



Sundance Resources Limited
and subsidiaries

ABN 19 055 719 394

Financial Report
for the Half-Year ended
31 December 2011



SUNDANCE RESOURCES LIMITED
CORPORATE DIRECTORY

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

COMPANY SECRETARY: Brian Conrick

REGISTERED OFFICE: Level 35, Exchange Plaza
2 The Esplanade
Perth WA 6000

HEAD OFFICE: Level 35, Exchange Plaza
2 The Esplanade
Perth WA 6000

Tel: +61 (8) 9220 2300
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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
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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
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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 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

Mr George Jones AM CitWA – Chairman (Non-Executive)

Mr Giulio Casello – Managing Director & Chief Executive Officer

Mr Michael Blakiston – Non-Executive Director

Mr Barry Eldridge – Non-Executive Director

Ms Fiona Harris – Non-Executive Director

Mr Andrew (Robin) Marshall – Non-Executive Director

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

REVIEW OF OPERATIONS

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

Corporate

On 4 October 2011, Hanlong (Africa) Mining Investment Limited ('Hanlong') made a conditional cash offer to acquire 100 per cent of Sundance with an offer price of A\$0.57 cash per share under an Australian Scheme of Arrangement ('Scheme'). This offer followed an initial approach at A\$0.50 cash per share. The Board of Directors of Sundance ('the Directors') believe the price, which values the Company at A\$1.65 billion, is attractive and therefore in the absence of a superior proposal, unanimously recommend that shareholders vote in favour of the Scheme, (subject to an Independent Expert's report concluding that the Scheme is in the best interests of all shareholders).

Following this, Sundance signed a legally binding, conditional Scheme Implementation Agreement ('SIA') with Hanlong. The Scheme is conditional on a number of conditions being met including securing of regulatory approvals by the governments of Australia, the Republic of Cameroon, the Republic of Congo and the People's Republic of China. During the half year under review Sundance has continued to progress the Conditions Precedent (for which the Company is responsible) contained in phase one of the SIA, including the requirement to finalise the key terms of the Mbalam Convention and the Congo Mining Permit.

In February 2012 the Cameroon Government advised Sundance that the Cameroon Government was establishing a top-level Ministerial Steering Committee ('the Ministerial Committee') to co-ordinate and oversee planning for the Project mine and infrastructure. The Ministerial Committee has replaced the Cellule which the Cameroon Government established in 2007. The new Ministerial Committee is now responsible for all the key approvals and strategic issues relating to the Project, with tasks including the completing of the terms of the Mbalam Convention.

As a result of establishment of the Ministerial Committee, an agreement was reached between Sundance and Hanlong for an extension to the Conditions Precedent for the SIA to 27 April 2012. Hanlong will have 3 weeks from the date that the terms of the Mbalam Convention and Congo Mining Permit are agreed to conclude a credit approved term sheet with the China Development Bank.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

Mbalam Iron Ore Project

The Mbalam Iron Ore Project ('the Project') is an integrated mine, rail and port project. The Project is designed to produce 35 million tonnes per annum ('Mtpa'). The Definitive Feasibility Study ('DFS') for stage one was completed in April 2011. A final investment decision on the development of the Project is pending securing project financing and Government approvals in Republic of Cameroon and Republic of Congo.

During the period under review, Sundance continued activities on the Mbalam Iron Ore Project. Significant achievements during the period included:

- On 1 September 2011, Sundance announced an upgraded JORC Code-compliant High-Grade Hematite Mineral Resource totalling 521.7 million tonnes ('Mt') at 60.7% Fe. This is in addition to the Itabirite Resource delineated for the Mbarga deposit directly beneath the high grade hematite mineralisation of 2.32 billion tonnes at 38.0% Fe (as announced in the Company's 2011 Annual Report).

JORC Code-compliant High-Grade Hematite Mineral Resource

| TOTAL HIGH GRADE HEMATITE RESOURCES | Tonnes (Mt) | Fe (%) | SiO₂ (%) | Al₂O₃ (%) | P (%) | LOI (%) |
|--|--------------------|---------------|----------------------------|--|--------------|----------------|
| Indicated | 488.5 | 60.9 | 6.5 | 3.0 | 0.092 | 2.8 |
| Inferred | 33.3 | 57.9 | 13.4 | 3.3 | 0.089 | 1.8 |
| Total High Grade Resources | 521.7 | 60.7 | 6.9 | 3.0 | 0.092 | 2.7 |

JORC Code-compliant Itabirite Hematite Mineral Resource

| TOTAL ITABIRITE HEMATITE RESOURCES | Tonnes (Mt) | Fe (%) | SiO₂ (%) | Al₂O₃ (%) | P (%) | LOI (%) |
|---|--------------------|---------------|----------------------------|--|--------------|----------------|
| 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 Itabirite Resources | 2,325 | 38.0 | 44.4 | 0.48 | 0.04 | 0.36 |

- On 15 November 2011, Sundance announced an Ore Reserve upgrade to total 352.3 Mt at 62.4% Fe of High-Grade Hematite, sourcing ore from three deposits – Mbarga and Mbarga South in Cameroon and Nabeba in the Republic of Congo.

JORC Code-compliant High-Grade Hematite Mineral Reserves

| HIGH GRADE HEMATITE ORE RESERVES | Reserve Classification (Mt) | Tonnes (Mt) | Fe (%) | SiO₂ (%) | Al₂O₃ (%) | P (%) | LOI (%) |
|---|------------------------------------|--------------------|---------------|----------------------------|--|--------------|----------------|
| Ore Reserves | Probable | 352.3 | 62.4 | 5.0 | 2.6 | 0.09 | 2.6 |

- On 23 November 2011, Sundance announced that the Republic of Cameroon Ministry of Property and Land Tenure had declared the land for the proposed Mbalam rail corridor as land for public utility. It covers the area from the Mbarga mine site to Sundance's planned deep water Lolabe iron ore terminal at the Kribi port area. The declaration of public utility for the Kribi port area (which includes Lolabe) was announced in 2010.



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

Competent Persons Statement

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

Mr Longley and Mr Widenbar are consultants to Sundance and have sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

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

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

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



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 2011. The auditors' independence declaration has been included in the half-year financial report on page 7.

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

On behalf of the Directors



George Jones
Director (Chairman)



Giulio Casello
Managing Director and CEO

9 March 2012
Perth, Western Australia



SUNDANCE RESOURCES LIMITED DIRECTORS' DECLARATION

The directors of Sundance Resources Ltd A.C.N. 055 719 394 ('the Company') declare that, in the opinion of the directors:

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

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

On behalf of the Directors



George Jones
Director (Chairman)



Giulio Casello
Managing Director and CEO

9 March 2012
Perth, Western Australia

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

9 March 2012

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 2011, 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

RJ

Ross Jerrard

Partner

Chartered Accountants



SUNDANCE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

| | 31-Dec-11 | 31-Dec-10 |
|---|---------------------|---------------------|
| | \$ | \$ |
| CONTINUING OPERATIONS | | |
| Other income | 1,629,849 | 1,523,720 |
| Administration expense | (591,035) | (558,033) |
| Corporate expense | (190,947) | (143,220) |
| Consultants expense | (162,490) | (111,467) |
| Depreciation and amortisation expense | (1,540,879) | (1,302,301) |
| Employee benefits expense | (9,806,007) | (5,109,820) |
| Exchange rate gain/(loss) | 38,247 | (158,100) |
| Legal fees | (770,163) | (329,546) |
| Listing and registry fees | (290,605) | (330,047) |
| Occupancy costs | (712,803) | (527,810) |
| Professional fees | (264,361) | (266,966) |
| Transport & Logistics | (93,344) | (233,217) |
| Telephone & internet | (379,360) | (168,933) |
| Travel expenses | (693,784) | (750,463) |
| Other expenses | (543,703) | (763,840) |
| Loss from continuing operations before tax | (14,371,386) | (9,230,043) |
| Income tax expense | - | - |
| Loss for the period | (14,371,386) | (9,230,043) |
| OTHER COMPREHENSIVE INCOME | | |
| Exchange differences arising on translation of foreign operations | (8,200,953) | (5,536,970) |
| Income tax relating to components of other comprehensive income | - | - |
| Other comprehensive income for the period | (8,200,953) | (5,536,970) |
| Total comprehensive loss for the period | (22,572,338) | (14,767,013) |
| Loss attributable to: | | |
| Owners of the parent | (13,173,044) | (8,459,143) |
| Non-controlling interests | (1,198,341) | (770,900) |
| Net loss attributable to members | (14,371,386) | (9,230,043) |
| Total comprehensive loss attributable to: | | |
| Owners of the parent | (20,221,064) | (12,786,019) |
| Non-controlling interests | (2,351,274) | (1,980,994) |
| Net comprehensive loss attributable to members | (22,572,338) | (14,767,013) |
| Earnings per share | | |
| From continuing operations | | |
| - Basic (cents per share) | (0.45) | (0.34) |
| - Diluted (cents per share) | (0.45) | (0.34) |

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



SUNDANCE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

| ASSETS | | 31-Dec-11 | 30-Jun-11 |
|---|-------------|--------------------|--------------------|
| CURRENT ASSETS | Note | \$ | \$ |
| Cash & Cash Equivalents | | 47,061,368 | 70,332,853 |
| Trade & Other Receivables | | 1,532,176 | 3,022,137 |
| Inventory | | 3,388,824 | 3,290,893 |
| Other Current Assets | | 922,967 | 663,994 |
| Total Current Assets | | 52,905,335 | 77,309,878 |
| NON-CURRENT ASSETS | | | |
| Property, Plant & Equipment | 2 | 6,173,273 | 7,305,038 |
| Capitalised Mine Development Costs | 3 | 149,358,561 | 134,981,338 |
| Total Non-Current Assets | | 155,531,834 | 142,286,376 |
| TOTAL ASSETS | | 208,437,169 | 219,596,254 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade & Other Payables | | 6,684,841 | 5,190,714 |
| Total Current Liabilities | | 6,684,841 | 5,190,714 |
| TOTAL LIABILITIES | | 6,684,841 | 5,190,714 |
| NET ASSETS | | 201,752,329 | 214,405,540 |
| EQUITY | | | |
| Issued Capital | 5 | 361,532,100 | 349,048,100 |
| Reserves | | (15,797,537) | (6,184,644) |
| Accumulated Losses | | (136,742,374) | (123,569,330) |
| Equity attributable to the owners of the parent | | 208,992,189 | 219,294,126 |
| Non-controlling interest | | (7,239,860) | (4,888,586) |
| TOTAL EQUITY | | 201,752,329 | 214,405,540 |

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



SUNDANCE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

| | 31-Dec-11 | 31-Dec-10 |
|--|---------------------|---------------------|
| | \$ | \$ |
| Cash Flows from Operating Activities | | |
| Payments to suppliers and employees | (9,922,536) | (8,676,269) |
| Interest received | 1,861,210 | 1,727,368 |
| Net Cash used in Operating Activities | (8,061,326) | (6,948,901) |
| Cash Flows from Investing Activities | | |
| Purchase of property, plant and equipment | (785,434) | (1,364,608) |
| Mine Development costs | (21,276,275) | (25,049,741) |
| Net Cash used in Investing Activities | (22,061,709) | (26,414,349) |
| Cash flows from Financing Activities | | |
| Proceeds from equity issues | 6,884,000 | 140,000 |
| Net Cash provided by Financing Activities | 6,884,000 | 140,000 |
| Net Decrease in Cash and Cash Equivalents | (23,239,034) | (33,223,250) |
| Cash and cash equivalents at beginning of period | 70,332,853 | 76,762,275 |
| Effect of foreign currency movements on cash and equivalents | (32,451) | (84,633) |
| Cash and Cash Equivalents at end of Period | 47,061,368 | 43,454,392 |

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



SUNDANCE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

| | Issued Capital | Share Based Payments Reserve | Foreign Currency Translation Reserve | Other Reserve | Accumulated Losses | Attributable to owners of the parent | Minority Interest | Total Equity |
|---------------------------------|--------------------|------------------------------------|---|--------------------|-----------------------|--|----------------------|---------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>At 1 July 2010</i> | 290,568,003 | 11,035,268 | (16,183,484) | - | (103,406,047) | 182,013,740 | (2,448,044) | 179,565,696 |
| Loss for the period | - | - | - | - | (8,459,143) | (8,459,143) | (770,900) | (9,230,043) |
| Foreign currency reserve | - | - | (4,326,876) | - | - | (4,326,876) | (1,210,094) | (5,536,970) |
| Total comprehensive loss | - | - | (4,326,876) | - | (8,459,143) | (12,786,020) | (1,980,994) | (14,767,013) |
| Securities issued | 140,000 | - | - | - | - | 140,000 | - | 140,000 |
| Cost of share based payment | - | 882,921 | - | - | - | 882,921 | - | 882,921 |
| At 31 December 2010 | 290,708,003 | 11,918,189 | (20,510,360) | - | (111,865,190) | 170,250,642 | (4,429,038) | 165,821,604 |
| <i>At 1 July 2011</i> | 349,048,100 | 14,732,860 | (20,917,504) | - | (123,569,330) | 219,294,126 | (4,888,586) | 214,405,540 |
| Loss for the period | - | - | - | - | (13,173,044) | (13,173,044) | (1,198,341) | (14,371,386) |
| Foreign currency reserve | - | - | (7,048,020) | - | - | (7,048,020) | (1,152,933) | (8,200,953) |
| Total comprehensive loss | - | - | (7,048,020) | - | (13,173,044) | (20,221,064) | (2,351,274) | (22,572,338) |
| Securities issued | 12,484,000 | - | - | - | - | 12,484,000 | - | 12,484,000 |
| Deferred settlement cost | - | - | - | (5,600,000) | - | (5,600,000) | - | (5,600,000) |
| Cost of share based payment | - | 3,035,127 | - | - | - | 3,035,127 | - | 3,035,127 |
| At 31 December 2011 | 361,532,100 | 17,767,987 | (27,965,524) | (5,600,000) | (136,742,374) | 208,992,189 | (7,239,860) | 201,752,329 |

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



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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 2011 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 2011 is available upon request from the Company's registered office. A copy can also be downloaded from the Company's website www.sundanceresources.com.au

Statement of compliance

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

The half-year report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Consolidated Entity as at and for the year ended 30 June 2011.

Basis of Preparation

The 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 2011, 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 reporting period that are relevant to the Consolidated Entity include:

- AASB 124: Related Party Disclosures;
- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from Annual Improvements Project;
- AASB 2010-5: Amendments to Australian Accounting Standards;
- AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets.

The adoption of these amendments has not resulted in any changes to the Consolidated Entity's accounting policies and has had no effect on the amounts reported for the current or prior periods.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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.

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

These include:

- (i) the Directors have reviewed the quantum and timing of all discretionary expenditures including exploration and development costs and wherever necessary these costs will be minimised or deferred to suit the Company's cash-flow forecast;
- (ii) the Consolidated Group balance sheet remains strong with net assets of \$201.7 million and net current assets of \$46.2 million as at 31 December 2011; and
- (iii) the Directors are confident in the ability of Sundance to raise additional funding as required. The form and value of such funding is yet to be determined.

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

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.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

| | 31-Dec-11 \$ | 30-Jun-11 \$ |
|--|------------------|------------------|
| NOTE 2. PROPERTY, PLANT & EQUIPMENT | | |
| Buildings – at cost at beginning of period | 2,017,314 | 2,002,651 |
| Effect of movements in exchange rates | (123,571) | (98,193) |
| Additions | - | 112,856 |
| Buildings - at cost at end of period | 1,893,743 | 2,017,314 |
| Accumulated depreciation at beginning of period | (333,730) | (240,900) |
| Effect of movements in exchange rates | 20,223 | 11,812 |
| Depreciation expense | (70,542) | (104,642) |
| Accumulated depreciation at end of period | (384,049) | (333,730) |
| Buildings - Closing written down value | 1,509,694 | 1,683,584 |
| Plant and equipment – at cost at beginning of period | 10,114,044 | 10,001,540 |
| Effect of movements in exchange rates | (571,501) | (469,520) |
| Additions | 740,674 | 2,980,522 |
| Disposals | - | (2,398,498) |
| Plant and equipment - at cost at end of period | 10,283,217 | 10,114,044 |
| Accumulated depreciation at beginning of period | (4,492,590) | (4,868,144) |
| Effect of movements in exchange rates | 343,290 | 225,565 |
| Disposals | - | 2,394,321 |
| Depreciation expense | (1,470,337) | (2,244,332) |
| Accumulated depreciation at end of period | (5,619,637) | (4,492,590) |
| Plant and Equipment - Closing written down value | 4,663,580 | 5,621,454 |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 6,173,273 | 7,305,038 |



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

| | 31-Dec-11 | 30-Jun-11 |
|--|--------------------|--------------------|
| | \$ | \$ |
| NOTE 3. MINE DEVELOPMENT | | |
| Carrying amount at beginning of period | 134,981,338 | - |
| Transfer from Exploration and Evaluation Assets | - | 127,078,656 |
| Effect of movements in exchange rates | (7,132,901) | - |
| Additions | 21,510,124 | 7,902,682 |
| Impairment | - | - |
| Disposals | - | - |
| Carrying amount at end of period | 149,358,561 | 134,981,338 |
| TOTAL MINE DEVELOPMENT ASSET | 149,358,561 | 134,981,338 |
| | | |
| NOTE 4. EXPLORATION AND EVALUATION ASSETS | | |
| Carrying amount at beginning of period | - | 97,920,829 |
| Effect of movements in exchange rates | - | (3,981,754) |
| Additions | - | 33,389,338 |
| Impairment | - | (249,757) |
| Transfer to Mine Development Asset | - | (127,078,656) |
| Carrying amount at end of period | - | - |
| TOTAL EXPLORATION AND EVALUATION ASSETS | - | - |



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

| | 31-Dec-11 \$ | 31-Dec-10 \$ |
|---|-----------------|-----------------|
| NOTE 5. ISSUED CAPITAL | | |
| Ordinary Shares | 361,532,100 | 290,708,003 |
| 2,921,322,169 fully paid ordinary shares (31 December 2010: 2,711,395,932) | | |
| | 361,532,100 | 290,708,003 |
| Movements in ordinary shares | | |
| At the beginning of the financial year | 349,048,100 | 290,568,003 |
| 400,000 shares issued 16 December 2010 | - | 140,000 |
| 1,000,000 shares issued 22 December 2010 | - | - |
| 670,000 shares issued 12 July 2011 | 134,000 | - |
| 167,500 shares issued 20 July 2011 | 33,500 | - |
| 750,000 shares issued 20 July 2011 | 262,500 | - |
| 2,000,000 shares issued 16 August 2011 | 500,000 | - |
| 1,800,000 shares issued 18 August 2011 | 180,000 | - |
| 1,340,000 shares issued 18 August 2011 | 268,000 | - |
| 10,000,000 shares issued 29 August 2011 | 2,000,000 | - |
| 8,660,000 shares issued 12 September 2011 | 1,732,000 | - |
| 1,000,000 shares issued 17 October 2011 | 250,000 | - |
| 167,500 shares issued 18 October 2011 | 33,500 | - |
| 600,000 shares issued 25 October 2011 | 210,000 | - |
| 1,000,000 shares issued 4 November 2011 | 250,000 | - |
| 2,000,000 shares issued 17 November 2011 | 500,000 | - |
| 1,340,000 shares issued 17 November 2011 | 268,000 | - |
| 14,000,000 shares issued 28 November 2011 | 5,600,000 | - |
| 2,000,000 shares issued 2 December 2011 | 200,000 | - |
| 250,000 shares issued 2 December 2011 | 62,500 | - |
| 2,650,000 shares issued 28 December 2011 | - | - |
| AT THE END OF THE PERIOD | 361,532,100 | 290,708,003 |

NOTE 6. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report. Annual short term incentive ("STI") scheme bonuses have been paid since 31 December 2011. These were determined on an individual basis by measuring a combination of personal and company metrics as defined by the STI 2011 scheme documents. These bonuses related to the calendar year ending 31 December 2011.



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NOTE 7. SEGMENT INFORMATION

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

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

- Mbalam Project
- Unallocated

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

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

| | Revenue | | Segment Loss | |
|--|-----------------|-----------|-----------------|-------------|
| | Half-year ended | | Half-year ended | |
| | 31-Dec-11 | 31-Dec-10 | 31-Dec-11 | 31-Dec-10 |
| | \$ | \$ | \$ | \$ |
| Continuing operations | | | | |
| - Mbalam Project | - | - | (12,759,750) | (7,353,180) |
| Total segments | - | - | (12,759,750) | (7,353,180) |
| Interest income | | | 1,629,849 | 1,523,720 |
| Unallocated expenses | | | (3,241,485) | (3,400,583) |
| Profit/(loss) before tax | | | (14,371,386) | (9,230,043) |
| Income tax expense | | | - | - |
| CONSOLIDATED SEGMENT REVENUE AND LOSS FOR THE PERIOD | - | - | (14,371,386) | (9,230,043) |

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-11 | 30-Jun-11 |
|------------------------------|-------------|-------------|
| | \$ | \$ |
| Continuing operations | | |
| - Mbalam Project | 161,382,729 | 147,798,968 |
| Total segment assets | 161,382,729 | 147,798,968 |
| Unallocated assets | 47,054,440 | 71,797,286 |
| TOTAL ASSETS | 208,437,169 | 219,596,254 |



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NOTE 8. RELATED PARTY TRANSACTIONS

Sundance Resources Limited is a single entity and is not controlled by another entity.

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

In July 2011, the partners of Blakiston & Crabb joined Gilbert + Tobin. Mr Blakiston is a partner of Gilbert + Tobin.

Gilbert + Tobin received \$424,605 from the Consolidated Entity for legal services rendered during the period. All services provided were carried out on an arms-length basis, under commercial terms.

At 31 December 2011, the directors and their related entities held directly, indirectly or beneficially 17,712,500 ordinary shares in the Company, 13,000,000 options over ordinary shares in the Company, and 5,300,000 performance rights in the company.

NOTE 9. CONTINGENT LIABILITIES

The Company is aware of the following contingent liabilities as at 31 December 2011.

Congo Aircraft Accident

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

Absolute Analogue & David Porter v Sundance

The Company has an ongoing dispute with Absolute Analogue & David Porter. Refer to the full year financial statements for a full description of the matter.

In November 2011, the plaintiffs entered the matter for a directions hearing and before the hearing applied for the matter to be adjourned sine die. The Company and its advisors await steps to be taken by the Plaintiffs in that regard.

Fiscal Compliance

The Company's subsidiaries in the Republics of Cameroon and Congo are engaged in ongoing discussions with the finance administrations on customs, indirect taxes and other fiscal administrative matters. These discussions may or may not lead to further costs being incurred by the Company.

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



SUNDANCE RESOURCES LIMITED
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NOTE 10. EXPENDITURE COMMITMENTS

Exploration Permits

The Cameroon Ministry of Mines requires total minimum exploration expenditure under Exploration Permit No.92 of XAF6,900,000,000 (approximately AUD\$13 million) over the two year period which commenced on 29 September 2010. It is expected that Cam Iron SA, a member of the Consolidated Entity who holds these permits, will exceed this minimum expenditure requirement within the permit period.

The Republic of Congo Ministry of Mines requires commitment to a program of work under Decree No 2011-280 (Nabeba – Bamegod) and Decree No 2011-281 (Ibanga) of XAF5,800,000,000 (approximately AUD\$11 million) over the 2 year period from 2 August 2010. It is expected that Congo Iron SA, a member of the Consolidated Entity who holds these permits, will exceed this requirement within the permit period.

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

NOTE 11. 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 12. DIVIDENDS

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

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

We have reviewed the accompanying half-year financial report of Sundance Resources Limited, which comprises the condensed statement of financial position as at 31 December 2011, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed 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 6 and 8 to 19.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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 2011 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

DELOITTE TOUCHE TOHMATSU

RJ

Ross Jerrard

Partner

Chartered Accountants

Perth, 9 March 2012