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ABN 19 055 719 394

ASX Announcement | Media Release
15 March 2015

HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

Attached please find the financial statements of Sundance Resources Limited (ASX: SDL) for the 6 months ended 31 December 2014.

ENDS

GIULIO CASELLO
Chief Executive Officer and Managing Director
Sundance Resources Limited
Tel: +61 8 9220 2300

Luke Forrestal/Warrick Hazeldine
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About Sundance Resources
*Sundance Resources is seeking to develop its flagship Mbalam-Nabeba Iron Ore Project, which straddles the border of Cameroon and the Republic of Congo in Central Africa. Stage One will be the production of a Direct Shipping Ore ("**DSO**")-quality sinter fines product averaging 62.6% Fe at a rate of 35Mtpa for approximately 12 years based on blending material sourced from the deposits in the neighbouring countries of Cameroon and Congo. Stage Two, which is currently at a Pre-Feasibility Stage, would then extend the life of the operation by further 15-plus years producing high-grade Itabirite hematite concentrate. In April 2011, Sundance completed the Definitive Feasibility Study for Stage One and Pre-Feasibility Study for Stage Two of the Mbalam-Nabeba Iron Ore Project. The Project scope involves the construction of a 510km rail line dedicated to the transport of iron ore through Cameroon and 70km rail spur line connecting the Nabeba mine in Congo. It also includes the building of a dedicated mineral export terminal designed for taking bulk iron ore carriers of up to 300,000 tonnes.*

Sundance Resources Limited

and subsidiaries

ABN 19 055 719 394

Financial Report
for the Half-Year ended
31 December 2014

This document should be read in conjunction with the annual report of
Sundance Resources Ltd for the year ended 30 June 2014

SUNDANCE RESOURCES LIMITED
CORPORATE DIRECTORY

Directors:	Wal King (Non-Executive Chairman) Giulio Casello (Managing Director & Chief Executive Officer) Barry Eldridge (Non-Executive Director) Andrew (Robin) Marshall (Non-Executive Director) David Southam (Non-Executive Director)
Company Secretary:	Alan Rule
ABN:	19 055 719 394
Registered Office:	Level 3 24 Outram Street West Perth WA 6005
Head Office:	Level 3 24 Outram Street West Perth WA 6005 Tel: +61 (8) 9220 2300 Fax: +61 (8) 9220 2309 Internet: www.sundanceresources.com.au
Auditors:	**Deloitte Touche Tohmatsu** Level 14, Woodside Plaza 240 St George's Terrace Perth WA 6000 PO Box A46 Perth WA 6837 Tel: +61 (8) 9365 7000 Fax: +61 (8) 9365 7001
Share Registry:	**Computershare Investor Services Pty Ltd** Level 2, Reserve Bank Building 45 St George's Terrace Perth WA 6000 GPO Box D182 Perth WA 6840 Tel: +61 1300 557 010 Fax: +61 (8) 9323 2033

SUNDANCE RESOURCES LIMITED
DIRECTORS' REPORT

The Directors of Sundance Resources Limited submit herewith the financial report of Sundance Resources Limited and its subsidiaries (**'Consolidated Entity',** '**Company**' or **'Sundance'**) for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

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

Mr George Jones AM CitWA	Chairman (Non-Executive)	Until 27 November 2014
Mr Wal King AO	Chairman (Non-Executive)	Chairman from 27 November 2014
Mr Giulio Casello	Managing Director and Chief Executive Officer	
Mr Michael Blakiston	Non-Executive Director	Until 27 November 2014
Mr Barry Eldridge	Non-Executive Director	
Ms Fiona Harris	Non-Executive Director	Until 31 December 2014
Mr Andrew (Robin) Marshall	Non-Executive Director	
Mr David Southam	Non-Executive Director	

Except as set out above, all other Directors have held office for the full period of this report and remain in office as at the date of this report.

REVIEW OF OPERATIONS

The Project

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

The Project's aim is to:

- Develop mines at both deposits in Cameroon and Congo;
- Construct a 510 kilometre rail line dedicated to the transport of iron ore through Cameroon;
- Construct a 70 kilometre rail spur line connecting the Nabeba mine in Congo; and
- Build a dedicated deep water port terminal at Lolabe in Cameroon, designed to be capable of taking bulk iron ore carriers of up to 300,000 DWT.

These project activities will support the production of 35 million tonnes per annum ('**Mtpa**') of high grade hematite for the first 12 years and then 35Mtpa of a high quality concentrate for at least a further 15 years.

Following the completion of the Definitive Feasibility Study (**'DFS'**) which was released in 2011, Sundance's focus shifted to the development of the Project. Sundance has continued to commercialise the Mbalam-Nabeba Iron Ore Project by achieving a number of milestones over the last twelve months. Each milestone de-risks the Project and strengthens the Company's position as it seeks to secure financing and commence construction.

Additional information as to the progress made in each of these areas is provided below:

Port and Rail Infrastructure EPC

At a signing ceremony in Yaoundé, Cameroon, on 5 June 2014, international engineering and construction company Mota-Engil Africa and Sundance signed the binding and bankable Engineering, Procurement and Construction (**'EPC'**) contract to build the port and rail infrastructure for the Project. A second EPC contract for the construction of the spur line portion of the railway to be built in the Congo was also signed on 18 June 2014.

Mota-Engil Africa's role includes detailed design, construction, testing and commissioning of the following:

- 510km railway from the Mbarga Mine in Cameroon to the Mineral Terminal Facility at Lolabe on the west coast of Cameroon;
- 70km rail spur line from the Nabeba Mine in the Congo to the Cameroon railway;
- 35Mtpa deep water Mineral Terminal Facility, including stock yards, capable of loading 'China-max' vessels; and
- Procurement of all railway rolling stock and operating equipment and the materials handling equipment at the Mineral Terminal Facility.

Key terms of the contract for the port and rail EPC contract are:

- Construction period from Financial Close of 3.5 years;
- Contract value of US$3.5 billion;
- Standard internationally-recognised and accepted contract terms based on FIDIC Yellow Book;
- The Contractor must meet and comply with the Equator Principles;
- Performance obligation consists of throughput guarantees for system to produce, transport and ship 35Mtpa;
- Performance Bond and Performance Damages if the system does not achieve the required throughput; and
- International standards and specifications and nominated Australian Standards.

The Mota-Engil Group is a multidisciplinary Portuguese construction company with an international presence that spans 21 countries. It established its African operations in Angola in 1946. Mota-Engil Africa, which is a subsidiary of Mota-Engil SGPS, is currently building a 245km railway in Malawi that is part of the Nacala Corridor, a facility for transporting mining products from the Moatize coal mine in Mozambique that is operated by Brazilian mining group Vale.

As project financing is a condition precedent to the EPC contract, Mota-Engil has not yet commenced incurring any costs under this contract that is rechargeable to Sundance.

Mine Plant and Associated Infrastructure EPC

In September 2014, Sundance appointed Fluor Australia Pty Ltd (**'Fluor'**) to undertake a Front End Engineering Design (**'FEED'**) study for the mine processing plants and their associated mine site infrastructure (such as villages, power stations and aerodrome). Fluor commenced work on the FEED study in November 2014 and was expected to take approximately six months to complete. The initial phase of the FEED study, which has now been completed, involved reviewing the design to minimise capital requirements while maintaining an efficient operation.

The FEED contract may lead into an EPC contract for the mine plants and associated infrastructure. The FEED contract gives Fluor the first right, but not the last right, to negotiate a full EPC contract for delivery of the mine plants and associated infrastructure as defined by the FEED study. In the event that an acceptable EPC price and contract terms cannot be agreed, Sundance will have the right to negotiate with any of the other original tenderers or to institute an entirely new tender process for the EPC contract.

Outputs from the cost and value review undertaken have been incorporated into the scope of work, technical design criteria and specifications for design development and these have been completed in preparation for the next stage of design development.

As part of the cost reduction measures announced on 16 December 2014, the FEED Study Contract was placed in suspension effective from 19 December 2014 following the completion of the initial phase of the work.

Financial Advisor and Lead Debt Arranger

In June 2014, Sundance announced the appointment of Standard Bank, Africa's largest bank by assets and earnings, to be the Company's exclusive debt financial advisor and non-exclusive lead equity advisor with respect to project-level funding.

During the period Standard Bank together with Sundance prepared a detailed information memorandum and financial modelling for potential financiers after considering the optimum financing structures. A number of meetings with potential debt and equity providers in China, Europe and the Middle East were held.

Off-take

On 25 March 2014, Sundance subsidiaries Cam Iron and Congo Iron signed a binding long-term off-take contract with leading global commodities trader Noble Resources International (**'Noble'**). The contract stipulates that Noble must buy all product produced by Mbalam-Nabeba for the first 10 years of operation, minus any product that may be allocated to project equity participants. Sales will be based on international standard pricing benchmark (Platts IODEX 62% Fe CFR China less freight costs) Free on Board (**'FOB'**) Lolabe Cameroon. In the event that Cam Iron and Congo Iron need to sell a portion of their production to a third party in order to attract an equity investor into the Project, the off-take agreement includes a claw-back clause which will enable project equity participants to buy up to 50 per cent of the production. There are no costs to Cam Iron or Congo Iron for this claw-back.

The term of the off-take agreement is for the first 10 years of production and although the Company aims to produce 35 Mtpa , there is no liability for either Cam Iron or Congo Iron if that level of production is not achieved. The basis for how ships are nominated, received into port, loaded and dispatched is in accordance with industry practice.

Sundance expects this contract will help facilitate completion of debt funding for the construction of the port, rail and mines. The contract only becomes operable when the Project starts producing ore for sale.

Project Environmental Social Impact Assessment ('ESIA')

In September 2014, the ESIA Update contract was awarded to an internationally experienced and lender acceptable environmental consultant, Environment Resources Management ("**ERM**"). The Equator Principles III (a financial industry benchmark for determining, assessing and managing environmental and social risk in projects) released a revised version in June 2013. The ESIA Update will focus on additional baseline studies and implementing the learnings and good practice captured in the revised June 2013 Equator Principles III in Cameroon and the Congo. This will ensure that the project achieves all requirements from international lenders and Development funds. Work continues on the Update contract aligned with progress on the Declaration of Public Utility ('**DUP**') and related community engagement. Non-critical parts of the contract have been placed on hold.

Declaration of Public Utility

A DUP was issued by the Government of Cameroon for the entire project railway corridor in 2011. Work commenced during the period on implementation of the DUP including public consultation meetings, cadastral surveys and evaluations for compensation and resettlement purposes. The work also includes physical examination of the route on the ground and potential minor adjustments of the alignment to minimize impacts to communities and the environment. It is anticipated that this work will be completed in the second half of 2015.

Government Relations – Republic of Congo

On 24 July 2014, the Congo Government signed the Nabeba Mining Convention (**'Nabeba Convention'**). The Convention was agreed and signed at a ceremony in the country's capital city of Brazzaville with representatives of Sundance, Congo Iron and the Government.

Signing of the Nabeba Convention follows the issuing of the Nabeba Mining Permit which was approved by the Ministerial Council for the Congo on 28 December 2012. A Presidential Decree confirming the grant of the mining permit was issued to Congo Iron on 6 February 2013.

The Nabeba Convention outlines the fiscal and legal terms and the conditions to be satisfied by Congo Iron for the development and management of the Nabeba Iron Ore Project.

The key terms of the Nabeba Convention are:

- 25-year operating license effective from the publication of the Mining Permit Decree and renewable for successive terms of up to 15 years, depending on remaining reserves;
- A mining royalty equal to 3% of the mine gate value of the ore extracted from the mines in the Mining Permit;
- 5-year corporate tax holiday following start of production. Corporate tax will then be levied at a rate of 7.5% for 5 years and 15% thereafter;
- The State will take a 10% stake in Congo Iron, which will be non-dilutory;
- There will be no fees, levies or taxes charged in respect to the export of iron ore. There will be exemptions from import duties and taxes on plant and equipment imported temporarily for project construction and limited import duties and taxes on other mining equipment and consumables throughout the production phase: and
- Congo Iron will make annual contributions to a fund established as an association or non-profit foundation whose purpose is to promote the economic, social and cultural development of local communities that are impacted by the mining operations.

Government Relations - Cameroon

Sundance's subsidiary Cam Iron and the Government of Cameroon agreed to review the terms of the Mbalam Convention and signed the Rail Agreement and Mineral Terminal Agreement for the rail and port infrastructure servicing the Mbalam-Nabeba Iron Ore Project at a signing ceremony in Cameroon on 5 June 2014.

The purpose of both agreements is to regulate the rights and obligations of Cam Iron and the Government of Cameroon in relation to the ownership, construction, operation and regulation of the key infrastructure assets servicing the Mbalam and Nabeba mines, as well as detailing the procedure for eventual transfer of those assets back to the Government of Cameroon.

The Mineral Terminal Agreement governs the conduct of the construction, operation and maintenance of the Mineral Terminal Facilities and Blending Operations. The Railway Agreement governs the conduct of the railway operations, namely, the construction, operation and maintenance of the Railway Facilities.

This follows the signing of the Mbalam Convention in November 2012 which outlined the fiscal and legal terms and the conditions to be satisfied by Cam Iron for the development and management of the Project.

The Government of Cameroon continues to express its support for Sundance which should lead in due course to the granting of the Mbalam Mining Permit following the fulfilment of a number of conditions and the endorsement of the Mbalam Convention by the Cameroon National Assembly. Sundance met with representatives of the Government of Cameroon a number of times during the period to update them on the status of the Project and the iron ore industry. The Government of Cameroon maintains it strong support for the Project.

Financial Position

Cash and cash equivalents increased during the half financial year to $30.5 million at 31 December 2014 from $14.4 million at 30 June 2014.

On 3 September 2014, Sundance announced it had reached an agreement with a new strategic investor regarding a A$40 million investment in the Company via convertible notes and options. Global resources investor Gennadiy Bogolyubov made the investment through his vehicle Wafin Limited (**'Wafin'**), to take up the convertible notes with a conversion price of 10 cents per share.

The key terms are:

- Wafin invested A$40 million via three-year zero coupon unsecured convertible notes ('**Wafin Notes**') with a conversion price of 10 cents;
- Wafin also received options over 260 million ordinary shares with an exercise price of 12 cents ('**Wafin Options**'), which expire on the earlier of 60 months from issue or 20 business days after the project's Financial Close or a Change of Control Event. 50 million of these Options were not subject to Shareholder approval and were issued on 23 September 2014 ('**Tranche 1 Options**') but 210 million of these Options were subject to shareholder approval which was received at the Annual General Meeting held on 27 November 2014 ('**Tranche 2 Options**');
- If not converted into Sundance shares, the Wafin Notes are redeemable at maturity for 130% of face value; and
- Wafin will have the right to appoint a representative to the Company's Board if its total shareholding in Sundance exceeds 12.5% of Sundance's total issued share capital. Wafin will also have certain anti-dilution rights, including a right of first refusal and (subject to an ASX waiver) a top-up right where the right of first refusal does not apply.

The consolidated statement of cash flows indicates that expenditure continues to be directed towards development activities on the Project of $14.5 million (2013: $12.5 million) and payments to suppliers and employees $6.3 million (2013: $11.5 million).

The financial position of the Consolidated Entity as at 31 December 2014 remains positive. Net assets of the Consolidated Entity amounted to $235.7 million (30 June 2014: $234.3 million). Mine development assets increased to $279.4 million (30 June 2014: $254.0 million) of which $8.3 million is as a result of the movement in the exchange rate.

At 31 December 2014, the Consolidated Entity had a net working capital deficiency of $12.4 million due mainly to the convertibles notes with a redemption value totalling $49 million which are due for repayment in November and December 2015. Refer to Note 1 – Going Concern.

The total loss for the period amounted to $14.1 million compared to $21.1 million for the half year ended 31 December 2013. Of this total loss, $8.9 million related to non-cash convertible note financing charges (2013: $5.3 million).

Total comprehensive income amounted to $10.5 million (2013: $26.2 million) for the half year ended 31 December 2014, which includes an exchange loss on translation of foreign operations. This gain amounted to $10.5 million (2013: $26.2 million) and is due to a movement in the Central African CFA francs against the Australian Dollar from 454:3 at 30 June 2014 to 440.3 at 31 December 2014.

The Company reviewed the timing of all discretionary expenditures, including exploration and development costs, and wherever necessary these costs have been minimised or deferred to match the Company's cash flow forecast.

On 16 December 2014, Sundance advised that, due to the poor state of the iron ore market, the Company was undertaking a number of cost reduction measures to ensure it appropriately manages its cash position into 2016 whilst retaining the ability to move its world-class Mbalam-Nabeba Iron Ore Project into production rapidly when market conditions improve.

The actions taken have resulted in:

- Reduction in Board size to 5 (from 8 in November);
- 10% salary reduction for senior managers and the Board;
- Salary freeze for all other positions;
- 40% reduction in staff numbers in the Perth office;
- 25% reduction in expatriate numbers in Cameroon and Congo; and
- 80% reduction in contractors.

The redundancy expenses associated with this have all been included in the 31 December 2014 result.

These initiatives have resulted in an over 50% reduction in overhead and project support costs whilst allowing the continued advancement of the Project.

Material Business Risks

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

- **Working Capital Funding** – At 31 December 2014, Sundance held cash of $30.5 million. Sundance is not currently in a position to generate income from operations and as such is reliant upon the equity and/or debt markets for additional working capital funding. At 31 December 2014, the Consolidated Entity had a net working capital deficiency of $12.4 million due mainly to the existing convertibles notes with a redemption value totalling $49 million which are due for repayment in November and December 2015. For further details on the convertible notes see Note 5 to the financial statements. The Directors believe that at the date of signing these financial statements there are reasonable grounds to believe that the Group will have sufficient funds to meet its obligations as and when they fall due.
- **Project Funding** – Sundance will need to raise further capital and/or debt financing in order to advance the development of the Project. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing conditions at that time. Failure to secure appropriate funding for the development of the Project will result in a delay or inability to develop the Project, the potential loss of the Project and the impairment of the carrying value of the capitalised Mine Development expenditure related to the Project.
- **Foreign Jurisdiction** – Sundance's operations in Cameroon and Congo, in Central Africa, are exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign jurisdictions. These risks and uncertainties include, but are not limited to: currency exchange rates; high rates of inflation; labour unrest; tropical diseases; acts of terrorism; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; and currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.
- **Commodity Price** – The price of iron ore can be volatile and is affected by numerous factors beyond Sundance's control such as supply and demand dynamics; and changes in global economic conditions. The decision to develop the Project, and the returns to be achieved from it, are dependent upon the future price of iron ore. The current spot iron ore price is at its lowest level since early 2009. The price has reduced by approximately 50% in the last 12 months due mainly to reduced steel demand in China and a significant surge in supply by the iron ore major producers. Sundance expects that iron ore pricing will continue to exhibit

volatility on a short term basis however notes that the Project is a mid to longer term project where long term iron ore price forecasts are more favourable than the current spot price and short term outlook.

- **Political** – Changes, if any, in mining or investment policies or shifts in political attitude in Cameroon and Congo or elsewhere may adversely affect Sundance operations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to: restrictions on production; pricing controls; export controls; currency remittance; income taxes; foreign investment; maintenance of claims; environmental legislation; land use; land claims of local people; water use; mine safety and government and local participation. Failure to comply strictly with applicable laws, regulation and local practices relating to mineral tenure and development could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted.
- **Resource/Reserve estimates –** The resources and reserve estimates are expressions of judgements based on knowledge, experience and industry practice. These estimates are currently considered appropriate and have been made in accordance with Joint Ore Reserves Committee ('**JORC**') requirements, however, they may change significantly when additional data becomes available or economic assumptions change
- **Production and other operational risks** – Future operations will be subject to a number of factors that can cause material delays or changes in operating costs for varying lengths of time. These factors include weather conditions and natural disasters, disruption to supply**,** unexpected technical problems, unanticipated geological conditions, equipment failures, personnel issues, or disruptions of rail and ship loading facilities.
- **Litigation** – Sundance may be exposed to risks of litigation which may have a material adverse effect on the financial position of the Group. See Note 10.
- **Mbalam Convention** – The Government of Cameroon has extended the date to complete the conditions precedent to the Mbalam Convention to at least 30 June 2015. Failure to achieve the conditions precedent prior to that date will, if no further extension is granted, result in the cessation of the Mbalam Convention which will be considered an event of default as defined in the various convertible note deeds in place which will most likely result in the convertible notes becoming immediately due and payable at their full redemption value. The Cameroon Government has advised that it intends to extend the date to complete the conditions precedent but the extension has not yet been formally received.
- **Exploration Permit 92 ('EP92')** – This is the permit held by Cam Iron located in Cameroon that contains the Mbalam deposit. EP92 expires on 24 July 2015. Cam Iron has written to the Minister for Mines in Cameroon seeking an extension for 2 years to July 2017 in accordance with Article 44 of the Mining Code. Should EP92 not be extended this will have a material impact on the Company as the Project is dependent on ore being supplied from both EP92 and Nabeba in Congo to generate sufficient cashflows to enable the Project to be financed and also to achieve the required blending of ore. The Cameroon Government has advised that it intends to extend EP92 but the extension has not yet been formally received.

<u>Business strategy</u>

Sundance's business strategy is founded on enhancing shareholder value by developing the Project.

The achievements of the past mean that many of the pre-requisites required to obtain project funding and proceed to project construction are largely in place.

The key objectives achieved to date are:

- Published Definitive Feasibility Study ('**DFS**');
- JORC compliant reserves for Phase 1 and resources for Phase 2;
- Cameroon Convention signed;
- Congo Convention signed;
- Environmental approvals received in-country;
- Off take agreement signed with Noble Resources;
- EPC contract for major part of the project spend signed for railway in Cameroon and Congo; and
- DUP received for the railway corridor.

The current state of the iron ore market has had a substantial impact on the industry generally, and has impacted the industry's ability to finance both advanced high quality iron ore development projects and all green field iron ore projects. Even though the completion date of Project funding is uncertain in the short term, Sundance continues to have confidence in the development of the Project and the longer term outlook of iron ore despite the current low spot price for iron ore because the Project is a low cost, high quality iron ore project which will be required to support the growth of global steel demand into the future.

Key business strategies to fund the Project through the current iron ore market issues include:

- **Further improve Project Economics:**

  The following improvements have been identified to improve the economics and financeability of the Project.

  - **40Mtpa Capacity**

    The infrastructure system capability has now been confirmed to be able to handle 40Mtpa with no material capital changes which will therefore enhance project cashflows. Upon the completion of some ancillary project work, Sundance expect to provide further details on the 40Mtpa operation in the June 2015 quarter.

  - **Reserve Increase**

    Initial indications are that high grade DSO reserves can be increased to offset the increased production rates mentioned above, and maintain the life of Stage 1. An updated reserve including independent sign off is expected to be completed early in the June 2015 quarter.

  - **Operating Cost Decrease**

    With an increased production rate of 40Mtpa, fixed costs for the project operation can be spread over greater tonnes with an expected decrease in cash operating costs for the Project.

- **Separate funding of the Infrastructure**

  The infrastructure of the Project provides a major advantage in a new iron ore region in Central Africa.

  Sundance is working with the Government of Cameroon and Chinese debt and equity providers to fund the infrastructure separately from the mines. Should Chinese debt providers be engaged, they will more than likely require substantial Chinese participation in construction activities and the procurement of Chinese equipment where appropriate.

- **Mine funding**

  The funding of the construction of the two mines (Mbalam and Nabeba) will follow on from the resolution of the infrastructure funding plan mentioned above.

- **Hanlong (Africa) Mining Investment Limited ('Hanlong') shares in Sundance**

  With the recent execution of previous Hanlong Executive Chairman Liu Han, Sundance will work with China Development Bank **('CBD')**, who currently hold security over the shares that Hanlong owns in Sundance, to transfer the shares to a strategic Chinese State Owned Entity.

- **Conservation of Cash**

  Sundance announced a number of cost reduction measures in December 2014 (separately detailed). As the completion date of the project funding is uncertain, Sundance has strategies in place to ensure the Company remains cash positive into 2016.

Details of Mining and Exploration Tenements

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

Country	Area	Permit	Holder
Republic of Cameroon	Mbalam	Exploration Permit No. 92	Cam Iron SA (i,iii,v)
Republic of Congo	Nabeba-Bamegod	Decree No.2013-45	Congo Iron SA (ii,iv,v)
Republic of Congo	Ibanga	Decree No. 2013-405	Congo Iron SA (ii,iv,v)

(i) *Cam Iron SA holds 100% interest; Cam Iron SA is a 90%-owned subsidiary of Sundance Resources Ltd. Refer to Material Business Risks section on expiry date of EP92.*

(ii) *Congo Iron SA holds 100% interest; Congo Iron SA is an 85%-owned subsidiary of Sundance Resources Ltd.*

(iii) *Under the key terms of the Mbalam Convention the Cameroon Government has a right to a 10% free carry interest in the project companies pursuant to the Cameroon Mining Code and an additional 5% interest where the equity requirements can be loaned to the State and then repaid with interest out of dividends.*

(iv) *The Republic of Congo Government has a right to a 10% interest in Congo Iron SA pursuant to the Congo Mining Code*

(v) *Should both Governments exercise their rights for an interest in Cam Iron SA and Congo Iron SA then Sundance's interest in each would reduce to 76.5%.*

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the *Corporations Act 2001* section 307C the auditors of the Company, Deloitte Touche Tohmatsu Ltd have provided a signed auditors independence declaration to the Directors in relation to the half-year ended 31 December 2014. The auditor's independence declaration has been included in the half-year financial report on page 10.

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

Wal King
Director (Chairman)

Giulio Casello
Managing Director and CEO

15 March 2015
Perth, Western Australia

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Sundance Resources Limited
Level 3, 24 Outram Street
Perth WA 6005

15 March 2015

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 2014, 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

A Richards

A T Richards
Partner
Chartered Accountants

SUNDANCE RESOURCES LIMITED
DIRECTORS' DECLARATION

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

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

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

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

On behalf of the Directors

Wal King
Director (Chairman)

Giulio Casello
Managing Director and CEO

15 March 2015
Perth, Western Australia

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	31-Dec-14 $	31-Dec-13 $
CONTINUING OPERATIONS			
Other income		470,413	315,541
Gain on revaluation of derivative – Convertible Notes		4,163,469	-
Administration expense		(770,263)	(960,691)
Consultants expense		(172,645)	(491,399)
Depreciation and amortisation expense		(749,645)	(755,869)
Employee benefits expense		(5,645,490)	(7,990,952)
Exchange rate loss		(17,535)	(19,246)
Legal fees		(217,628)	(2,160,197)
Listing and registry fees		(105,913)	(212,949)
Occupancy costs		(618,613)	(1,191,200)
Professional fees		(390,658)	(360,818)
Transport and logistics		(13,780)	(31,648)
Travel expenses		(750,094)	(1,426,462)
Finance charges	4	(8,859,193)	(5,348,367)
Other expenses		(439,428)	(522,536)
Loss from continuing operations before tax		**(14,117,003)**	**(21,156,793)**
Income tax expense		-	-
Loss for the period		**(14,117,003)**	**(21,156,793)**
Loss attributable to:			
- Owners of the parent		(13,519,236)	(19,748,686)
- Non-controlling interests		(597,767)	(1,408,106)
Loss for the period		**(14,117,003)**	**(21,156,793)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		10,520,875	26,206,074
Income tax relating to components of other comprehensive income		-	-
Other comprehensive (loss)/income for the period		**10,520,875**	**26,206,074**
Total comprehensive (loss)/income for the period		**(3,596,128)**	**5,049,282**
Total comprehensive income attributable to:			
- Owners of the parent		(4,441,739)	3,562,025
- Non-controlling interests		845,611	1,487,257
Net comprehensive (loss)/income attributable to members		**(3,596,128)**	**5,049,282**
Loss per share		**¢**	**¢**
From continuing operations			
- Basic (cents per share)		(0.44)	(0.64)
- Diluted (cents per share)		(0.44)	(0.64)

The accompanying notes form part of this financial report on pages 16 to 27

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31-Dec-14 $	30-Jun-14 $
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents		30,547,669	14,377,685
Trade & Other Receivables		183,139	183,201
Inventory		1,136,894	1,087,034
Other Current Assets		1,313,981	1,075,967
Total Current Assets		**33,181,683**	**16,723,887**
NON-CURRENT ASSETS			
Inventory		2,290,361	2,208,258
Property, Plant & Equipment	**2**	3,130,274	2,915,889
Mine Development Assets	**3**	279,352,662	253,765,112
Total Non-Current Assets		**284,773,297**	**258,889,259**
TOTAL ASSETS		**317,954,980**	**275,613,146**
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	**5**	39, 498,050	5,294,602
Trade & Other Payables		5,784,916	2,521,952
Provisions		271,716	339,019
Total Current Liabilities		**45,554,682**	**8,155,573**
NON-CURRENT LIABILITIES			
Borrowings	**5**	36,464,335	32,921,104
Provisions		234,366	260,432
Total Non-Current Liabilities		**36,698,701**	**33,181,536**
TOTAL LIABILITIES		**82,253,383**	**41,337,109**
NET ASSETS		**235,701,597**	**234,276,037**
EQUITY			
Issued Capital	**7**	409,071,476	409,071,476
Reserves		53,271,970	39,172,785
Accumulated Losses		(220,506,303)	(206,987,067)
Equity attributable to the owners of the parent		**241,837,143**	**241,257,194**
Non-controlling interest		(6,135,546)	(6,981,157)
TOTAL EQUITY		**235,701,597**	**234,276,037**

The accompanying notes form part of this financial report on pages 16 to 27

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	31-Dec-14 $	31-Dec-13 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(6,320,837)	(11,535,858)
Interest received		383,693	309,095
Interest paid		(1,259,802)	(56,103)
Net Cash (used in) Operating Activities		**(7,196,946)**	**(11,282,866)**
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(462,558)	(57,328)
Proceeds from disposal of property, plant and equipment		992	-
Mine development costs		(14,495,502)	(12,243,414)
Net Cash (used in) Investing Activities		**(14,957,068)**	**(12,300,742)**
Cash flows from Financing Activities			
Proceeds from convertible notes issued	**5**	40,000,000	40,000,000
Borrowing costs associated with convertible notes	**5**	(1,684,251)	(1,796,795)
Net Cash provided by Financing Activities		**38,315,749**	**38,203,205**
Net Increase in Cash and Cash Equivalents		16,161,735	14,619,597
Cash and cash equivalents at beginning of period		14,377,685	19,629,458
Effect of foreign currency movements on cash and equivalents		8,249	43,090
Cash and Cash Equivalents at end of Period		**30,547,669**	**34,292,145**

The accompanying notes form part of this financial report on pages 16 to 27

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital	Share Based Payments Reserve	Convertible Note & Option Reserve	Foreign Currency Translation Reserve	Share Trans-actions with Non-Controlling Interests	Accumulated Losses	Attributable to owners of the parent	Non-Controlling Interests	Total Equity
	$	$	$	$	$	$	$	$	$
At 1 July 2013	**408,971,476**	**21,671,649**	**-**	**4,880,071**	**(11,060,000)**	**(175,932,689)**	**248,530,507**	**(6,224,327)**	**242,306,180**
Loss for the period	-	-	-	-	-	(19,748,686)	**(19,748,686)**	(1,408,106)	**(21,156,792)**
Foreign currency gain	-	-	-	23,310,711	-	-	**23,310,711**	2,895,363	**26,206,074**
Total comprehensive loss	**-**	**-**	-	23,310,711	-	(19,748,686)	**3,562,025**	**1,487,257**	**5,049,282**
Securities issued	100,000	-	-	-	-	-	**100,000**	-	**100,000**
Issue of convertible note	-	-	12,700,000	-	-	-	**12,700,000**	-	**12,700,000**
Share based payment	-	676,099	-	-	(100,000)	-	**576,099**	-	**576,099**
At 31 December 2013	**409,071,476**	**22,347,748**	**12,700,000**	**28,190,782**	**(11,160,000)**	**(195,681,375)**	**265,468,631**	**(4,737,070)**	**260,731,561**
At 1 July 2014	409,071,476	23,721,197	12,700,000	13,911,588	(11,160,000)	(206,987,067)	**241,257,194**	(6,981,157)	**234,276,037**
Loss for the period						(13,519,236)	**(13,519,236)**	(597,767)	**(14,117,003)**
Foreign currency gain				9,077,497			**9,077,497**	1,443,378	**10,520,875**
Total comprehensive loss	**-**	**-**	**-**	**9,077,497**	**-**	**(13,519,236)**	**(4,441,739)**	**845,611**	**(3,596,128)**
Issue of convertible note			4,010,000				4,010,000		4,010,000
Share based payment		1,011,688					1,011,688		1,011,688
At 31 December 2014	**409,071,476**	**24,732,885**	**16,710,000**	**22,989,085**	**(11,160,000)**	**(220,506,303)**	**241,837,143**	**(6,135,546)**	**235,701,597**

The accompanying notes form part of this financial report on pages 16 to 27

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 2014 comprises the Company and its subsidiaries (**'Consolidated Entity'**) and the Consolidated Entity's interests in associates and jointly controlled entities.

The statutory annual financial report of the Consolidated Entity for the year ended 30 June 2014 can be downloaded from the Company's website www.sundanceresources.com.au.

Statement of compliance

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

The half-year report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Consolidated Entity as at and for the year ended 30 June 2014.

Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed by the Consolidated Entity in the consolidated financial report as at and for the year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting '
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
- Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
- Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
- Part C: 'Materiality'
- Interpretation 21 'Levies'

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

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

Going concern

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

At 31 December 2014, the Consolidated Entity had a net working capital deficiency of $12.4 million due mainly to the convertibles notes with a redemption value totalling $49 million which are due for repayment in November and December 2015. For further details on the convertible notes see Note 5 to the financial statements.

The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that the Consolidated Entity will have sufficient funds to meet their obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate. The ability of the Consolidated Entity to continue as a going concern is dependent on:

(i) Extending the maturity date of the convertible notes with Noble and the Investor Consortium which are due for repayment in November. There is a reasonable likelihood that Sundance will be able to:
   a) reach agreement with Noble to extend the maturity date of the convertible note, obtain ASX approval and shareholder approval to extend the maturity date of the Noble convertible note and options to early 2017 prior to the maturity date of 4 November 2015; and
   b) enter into the revised Investor Consortium documentation and obtain shareholder approval to extend the maturity date of the Investor Consortium convertible note and options to early 2017 prior to the maturity date of 4 November 2015;

(ii) The conversion of the Hanlong convertible note into Sundance shares prior to the current maturity date of 31 December 2015; and

(iii) The continued monitoring and management by the Directors of the quantum and timing of all discretionary expenditures including exploration and development costs and wherever necessary these costs will be minimised or deferred to suit the Consolidated Entity's cash flow forecast or that the funding shortfall can be met through traditional sources of equity or debt funding.

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

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

As set out in the Material Business Risk section of the Directors' Report, securing additional funding is critical to the development of the Project and therefore the assessment of the carrying value of the capitalised Mine Development expenditure as at 31 December 2014. (refer Note 3).

Critical accounting judgements and the key sources of estimation uncertainty

In the application of the Consolidated Entity's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience, external data and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The Directors evaluate the estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity.

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

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

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

In respect of the assessment of the carrying value of the capitalised mine development expenditure as at 31 December 2014 the Directors have concluded that a number of estimates and judgements are required the most critical of which relates to the ability of the Consolidated Entity to obtain the necessary funding for the project. Refer to Note 3 for further details of the specific assumptions and judgements taken into consideration in the assessment as at 31 December 2014.

NOTE 2. PROPERTY, PLANT & EQUIPMENT

	31-Dec-14	30-Jun-14
	$	$
Buildings – at cost at beginning of period	2, 311,315	2,198,634
Effect of movements in exchange rates	26,411	84,192
Additions	190,625	28,489
Buildings - at cost at end of period	2,528,351	2,311,315
Accumulated depreciation at beginning of period	(739,409)	(601,856)
Effect of movements in exchange rates	(55,677)	6,020
Depreciation expense	(79,559)	(143,573)
Accumulated depreciation at end of period	(874,645)	(739,409)
Buildings - Closing written down value	1,653,706	1,571,906
Plant and equipment – at cost at beginning of period	12, 733,278	12,409,020
Effect of movements in exchange rates	315,696	215,739
Additions	504,727	199,533
Disposals	(3,868)	-
Impairment	(327)	(91,014)
Plant and equipment - at cost at end of period	13,549,506	12,733,278
Accumulated depreciation at beginning of period	(11,389,295)	(10,108,792)
Effect of movements in exchange rates	(15,080)	(125,900)
Disposals	1,523	-
Impairment	-	74,086
Depreciation expense	(670,086)	(1,228,689)
Accumulated depreciation at end of period	(12,072,938)	(11,389,295)
Plant and Equipment - Closing written down value	1,476,568	1,343,983
TOTAL PROPERTY, PLANT AND EQUIPMENT	**3,130,274**	**2,915,889**

NOTE 3. MINE DEVELOPMENT

	31-Dec-14 $	30-Jun-14 $
Carrying amount at beginning of period	253,765,112	224,963,327
Effect of movements in exchange rates	8,318,079	5,841,606
Additions	17,269,471	22,960,179
TOTAL MINE DEVELOPMENT ASSET	**279,352,662**	**253,765,112**

At 31 December 2014, the Company held a 90% interest in Cam Iron S.A. which holds a 100% interest in the Project in Cameroon and an 85% interest in Congo Iron S.A. which holds a 100% interest in the Project in Congo. The mining codes in both Cameroon and Congo entitle the state to take up an equity interest in the Project.

Sundance reviews the carrying value of its assets at each balance date. During the half-year ended 31 December 2014, the following material events occurred which were considered indicators of impairment:

- the benchmark spot price of iron ore, being the Consolidated Entity's sole product, decreased significantly from US$93 per dry metric tonne ('**dmt**') as at 30 June 2014 to US$71.75/dmt as at 31 December 2014, a reduction of 23%, and has declined further since period end; and
- as at 31 December 2014, the market capitalisation of the Consolidated Entity was below the net assets.

Consequently, an impairment assessment has been undertaken on the combined Cam Iron and Congo Iron Cash Generating Unit ('**CGU**'). The Consolidated Entity assessed the recoverable amount of the CGU as at 31 December 2014 using the Fair Value less cost to sell method. The Fair Value less cost to sell is assessed as the present value of future cash flows expected to be derived less costs to sell the CGU.

The following assumptions were used in determining the Fair Value less cost to sell for the CGU:

- Cashflow forecasts for the life of the CGU were derived from a life of mine model based on the following assumptions:
  - The Consolidated Entity achieving funding for the development of the Project;
  - The definitive feasibility study completed in March 2011 for Stage 1 of the Project. The results of which were announced to ASX on 6 April 2011. Infrastructure EPC price and all other capex costs have been inflated to take account of cost increases through to the end of construction;
  - Construction and development for Stage 1 to commence in the March quarter of 2016;
  - Production from Stage 1 commencing in late 2019, ramping up to annual production of 35Mtpa;
  - The latest JORC code compliant reserves and resource estimates;
  - The receipt of all necessary approvals for the development and operation of the Project; and
  - Financial commitments outlined in the Conventions with both Cameroon government and Congo government.
  - A range of forecast long term iron ore prices for the 62% Fe/dmt fines CFR price (northern China) provided by leading external economic forecasters was considered. The average for the range considered (expressed in 2020 real terms) was between U$88.5/dmt and U$98.8/dmt. The Consolidated Entity used U$85/dmt (2020 real) for the 62% Fe fines CFR price (northern China) as its long term iron ore price; and
  - Revenue and cost inflation estimates of 2.5% per year.
- Discount rate of 14.5% (nominal, after tax). The discount rate (nominal after tax) used at 30 June 2014 was 12.0%, however it was decided that an increased rate of 14.5% was more appropriate to take into account the current iron ore price market, investment and financing market and development risks.

Based on these assumptions, no impairment has been recognised in the half-year financial report.

The Consolidated Entity considered a number of sensitivities in assessing the recoverable amount as at 31 December 2014. The Consolidated Entity does consider certain assumptions to have a more significant impact on the assessment of the recoverable value and accordingly sensitivities on these assumptions are set out below. The cashflow estimates are most sensitive to changes in iron ore prices and the discount rate. It is estimated that changes in key assumptions, if all other assumptions remain unchanged, would impact recoverable amounts as 31 December 2014 as follows:

- A decrease in the long term benchmark 62% Fe fines CFR iron ore price by 10% to US$76.50/dmt would, in itself, result in a full impairment of $279 million.
- An increase in the discount rate from 14.50% to 15.56% would, in itself, result in a full impairment of $279 million.
- A delay in the commencement of construction by 12 months from the March quarter 2016 to the March quarter 2017, whilst maintaining all other assumptions, in itself does not result in an impairment.

The Consolidated Entity has advised previously that:

- the system capability has now been confirmed to be able to handle 40Mtpa with no material capital changes; and
- initial indications are that high grade DSO reserves can be increased to offset the increased production rates mentioned above, and maintain the life of the Stage 1.

It is expected that the work on increased capacity and reserves will be completed in the June 2015 quarter which will further materially improve the economics of the Project. The positive economic impact of these factors has not been included in the assessment of recoverable amount at 31 December 2014.

The ultimate recoupment of costs capitalised for both Mine Development Assets and Exploration and Evaluation Assets for specific areas of interest is dependent on the successful financing, development and commercial exploitation, or alternatively, sale of the respective areas. As detailed in Note 1, the Consolidated Entity requires significant additional funding in order to develop the Project.

NOTE 4. FINANCE CHARGES

	31-Dec-14 $	31 Dec 13 $
Implied Interest Expense - Convertible Notes	(7,758,866)	(1,935,241)
Option and Conversion Right Valuation Expense - Convertible Note	(494,680)	(3,272,636)
Amortisation of Capitalised Borrowing Costs	(605,647)	(140,490)
	(8,859,193)	**(5,348,367)**

NOTE 5. BORROWINGS

	31-Dec-14 $	30 June 14 $
CURRENT BORROWINGS		
Convertible Note - Debt Liability	40,219,725	5,204,602
Convertible Note - Derivative Liability	35,000	90,000
Convertible Note - Capitalised Borrowing Costs	(756,675)	-
	39,498,050	**5,294,602**
NON-CURRENT BORROWINGS		
Convertible Note - Debt Liability	37,995,211	29,991,701
Convertible Note - Derivative Liability	1,240	4,139,590
Convertible Note - Capitalised Borrowing Costs	(1,532,116)	(1,210,187)
	36,464,335	**32,921,104**
TOTAL BORROWINGS	**75,962,385**	**38,215,706**

The net proceeds received from the issue of the convertible notes and, where applicable, free attaching options were split between the financial liability element, a derivative component (representing the residual attributable to the option to convert the financial liability into equity of the Company) and equity (representing the value of the share options).

CURRENT BORROWINGS

Hanlong Convertible Note:

5 million convertible notes were issued by the Company on 6 February 2013 to Hanlong (Africa) Mining Investment Ltd (**'Hanlong'**) at an issue price of $1.00 per note. On 12 December 2014, Sundance advised that the maturity date for the A$5 million convertible notes with Hanlong had been extended from 31 December 2014 to 31 December 2015, and from 1 January 2015, Sundance will pay interest to Hanlong at the rate of 10% per annum on a quarterly basis on the outstanding convertible notes. Hanlong may convert notes into underlying shares utilising a conversion price of the average daily volume weighted average price of Sundance shares traded on the ASX over the five trading days preceding the date of conversion. Conversion may occur at any time until 31 December 2015 at the election of either Sundance or Hanlong. If the notes have not been converted they will be redeemed on 31 December 2015 at $1.00 per note.

The total redemption amount at 31 December 2015 is $5 million.

Noble Convertible Note

On 4 November 2013 the Company issued a convertible note with a face value of $20 million and a conversion price of $0.10 per share (**'Noble Note'**) and 200 million free attaching options (**'Noble Options'**) to Noble Resources International Pte Ltd. The Noble Options with an exercise price of $0.12 per option and an expiry date of 18 November 2015 were issued on 3 December 2013 following shareholder approval.

The terms of the Noble Notes are as follows:

- It is proposed that a separate iron ore product marketing company (**'MarketCo'**) will be established to handle the sale of product from the Mbalam-Nabeba Iron Ore Project. As part of the conditions of the Noble Note, the holder may convert the note into an interest in Market Co at any time before the maturity date, if MarketCo has been incorporated and the Company has finalised the marketing arrangements on terms acceptable to Noble, and provided the Noble Note has not otherwise been redeemed or converted, the noteholder may elect to convert the Noble Note into MarketCo shares with the number of MarketCo shares to be transferred to be the lesser of:
  - o 30% of the shares in MarketCo then on issue; and
  - o the greater of:

- 24.9% of the shares in MarketCo then on issue; and
- that portion of 30% of the shares in MarketCo then on issue which is equivalent to the proportion of the Company's direct or indirect shareholding in MarketCo bears to the Company's direct or indirect shareholding in MarketCo plus the shares in MarketCo then on issue which are directly or indirectly held by government agencies in the Republics of Cameroon and the Congo.

- Noble may elect to convert the Noble Options into ordinary shares in the Company at a conversion price of $0.12 subject to adjustment, if:
  - at the Maturity Date, of 4 November 2015, MarketCo has not been incorporated and/or the Company has not finalised marketing arrangements on terms acceptable to the noteholder; and
  - at any time after a Change of Control Event occurs, and at that time, MarketCo has not been incorporated.
- If the Noble Note is not converted prior to the maturity date, 4 November 2015, it must be redeemed by the Company at the face value of $20 million. Interest on each Noble Note is 10% per annum payable semi-annually.

Sundance has initiated discussions with Noble to seek to extend the maturity date of the Noble Note and expiry date of the Noble Options. If agreement can be reach with Noble then both ASX waiver and shareholder approval will be required before this extension is completed which the Company anticipates will be achieved prior to November 2015.

The total redemption amount at 4 November 2015 is $20 million.

Investor Consortium Convertible Note:

On 4 November 2013 the Company issued convertible notes with a face value of $20 million (20,000 AUD denominated convertible notes at an issue price of $100 per note) (**'Investor Consortium Note'**) to an investor consortium made up of investment vehicles managed by Blackstone Alternative Solutions, L.L.C., the D. E. Shaw Group and Senrigan Capital (**'Investor Consortium'**). The Investor Consortium may convert the notes into underlying shares utilising a conversion price $0.10 subject to adjustment. If the notes have not been converted they will be redeemed on 4 November 2015 at $120 per note (120% of the face value). No interest will accrue in respect of the Consortium Notes.

The total redemption amount at 4 November 2015 is $24 million.

In addition, 260 million options have been issued to the investor consortium with the following terms:

- 200 million options at an exercise price of $0.10 per option with an expiry date of 4 November 2015;
- 60 million options at an exercise price of $0.12 per option with an expiry date of 4 November 2015.

On 3 September 2014 the Company agreed, subject to ASX and any other regulatory and shareholder approvals, with the Investor Consortium to replace the existing $20 million convertible notes held by the Investor Consortium, which mature in November 2015, with new $22 million two-year convertible notes expiring in November 2016. In November 2014 the Company was granted a waiver by the ASX from Listing Rule 6.23.3 allowing the Company to proceed with the Refinancing Proposal with the Investor Consortium and to cancel the existing options held by the Investor Consortium and issue new options to them. Shareholder approval is still required for this to be completed.

NON-CURRENT BORROWINGS

Wafin Consortium Note

On 23 September 2014 Sundance issued 400,000 convertible notes to Wafin Limited (**'Wafin'**) with an issue price of $100 per convertible note for a total investment of $40 million, maturing 36 months from the date of issue (23 September 2017) (**'Wafin Note'**). The Wafin Note is convertible at a price of 10 cents per Sundance share. If not converted into Sundance shares, these notes are redeemable at maturity for 130% of face value.

Wafin received options over 260 million ordinary shares with an exercise price of 12 cents, which expire on the earlier of 60 months from issue, 20 business days after the project's Financial Close or a Change of Control Event. 50 million of these options not subject to Shareholder approval were issued on 23 September 2014 with approval for the remaining 210 million options received from shareholders at the Company's AGM held on 27 November 2014.

For full details of the convertible notes issued to Wafin please refer to Sundance's ASX release dated 3 September 2014 and the 2014 Notice of Annual General Meeting.

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

NOTE 6. FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial Assets / Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation Technique(s) and key input(s) at 31 December 2014	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 Dec 14 $	30 Jun 14 $				
Hanlong Note: – Derivative Component	35,000	90,000	Level 3	Black Scholes Option Pricing model at 31 December 2014 Key inputs include: - Underlying share price $0.025 - Risk free rate 2.19% - Volatility 70% - Expected term 1.00 years - Vesting date 31 December 2015	N/A	N/A
Noble Note: – Derivative Component	-	1,339,590	Level 3	Black Scholes Option Pricing model at 31 December 2014 Key inputs include: - Underlying share price $0.025 - Risk free rate 2.19% - Volatility 70% - Expected term of 0.84 years - Vesting date 4 November 2015	Valuation of Market Co is based on the discounted cash flow used to value the Project including these assumptions: - Forecast commodity prices - Estimated start-up date - Estimated commissions payable to Market Co - Estimated production tonnage - Estimated overhead expenses	The higher the value of Market Co, the higher the fair value.
Investor Consortium Note: – Derivative Component	-	2,800,000	Level 3	Black Scholes Option Pricing model at 31 December 2014. Key inputs include: - Underlying share price of $0.025 - Risk free rate 2.19% - Volatility of 70% - Expected term 0.84 years - Vesting date 4 November 2015	N/A	N/A
Wafin Note – Derivative Component	1,240	N/A	Level3	Black Scholes Option Pricing model at 31 December 2014 Key inputs include: - Underlying share price ranging from $0.034 to $0.070 - Risk free rate 2.97% to 2.62% - Volatility of 70% - Expected term ranging from 5.0 to 5.01 years Vesting dates ranging from 23 September 2019 to 28 November 2019	N/A	N/A

The options issued to Noble and the Investor Consortium in the prior period have been valued using the Black Scholes option pricing model and key assumptions including an underlying share price of $0.025, a volatility of 70%, a risk free rate of 2.19%, an expected term of 0.84 years and vesting date of 4 November 2015. The use of these inputs resulted in a value of nil being recorded in the Convertible Note and Option Reserve.

The options issued to Wafin have been valued using the Black Scholes option pricing model and key assumptions including an underlying share price of between $0.034 and $0.070, a volatility of 70%, a risk free rate of between 2.62% and 2.97%, an expected term of 5.0 to 5.01 years and vesting dates of between 23 September and 28 November 2019. The use of these inputs resulted in a value of $4,010,000 being recorded in the Convertible Note and Option Reserve.

There were no transfers between any Levels in the period.

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

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

Financial Liabilities	31-Dec-14		30-June-2014	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Convertible note debt liability - Hanlong	4,931,613	4,931,613	4,900,492	4,900,492
Convertible note debt liability - Noble	17,569,172	17,947,509	16,116,252	16,721,346
Convertible note debt liability - Investor Consortium	16,904,731	17,283,068	12,665,263	13,270,356
Convertible note debt liability - Wafin	36,463,095	37,995,211	-	-

The fair value amounts have been derived from independent valuation at inception, while the carrying amount reflects the fair value less the capitalised borrowing costs incurred in the arrangement of the Noble, Investor Consortium and Wafin convertible notes.

NOTE 7. ISSUED CAPITAL

	31-Dec-14 $	30-June-14 $
Ordinary Shares		
3,089,651,736 fully paid ordinary shares (30 June 2014: 3,082,028,456)	409,071,476	409,071,476
	409,071,476	**409,071,476**
Movements in ordinary shares	**No.**	**No.**
At the beginning of the period	3,082,028,456	3,072,110,985
Shares issued	7,623,280	9,917,471
AT THE END OF THE PERIOD	**3,089,651,736**	**3,082,028,456**

NOTE 8. SEGMENT INFORMATION

AASB 8 Operating Segments ('**AASB 8**') requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Information reported to the Consolidated Entity's Chief Executive Officer for the purposes of resource allocation and assessment of performance is specifically focused on the Project being developed. The only project currently under development is the Project which includes the deposits in Cameroon and Congo. The unallocated portion relates to head office and corporate activities.

The Consolidated Entity's reportable segment under AASB 8 is therefore the Project. Information regarding this segment is presented below. The accounting policies of the reportable segment are the same as the Consolidated Entity's accounting policies.

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the half financial year ended 31 December 2014:

.	Revenue		Segment Loss	
	Half-year ended		Half-year ended	
	31-Dec-14 $	31-Dec-13 $	31-Dec-14 $	31-Dec-13 $
Continuing operations				
Mbalam-Nabeba Iron Ore Project	-	-	(5,071,045)	(12,343,028)
Total segments	-	-	(5,071,045)	(12,343,028)
Interest income			376,802	315,541
Unallocated expenses			(9,422,760)	(9,129,306)
Loss before tax			(14,117,003)	(21,156,793)
Income tax expense				-
Consolidated segment loss for the period			**(14,117,003)**	**(21,156,793)**

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-14 $	30-Jun-14 $
Continuing operations		
Mbalam-Nabeba Iron Ore Project	287,714,946	260,747,360
Total segment assets	287,714,946	260,747,360
Unallocated assets	30,240,034	14,865,786
Total assets	**317,954,980**	**275,613,146**

NOTE 9. CONTINGENT LIABILITIES

The Consolidated Entity is aware of the following contingent liabilities as at 31 December 2014:

Congo Aircraft Incident

- On 19 June 2010 all Directors of the Company and other passengers died in the Congo aircraft incident. The enquiry into the events has not yet concluded and may give rise to further costs, which in turn, may or may not lead to further costs being incurred by the Group. There are currently two legal actions underway in relation to this incident:
  - In July 2013 legal action in the UK High Court on behalf of the Cassley family was served on the Company. Mr James Cassley was an employee of the investment company GMP Securities Europe LLC. GMP is the First Defendant in the action and the Company is the Second Defendant. The losses claimed in the process are put at a total of £6,236,844 (Great British pounds) plus interest and costs. Legal advisors have been appointed and the Company is defending the action. The trial was held in February 2015 but no decision has been handed down yet by the Court; and
  - In June 2013 the Company was informed of court process filed in the US state of Illinois on behalf of the estates and survivors of John Jones, Don Lewis, Geoff Wedlock, John Carr-Gregg, Natasha Flason and James Cassley. These proceedings have not been served on the Company.
- The claim against Cam Iron lodged in 2012 on behalf of the families of persons lost in the Congo air incident of 2010 has been withdrawn by the plaintiffs.

Hold Co Production Based Compensation

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

Use of the Quantm System on the Mbalam Rail Corridor

- In July 2007, Sundance entered into an agreement with Quantm Pty Ltd for the application of the Quantm System on the Mbalam Rail Corridor. This agreement provided for a success fee of US$1,850,000 which is only payable upon the completion of Financial Close as interpreted under the agreement. The timetable and certainty to achieve Financial Close is not known. As a result no amount has been recognised as a liability in the financial statements.

Absolute Analogue & David Porter v Sundance (2007)

- Absolute Analogue Pty Ltd and David Porter issued a claim against the Company (WA Supreme Court Action No. CIV 1773 of 2007) for the issue of 30 million options (20 million options with an exercise price of $0.10 and 10 million options with an exercise price of $0.20), or damages in lieu assessed at A$9 million. This matter proceeded to trial in November 2013 and on 6 August 2014 the Supreme Court of Western Australia delivered its judgment in favour of Sundance dismissing the plaintiffs' claim and ordered the plaintiffs to pay Sundance's costs.
- Absolute Analogue and David Porter have lodged an appeal against this decision. It is expected that the appeal will be heard in mid 2015.

David Porter v Sundance (2013)

- On 29 April 2013 Mr Porter has issued a claim against the Company (WA Supreme Court Action No. CIV 1632 of 2013) in which he is seeking an order for the grant of 10 million Sundance options at $0.10 and damages, or alternatively damages in lieu of specific performance estimated to approximately $ 4 million. Mr Porter claims to be entitled to options pursuant to an alleged agreement contingent on the achievement of stipulated entitlements as to iron ore deposits in the Republic of Congo. The Company is defending this action. The parties have completed interlocutory processes including discovery, no date for trial has been set.

Fiscal Compliance

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

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

NOTE 10. EXPENDITURE COMMITMENTS

Exploration Permit – Republic of Cameroon

- The Cameroon Ministry of Mines ('Ministry') granted an extension of Exploration Permit No. 92 requiring a total minimum expenditure of XAF8,000,000,000 (approximately AUD$18,000,000) over the period 29 September 2012 to 29 September 2014. The permit has been further extended for 12 months to 22 July 2015, requiring a minimum expenditure of XAF1,000,000,000 (approximately AUD$2,200,000) over this period. Cam Iron has met the minimum expenditure requirements for the period.

Exploration Permits and Mining Permit – Republic of Congo

- On 6 February 2013, by Presidential Decree 2013-45, Congo Iron obtained a Mining Permit over the Nabeba – Bamegod exploration permit area for a period of 25 years.
- On 9 August 2013 by Presidential Decree 2013-405, the Ministry granted a second 2 year extension of the Ibanga Exploration Permit, which requires a total minimum expenditure requirement of XAF 3,550,000,000 (approximately AUD$8,000,000) over the two year period to 8 August 2015. It is unlikely that Congo Iron will achieve the minimum expenditure requirements and accordingly part of the Exploration Permit area may be relinquished.
- The expenditure requirements of Decree No 2013-45 for the Nabeba – Bamegod permit and Decree No 2013-405 for the Ibanga permit are denoted in Central African CFA franc (XAF)..

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

Mbalam Convention, Cameroon

- On 29 November 2012, Cam Iron agreed the terms of the Convention with the Republic of Cameroon. The Convention underpins the agreement between Cam Iron and the government outlining the fiscal and legal terms and conditions and commitments to be satisfied for the development and operation of the Project in Cameroon.

Nabeba Convention, Republic of Congo

- On 24 July 2014, Congo Iron agreed the terms of the Convention with the Republic of Congo. The Convention underpins the agreement between Congo Iron and the government outlining the fiscal and legal terms and conditions and commitments to be satisfied for the development and operation of the Project in the Republic of Congo.

NOTE 11. EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 12. DIVIDENDS

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

Deloitte.

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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 2014, and the condensed statement of profit or loss and other 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 11 to 27.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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.

Deloitte.

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 2014 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*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of $14,117,003 (2013: $21,156,793) and had net cash outflows from operating and investing activities of $22,154,014 (2013: $23,583,608) during the half-year ended 31 December 2014 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $12,372,999. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants
Perth, 15 March 2015