
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 for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The table below lists the Directors of the Company during or since the end of the half-year:

| Name of Director | Period of Directorship |
|--|-------------------------------|
| Executive | |
| Donald Lewis (<i>Managing Director</i>) | Director since November 2006 |
| Non-executive | |
| Geoff Wedlock (<i>Chairman – appointed 31 August 2009</i>) | Director since October 2007 |
| Kenneth Talbot | Director since September 2007 |
| Craig Oliver | Director since April 2008 |
| George Jones | Retired 31 August 2009 |

REVIEW OF FINANCIAL RESULTS

The consolidated loss after income tax for the half year was \$4,933,287 (2008: \$7,425,724)



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

REVIEW OF OPERATIONS – MBALAM IRON ORE PROJECT

The Mbalam Iron Ore Project is based on Exploration Permit 92 (EP92) and Exploration Permit 143 (EP143), located approximately 400 km southeast of the capital city of Yaounde in the Republic of Cameroon and Mining Research Permits MRP362 and MRP363, located in the Republic of Congo (refer Figures 1 and 2).

EP92 and EP143 are owned by Cam Iron SA, a company incorporated in the Republic of Cameroon. Cam Iron SA is a subsidiary of Sundance Resources Ltd (Sundance). MRP362 and MRP363 are owned by Congo Iron SA, a company incorporated in the Republic of Congo. Congo Iron SA is also a majority owned subsidiary of Sundance.

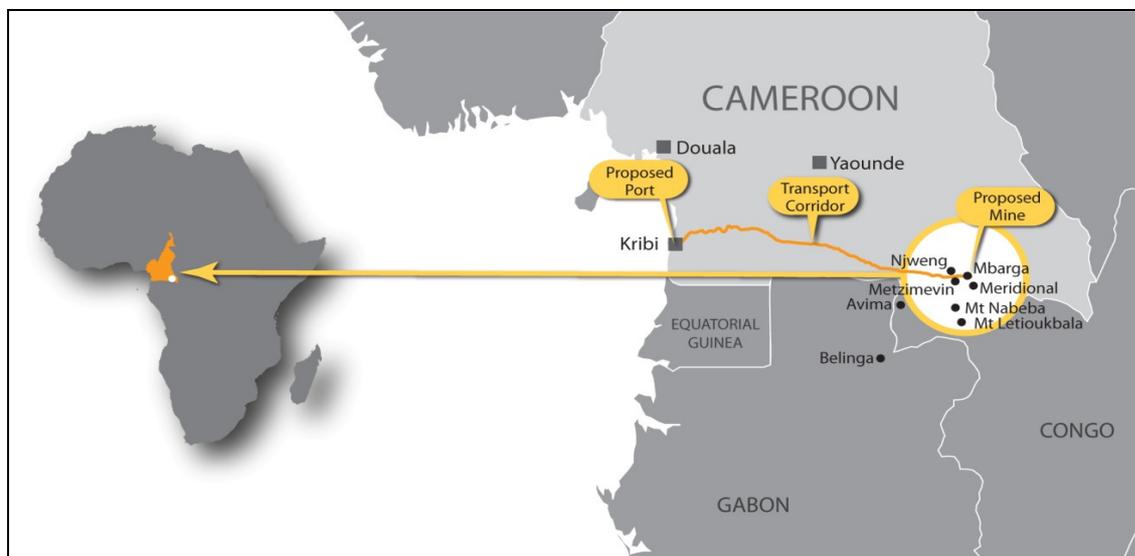


Figure 1: Location of the Mbalam Iron Ore Project

EXPLORATION AND RESOURCE DEFINITION

Exploration and resource definition work during the reporting period concentrated on:

- securing and mobilising a drill rig fleet post Board approval of the 2009/2010 exploration program;
- re-commencement of drilling on EP92 in the Republic of Cameroon; and
- development of access to the Nabeba Deposit on MRP362 in preparation for first drilling on the Company's exploration portfolio in the Republic of Congo.

The first diamond drilling rig was commissioned on site in November 2009 with initial focus on collection of core for metallurgical testing of High Grade Hematite material from the Mbarga Deposit. Drilling was then extended to the Mbarga South and Meridional Deposits on EP92 with regional mapping and geophysical interpretation continuing to generate targets for future drilling. Access was also established to the Nabeba Deposit on MP362 and drilling commenced on this deposit on 29 January 2010.

Figure 2 shows the location of the key deposits on the Company's landholdings in the Republic of Cameroon and the Republic of Congo.



**SUNDANCE RESOURCES LIMITED
DIRECTORS' REPORT**

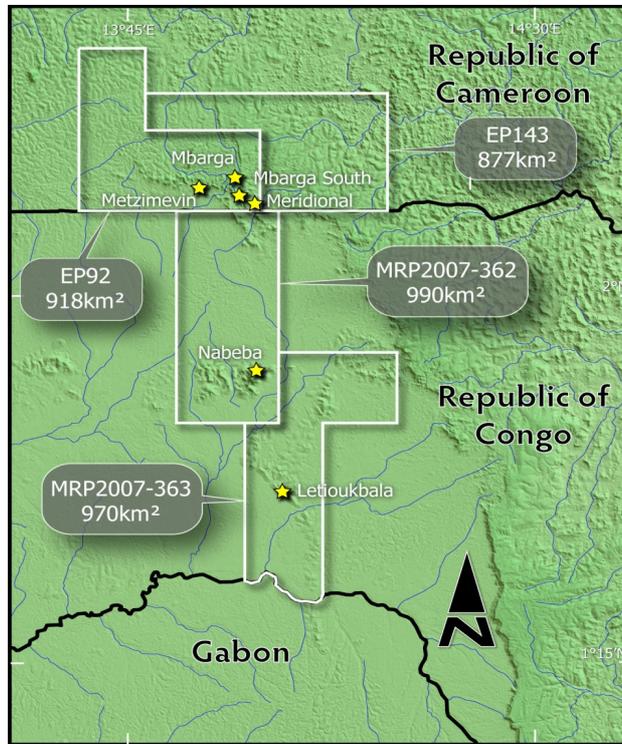


Figure 2: Exploration Permits controlled by Sundance and Location of Key Deposits

The principal objective of the 2009/2010 exploration program is to achieve the Project Exploration Target* for High Grade Hematite. This totals 315 to 465 million tonnes Hematite at 55% to 65% Fe (including the existing 215 million tonne JORC-Code compliant Mineral resource defined to date on EP92 - refer Table 1).

| Deposit | Category | Tonnage (Million Tonnes) | Grade (Fe %) |
|--------------------------------|---------------------------------|-----------------------------|------------------|
| Mbarga/Mbarga South/Metzimevin | Indicated and Inferred Resource | 215 Mt | 60% |
| Nabeba Deposit | Exploration Target* | 100 – 250 Mt | 55% – 65% |
| TOTAL PROJECT | | 315 – 465 Mt | 55% - 65% |

Table 1: Reported Resources and Exploration Target* for High Grade Hematite

The drilling program in 2010 is focused on the Nabeba Deposit for which an Exploration Target* of 100 to 250 million tonnes Hematite at 55% to 65% Fe has been defined. The program allows for initial Diamond and RC drilling from surface to approximately 100m depth with the primary objective being to quantify Supergene high grade mineralisation.

* While the Company is optimistic that it will report additional resources in the future, any discussion in relation to the potential quantity and grade of Exploration Targets in excess of Inferred or Indicated Mineral Resources is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource in excess of that estimated for the Mbarga, Mbarga South and Metzimevin Deposits and it is uncertain if further exploration will result in determination of a Mineral Resource for the Nabeba Deposit or other prospects on the Company's landholdings.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

Rig Purchases, Mobilisation and Commissioning

The first Sandvik diamond drill rig was received and commissioned on site in mid November 2009 (refer Figure 3). This rig commenced drilling at the Mbarga Deposit with completion of two holes for metallurgical sampling of High Grade Hematite. Drilling was then extended to the Mbarga South Deposit and the Meridional Deposit during the reporting period.

A total of 595 meters of diamond drilling was completed to the end of December 2009 with excellent rig availability. This diamond rig began drilling on the Nabeba Deposit on 29 January 2010 to commence the Resource Definition drilling programme on MRP362.

The second Sandvik diamond drill rig (identical to the first) was received and commissioned on site in January 2010. This rig has been allocated to infill drilling at the Mbarga Deposit and surrounding deposits on EP92, targeting the progressive conversion of current Resources to Reserves.

The third drilling rig, a new Schramm RC rig, has been received and is being commissioned in Mbalam before commencement of drilling at Nabeba in the March 2010 Quarter.



Figure 3: Drilling at the Meridional Deposit in December 2009

Preparation for Drilling on the Nabeba Deposit, Republic of Congo

Access has been established to the Nabeba Deposit from the Company's exploration base at Mbalam in Cameroon. The Nabeba Deposit is located 42 km south of Mbalam.

Development of this access has required refurbishment of existing tracks and bridges as well as construction of new access roads and development of a new border crossing just south of the Mbalam exploration base.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

The Company has used its fleet of construction equipment to build this access with work accelerating after the conclusion of the recent wet season in December 2009. Access to the crest of the deposit was achieved in late January 2010 with drill infrastructure now established. Significant road and bridge work is still required to ensure year round access and work is proceeding ahead of the 2010 wet season.

Re-Commencement of Drilling on EP92

Drilling re-commenced on EP92 in the reporting period. Two diamond drill holes (predominantly PQ diameter) were drilled at the Mbarga Deposit in December 2009. These holes were drilled to collect High Grade Hematite samples for metallurgical testing with a total of 146.5 metres completed. Figure 4 shows the locations of these two holes relative to previous drill hole locations on the Mbarga Deposit.

The complete core samples from these two holes have been transported to Australia for metallurgical analysis. This provided approximately 2 tonnes of High Grade material.

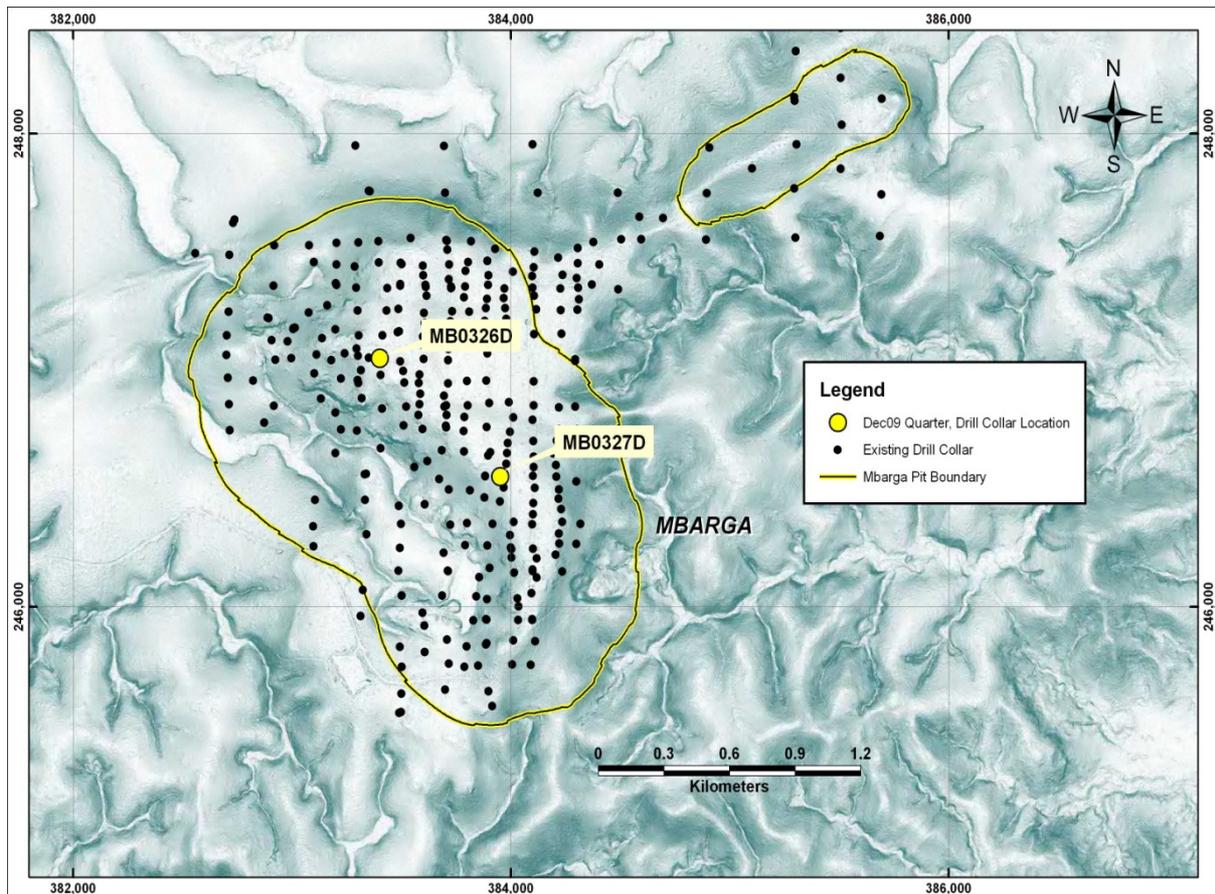


Figure 4: Location of Drill Holes Completed in December 2009 on the Mbarga Deposit

Two resource definition holes were completed on the Mbarga South Deposit in the reporting period for a total of 118.9 metres. Hole SM0023D intersected 49m of High Grade Hematite from surface.

Four exploratory holes were completed on the Meridional Deposit in the reporting period for a total of 294.1 metres. Further drilling is required to determine the potential of this deposit.



**SUNDANCE RESOURCES LIMITED
DIRECTORS' REPORT**

Significant intersections derived from the drilling completed in November/December 2009 on EP92 are summarised in Table 2. These are only preliminary results as they are based on a Site handheld Niton XRF device. This instrument provides reasonable accuracy, and has been previously trialled and calibrated from previous drill results collected on site, but all samples have been sent to Ultratrace Laboratories in Australia for full quantitative analysis ahead of interpretation and resource modelling.

| Deposit | Hole | From | To | Length | %Fe (Niton) |
|---------------------|---------|------|-------|--------|-------------|
| Mbarga | MB0326D | 0 | 52m | 52m | 56.9 |
| | MB0327D | 8 | 52m | 44m | 56.9 |
| South Mbarga | SM0023D | 0 | 51m | 51m | 60.2 |
| | SM0024D | 0 | 26.7m | 26.7m | 52.6 |
| Meridional | MD0001D | 0 | 45.6m | 45.6m | 63.2 |
| | MD0003D | 0 | 52.8m | 52m | 41.5 |
| | MD0004D | 0 | 7.9m | 7.9m | 50.1 |
| | MD0005D | 0 | 20.6m | 20.6m | 63.0 |
| | MD0006D | 0 | 8.6m | 8.6m | 55.8 |

**Table 2: Summary of Significant Drill Intersections from Diamond Drilling In November / December 2009
(Based On Field Niton Results)**

One diamond drill rig will remain on EP92/EP143 during 2010 with the principal aims being to:

- 1) Collect further core samples for metallurgical and geotechnical testwork;
- 2) Complete infill drilling to progressively convert Resources to JORC-Code compliant Reserves; and
- 3) Increase current resources by extending drilling to new targets.

Current Resource Inventory

The JORC-Code compliant Indicated and Inferred Mineral Resources for the Project have not changed during the reporting period. These Resources are summarised below in Tables 3 and 4.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

- High Grade Hematite Resource**

The JORC-Code compliant High Grade Hematite resource is estimated to contain a total of 215 million tonnes hematite at 60.2% Fe (refer Table 3).

| Deposit | Resource Category | Tonnage (Mt) | Grade | | | | |
|--|-------------------|--------------|-------------|----------------------|------------------------------------|-------------|------------|
| | | | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | LOI (%) |
| Mbarga | Indicated | 168.7 | 60.5 | 9.5 | 2.1 | 0.08 | 1.4 |
| | Inferred | 10.4 | 57.5 | 13.0 | 2.7 | 0.06 | 1.6 |
| Mbarga South | Inferred | 21.8 | 58.8 | 9.4 | 3.0 | 0.06 | 2.9 |
| Metzimevin | Inferred | 14.3 | 61.8 | 10.3 | 3.6 | 0.09 | 1.8 |
| Total – Indicated and Inferred Resource | | 215.2 | 60.2 | 9.8 | 2.3 | 0.08 | 1.6 |

Table 3 – Summary of Indicated and Inferred Resources of High-Grade Hematite

All resources at the Mbarga South and Metzimevin Deposits are classified as Inferred because of the density of drilling completed to date. Further drilling at these deposits will progressively increase confidence in this mineralisation with the aim to progressively convert to Indicated and Measured resources.

Current drilling on EP92 in Cameroon and MRP362 in Congo is aimed at increasing the Resource inventory of High Grade Hematite in order to support High Grade production for the first 10 years of Project operations.

- Itabirite Hematite Resource**

The JORC-Code compliant Itabirite Hematite resource at the Mbarga Deposit is estimated to contain a total of 2,325 million tonnes Itabirite at an average grade of 38.0% Fe (refer Table 4).

| Deposit | Resource Category | Tonnage (Mt) | Grade | | | | |
|--|-------------------|--------------|-------------|----------------------|------------------------------------|-------------|-------------|
| | | | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | LOI (%) |
| Mbarga | Indicated | 1,431 | 38.0 | 44.5 | 0.44 | 0.04 | 0.32 |
| | Inferred | 894 | 38.0 | 44.1 | 0.54 | 0.05 | 0.43 |
| Total – Indicated and Inferred Resource | | 2,325 | 38.0 | 44.4 | 0.48 | 0.04 | 0.36 |

Table 4 – Summary of Indicated and Inferred Resources of Itabirite Hematite

The Indicated Resource is situated primarily in the upper portion of the Mbarga Deposit, where the current drill spacing is sufficient for upgrading of the resource category. The Company is confident that a high proportion of the deeper Inferred Resource will be upgraded to Indicated Category once sufficient drilling is completed within the deeper parts of the deposit.

The Indicated Resource of Itabirite Hematite at Mbarga is already sufficient to provide the beneficiation feed required for proposed production of high quality Direct Reduction grade and Blast Furnace grade iron concentrate during the first 25 years of Project operations (including initial production of High Grade DSO-quality product). There is no further exploration planned at this time to increase the Itabirite resource tonnage.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

FEASIBILITY STUDY PROGRAM

Technical and commercial assessment of the Project continued in the reporting period in preparation for commencement of the Definitive Feasibility Study in 2010. This work included:

- Completion of initial metallurgical testwork on Transitional High Grade Hematite from the Mbarga Deposit with promising results for gravity-based upgrading of this material to a premium quality product
- Re-design of the High Grade Mbarga Pit with the aim of achieving improved definition of material types for mine planning and scheduling.
- Appointment of key consultants and contractors and commencement of long lead field studies, including site geotechnical investigations, required for the Definitive Feasibility Study.
- Modelling review of the rail route by Calibre Rail with definitive engineering and site geotechnical investigations to proceed based on the Mid-Northern Corridor alignment. Additional high resolution LIDAR topographic data was flown over the corridor in December 2009;
- Site investigations commenced for the Iron Ore Export Terminal in collaboration with the Cameroon Government as part of design of the Kribi Multi-User Port development;
- Environmental and Social Assessment ("ESA") completed with the public review process to commence in the March Quarter 2010.

The Project development strategy assumes that the Project Exploration Target* for High Grade Hematite, as referenced in Table 1, is achieved. This would support production of DSO-quality product for up to the first 10 years of operations based on blending of material sourced from the Mbarga, Mbarga South, Metzimevin and Nabeba Deposits.

This strategy is aimed at export of highest margin product for the duration of the term of financing of Project infrastructure. Longer term production will then be based on beneficiation of the Itabirite Hematite to produce both Blast Furnace and Direct Reduction grade pellet feed concentrates.

Mine and Process Strategy for High Grade Hematite

The current Mineral resource inventory of High Grade Hematite from the Mbarga, Mbarga South and Metzimevin Deposits totals 215 million tonnes. This inventory includes Supergene, Transitional and Hypogene Hematite materials of varying iron and silica grade, averaging 60.2% Fe and 9.8% SiO₂.

Recent results from metallurgical testwork on core samples of the Transitional Hematite from the Mbarga Deposit indicates that this material is amenable to low cost upgrading. This testwork indicates that the silica content of the fines product produced from Transitional feed ore can be significantly reduced with high metal recovery. Blending this product with the very high grade direct shipping Supergene fines from the Mbarga and Nabeba Deposits is expected to deliver a premium quality product.

The current results indicate that this premium product can be delivered with no reduction in overall Resource tonnage due to:

- a) very high recoveries indicated from testwork completed to date; and
- b) the expectation that additional Transitional material can be introduced to the Resource inventory as the current silica cut-off limit can be reduced.

- **Metallurgical Testwork**

The results from the metallurgical test work program on the Transitional High Grade material from the Mbarga Deposit have demonstrated strong liberation and separation characteristics.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

The initial samples, which are representative of the central areas of the Mbarga Resource, indicate that low cost gravity-based separation can enhance the product grade without the need for tertiary crushing or grinding.

Preliminary analysis of the proposed upgrading of the Transitional material indicates that the increased revenue and marketability achieved from producing a premium High Grade fines product exceeds the cost of the upgrading with payback of additional capital in approximately 1 year. More detailed analysis is required together with additional testwork and process design to confirm these initial results.

Further high grade core samples are currently in transit and the metallurgical testwork programme is being expanded to fully define the performance of the Supergene and Transitional material and also examine the potential for upgrading of high grade Surficial material currently excluded from the Resource inventory.

- **Mine Planning**

Re-design of the Mbarga High Grade Pit commenced during the reporting period with the aim of achieving improved definition of the material types for mine planning and scheduling. This involved:

- Modification of block sizes;
- Review of the material type boundaries and domains; and
- Inclusion of multiple Transitional and Surficial material types to define upgradable materials.

This work will improve the identification of material types as ore feed sources and better define mining boundaries with the aim to increase the tonnage of potential DSO-quality product (and hence extend the duration of production of High Grade hematite from the Project).

The re-designed High Grade pit will be used to develop a geometallurgical resource model. This requires:

- Definition of multiple material types as ore feed;
- Simultaneous mining of the various material types;
- Parallel processing of the ore streams (lump, direct shipping fines and upgraded fines), and
- Blending of the fines products into a premium sinter feed product.

The strategy assumes the construction of a conventional lump and fines crushing and screening plant for Supergene and Transitional material and gravity based upgrade module for part of the transitional fines product stream.

- **Product Suite**

Latest metallurgical testing indicates that the Mbalam Project can deliver the following products:

- DSO-quality Fines grading ~62% Fe, 6% SiO₂, 2% Al₂O₃ and 0.08% P; and
- A combination of DR grade Itabirite concentrate grading 68% Fe and BF grade itabirite concentrate grading 65% Fe.

The product suite has not yet been finalized as the Company is developing process options to optimize the utilisation of the resource and the quality of products. The target Lump product is being revised on the basis of latest testwork results.

Longer term production of the Itabirite hematite will produce both Blast Furnace and Direct Reduction grade pellet feed concentrates. This will be implemented upon the exhaustion of the near-surface High Grade Hematite.

Scoping assessment will proceed in 2010 for potential development of a 4 - 8 million tonne per year pellet plant near the proposed port site south of Kribi. This would be based on DR grade Itabirite concentrate feed.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

Product Transport and Export Infrastructure

- **Rail Transport**

Infrastructure planning continued in the reporting period with review of the rail corridor route and infrastructure costs by Calibre Rail. Route optimisation modelling has been completed and has confirmed the Mid-Northern Corridor as the preferred, least cost alignment (refer Figure 5).

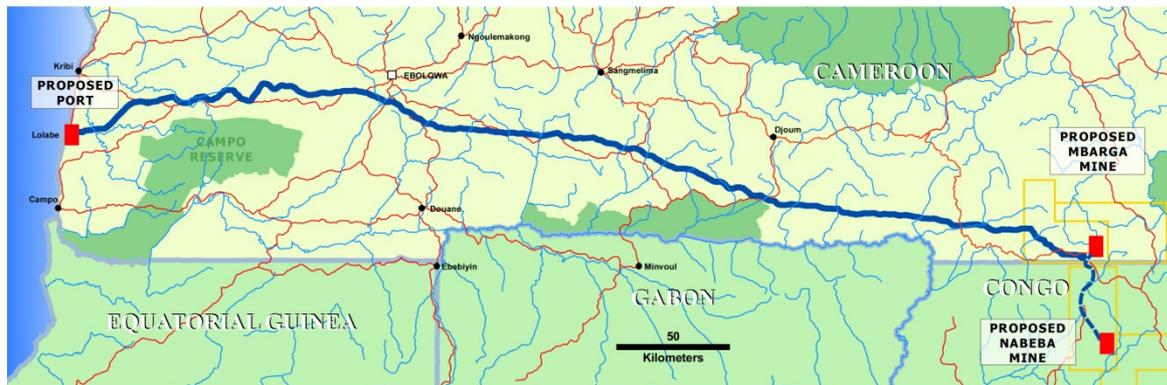


Figure 5: Mid-Northern Transport Corridor from Mine to Port

Calibre Rail (CR) has been appointed to complete definitive feasibility study of the rail package in 2010. CR is one of Australia's leading heavy haul rail engineering groups having completed rail project studies and execution for Rio, BHP, FMG and a number of other iron ore project developers in Western Australia. They also have West African experience, having previously worked on Rio's Simandou iron ore project in Guinea.

Fugro Survey was commissioned in December 2009 to complete further aerial LIDAR surveys over the Mid-Northern Rail Corridor ahead of the commencement of definitive engineering work by CEJV. This survey has mapped route optimisation alternatives identified along the Mid-Northern Corridor in modelling work completed by CR in late 2009. The survey will also extend into the Congo with detailed topographic mapping to be completed over the Nabeba Deposit and the haul route between Nabeba and Mbalam.

Planning commenced for detailed 'on ground' geotechnical investigations with mobilisation of a geotechnical auger rig s in March 2010. This rig will be used to test foundation conditions along the rail route where access is available.

International geotechnical specialist Knight Piesold has been appointed to manage these geotechnical investigations. Knight Piesold has considerable prior experience in Cameroon having completed initial investigations along the rail route for Sundance in 2007/2008.

The alternative slurry pipeline option for transporting ore product to port remains a viable option but assessment of this option is on hold pending definitive engineering and commercial assessment of the preferred rail option.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

- **Port Infrastructure**

Planning for the iron ore export facility is continuing on the basis of accommodating “Chinamax” sized ships (refer Figure 6).

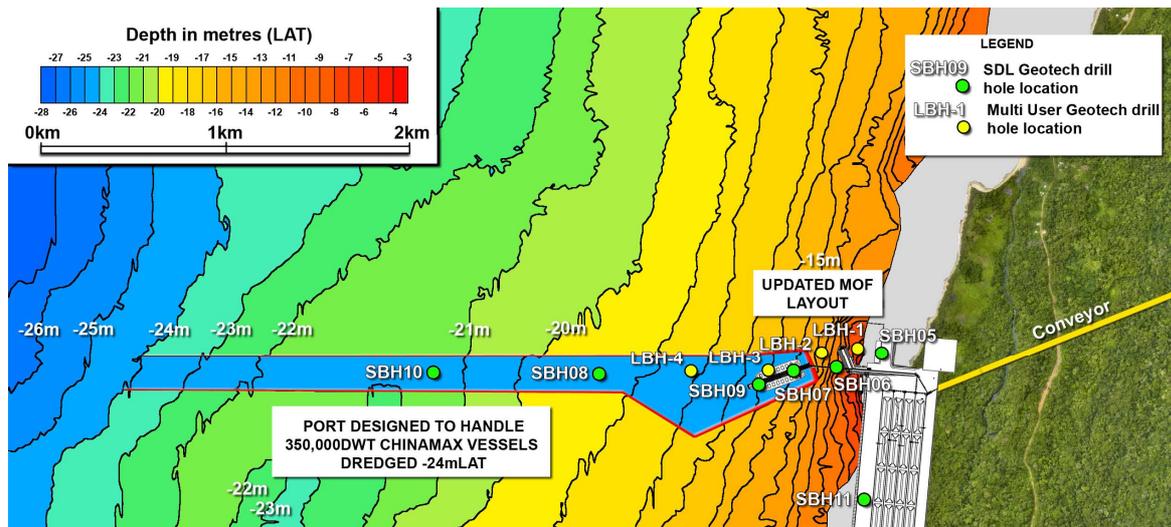


Figure 6: Port Layout for Chinamax Shipping

Government appointed contractors have undertaken engineering studies and site investigations over the proposed Kribi Multi-User Port development, which encompasses the Cam Iron export facilities at Lolabe. These studies extend over the entire site with onshore and offshore geotechnical investigations to be completed in February 2010.

Figure 6 shows the location of drill holes undertaken by Government contractors over the Lolabe port facility. Cam Iron has contracted to extend the scope of work completed by Government for the purposes of definitive engineering of the works required by Cam Iron at Lolabe. Drilling commenced in March 2010.

Cam Iron will continue to progress development of its iron ore export facilities, including land acquisition and approvals process, on a standalone basis, however, the Government's commitment to the adjacent multi-user facility will assist Cam Iron secure necessary approvals.

Environmental and Social Assessment (ESA)

- **Cameroon**

The Environmental and Social Assessment (ESA) report, and associated management plans, were completed in the reporting period and presented to the Cameroon Government for review. The ESA assumes 35 Mtpa production over a minimum mine life of 25 years with start-up production of DSO-quality product from High Grade Hematite feed followed by high quality pellet feed concentrate production from Itabirite Hematite feed. The ESA takes into consideration all mining, transport and port activities proposed by Cam Iron including both rail and slurry pipeline product transport options from mine to port.

The Mbalam Iron Ore Project is strongly supported by key stakeholders, including local communities, the Cameroon Government and NGOs and there is a preparedness to collaborate with Cam Iron to make the Project a success. This support is based on the fact that the Project will add significantly to the economic, social and environmental value of Cameroon. It will generate direct substantive economic wealth for the country, improve the lives of many people in communities around the Project and support sustainable forest management that will help conserve wildlife in a remote and very poor part of Cameroon.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

The ESA will be subject to a public review process administered by the Ministry of Environment and Nature Protection (MINEP) in the first half of 2010. In parallel, the Cameroon Government will progress acquisition and expropriation processes over lands required for development of Project infrastructure. This land will then be leased to CamIron. The expropriation process will determine compensation arrangements for any impacted landowners or communities. Completion of this process is targeted for Mid 2010.

- **Congo**

A Summary ESA for the 2010 exploration program at the Nabeba Deposit has been submitted to the Congolese Ministry of Tourism and Environment. The Summary ESA was prepared with the assistance of Environment Plus, a Congolese environmental consulting company accredited to complete such studies by the Ministry. A comprehensive ESA for Project development will be completed in 2010 with all approvals expected by end of 2010.

Congo Iron has met with all relevant Congolese Ministries to secure consents required for construction / upgrading of road access from Mbalam to the Nabeba Deposit and the undertaking of the 2010 drilling program.

Congo Iron has also consulted widely with Government officials and communities in the vicinity of its construction activities between Mbalam and Nabeba. This has included the establishment of border procedures to monitor movements of personnel, equipment and goods over the border near Mbalam.

STRATEGIC ACTIVITIES

Introduction of Strategic Partners

During the reporting period Deutsche Bank was mandated as Sundance's financial advisor for development of the Mbalam Iron Ore Project. Deutsche Bank's mandate includes:

- Securing of strategic partner(s) for the Project; and
- Advising and arranging Project funding (including equity and debt).

An updated Information Memorandum was circulated to prospective strategic partners. These parties include international steel mills, conglomerates, resource groups, trading companies, contractors and financiers. Due diligence investigations have commenced, with further site inspections scheduled for shortlisted parties.

Mbalam Government

The Project Feasibility Study was submitted to the Cameroon Government in the reporting period with formal presentation of the study and the proposed fiscal and development terms in meetings held with the Government negotiating team from 30 November - 4 December 2009.

The outcome of the meetings was positive with the negotiating team requesting the Company to submit a draft of the Mbalam Convention, containing the fiscal terms sought by the Company, in early 2010. This draft is currently in preparation and subject to legal review.

The Company's Chairman and CEO met with the President Biya of the Republic of Cameroon on 9 February 2010 to present the development plan and timeline to reach a final investment decision for the Mbalam Iron Ore project.

The meeting also highlighted the potential for the Mbalam Project to be a catalyst for regional development of iron ore resources across the Cameroon / Congo / Gabon region based on the foundation deposits and infrastructure to be developed by the Company at Mbalam and Nabeba.

During the meetings the President expressed his support of the project and the strategy outlined.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

Congo Government

A series of meetings were held with the Ministry of Mines of the Republic of Congo in the reporting period to update progress on the Congo exploration program. A meeting was also held with the Minister for Mines where the Company presented its plans for development of the Nabeba Deposit in parallel with the Company's Cameroon assets.

The Minister was briefed on the status of access development to the Nabeba Deposit and the timeline for commencement of drilling in 2010. The Minister was advised that these exploration results would form the basis for renewal of the Company's mining research permits (MRP362 and MRP363) in August 2010 pursuant to the Mining Code (which provides that mining research permits may be renewed twice, each for a period of two years).

The Minister was also advised that, subject to the outcome of the exploration program at Nabeba, the Company intends to apply for a Mining Permit in 2010 and commence negotiations for a Mining Convention with the Government of the Republic of Congo.

CORPORATE

Capital raising of A\$85 million completed by Renaissance Capital

In November 2009, the Company announced that, subject to shareholder approval being obtained and other general conditions of a Placing Agreement signed with Renaissance Capital, it proposed to issue 566,666,667 shares to international institutional investors at A\$0.15 per share to raise A\$85.0 million (before expenses).

The Company deliberately targeted new international institutional investors for this raising to broaden the reach and exposure of the Company to the international market ahead of proposed project financing activities in 2010.

The placement was approved at a General Meeting of Shareholders held on 9 December 2009 and completed in January 2010. The proceeds of the raising are being used to:

- complete Definitive Feasibility Study of the Mbalam Project, inclusive of mine, process, transport and port infrastructure;
- undertake drilling to define further High Grade mineralisation with a view to achieving up to 10 years of DSO-quality production; and
- provide general working capital.

Completion of Share Purchase Plan completed

The Company's second Share Purchase Plan ("SPP") offer was successfully completed in December 2009 with A\$4.7 million raised (before expenses).

The shares were issued at a price of A\$0.15 cents per share, the same issue price as the A\$85 million placement to institutional shareholders.

A total of 1,063 shareholders accepted the offer.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

Competent Persons Statement

The information in this release that relates to Exploration Results is based on information compiled by Mr Robin Longley, a Member of the Australian Institute of Geoscientists, and Mr Lynn Widenbar, a member of the Australasian Institute of Mining and Metallurgy.

Mr Longley is a consultant to the Company and has sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Longley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Widenbar is a consultant to the Company and has sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Widenbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The estimated quantity and grade of DSO quality supergene mineralisation and underlying itabirite-style mineralisation has been restricted to the area currently covered by drilling on a 100m x 50m pattern for the Indicated Resource at the Mbarga Deposit and 200m x 100m pattern for the Inferred Resource at the Mbarga, Mbarga South and Metzimevin Deposits. This is represented by an area approximately 3km (east-west) x 3km (north-south) on the Mbarga Deposit; by an area approximately 1.5km (east-west) and 1.0km (north-south) on the Mbarga South Deposit and 1.2km (east-west) x 0.3km (north-south) on the Metzimevin Deposit. Grade has been estimated by Ordinary Kriging on composited sample results. Cut-off grades for High Grade Hematite for the Mbarga Deposit are broken down as follows: Surficial: >50% Fe and <10% Al₂O₃; Supergene: No cut-off; Transitional: >51% Fe; Phosphorus: >53% Fe and <0.3% P; Hypogene: >52% Fe. Mbarga South is quoted at >50% Fe cut-off and Metzimevin is quoted at >56% Fe cut-off. A nominal 34% Fe cut-off value for the Mbarga Itabirite hematite is used.

A digital terrain surface (based on highly accurate topographic data), has been used to limit extrapolation of the mineralisation to the topography of the relevant deposits. A number of mineralisation and waste domains have been modelled as either a digital terrain surface or as wireframes and used to constrain the grade interpolation. The resource modelling has used 20m x 10m x 10m blocks with sub-blocks to honour the constraining surfaces. Collar surveys used DGPS surveying.

Down-hole surveys were determined using either deviation or gyro survey data. Down-hole geophysical logging including density, gamma, resistivity and caliper logs have been used in the evaluation.

The Itabirite mineralisation has a very strong correlation of density to Fe grade and therefore a Fe regression formula has been applied. The regression formula has been derived by analysis of data from geophysical downhole logging and assaying with a range of densities adopted from 3-4t/m³ depending on the iron grade. A density of 3.6t/m³ has been used for the majority of the near-surface High Grade Hematite and a value of 2.6 t/m³ applied to the overlying Surficial Zone. The underlying Transitional Zone has density values assigned via the Itabirite Fe grade regression formula, with a nominal 10% reduction applied to the resultant value to ensure the value is conservative.

Core and sample recovery has been recorded during logging. All drill hole data is stored in an acQuire database and imported data is fully validated. Assaying QA/QC was undertaken using field duplicates, laboratory replicates and internal standards with comprehensive reporting on laboratory precision and accuracy. Three metallurgical test work programs have supported the assay grades and density values of the major mineral types.

The map boundaries shown in the attached figures are indicative and should not be used for legal purposes. All areas are approximate and maps do not reflect all topographical features.

While the Company is optimistic that it will report additional resources in the future, any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource for these Exploration Targets and it is uncertain if further exploration will result in determination of a Mineral Resource.

Forward-Looking Statement

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the iron ore mining industry, expectations regarding iron ore prices, production, cash costs and other operating results, growth prospects and the outlook of SDL's operations including the likely commencement of commercial operations of the Mbalam Project and its liquidity and capital resources and expenditure, contain or comprise certain forward-looking statements regarding SDL's exploration operations, economic performance and financial condition. Although SDL believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in iron ore prices and exchange rates and business and operational risk management. For a discussion of such factors, refer to SDL's most recent annual report and half year report. SDL undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.



**SUNDANCE RESOURCES LIMITED
DIRECTORS' REPORT**

AUDITORS INDEPENDENCE DECLARATION

In accordance with the Corporations Act 2001 section 307C the auditors of the Company, Deloitte Touche Tohmatsu Ltd have provided a signed auditors independence declaration to the directors in relation to the half-year ended 31 December 2009. The auditor's independence declaration has been included in the half-year financial report on page 18.

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

G Wedlock
Director

DP Lewis
Director

11 March 2010
Perth, Western Australia

The Directors
Sundance Resources Limited
Level 17, 140 St Georges Terrace
Perth WA 6000

11 March 2010

Dear Chairperson

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 2009, 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



Ross Jerrard
Partner
Chartered Accountants

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

We have reviewed the accompanying half-year financial report of Sundance Resources Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 21 to 33.

Directors' Responsibility for the Half-Year Financial Report

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

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 Interim and Other Financial Reports 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 financial position of Sundance Resources Limited as at 31 December 2009 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*.

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 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Ross Jerrard
Partner
Chartered Accountants
Perth, 11 March 2010



**SUNDANCE RESOURCES LIMITED
DIRECTORS DECLARATION**

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

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

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

On behalf of the Directors

G Wedlock
Director

DP Lewis
Director

11 March 2009
Perth, Western Australia



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | Note | 31 December 2009 \$ | 31 December 2008 \$ |
|---|------|---------------------------|---------------------------|
| CONTINUING OPERATIONS | | | |
| Other income | | 500,252 | 1,210,417 |
| Administration expense | | (189,696) | (413,699) |
| Consultants expense | | (17,800) | (873,973) |
| Depreciation and amortisation expense | | (1,135,122) | (1,344,838) |
| Employee benefits expense | | (2,186,519) | (2,712,528) |
| Impairment expense | | (409,068) | — |
| Listing and registry fees | | (290,419) | (141,523) |
| Occupancy costs | | (279,216) | (436,782) |
| Travel and accommodation | | (366,690) | (497,567) |
| Other expenses | | (559,009) | (2,215,231) |
| LOSS FROM CONTINUING OPERATIONS BEFORE TAX | | (4,933,287) | (7,425,724) |
| Income tax expense | | — | — |
| LOSS FOR THE PERIOD | | (4,933,287) | (7,425,724) |
| OTHER COMPREHENSIVE INCOME | | | |
| Exchange differences arising on translation of foreign operations | | (5,871,747) | 14,178,774 |
| Income tax relating to components of other comprehensive income | | — | — |
| Other comprehensive income for the period | | (5,871,747) | 14,178,774 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | (10,805,034) | 6,753,050 |
| Loss attributable to: | | | |
| Owners of the parent | | (4,532,335) | (7,171,281) |
| Non-controlling interests | | (400,952) | (254,443) |
| NET LOSS ATTRIBUTABLE TO MEMBERS | | (4,933,287) | (7,425,724) |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | (10,404,082) | 7,007,493 |
| Non-controlling interests | | (400,952) | (254,443) |
| NET COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS | | (10,805,034) | 6,753,050 |
| EARNINGS PER SHARE | | | |
| From continuing operations | | | |
| - Basic (cents per share) | | (0.23) | (0.40) |
| - Diluted (cents per share) | | (0.23) | (0.40) |

The accompanying notes form part of this financial report on pages 26 to 33



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

| | Note | 31 December 2009 \$ | 30 June 2009 \$ |
|---|------|---------------------------|-----------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 96,261,376 | 20,384,940 |
| Inventory | | 1,802,735 | 1,214,606 |
| Other current assets | | 116,635 | 254,774 |
| Trade and other receivables | | 2,240,957 | 2,543,869 |
| TOTAL CURRENT ASSETS | | 100,421,703 | 24,398,189 |
| NON-CURRENT ASSETS | | | |
| Exploration and evaluation assets | 3 | 94,113,220 | 93,510,918 |
| Intangibles | | 393,586 | 415,586 |
| Property, plant and equipment | 2 | 7,138,258 | 6,383,003 |
| TOTAL NON-CURRENT ASSETS | | 101,645,064 | 100,309,507 |
| TOTAL ASSETS | | 202,066,767 | 124,707,696 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 4,218,176 | 2,172,919 |
| TOTAL CURRENT LIABILITIES | | 4,218,176 | 2,172,919 |
| NON- CURRENT LIABILITIES | | | |
| TOTAL NON-CURRENT LIABILITIES | | — | — |
| TOTAL LIABILITIES | | 4,218,176 | 2,172,919 |
| NET ASSETS | | 197,848,591 | 122,534,777 |
| EQUITY | | | |
| Issued capital | 4 | 290,613,786 | 204,494,938 |
| Reserves | | 6,054,370 | 11,926,117 |
| Accumulated losses | | (98,061,202) | (93,528,867) |
| Equity attributable to owners of the parent | | 198,606,954 | 122,892,188 |
| Non-controlling interest | | (758,363) | (357,411) |
| TOTAL EQUITY | | 197,848,591 | 122,534,777 |

The accompanying notes form part of this financial report on pages 26 to 33



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | Note | 31 December 2009 \$ | 31 December 2008 \$ |
|---|------|---------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (3,097,336) | (8,107,735) |
| Interest received | | 324,542 | 1,724,327 |
| NET CASH USED IN OPERATING ACTIVITIES | | (2,772,794) | (6,383,408) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (2,213,499) | (1,554,570) |
| Exploration and evaluation expenditure | | (7,093,059) | (20,099,357) |
| Other | | — | (148,763) |
| NET CASH USED IN INVESTING ACTIVITIES | | (9,306,558) | (21,802,690) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from equity issues | | 90,547,544 | — |
| Capital raising costs | | (2,591,526) | — |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | 87,956,018 | — |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 75,876,666 | (28,186,098) |
| Cash and cash equivalents at beginning of period | | 20,384,940 | 47,031,353 |
| Effect of foreign currency movements | | (230) | 216,466 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 5 | 96,261,376 | 19,061,721 |

The accompanying notes form part of this financial report on pages 26 to 33



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | Issued Capital \$ | Option Reserve \$ | Foreign Currency Translation Reserve \$ | Accumulated Losses \$ | Attributable to owners of the parent \$ | Minority Interest \$ | Total Equity \$ |
|---------------------------------------|-------------------------|-------------------------|---|-----------------------------|--|----------------------------|--------------------|
| <i>At 1 July 2008</i> | 187,059,817 | 9,771,375 | 19,009 | (79,868,727) | 116,981,474 | (158,826) | 116,822,648 |
| Loss for the period | — | — | — | (7,171,281) | (7,171,281) | (254,443) | (7,425,724) |
| Foreign currency reserve | — | — | 14,178,774 | — | 14,178,774 | — | 14,178,774 |
| TOTAL COMPREHENSIVE INCOME | | | 14,178,774 | (7,171,281) | 7,007,493 | (254,443) | 6,753,050 |
| Securities issued | — | 314,881 | — | — | 314,881 | — | 314,881 |
| Equity raising costs | — | — | — | — | — | — | — |
| Cost of share based payment | 1,605,452 | — | — | — | 1,605,452 | — | 1,605,452 |
| At 31 DECEMBER 2008 | 188,665,269 | 10,086,256 | 14,197,783 | (87,040,008) | 125,909,300 | (413,269) | 125,496,031 |

| | Issued Capital \$ | Option Reserve \$ | Foreign Currency Translation Reserve \$ | Accumulated Losses \$ | Attributable to owners of the parent \$ | Minority Interest \$ | Total Equity \$ |
|---------------------------------------|----------------------|-------------------------|---|-----------------------------|--|----------------------------|--------------------|
| <i>At 1 July 2009</i> | 204,494,938 | 10,072,207 | 1,853,910 | (93,528,867) | 122,892,188 | (357,411) | 122,534,777 |
| Loss for the period | — | — | — | (4,532,335) | (4,532,335) | (400,952) | (4,933,287) |
| Foreign currency reserve | — | — | (5,871,747) | — | (5,871,747) | — | (5,871,747) |
| TOTAL COMPREHENSIVE INCOME | | | (5,871,747) | (4,532,335) | (10,404,082) | (400,952) | (10,805,034) |
| Securities issued | 90,547,544 | — | — | — | 90,547,544 | — | 90,547,544 |
| Equity raising costs | (4,428,696) | — | — | — | (4,428,696) | — | (4,428,696) |
| Cost of share based payment | — | — | — | — | — | — | — |
| At 31 DECEMBER 2009 | 290,613,786 | 10,072,207 | (4,017,837) | (98,061,202) | 198,606,954 | (758,363) | 197,848,591 |

The accompanying notes form part of this financial report on pages 26 to 33



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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

Reporting entity

Sundance Resources Limited is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2009 comprises the company and its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interests in associates and jointly controlled entities.

The statutory annual financial report of the Consolidated Entity as at and for the year ended 30 June 2009 is available upon request from the company's registered office. A copy can also be downloaded from the company's website www.sundanceresources.com.au

Statement of compliance

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

The half-year report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2009.

Significant accounting policies

The accounting policies applied by the consolidated entity in this condensed consolidated interim financial report are the same as those applied by the consolidated entity in the consolidated financial report as at and for the year ended 30 June 2009, 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 Group 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 Interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 8 *Operating Segments*
- AASB 101 *Presentation of Financial Statements*
- AASB 127 *Consolidated and Separate Financial Statements*



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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

Going concern

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

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

Should the Consolidated Entity be unable to continue as going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

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

Basis of Preparation of Accounts

The financial report has been prepared on an accruals basis and is based on the historical cost basis, except for the revaluation of certain non-current assets and financial instruments. Costs are based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | 31 December 2009 \$ | 30 June 2009 \$ |
|--|---------------------------|--------------------------|
| NOTE 2. PROPERTY, PLANT & EQUIPMENT | | |
| Buildings – at cost | 2,116,489 | 2,302,553 |
| Accumulated depreciation | (204,690) | (160,023) |
| | <u>1,911,799</u> | <u>2,142,530</u> |
| Plant and equipment – at cost | 10,163,290 | 7,823,736 |
| Accumulated depreciation | (4,936,831) | (3,583,263) |
| | <u>5,226,459</u> | <u>4,240,473</u> |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | <u>7,138,258</u> | <u>6,383,003</u> |
| NOTE 3. EXPLORATION AND EVALUATION ASSETS | | |
| Mbalam Iron Ore Project | | |
| Carrying amount at beginning of period | 92,689,119 | 64,271,181 |
| Effect of movements in exchange rates | (7,581,741) | 1,338,209 |
| Additions | 7,836,424 | 27,079,729 |
| Expenditure written off | — | — |
| Disposals | — | — |
| Carrying amount at end of period | <u>92,943,802</u> | <u>92,689,119</u> |
| Congo Iron Ore Project | | |
| Carrying amount at beginning of period | 821,799 | 101,898 |
| Effect of movements in exchange rates | (67,221) | 2,121 |
| Additions | 823,908 | 717,780 |
| Impairment expense | (409,068) | — |
| Disposals | — | — |
| Carrying amount at end of period | <u>1,169,418</u> | <u>821,799</u> |
| TOTAL EXPLORATION AND EVALUATION ASSETS | <u>94,113,220</u> | <u>93,510,918</u> |



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 4. ISSUED CAPITAL

ORDINARY SHARES

2,709,027,072 fully paid ordinary shares (31 December 2008: 2,102,042,808)

| | 31 December 2009 \$ | 31 December 2008 \$ |
|--|---------------------------|---------------------------|
| | 290,613,786 | 188,665,269 |
| | 290,613,786 | 188,665,269 |
| MOVEMENTS IN ORDINARY SHARES | | |
| At the beginning of the financial year | 204,494,938 | 187,059,817 |
| 9,462,542 shares issued 30 November 2008 | — | 921,652 |
| 7,648,776 shares issued 30 November 2008 | — | 683,800 |
| 10,000,000 shares issued 3 September 2009 | 1,000,000 | — |
| 315,511,294 shares issued 18 November 2009 | 47,326,686 | — |
| 1,295,127 shares issued 26 November 2009 | 194,260 | — |
| 31,286,457 shares issued 8 December 2009 | 4,692,900 | — |
| 248,891,386 shares issued 22 December 2009 | 37,333,698 | — |
| Capital raising costs | (4,428,696) | — |
| AT THE END OF THE PERIOD | 290,613,786 | 188,665,269 |

NOTE 5. RECONCILIATION OF CASH

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise cash at bank at 31 December 2009 and 31 December 2008.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 6. SEGMENT INFORMATION

The Consolidated Entity has adopted AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

The Groups reportable segments under AASB 8 are as follows:

- Republic of Cameroon
- Republic of Congo

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of AASB 8. The accounting policies of the new reportable segments are the same as the Group's accounting policies.

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

| | Revenue | | Segment Loss | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | Half-year ended | | Half-year ended | |
| | 31 December 2009 \$ | 31 December 2008 \$ | 31 December 2009 \$ | 31 December 2008 \$ |
| Continuing operations | | | | |
| - Republic of Cameroon | — | — | (2,296,860) | (2,146,985) |
| - Republic of Congo | — | — | (525,778) | — |
| Total segments | — | — | (2,822,638) | (2,146,985) |
| Interest income | | | 500,252 | 1,210,417 |
| Unallocated expenses | | | (2,610,901) | (6,489,156) |
| Profit/(loss) before tax | | | (4,933,287) | (7,425,724) |
| Income tax expense | | | — | — |
| Consolidated segment revenue and loss for the period | — | — | (4,933,287) | (7,425,724) |



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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

| | 31 December 2009 | 30 June 2009 |
|------------------------------|-----------------------------|-------------------------|
| | \$ | \$ |
| Continuing operations | | |
| - Republic of Cameroon | 101,558,302 | 103,694,895 |
| - Republic of Congo | 1,008,208 | 1,306,799 |
| Total segment assets | 102,566,510 | 105,001,694 |
| Unallocated assets | 99,500,257 | 19,706,002 |
| TOTAL ASSETS | 202,066,767 | 124,707,696 |

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

Segment profit represents the profit earned by 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.

NOTE 7. RELATED PARTY TRANSACTIONS

The Company is a single entity and is not controlled by another entity.

Piedmont Nominees Pty Ltd received benefits of \$329,167 from the Company for services performed by Mr Donald Lewis, a director of the Company (2008: \$275,000).

Longley Mining Consultants Pty Ltd received benefits of \$200,000 from the Company for services performed by Mr Robin Longley, an executive of the Company (2008: \$195,830).

Keypalm Pty Ltd received \$25,806 for consulting services provided by Mr Geoff Wedlock, a director of the Company (2008: \$54,545).



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 8. CONTINGENT LIABILITIES

The Company is aware of the following contingent liability as at 31 December 2009.

Absolute Analogue & David Porter v Sundance

The Company has an ongoing dispute with Absolute Analogue & David Porter. The claim is for unpaid invoices totalling \$129,977. As at 31 December 2009 the full value of invoices received from Absolute Analogue have been recorded in the trade creditors balance of the Company. An offer of settlement has been made in respect of the unpaid invoices for a total of \$81,545, plus interest.

An additional claim has been made by Absolute Analogue & David Porter against the Company for the issue of 30 million options (20 million options with an exercise price of \$0.10 and 10 million options with an exercise price of \$0.20), exercisable at any time before 29 May 2009. In the opinion of the Board, no liability should be accounted for in respect of this claim.

The Company has filed its formal defence on this matter.

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

NOTE 9. EXPENDITURE COMMITMENTS (*)

Exploration Permits

Exploration Permit No. 92 was renewed on 29 September 2008 for a further 2 years. The Cameroon Ministry of Mines requires total minimum exploration expenditure under Exploration Permit No.92 of XAF 4,000,000,000 (approximately \$12 million) over the 2 year term, which commenced on 29 September 2008. The expenditure requirements of Exploration Permit No.92 are denoted in Central African CFA franc (XAF). The Company has already exceeded this minimum expenditure requirement.

The Cameroon Ministry of Mines requires total minimum exploration expenditure under Exploration Permit No.143 of XAF 400,000,000 (approximately \$1 million) over the 3 year term, which commenced on 10 April 2008. The expenditure requirements of Exploration Permit No.143 are denoted in Central African CFA franc (XAF). The company expects to exceed this minimum expenditure requirement.

The Republic of Congo Ministry of Mines requires total expenditure commitment under Decree No 2007-362 and Decree No 2007-363 totalling USD \$4.4 million over the 3 year term, which commenced on 2 August 2007. The company expects to exceed this minimum expenditure requirement.

* The Company is not legally bound to meet the minimum expenditure commitments detailed in Exploration Permits. Failure to meet the required level of minimum expenditure can either be exonerated by the relevant Ministry or could potentially result in revocation of the said permit.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 10. EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 11. DIVIDENDS

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