



Sundance Resources Limited
“and subsidiaries”

ABN 19 055 719 394

Financial Report
for the Half-Year ended
31 December 2010

This document should be read in conjunction with the annual report of
Sundance Resources Ltd for the year ended 30 June 2010



**SUNDANCE RESOURCES LIMITED
CORPORATE DIRECTORY**

DIRECTORS:	George Jones (Chairman) Giulio Casello (Managing Director and CEO) Michael Blakiston (Non-Executive Director) Barry Eldridge (Non-Executive Director) Fiona Harris (Non-Executive Director) Andrew (Robin) Marshall (Non-Executive Director)
COMPANY SECRETARY:	Neil Hackett
REGISTERED OFFICE:	Level 35, Exchange Plaza 2 The Esplanade Perth WA 6000
HEAD OFFICE:	Level 35, Exchange Plaza 2 The Esplanade Perth WA 6000 Tel: +61 (8) 9220 2300 Fax: +61 (8) 9220 2309 Email: info@sundanceresources.com.au Internet: http://www.sundanceresources.com.au
AUDITORS:	Deloitte Touche Tohmatsu Level 14, Woodside Plaza 240 St Georges Terrace Perth WA 6000 PO Box A46 Perth WA 6837 Tel: +61 (8) 9365 7000 Fax: +61 (8) 9365 7001
SHARE REGISTRY:	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace Perth, Western Australia 6000 GPO Box D182 Perth, Western Australia 6840 Tel: +61 1300 557 010 Fax: +61 (8) 9323 2033



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

The Directors of Sundance Resources Limited submit herewith the financial report of Sundance Resources Limited and its subsidiaries (the "Company" or "Sundance") for the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

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

Name of Director	Period of Directorship
Executive	
Giulio Casello (Managing Director and CEO)	Appointed as a Director 8 November 2010
Non-executive	
George Jones (Chairman)	Declared as de facto Director 2 July 2010 Elected as Director 16 August 2010
Michael Blakiston	Declared as de facto Director 2 July 2010 Elected as Director 16 August 2010
Barry Eldridge	Declared as de facto Director 2 July 2010 Elected as Director 16 August 2010
Fiona Harris	Declared as de facto Director 12 July 2010 Elected as Director 16 August 2010
Andrew (Robin) Marshall	Appointed as a Director 14 October 2010
Adam Rankine-Wilson	Declared as de facto Director 2 July 2010 Elected as a Director 16 August 2010 Resigned as a Director 14 October 2010

REVIEW OF FINANCIAL RESULTS

The consolidated loss after income tax for the half year was \$9,230,043 (2009: \$4,933,287)



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

REVIEW OF OPERATIONS

Sundance Resources Limited (ASX: SDL – 'Sundance') is an international resources company focused on the exploration and development of the Mbalam Iron Ore Project located in the Republic of Cameroon and the Republic of Congo in central west Africa. Sundance has commenced the Definitive Feasibility Study on its Mbalam Iron Ore Project as the basis for building the world's next great iron ore province.

CORPORATE

During the half year, the Sundance Board of Directors was reconstituted after the tragic plane crash on 19 June 2010 claimed the lives of the entire Board. Giulio Casello was appointed to the position of Managing Director and Chief Executive Officer on 8 November 2010 effectively completing this reconstitution.

MBALAM IRON ORE PROJECT

Sundance is currently in the final stages of completing the Definitive Feasibility Study ('DFS') for the development of the Mbalam Iron Ore Project which consists of two mines in Republics of Cameroon and Congo, a 480km heavy haulage railway with axle loads of between 25-32 metric tonnes dedicated to the transportation of iron ore, and a world-class port facility capable of accommodating bulk iron ore carriers of up to 300,000 metric tonnes (refer figure 1).

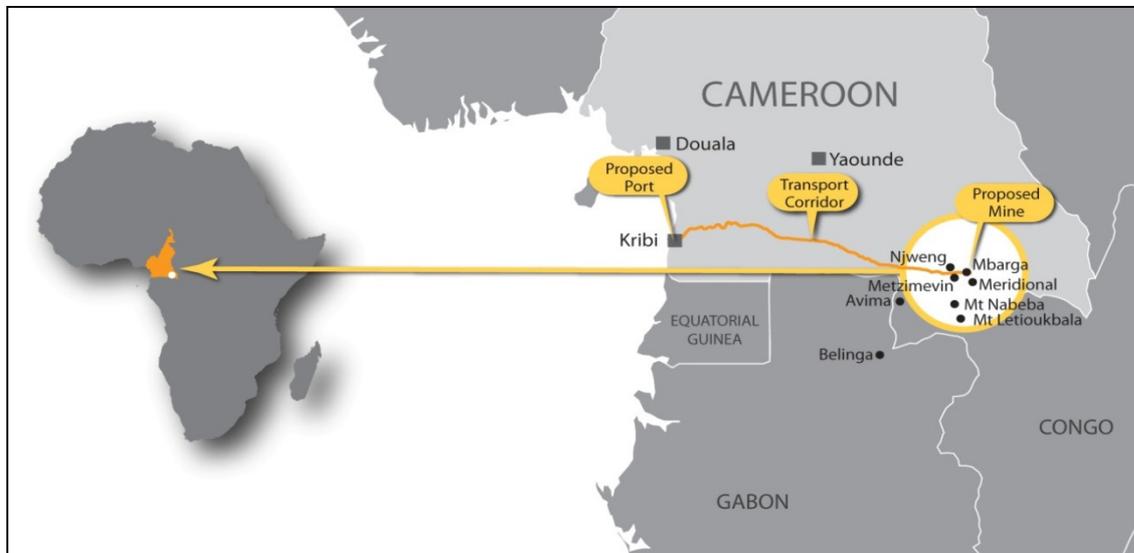


Figure 1: Location of the Mbalam Iron Ore Project



**SUNDANCE RESOURCES LIMITED
DIRECTORS' REPORT**

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

EP92 is owned by Cam Iron SA, a company incorporated in the Republic of Cameroon. MRP362 and MRP363 are owned by Congo Iron SA, a company incorporated in the Republic of Congo. Cam Iron SA and Congo Iron SA are subsidiaries of Sundance.

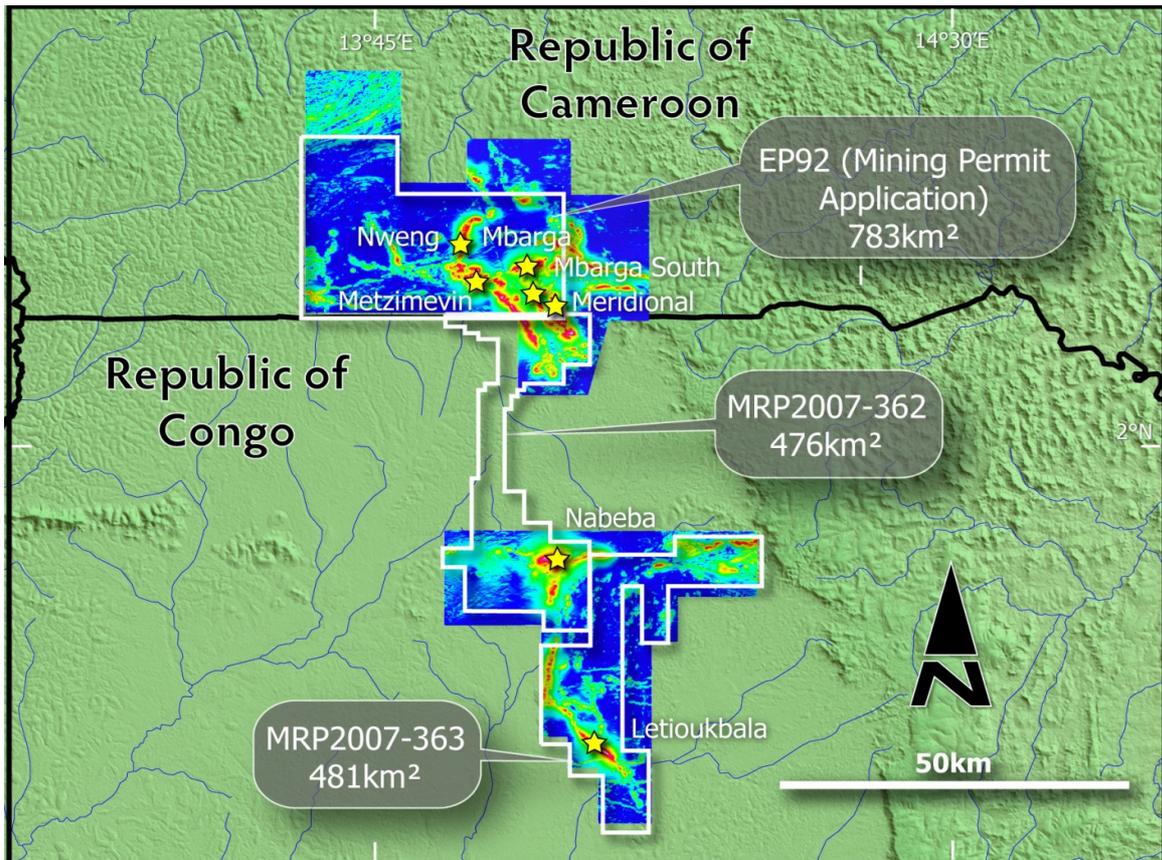


Figure 2: Exploration Permits and key deposits controlled by Sundance (also showing results from aeromagnetic survey work undertaken by Sundance in relation to the Mbalam Iron Ore Project)



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

PROJECT HIGHLIGHTS

- Landmark Memorandum of Understanding (“MoU”) signed with China Rail Construction Corporation (CRCC) and China Harbour Engineering Company (CHEC) to establish the scope, cost and program for delivery with the terms for an Engineering, Procurement and Construction contract (EPC contract) for the construction of key rail and port infrastructure to support the Mbalam Iron Ore Project.
- Work continued on the DFS across all areas of the Mbalam Iron Ore Project including mine, process plant, rail and port. Work undertaken during the period and highlights achieved to the date of this report included:
 - Continuation of the metallurgical test work program including transport and preparation of core samples from Cameroon and Congo;
 - Rail consultant delivered the draft feasibility study for main rail facility and the Nabeba rail spur line portion of the Mbalam Iron Ore Project;
 - Port marine consultant delivered the draft feasibility study for the marine portion of the Mbalam Iron Ore Project;
 - The materials handling and process plant consultant completed engineering design for the port and both mine facilities;
 - Completed evaluation of blending and product quality strategies based on updated metallurgical test work;
 - Completed pilot scale test work for the de-sand portion of the process circuit;
 - Completion of consultant work scopes for mine design, port design, shipping analysis and operations modelling; and
 - Continued negotiations of EPC Contracts for delivery of key infrastructure components to advance the feasibility study process.
- A further two-year extension of exploration permit EP92 in Cameroon was granted during the period. The extension period is from 29 September 2010 to 28 September 2012.
- Conditional approval of the Terms of Reference for the Congo Environmental and Social Assessment submitted to the Congo Environment Ministry in August 2010 was received in October 2010.
- Advancement of negotiations with Cameroon and Congo Governments to finalise the Mbalam Conventions to underpin development of the Mbalam Iron Ore Project.

Forward Looking Statement

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



SUNDANCE RESOURCES LIMITED DIRECTORS' REPORT

AUDITORS INDEPENDENCE DECLARATION

In accordance with the *Corporations Act 2001* section 307C the auditors of the Company, Deloitte Touche Tohmatsu Ltd have provided a signed auditors independence declaration to the directors in relation to the half-year ended 31 December 2010. The auditors' independence declaration has been included in the half-year financial report on page 8.

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

15 March 2011
Perth, Western Australia



SUNDANCE RESOURCES LIMITED DIRECTORS' DECLARATION

The directors of Sundance Resources Ltd declare that:

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

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

On behalf of the Directors

George Jones
Director (Chairman)

Giulio Casello
Managing Director and CEO

15 March 2011
Perth, Western Australia

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

15 March 2011

Dear Chairperson

Sundance Resources Limited

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

As lead audit partner for the review of the financial statements of Sundance Resources Limited for the half-year ended 31 December 2010, 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



Ross Jerrard
Partner
Chartered Accountants



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31 December 2010 \$	31 December 2009 \$
CONTINUING OPERATIONS		
Other income	1,523,720	500,252
Administration expense	(845,216)	(343,030)
Consultants expense	(111,467)	(17,800)
Depreciation and amortisation expense	(1,302,301)	(1,135,122)
Employee benefits expense	(5,109,820)	(2,186,519)
Impairment expense	—	(409,068)
Listing and registry fees	(330,047)	(290,419)
Occupancy costs	(527,810)	(279,216)
Travel and accommodation	(750,463)	(366,690)
Professional fees	(596,512)	(285,609)
Transport & logistics	(233,217)	(5,495)
Other expenses	(946,910)	(114,571)
LOSS FROM CONTINUING OPERATIONS BEFORE TAX	(9,230,043)	(4,933,287)
Income tax expense	—	—
LOSS FOR THE PERIOD	(9,230,043)	(4,933,287)
OTHER COMPREHENSIVE INCOME		
Exchange differences arising on translation of foreign operations	(5,536,970)	(5,871,747)
Income tax relating to components of other comprehensive income	—	—
Other comprehensive income for the period	(5,536,970)	(5,871,747)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(14,767,013)	(10,805,034)
Loss attributable to:		
Owners of the parent	(8,459,143)	(4,532,335)
Non-controlling interests	(770,900)	(400,952)
NET LOSS ATTRIBUTABLE TO MEMBERS	(9,230,043)	(4,933,287)
Total comprehensive income attributable to:		
Owners of the parent	(12,786,019)	(10,404,082)
Non-controlling interests	(1,980,994)	(400,952)
NET COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS	(14,767,013)	(10,805,034)
EARNINGS PER SHARE		
From continuing operations		
- Basic (cents per share)	(0.34)	(0.23)
- Diluted (cents per share)	(0.34)	(0.23)

The accompanying notes form part of this financial report on pages 13 to 20



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	31 December 2010 \$	30 June 2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		43,454,392	76,762,275
Trade and other receivables		2,016,722	2,291,175
Inventory		3,005,617	2,603,114
Other current assets		412,361	418,955
TOTAL CURRENT ASSETS		48,889,092	82,075,519
NON-CURRENT ASSETS			
Property, plant and equipment	2	6,255,553	6,895,147
Exploration and evaluation assets	3	115,948,573	97,920,829
Intangibles		372,410	331,486
TOTAL NON-CURRENT ASSETS		122,576,536	105,147,462
TOTAL ASSETS		171,465,628	187,222,981
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		5,644,024	7,657,285
TOTAL CURRENT LIABILITIES		5,644,024	7,657,285
NON- CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		—	—
TOTAL LIABILITIES		5,644,024	7,657,285
NET ASSETS		165,821,604	179,565,696
EQUITY			
Issued capital	4	290,708,003	290,568,003
Reserves		(8,592,171)	(5,148,216)
Accumulated losses		(111,865,190)	(103,406,047)
Equity attributable to owners of the parent		170,250,642	182,013,740
Non-controlling interest		(4,429,038)	(2,448,044)
TOTAL EQUITY		165,821,604	179,565,696

The accompanying notes form part of this financial report on pages 13 to 20



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	31 December 2010 \$	31 December 2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(8,676,269)	(3,097,336)
Interest received		1,727,368	324,542
NET CASH USED IN OPERATING ACTIVITIES		(6,948,901)	(2,772,794)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,364,608)	(2,213,499)
Exploration and evaluation expenditure		(25,049,741)	(7,093,059)
NET CASH USED IN INVESTING ACTIVITIES		(26,414,349)	(9,306,558)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues		140,000	90,547,544
Capital raising costs		—	(2,591,526)
NET CASH PROVIDED BY FINANCING ACTIVITIES		140,000	87,956,018
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(33,223,250)	75,876,666
Cash and cash equivalents at beginning of period		76,762,275	20,384,940
Effect of foreign currency movements on cash and equivalents		(84,633)	(230)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	43,454,392	96,261,376

The accompanying notes form part of this financial report on pages 13 to 20



SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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

	Issued Capital \$	Option Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Equity attributable to owners of the parent \$	Non Controlling 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 INCOME	—	—	(4,326,876)	(8,459,143)	(12,786,019)	(1,980,994)	(14,767,013)
Securities issued	—	—	—	—	—	—	—
Equity raising costs	—	—	—	—	—	—	—
Cost of share based payment	140,000	882,921	—	—	1,022,921	—	1,022,921
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

The accompanying notes form part of this financial report on pages 13 to 20



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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

Reporting entity

Sundance Resources Limited is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2010 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 2010 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 2010.

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 2010, 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.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Consolidated Entity include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*.

AASB 2009-5 Introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings.

The adoption of these amendments has not resulted in any changes to the Consolidated Entity's accounting policies and have no effect on the amounts reported for the current or prior periods. However, the only amendment that has had a material impact and resulted in changes to the Consolidated Entity's presentation of, or disclosure in, its half year financial statements is the presentation of development costs in the statements of cash flows. AASB 107 *Statement of Cash Flows* has been amended through AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* to require that only expenditures that result in a recognised asset in the statement of financial positions can be classified as investing activities in the statement of cash flows.

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.

The directors continue the ongoing and active management of the expenditure incurred by the Consolidated Entity to protect current cash levels. The cashflow forecast indicates that there are sufficient cash resources available to fund the planned activities and commitments of the entities for at least the next twelve months. In the unlikely event that unbudgeted costs are incurred, the Consolidated Entity does have various alternatives available including the ability to reduce discretionary expenditure whilst additional finance is sought through either debt financing or capital raising arrangements.

The directors have reviewed the Consolidated Entity's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances. Should the Consolidated Entity be unable to continue as a going concern, they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different to 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31 December 2010 \$	30 June 2010 \$
NOTE 2. PROPERTY, PLANT & EQUIPMENT		
Buildings – at cost at beginning of period	2,002,651	2,302,553
Effect of movements in exchange rates	(166,517)	(469,776)
Additions	100,258	169,874
Buildings – at cost at end of period	<u>1,936,392</u>	<u>2,002,651</u>
Buildings – accumulated depreciation at beginning of period	(240,900)	(160,023)
Effect of movements in exchange rates	20,031	41,575
Depreciation expense	(49,763)	(122,452)
Buildings – accumulated depreciation at end of period	<u>(270,632)</u>	<u>(240,900)</u>
Buildings – written down value at end of period	<u>1,665,760</u>	<u>1,761,751</u>
Plant & Equipment – at cost at beginning of period	10,001,540	7,823,736
Effect of movements in exchange rates	(796,219)	(1,504,148)
Additions	1,028,968	4,179,813
Disposals	—	(497,861)
Plant & Equipment – at cost at end of period	<u>10,234,289</u>	<u>10,001,540</u>
Plant & Equipment – accumulated depreciation at beginning of period	(4,868,144)	(3,583,263)
Effect of movements in exchange rates	382,515	775,536
Eliminated on disposal	—	307,926
Depreciation expense	(1,158,867)	(2,368,343)
Plant & Equipment – accumulated depreciation at end of period	<u>(5,644,496)</u>	<u>(4,868,144)</u>
Plant & Equipment – written down value at end of period	<u>4,589,793</u>	<u>5,133,396</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>6,255,553</u>	<u>6,895,147</u>
NOTE 3. EXPLORATION AND EVALUATION ASSETS		
Carrying amount at beginning of period	97,920,829	93,510,918
Effect of movements in exchange rates	(6,752,323)	(17,393,031)
Additions	24,780,067	22,448,532
Expenditure written off	—	(645,590)
Carrying amount at end of period	<u>115,948,573</u>	<u>97,920,829</u>
TOTAL EXPLORATION AND EVALUATION ASSETS	<u>115,948,573</u>	<u>97,920,829</u>



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 4. ISSUED CAPITAL

ORDINARY SHARES

2,711,395,932 fully paid ordinary shares (31 December 2009: 2,709,027,072)

31 December 2010 \$	31 December 2009 \$
290,708,003	290,568,003
290,708,003	290,568,003

MOVEMENTS IN ORDINARY SHARES

At the beginning of the financial year

10,000,000 shares issued 3 September 2009

315,511,294 shares issued 18 November 2009

1,295,127 shares issued 26 November 2009

31,286,457 shares issued 8 December 2009

248,891,386 shares issued 22 December 2009

968,860 shares issued 31 December 2009

Capital raising costs

400,000 shares issued on 16 December 2010

1,000,000 shares issued 22 December 2010

AT THE END OF THE PERIOD

290,568,003	204,494,938
—	1,000,000
—	47,326,686
—	194,260
—	4,692,900
—	37,333,698
—	145,320
—	(4,619,799)
140,000	—
—	—
290,708,003	290,568,003

NOTE 5. RECONCILIATION OF CASH

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise cash at bank at 31 December 2010 and 31 December 2009.



SUNDANCE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 6. 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 Cameroon and in Congo. The reporting to the chief operating decision maker has changed as a result of the change of management during the period to reflect the operations as a single project. Previously the segments were allocated on the basis of geography, but have been changed to show the project as a single segment. The Consolidated Entity's reportable segments under AASB 8 are therefore as follows:

- Mbalam Iron Ore Project

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 December 2010 \$	31 December 2009 \$	31 December 2010 \$	31 December 2009 \$
Continuing operations				
- Mbalam Project	—	—	(7,353,180)	(2,822,638)
Total segments	—	—	(7,353,180)	(2,822,638)
Interest income			1,523,720	500,252
Unallocated expenses			(3,400,583)	(2,610,901)
(Loss)/profit before tax			(9,230,043)	(4,933,287)
Income tax expense			—	—
Consolidated segment revenue and loss for the period	—	—	(9,230,043)	(4,933,287)

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

Segment losses represent the expenses of each segment without allocation of head office administration costs 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.



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

	31 December 2010	30 June 2010
	\$	\$
Continuing operations		
- Mbalam Project	127,556,242	110,385,980
Total segment assets	127,556,242	110,385,980
Unallocated assets	43,909,385	76,837,001
TOTAL ASSETS	171,465,627	187,222,981



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NOTE 7. RELATED PARTY TRANSACTIONS

Sundance Resources Limited ("the Company") is a single entity and is not controlled by another entity.

Azure Capital Limited received \$25,731 from the Company for services performed by Adam Rankine-Wilson who is a director of the Company and of Azure Capital Limited.

Blakiston & Crabb received \$634,107 from the Consolidated Entity for legal services rendered during the period. Michael Blakiston is a Director of the Company and a partner of Blakiston & Crabb. All services provided were carried out on an arm-length basis, under commercial terms.

On 19 June 2010 all directors of the Company died in the Congo aircraft tragedy. Insurance covering this incident was in place. During the half year the relevant insurers paid a total of \$9.95 million to a trust account in respect of insured entitlements.

NOTE 8. CONTINGENT LIABILITIES

The Consolidated Entity is aware of the following contingent liability as at 31 December 2010.

Absolute Analogue & David Porter v Sundance

The Company has an ongoing dispute with Absolute Analogue & David Porter. The claim is for unpaid invoices and options. The Company has filed its formal defence on this matter and the matter is now in preparation for trial. It is anticipated that a trial date will be allocated by 30 June 2011. In the opinion of the Board, no liability should be accounted for in respect of this claim. Refer to the 30 June 2010 annual report for further information.

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



SUNDANCE RESOURCES LIMITED
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NOTE 9. EXPENDITURE COMMITMENTS (*)

Exploration Permits

The Cameroon Ministry of Mines required total minimum exploration expenditure under Exploration Permit No.92 of XAF12,000,000,000 (approximately AUD\$30 million) over the three year period which commenced on 29 September 2005. This minimum exploration expenditure requirement was met during the permit period. This term was extended when the 3 year term expired on the 29 September 2008. The Cameroon Ministry of Mines granted a 2 year permit extension from 29 September 2008, requiring a total minimum exploration expenditure of XAF4,000,000,000 (approximately AUD\$10 million) which was met prior to the conclusion of the 2 year term. The Cameroon Ministry of Mines has now granted a further 2 year permit extension, which commenced on 29 September 2010 which requires a total minimum expenditure of XAF6,900,000,000 (approximately AUD\$13.5 million). It is expected that Cam Iron SA, a member of the Consolidated Entity, will exceed this minimum expenditure requirement within the permit period. The expenditure requirements of Exploration Permit No.92 are denoted in Central African CFA franc (XAF).

The Republic of Congo Ministry of Mines requires commitment to a program of work under Decree No 2008-362 and Decree No 2008-363 over the 3 year term of Mineral Research Permits 362 and 363, which commenced on 2 August 2007. An application was lodged with the Congo Ministry of Mines in June 2010 for a 2 year permit extension. Congo Iron SA, a member of the Consolidated Entity, received confirmation of the permit extension as a result of a meeting of the council of ministers held on 23 February 2011. A total minimum exploration expenditure of XAF5,850,000,000 (approximately AUD\$11.5 million) has been included in the application and the Consolidated Entity expects to exceed this minimum expenditure 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. Failure to meet the required level of minimum expenditure can either be exonerated by the relevant Ministry or could potentially result in revocation of the said permit.

NOTE 10. EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 11. DIVIDENDS

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

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 2010, 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 7 and 9 to 20.

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 2010 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 2010 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



Ross Jerrard

Partner

Chartered Accountants

Perth, 15 March 2011