Sundance Resources Limited

and subsidiaries

ABN 19 055 719 394

Financial Report
for the Half-Year ended
31 December 2013

This document should be read in conjunction with the annual report of Sundance Resources Ltd for the year ended 30 June 2013

SUNDANCE RESOURCES LIMITED
CORPORATE DIRECTORY

Directors:	George Jones (Non-Executive Chairman) Giulio Casello (Managing Director & Chief Executive Officer) Michael Blakiston (Non-Executive Director) Barry Eldridge (Non-Executive Director) Fiona Harris (Non-Executive Director) Andrew (Robin) Marshall (Non-Executive Director) David Southam (Non-Executive Director)
Company Secretary:	Carol Marinkovich
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

The directors of Sundance Resources Limited ('the Directors') submit herewith the financial report of Sundance Resources Limited and its subsidiaries (the 'Consolidated Entity' or 'Sundance') for the half-year ended 31 December 2013. 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)

Mr Giulio Casello – Managing Director and Chief Executive Officer

Mr Michael Blakiston – Non-Executive Director

Mr Barry Eldridge – Non-Executive Director

Ms Fiona Harris – Non-Executive Director

Mr Andrew (Robin) Marshall – Non-Executive Director

Mr David Southam – Non-Executive Director

With the exception of Mr Southam who was appointed on 11 September 2013, 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

Operations

Sundance Resources Limited 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 ('the Project'), which straddles the border of Cameroon and Republic of 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 Permits Nabeba-Bamegod ('Nabeba') and Exploration Permit Ibanga ('Ibanga') in the Sangha Province of Congo held by Congo Iron.

The Project will see: the development of mines at both deposits in Cameroon and Congo; the construction of a 510 kilometre rail line dedicated to the transport of iron ore through Cameroon; construction of a 70 kilometre rail spur line connecting the Nabeba mine in Congo; and, the building of 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. This will support the production of 35Mtpa of high grade hematite for the first 10 to 12 years and then 35Mtpa of a high quality concentrate for at least a further 15 years.

Following detailed discussions with Chinese and international steel mills, traders, financial institutions and infrastructure providers, the Sundance Resources Limited Board of Directors ('the Board') approved a renewed project development strategy for the Project in April 2013. This strategy includes the development of the deep water port and rail infrastructure through Engineering, Procurement and Construction ('EPC') contracts or an independent infrastructure consortium process and a mine joint venture with secured take-or-pay iron ore off-take contracts.

Sundance is well advanced in executing its strategy to develop the Mbalam-Nabeba Iron Ore Project in Central Africa. As announced in August 2013, Sundance's strategy is to financially separate the development of the port and rail infrastructure from the mine development and its associated iron ore product sales. The Company is currently involved in discussions to finalise the Engineering, Procurement and Construction (EPC) contracts for the port and rail infrastructure; the EPC for the mine plant and associated infrastructure; and also the sale of equity into the mine or total project and take-or-pay iron ore off-take agreements.

Additional information as to the progress made in each of these areas during the half year is provided further on in this report.

Port and Rail Infrastructure

During the half year, Sundance made substantial progress on its project development strategy for the port and rail EPC tender process.

Tenders were received on 18 December 2013. Tenders received included proposals for contractor-facilitated financing in a number of structures ranging from EPC with facilitated debt finance through to an interest in a full Build-Own-Operate-Transfer (BOOT) solution.

The tender submissions for the port and rail infrastructure are currently being evaluated and early indications are that the responses are encouraging and largely met the requirements of the tender. The Company is now engaged with two preferred parties; one being a State Owned Enterprise (SOE) from China and the other an international construction company from Europe.

The prices and contract durations included within the submissions fall within the range expected based on the estimates in the Mbalam-Nabeba Iron Ore Project Definitive Feasibility Study, which was completed in April 2011. The responses also support the project development timeline, under which an exclusivity arrangement with the preferred bidder is expected to be finalised in the June Quarter of 2014.

Mine Plant

During the reporting period Sundance also completed the mine plant EPC tender pre-qualification process (including debt funding). Initial responses were favourable from the market and this resulted in the identification of a select group of international companies who have expressed interest in tendering. Importantly Sundance believes these parties have demonstrated the key skills and expertise required to successfully undertake these works and provide funding options.

Following the prequalification process, the tender documentation for the mine plant infrastructure was finalised and an invitation to tender was issued to the prequalified tenderers on 18 December 2013.

Sundance is currently responding to the tenderers' requests for technical information. The tenders are due to be received in April 2014 and the Company is confident that the EPC for the mine plan and associated infrastructure can be completed in a timeframe aligned with the finalisation of the port and rail EPC tender process.

Equity and Offtake

During the reporting period, Sundance has also undertaken negotiations with several groups concerning the sale of equity into the mine or total project and take-or-pay iron ore off-take agreements.

The negotiations covering take or pay agreements for the full production capacity of 35 million tonnes per annum of high-grade iron ore from the Mbarga and Nabeba mines have progressed significantly. The intention is for the offtake contracts to be bankable and therefore be used as security for funding the EPC infrastructure and mine plant contracts.

Other parties such as steel mills, EPC and mine plant groups will also have the opportunity to take an equity position in the mine or the total Project with associated offtake, at terms to be agreed.

Government Relations - Cameroon

The Sundance Project Team continued extensive technical input and dialogue with the Cameroon Government to further the condition precedent documentation required under the Mbalam Convention.

The Mbalam Convention was signed with the Cameroon Government on 29 November 2012 and outlines the fiscal and legal terms and the conditions to be satisfied by Cam Iron SA for the development and management of the Project. Sundance and its subsidiary company Cam Iron SA continue to enjoy a strong working relationship with the Cameroon Government and are working closely together on the project development strategy and its associated timing.

The Government of Cameroon continues to express its support for the Company which should lead in due course to the granting of the Mining Permit following the fulfilment of a number of conditions and the endorsement of the Convention by the Cameroon National Assembly.

Government Relations – Republic of Congo

In the Republic of Congo, the Nabeba Mining Permit was awarded in February 2013 by Presidential Decree and is valid for 25 years. Sundance and its subsidiary company Congo Iron SA are currently negotiating the Congo

Convention, which sets out the legal and fiscal terms for the mining of the Nabeba deposit, with the Government of Congo.

The draft Convention has been submitted by Sundance/Congo Iron SA and the Congo Government has commenced its review. By the end of the reporting period the technical review had been completed and the review of fiscal and commercial terms is currently ongoing. Formal feedback from the Congo Government is expected in the coming months. The Company remains confident that it will agree the terms of the Convention with the Government following the completion of the formal review process.

Financial Position

Cash and cash equivalents increased during the half financial year to $34.3 million at 31 December 2013 from $19.6 million at 30 June 2013.

On 22 October 2013, Sundance announced it had signed legally binding agreements to raise A$40 million through the issue of convertible notes and options to Noble Resources International Pte Ltd ("Noble Resources") and an investor consortium of Blackstone Alternative Solutions, L.L.C., the D. E. Shaw Group and Senrigan Capital ("Investor Consortium"). These funds were received in November 2013.

The announcement lodged on 22 October 2013 provides a full description of the details of the agreements between Sundance and the investors, including an outline of the Noble Deed, Noble Options, Consortium Deed and Consortium Options which are explained in detail in the accompanying Annexures A, B, C and D to the announcement.

The consolidated statement of cash flows indicates that expenditure continues to be directed towards exploration and development activities on the Project of $12.2 million (2012: $12.5 million) and payments to suppliers and employees $11.5 million (2012: $11.3 million).

The financial position of the Consolidated Entity as at 31 December 2013 remains positive. Net assets of the Consolidated Entity amounted to $260.7 million (30 June 2013: $242.3 million). Mine development assets increased to $258.0 million (30 June 2013: $225.0 million) of which $20.8 million is as a result of the movement in the exchange rate.

The total loss for the period amounted to $21.2 million compared to $14.1 million for the half year ended 31 December 2012. Of this total loss, $5.3 million related to non-cash convertible note financing charges (2012: $Nil).

Total comprehensive income amounted to $5.0 million (2012: loss $7.9 million) for the half year ended 31 December 2013, which includes an exchange gain on translation of foreign operations. This gain amounted to $26.2 million (2012: gain $6.2 million) and is due to a movement in the Central African CFA francs against the Australian Dollar from 461:1 at 30 June 2013 to 422.9 at 31 December 2013.

The Company has 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. A number of cost saving initiatives were undertaken in the first half of the year in an effort to maintain prudent management of existing funds with a view to conserve cash while the Company completes its project development negotiations.

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 2013, Sundance held cash of $34.3 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. The Directors believe that at the date of signing these financial statements there are reasonable grounds to believe that the Consolidated Entity will have sufficient funds to meet its obligations as and when they fall due.

- **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.

- **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; 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 fluctuates widely and is affected by numerous factors beyond Sundance's control such as supply and demand; and changes in global economies. The decision to develop the Project, and the returns to be achieved from it, are dependent upon the future price of iron ore.

- **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 consolidated entity. The litigation matters considered significant to Sundance's business are as disclosed in the Consolidated Financial Statements dated 30 June 2013.

Business strategies and prospects for future financial years

Sundance's business strategy is focussed on the development of the Mbalam-Nabeba Iron Ore Project. The achievements of the past mean that many of the pre requisites required to obtain project funding, proceed to project development and to construction are largely in place. On this basis the business strategy approved by the Board is:

- Maintain business relations and protection of key assets in Cameroon and Congo.
- Retain key staff who are integral to the development of the Project and relationships in country.
- Prudently control cash flow and continuously look for cost reductions.
- Mandate expert support with thorough knowledge of, and relationships with international markets, Chinese construction and Chinese steel mills, funding relationships and knowledge of the iron ore market both internationally and in China with payment based on successful project completion.
- Financially separate the development of the infrastructure to the mine development and its associated iron ore product sales.
- Continually and pragmatically look for opportunities to ensure shareholder value is enhanced.

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.*
(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 2013. The auditor's independence declaration has been included in the half-year financial report on page 9.

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

11 March 2014
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

11 March 2014

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 2013, 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 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

George Jones
Director (Chairman)

Giulio Casello
Managing Director and CEO

11 March 2014
Perth, Western Australia

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

		31-Dec-13	31-Dec-12
CONTINUING OPERATIONS		$	$
Other income		315,541	1,068,478
Administration expense		(960,691)	(1,136,103)
Consultants expense		(491,399)	(390,238)
Depreciation and amortisation expense		(755,869)	(1,337,962)
Employee benefits expense		(7,990,952)	(8,163,616)
Exchange rate loss		(19,246)	(294)
Legal fees		(2,160,197)	(1,475,378)
Listing and registry fees		(212,949)	(247,965)
Occupancy costs		(1,191,200)	(742,738)
Professional fees		(360,818)	(376,090)
Transport & logistics		(31,648)	(81,206)
Travel expenses		(1,426,462)	(816,135)
Finance charges	4	(5,348,367)	-
Other expenses		(522,536)	(403,607)
Loss from continuing operations before tax		(21,156,793)	(14,102,854)
Income tax expense		-	-
Loss for the period		(21,156,793)	(14,102,854)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		26,206,074	6,236,683
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period		26,206,074	6,236,683
Total comprehensive income for the period		5,049,282	(7,866,171)
Loss attributable to:			
Owners of the parent		(19,748,686)	(13,124,347)
Non-controlling interests		(1,408,106)	(978,507)
		(21,156,793)	(14,102,854)
Total comprehensive income attributable to:			
Owners of the parent		3,562,025	(7,549,779)
Non-controlling interests		1,487,257	(316,392)
Net comprehensive income attributable to members		5,049,282	(7,866,171)
Loss per share		¢	¢
From continuing operations			
- Basic (cents per share)		(0.64)	(0.42)
- Diluted (cents per share)		(0.64)	(0.42)

The accompanying notes form part of this financial report on pages 15 to 27

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31-Dec-13	30-Jun-13
ASSETS			
CURRENT ASSETS		**$**	**$**
Cash & Cash Equivalents		34,292,145	19,629,458
Trade & Other Receivables		1,495,613	989,758
Inventory		3,631,793	3,479,093
Other Current Assets		1,036,655	1,419,248
Total Current Assets		40,456,206	25,517,557
NON-CURRENT ASSETS			
Property, Plant & Equipment	2	3,531,349	3,897,006
Mine Development Assets	3	258,048,317	224,963,327
Total Non-Current Assets		261,579,666	228,860,333
TOTAL ASSETS		302,035,872	254,377,890
LIABILITIES			
CURRENT LIABILITIES			
Trade & Other Payables		5,658,965	7,277,936
Borrowings	5	4,900,000	4,793,774
Total Current Liabilities		10,558,965	12,071,710
NON-CURRENT LIABILITIES			
Borrowings	5	30,745,346	-
Total Non-Current Liabilities		30,745,346	-
TOTAL LIABILITIES		41,304,311	12,071,710
NET ASSETS		260,731,561	242,306,180
EQUITY			
Issued Capital	7	409,071,476	408,971,476
Reserves		52,078,530	15,491,720
Accumulated Losses		(195,681,375)	(175,932,689)
Equity attributable to the owners of the parent		265,468,631	248,530,507
Non-controlling interest		(4,737,070)	(6,224,327)
TOTAL EQUITY		260,731,561	242,306,180

The accompanying notes form part of this financial report on pages 15 to 27

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	31-Dec-13 $	31-Dec-12 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(11,535,858)	(11,263,703)
Interest received		309,095	1,085,140
Interest paid		(56,103)	-
Net Cash used in Operating Activities		(11,282,866)	(10,178,563)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(57,328)	(108,431)
Mine development costs		(12,243,414)	(12,473,886)
Net Cash used in Investing Activities		(12,300,742)	(12,582,317)
Cash flows from Financing Activities			
Proceeds from convertible notes issued	**5**	40,000,000	-
Borrowing costs associated with convertible notes	**5**	(1,796,795)	-
Capital raising costs		-	(113,051)
Net Cash provided by/(used in) Financing Activities		38,203,205	(113,051)
Net Increase/(Decrease) in Cash and Cash Equivalents		14,619,597	(22,873,931)
Cash and cash equivalents at beginning of period		19,629,458	59,070,799
Effect of foreign currency movements on cash and equivalents		43,090	(84,633)
Cash and Cash Equivalents at end of Period		34,292,145	36,206,792

The accompanying notes form part of this financial report on pages 15 to 27

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	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 2012	402,462,737	19,319,232	-	(33,244,208)	**(5,600,000)**	**(146,716,006)**	**236,221,755**	(8,239,797)	**227,981,958**
Loss for the period	-	-	-	-	**-**	**(13,124,347)**	**(13,124,347)**	(978,507)	**(14,102,854)**
Foreign currency gain	-	-	-	5,574,567	**-**	**-**	**5,574,567**	662,115	**6,236,683**
Total comprehensive loss	**-**	**-**	**-**	**5,574,567**	**-**	**(13,124,347)**	**(7,549,779)**	**(316,392)**	**(7,866,171)**
Capital raising costs	(113,051)	-	-	-	-	-	**(113,051)**	-	**(113,051)**
Share based payment	5,460,000	1,783,087	-	-	(5,460,000)	-	**1,783,087**	-	**1,783,087**
At 31 December 2012	**407,809,686**	**21,102,319**	**-**	**(27,669,641)**	**(11,060,000)**	**(159,840,353)**	**230,342,011**	**(8,556,189)**	**221,785,822**
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**

The accompanying notes form part of this financial report on pages 15 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 2013 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 2013 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 2013.

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 2013, 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 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-2 'Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

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

Basis of Preparation *(continued)*

Impact of the application of AASB 13

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 ‘Share-based Payment’, leasing transactions that are within the scope of AASB 117 ‘Leases’, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2012 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

Going concern

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

The Consolidated Entity incurred a loss of $21,156,793 (2012: $14,102,854) and had cash outflows from operating activities and investing activities of $23,583,608 (2012: $22,760,880) for the half year ended 31 December 2013.

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

(i) the Directors have reviewed the quantum and timing of all discretionary expenditures including exploration and development costs and wherever necessary these costs will be minimised or deferred to suit the Consolidated Entity’s available cash resources;

(ii) the Consolidated Entity’s cash flow forecast indicates further funding is required to support the current level of the Consolidated Entity’s activities for the period to 31 March 2015. These funds will likely be required before the end of calendar year 2014.

Should the Consolidated Entity be unable to secure additional funding referred to 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.

	31-Dec-13 $	30-Jun-13 $
NOTE 2. PROPERTY, PLANT & EQUIPMENT		
Buildings – at cost at beginning of period	2,198,634	1,846,057
Effect of movements in exchange rates	201,676	338,688
Additions	43,839	13,889
Buildings - at cost at end of period	2,444,149	2,198,634
Accumulated depreciation at beginning of period	(601,856)	(427,378)
Effect of movements in exchange rates	(57,418)	(46,420)
Depreciation expense	(95,368)	(128,058)
Accumulated depreciation at end of period	(754,642)	(601,856)
Buildings - Closing written down value	1,689,507	1,596,778
Plant and equipment – at cost at beginning of period	12,409,022	10,240,069
Effect of movements in exchange rates	1,038,832	1,746,443
Additions	51,288	517,985
Impairment	(2,246)	(95,478)
Plant and equipment - at cost at end of period	13,496,895	12,409,019
Accumulated depreciation at beginning of period	(10,108,794)	(6,517,565)
Effect of movements in exchange rates	(839,875)	(1,432,121)
Impairment	376	58,292
Depreciation expense	(660,501)	(2,217,398)
Accumulated depreciation at end of period	(11,655,054)	(10,108,791)
Plant and Equipment - Closing written down value	1,841,841	2,300,228
TOTAL PROPERTY, PLANT AND EQUIPMENT	3,531,349	3,897,006

NOTE 3. MINE DEVELOPMENT	31-Dec-13	30-Jun-13
	$	$
Carrying amount at beginning of period	224,963,327	163,955,498
Effect of movements in exchange rates	20,841,576	35,479,151
Additions	12,243,414	25,528,678
Carrying amount at end of period	258,048,317	224,963,327
TOTAL MINE DEVELOPMENT ASSET	258,048,317	224,963,327

At 31 December 2013, 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 has reviewed the recoverable amount of the Project based on the discounted value of future cash flows assuming development and commercial exploitation. This review highlighted a recoverable value significantly in excess of the carrying value. As such no impairment was recorded during the period.

The cash flow forecasts were derived from a life of mine model based on the following information and 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 and the prefeasibility study completed in April 2011 for Stage 2. The results of which were announced to the ASX on 6 April 2011;
- Construction and development for Stage 1 to commence in late 2014;
- Production from Stage 1 to commence in late 2017, ramping up to annual production of 35 M tonnes per annum;
- 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 Convention with the Cameroon government.

The Project economics are most sensitive to achieving project funding, the iron ore pricing assumptions and discount rates applied to determine the net present value. This will become more relevant on full development of the project. At this stage, long term iron ore prices have been utilised in the cash flow forecasts.

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 development and commercial exploitation, or alternatively, sale of the respective areas. As detailed in note 1, the Company requires additional funding in order to develop the Project.

NOTE 4. FINANCE CHARGES	31-Dec-13	31 Dec 12
	$	$
Implied Interest Expense - Convertible Notes	(1,935,241)	-
Option and Conversion Right Valuation Expense - Convertible Note	(3,272,636)	-
Amortisation of Capitalised Borrowing Costs	(140,490)	-
	(5,348,367)	-

NOTE 5. BORROWINGS	31-Dec-13	30 June 13
CURRENT BORROWINGS	$	$
Convertible Note - Debt Liability	4,850,000	4,708,774
Convertible Note - Derivative Liability	50,000	85,000
	4,900,000	4,793,774
NON-CURRENT BORROWINGS		
Convertible Note - Debt Liability	25,150,571	-
Convertible Note - Derivative Liability	7,251,080	-
Convertible Note - Capitalised Borrowing Costs	(1,656,305)	-
	30,745,346	-

CURRENT BORROWINGS
Hanlong Convertible Note:
5 million AUD denominated convertible notes were issued by the Company on 6 February 2013 to Hanlong at an issue price of $1.00 per note. The holder 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 between 8 October 2013 and 30 June 2014 at the election of either Sundance or Hanlong. If the notes have not been converted they will be redeemed on 30 June 2014 at $1.00 per note.

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

NON-CURRENT BORROWINGS
Noble and Investor Consortium Convertible Note
On 22 October 2013 the Company announced it had signed legally binding agreements to raise $20 million through the issue of a convertible note with a face value of $20 million (Noble Note) and 200 million free attaching options (Noble Options) to Noble Resources International Pte Ltd, and $20 million through the issue of 20,000 convertible notes each with a face value of $100 (Consortium Notes) and 260 million free attaching options (Consortium Options) 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. The Noble Note and Consortium Notes (together with 60 million free attaching Consortium Options) were issued on 4 November 2013 raising $40 million. 200 million free attaching Noble Options and 200 million free attaching Consortium Options were issued on 3 December 2013following shareholder approval.

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). The terms of the Noble and Investor Consortium convertible notes are as follows:

Noble Note

As part of the development of the project 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 convertible 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;

- 30% of the shares in MarketCo then on issue; and
- 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.

The noteholder may elect to convert the Noble Note into ordinary shares in the Company at a conversion price of $0.12 subject to adjustment, if:

- at the Maturity Date 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.

The terms of the Noble Note contain provisions for the adjustment of the conversion price upon the occurrence of certain dilutive events including, among others, share subdivisions or consolidations or reclassification, stock dividends, rights offering and equity issuances at less than the prevailing market price, bonus issues and other analogous dilutive events. If these events occur, the conversion price will be adjusted to ensure the economic value of the Consortium Notes are not adversely affected by the event.

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.

In addition, 200 million options at an exercise price of $0.10 per option with an expiry date of 21 October 2015 have been issued to Noble. For further details on the terms and conditions of the options, refer to the Notice of Annual General Meeting and Explanatory Memorandum to Shareholders announced on 29 October 2013.

Investor Consortium Note

20,000 AUD denominated convertible notes were issued by the Company on 4 November 2013 to the Investor Consortium at an issue price of $100 per note. The holder may convert notes into underlying shares utilising a conversion price $0.10 subject to adjustment. The terms of the Consortium Notes contain provisions for the adjustment of the conversion price upon the occurrence of certain dilutive events including, among others, share subdivisions or consolidations or reclassification, stock dividends, rights offering and equity issuances at less than the prevailing market price, bonus issues and other analogous dilutive events. If these events occur, the conversion price will be adjusted to ensure the economic value of the Consortium Notes is not adversely affected by the event. 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

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 21 October 2015;
- 60 million options at an exercise price of $0.12 per option with an expiry date of 21 October 2015.

For further details on the terms and conditions of the options, refer to the Notice of Annual General Meeting and Explanatory Memorandum to Shareholders announced on 29 October 2013.

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)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 Dec 13	30 Jun 13				
Hanlong Note: – Derivative Component	$50,000	$85,000	Level 3	Black Scholes Option Pricing Model at 30 June 2013 Key inputs include: - Underlying share price $0.069 - Risk free rate 2.53% - Volatility 65% - Expected term 1.00 year Fair value estimated at 31 December 2013 utilising results from the 30 June 2013 valuation.	N/A	N/A
Noble Note: – Derivative Component	$2,451,080	-	Level 3	Binomial Model at 31 December 2013 Key inputs include: - Underlying share price $0.095 - Risk free rate ranging from 2.58% to 2.62% - Volatility 72% - Expected term ranging from 1.65 to 1.80 years - Vesting dates ranging from 30 June 2015 to 21 Oct 2015	Valuation of Market Co is based on the discounted cash flow used to value the Project which includes the following assumptions: - Forecast commodity prices - Estimated start-up date - Estimated commissions payable to Market Co - Estimated production tonnage of the project - Forecast revenue - Estimated overhead expenses	The higher the value of Market Co, the higher the fair value.
Investor Consortium Note: – Derivative Component	$4,800,000	-	Level 3	Binomial Model at 31 December 2013 Key inputs include: - Underlying share price of $0.095 - Risk free rate 2.51% - Volatility of 72% - Expected term 0.87 years - Vesting date 5 December 2013	N/A	N/A

The options issued to Noble and the Investor Consortium have been valued using the binomial model and key assumptions including an underlying share price at shareholder approval date of $0.114, a volatility of 71%, a risk free rate of 2.73% for Noble and 2.58% for the Investor Consortium, an expected term of 1.91 for Noble and 1.15 for Investor Consortium and vesting dates of 19 October 2015 for Noble and 30 April 2014 for the Investor Consortium. The use of these inputs resulted in a value of $12,700,000 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-13		30-June-2013	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Convertible note debt liability - Hanlong	4,850,000	4,850,000	4,708,774	4,708,774
Convertible note debt liability - Noble	14,687,021	15,515,174	-	-
Convertible note interest liability - Noble	312,329	312,329	-	-
Convertible note debt liability - Investor Consortium	8,494,916	9,323,068	-	-

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 and Investor Consortium convertible notes.

	31-Dec-13 $	31-Dec-12 $
NOTE 7. ISSUED CAPITAL		
Ordinary Shares 3,073,110,986 fully paid ordinary shares (31 December 2012: 3,066,227,034)	407,274,680	407,809,686
	407,274,680	407,809,686
Movements in ordinary shares		
At the beginning of the financial year	408,971,476	402,462,737
14,000,000 shares issued 27 November 2012	-	5,460,000
Capital Raising Costs	-	(113,051)
1,000,000 shares issued 18 October 2013	100,000	-
AT THE END OF THE PERIOD	409,071,476	407,809,686

NOTE 8. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report. Annual short term incentive ('STI') plan payments have been paid since 31 December 2013. These were determined on an individual basis by measuring a combination of personal and company metrics as defined by the STI 2013 plan documents. These payments related to the calendar year ending 31 December 2013.

NOTE 9. 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:

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	Revenue		Segment Loss	
	Half-year ended		Half-year ended	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Continuing operations	$	$	$	$
Mbalam-Nabeba Iron Ore Project	-	-	(12,343,028)	(8,038,018)
Total segments	-	-	(12,343,028)	(8,038,018)
Interest income			315,541	1,068,478
Unallocated expenses			(9,129,306)	(7,133,314)
Loss before tax			(21,156,793)	(14,102,854)
Income tax expense			-	-
Consolidated segment loss for the period	-	-	(21,156,793)	(14,102,854)

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-13	30-Jun-13
Continuing operations	$	$
- Mbalam-Nabeba Iron Ore Project	267,634,280	233,996,064
Total segment assets	267,634,280	233,996,064
Unallocated assets	34,401,592	20,381,826
Total assets	302,035,872	254,377,890

NOTE 10. RELATED PARTY TRANSACTIONS

The Company is the parent and ultimate controlling party of the Consolidated Entity. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Consolidated Entity and other related parties are disclosed below.

Sundance has adopted a policy to specify the circumstances in which it is deemed appropriate for management to contract the services of a Director-Related Entity. This policy provides that Sundance is only to enter into a transaction with a Director-Related entity in the following circumstances:

a. Where any proposed transaction is at arm's length and on normal commercial terms; and
b. Where it is believed that the Director-Related entity is the best equipped to undertake the work after taking into account:
   - Experience;
   - Expertise;
   - Knowledge of the group; and
   - Value for money.

<u>Legal Services</u>

Gilbert + Tobin received $664,522 (2012:$689,813) from the Consolidated Entity for legal services rendered during the current financial period. Michael Blakiston is a Director of the Company and during the period was partner of Gilbert + Tobin. All services provided were carried out on an arms-length basis, under commercial terms.

In July 2011, the partners of Blakiston & Crabb joined Gilbert + Tobin. Prior to Mr Blakiston's appointment to the Board of Sundance, Blakiston & Crabb had been long standing legal advisors to Sundance, having accumulated extensive knowledge of the Company and understanding of the activities in the Republic of Cameroon and Republic of Congo. Upon Mr Blakiston's appointment it was determined that having regard to this experience, expertise and knowledge, Blakiston & Crabb should continue to advise Sundance in relation to these matters, although it was agreed that other legal advisors should also be engaged as appropriate, and this has occurred.

<u>Advisory Services</u>

PCF Capital received $49,304 (2012: Nil) from the Consolidated Entity for advisory services during the current financial period. In April 2013 the Consolidated Entity engaged PCF Capital for advisory services relating to project funding or a corporate transaction with specific parties. George Jones is a Director of Company and also of PCF Capital. All services provided were carried out on an arms-length basis, under commercial terms.

PCF Capital were engaged as they had an existing relationship with the specified parties and the experience which the Board considered necessary to advance any potential negotiations in an expeditious manner.

<u>Equity Holdings</u>

At 31 December 2013, directors and their related entities held directly, indirectly or beneficially in the Company ordinary 21,362,500 shares (2012: 21,362,500), nil options over ordinary shares (2012:13,000,000) and 2,650,000 performance rights over ordinary shares (2012:2,650,000).

NOTE 11. CONTINGENT LIABILITIES

The group is aware of the following contingent liabilities as at 31 December 2013.

Congo Aircraft Incident

On 19 June 2010 all directors of the Company 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 Consolidated Entity.

In June 2012 Cam Iron SA was notified of a legal claim in Cameroon on behalf of the families of persons lost in the Congo air incident of 2010. The claim lapsed, however, on 21 May 2013 the matter was reinstated on the court roll by the plaintiff's solicitors. Cam Iron SA has appointed legal advisors and is defending the action.

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 LL. GMP is the First Defendant in the action and Sundance is the Second Defendant. The losses claimed in the process are put at a total of 6,236,844 pounds. Sundance has appointed legal advisors and is defending the action.

In June 2013 the Company was informed of a 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 Sundance.

Hold Co v Cam Iron SA

On 6 August 2012 Cam Iron SA received a claim from Hold Co SARL returnable in the Yaounde High Court. Hold Co claims to have an entitlement to a 7 per cent interest in Congo Iron SA via Cam Iron SA's interests. The transaction by which Cam Iron SA acquired its interests in Congo Iron SA was disclosed in an ASX announcement dated 10 October 2008.

On 27 August 2013, Cam Iron SA and Sundance reached an out of court settlement with Hold Co SARL and its permanent representative and former CEO of Cam Iron SA, Mr Roger Bogne. As part of the settlement Sundance is required to pay ongoing production based compensation to Hold Co pursuant to a compensation deed. The obligation to pay this compensation is based on iron ore sold by Congo Iron SA 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 ('Quantm') 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 for achieving Financial Close is not known and is therefore not considered probable. As a result no amount has been recognised as a liability in the financial statements.

Absolute Analogue & David Porter v Sundance

The Company has an ongoing dispute with Absolute Analogue Pty Ltd and David Porter. This action includes a claim against the Company for the issue of 30 million options (20 million options with an exercise price of $0.10 and 10 million options with an exercise price of $0.20), or damages in lieu. This matter proceeded to trial in November 2013 and the Court has reserved its judgement to be provided in due course.

In addition to the Absolute Analogue and David Porter proceedings, Mr Porter alone has issued a further claim (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. These proceedings were issued on 29 April 2013. Mr Porter claims to be entitled to additional options pursuant to an alleged agreement contingent on the achievement of stipulated entitlements as to iron ore deposits in the Republic of Congo. Sundance is defending this action. The parties are undertaking interlocutory processes including discovery. The Board will not be in a position to provide any further guidance until completion of these interlocutory processes.

Fiscal Compliance

The Consolidated Entity, 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 Consolidated Entity.

Mbalam Convention, Cameroon

On 29 November 2012, Cam Iron SA agreed the terms of the Convention with the Republic of Cameroon. The Convention underpins the agreement between Cam Iron SA 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. There are further payments to the Cameroon Government in relation to project development which are contingent on Sundance achieving project funding.

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

NOTE 12. EXPENDITURE COMMITMENTS

Exploration Permit – Republic of Cameroon

On 27 July 2012 the Republic of Cameroon Ministry of Mines granted a third 2 year extension which requires 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 expenditure requirements of Exploration Permit No.92 are denoted in Central African CFA franc (XAF).

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. Expenditure commitments are yet to be negotiated with the Congolese Government which are to be included in a Nabeba mining convention.

On 9 August 2013 by Presidential Decree 2013-405, the Republic of Congo Ministry of Mines 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 2 August 2013 to 2 August 2015.

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

NOTE 13. 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 14. DIVIDENDS

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

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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 2013, 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 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 2013 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.

Deloitte.

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 2013 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 $21,156,793 (2012: $14,102,854) and had net cash outflows for operating and investing activities of $23,583,608 (2012: $22,760,880) during the half year ended 31 December 2013. 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

A T Richards
Partner
Chartered Accountants
Perth, 11 March 2014