Sundance Resources Limited

ABN 19 055 719 394
and subsidiaries

Annual Financial Report 2012

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

SUNDANCE RESOURCES LTD

CONTENTS

SUNDANCE RESOURCES LTD

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)
Company Secretary:	Brian Conrick
ABN:	19 055 719 394
Registered Office:	Level 35, Exchange Plaza 2 The Esplanade Perth WA 6000
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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

DIRECTORS' REPORT

The directors present their report together with the financial report of Sundance Resources Limited ("Sundance" or "the Company") and of the Consolidated Entity, being the Company and its subsidiaries, for the financial year ended 30 June 2012 and the auditor's report thereon.

1. DIRECTORS

The directors of the Company at any time during or since the end of the financial year were:

Name & Qualifications	Age	Experience and Special Responsibilities	Other Directorships held in listed companies during the previous 3 years
Mr George F Jones AM CitWA B.Bus, FCIS, FAICD Chairman (Non-executive)	67	Mr George Jones has been involved with the Company for a number of years and has a comprehensive understanding of the Company and its assets. Mr Jones has more than 35 years' experience in the mining, banking and finance industries and has been a Director of a number of private and publicly-listed companies, including Gindalbie Metals Ltd, where he is currently Chairman. Director since 2 July 2010	*Current Directorships:* Gindalbie Metals Limited
Mr Giulio Casello B.Eng, ME Mgt Managing Director & Chief Executive Officer	53	Mr Giulio Casello is a highly experienced executive with national and global exposure in manufacturing environments for blue chip organisations. Backed by 30 years of experience, he has a track record of success with operations, business development and corporate strategy. He has previously worked at Sinosteel Midwest as Chief Operating Officer, Century Aluminium Company in the United States of America where as Senior Vice President Business Development he was responsible for developing and implementing a growth plan in aluminium, alumina and critical raw material and managing new projects across the globe. He has also held a number of significant positions in Alcoa including Director of WA Operations, General Manager of Alcoa's World Chemicals and Location Manager of the Kwinana Alumina Refinery. Director since 8 November 2010	NIL

DIRECTORS' REPORT

Name & Qualifications	Age	Experience and Special Responsibilities	Other Directorships held in listed companies during the previous 3 years
Mr Michael Blakiston B.Juris LLB Non-executive director	54	Mr Michael Blakiston is a solicitor with substantial legal experience in the resources sector. He is a partner of the corporate and resource law firm, Gilbert + Tobin and has over 30 years' experience. Mr Blakiston holds Bachelor of Jurisprudence and Bachelor of Laws degrees from the University of Western Australia. Mr Blakiston has extensive commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry. Gilbert + Tobin is currently engaged by Sundance Resources to provide ongoing legal advice. Mr Blakiston has played a leading role in the negotiation and formulation of a number of key agreements relating to Sundance's Mbalam Iron Ore Project, and is currently involved in the negotiation of the Convention Agreements with the Congolese and Cameroon Governments. Director since 2 July 2010	*Current Directorships:* Platinum Australia Limited Axiom Properties Limited *Directorship Ceased within the past three years:* Aurora Oil and Gas Limited Rox Resources Limited Vulcan Resources Ltd
Mr Barry Eldridge B.Sc, BE Non-executive director	66	Mr Barry Eldridge has over 40 years' experience as a geologist and mining engineer in the resource industry both in Australia and overseas. Following a 20 year career in the coal industry in Queensland and New South Wales, Mr Eldridge moved to Western Australia in 1988 where he has been involved in a number of management roles in the mining industry. Most notable of these have been Project Manager for the Super Pit in Kalgoorlie, Project Manager for the development of Kanowna Belle gold mine, Managing Director of Forrestania Gold NL, Project Director for Rio Tinto's West Angelas iron ore development, Director – Major Projects for North Ltd, Managing Director of Griffin Coal Pty Ltd, Managing Director, Chief Executive Officer of Portman Ltd and Chairman of SNC-Lavalin Australia Pty Ltd. Director since 2 July 2010	*Current Directorships:* Cliffs Natural Resources Inc. *Directorship Ceased within the past three years:* Mundo Minerals Limited

DIRECTORS' REPORT

Name & Qualifications	Age	Experience and Special Responsibilities	Other Directorships held in listed companies during the previous 3 years
Ms Fiona Harris BCom, FCA, FAICD Non-Executive Director	51	Ms Fiona Harris has extensive experience as a Non-Executive Director over the past 17 years including with iron ore companies, Portman Mining Ltd and Territory Resources Ltd and other listed entities Alinta Limited, Burswood Limited, Evans & Tate. Ms Harris was previously a member of the Australian Institute of Company Directors (AICD) National Board and a Western Australian State President. Ms Harris is a former partner of KPMG Chartered Accountants, specialising in financial services and superannuation, capital raising, due diligence, initial public offerings, capital structuring of transactions and litigation support. Director since 12 July 2010	*Current Directorships:* Altona Mining Limited Aurora Oil & Gas Limited Infigen Energy Limited Group *Directorship Ceased within the past three years:* Vulcan Resources Limited Territory Resources Limited
Mr Andrew (Robin) Marshall MAICD, I Eng (UK) Non-Executive Director	65	Mr Robin Marshall is an experienced mining executive with an impressive track record of international experience in positions with several global mining groups including Project Director for Vale Inco at its world-class Goro Nickel Project, Vice-President – Asset Development Projects for BHP Billiton Iron Ore, Project manager for North Limited, Project Director with Iron Ore Company of Canada, Manager Project for Forrestania and Project services for Western Mining Corporation and Nedpac (Signet Engineering). Mr Marshall has also spent a number of years in Africa in senior positions in both project and operational areas. Director since 14 October 2010	*Current Directorships:* Gindalbie Metals Ltd

DIRECTORS' REPORT

2. COMPANY SECRETARY

Brian Conrick joined Sundance as General Counsel on 1 July 2010 and was appointed Company Secretary on 21 December 2011, following the resignation of Mr Neil Hackett. Mr Conrick has a Master of Laws (UQ) and is a Fellow of the Chartered Institute of Arbitrators.

Mr Hackett held the position of Company Secretary from 2 July 2010 until 21 December 2011.

3. PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the year was iron ore exploration, evaluation and project development.

There were no significant changes in the nature of the principal activities during the financial year.

4. RESULTS

The operating loss after tax of the Consolidated Entity for the financial year was $25,308,131 (2011: $21,738,100).

5. REVIEW OF OPERATIONS

The Consolidated Entity focused on iron ore exploration and project development activities in the Republic of Cameroon and the Republic of Congo through the financial year ended 30 June 2012, key highlights from this activity included:

- Republic of Cameroon Government agrees Key Terms for Mbalam Convention.
- Republic of Congo Minister of Mines recommends the Nabeba Mining Permit Application to the Council of Ministers; anticipated awarding of permit by end of 2012 calendar year.
- High Grade Hematite Resources increase to 775 million tonnes at 57.2% Fe with 96% of the Resources now in the Indicated category.
- Maiden Itabirite Hematite Resource of 1.4 billion tonnes at 35% Fe at Nabeba, which is in addition to Mbarga's previously reported Itabirite Resources of 2.32 billion tonnes at 38% Fe.
- High Grade Probable Ore Reserves upgrade to a total of 352 million tonnes at 62.4% Fe, confirming the Project's Stage One Direct Shipping Ore production of 35 million tonnes per year for a minimum 10 years and with further potential to increase following recent increase in HG ore resources.
- Environmental Approvals in both Cameroon and Republic of Congo have been awarded for the development of the mines, port and rail.
- Rail corridor for Stage One production declared land for public use with community consultation now underway.
- Early works including geophysical drilling, road clearing and delineation of rail corridor underway
- Letter of Intent signed with Legend Mining and Memoranda of Understanding signed with Core Mining Limited and Equatorial Resources Limited for the co-sharing use of the Mbalam Iron Ore transport infrastructure.

DIRECTORS' REPORT

6. DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors at the directors' meetings and of members at the meetings of the committees of the Company during the financial year were:

Director	Directors Meetings		Audit & Risk Management Committee Meetings		Nomination & Remuneration Committee Meetings		Project Oversight Committee Meetings	
	A	B	A	B	A	B	A	B
Mr G Jones	**13**	14	-	-	-	-	-	-
Mr G Casello	13	14	-	-	-	-	6	9
Mr M Blakiston	13	14	4	4	-	-	-	-
Mr B Eldridge	12	14	4	4	**5**	6	7	9
Ms F Harris	14	14	**4**	4	6	6	-	-
Mr A Marshall	12	14	-	-	6	6	**9**	9

A - Number of meetings attended
B - Number of meetings held while the director held office
Bolding of the number of meetings attended denote the Chairman of Directors and each Board Committee.
In addition, a number of matters were dealt with by way of circular resolution during the year.

7. STATE OF AFFAIRS

The following significant changes in the state of affairs of the Consolidated Entity occurred during the financial year.

- On 18 July 2011, Sundance announced that it had received a letter of intention to make a conditional cash offer for 100 per cent of Sundance at a price of A$0.50 per share, under a Scheme of Arrangement from Hanlong Mining. On 4 October 2011, Sundance announced that the Board unanimously recommended Hanlong's increased cash offer of $0.57 per share via a Scheme of Arrangement in the absence of a superior proposal. Subsequent to year end Hanlong decreased its offer price to $0.45 per share following a weakening of the financial markets since the initial agreement in October 2011 and a requirement of the National Development and Reform Commission of China that Hanlong pay a 'reasonable acquisition price'. On the 27 August 2012 Sundance announced that the Board had unanimously recommended the reduced cash offer from Hanlong of $0.45 per share via a Scheme of Arrangement in the absence of a superior proposal and entered into a second amended and restated SIA ("Scheme Implementation Agreement").

- On 13 June 2012 Sundance announced the completion of a $40 million (before expenses) share placement for the issue of 115,942,029 ordinary shares at A$0.345 per share.

Other than the above, there was no significant change in the state of affairs of the Consolidated Entity during the financial year.

DIRECTORS' REPORT

8. LIKELY DEVELOPMENTS

The Consolidated Entity will continue iron ore exploration and development activities in the Republic of Cameroon and the Republic of Congo.

During the financial year a conditional cash offer for 100% of Sundance was received from the Hanlong Group via a Scheme of Arrangement, and has been recommended by the Board in the absence of a superior proposal. A number of Conditions Precedent in relation to the Scheme have now been satisfied, including the Australian Foreign Investment Review Board approval and People's Republic of China National Development and Reform Commission provisional approval. Should all conditions of the offer, including shareholder approval, be achieved it is expected that Sundance will become a wholly owned subsidiary of the Hanlong Group during the financial year ending 30 June 2013.

9. ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to environmental regulations under Republic of Cameroon and Republic of Congo legislation.

Cam Iron SA received environmental approval to progress the Mbalam Iron Ore Project ("the Project") on 25 June 2010 with the receipt of a Certificate of Conformity from the Ministry of Environment and Nature Protection ("MINEP"). This approval was unconditional but upgrades to the Environmental and Social Assessment ("ESA") documentation were required to be completed prior to the commencement of operations. These upgrades were completed and the final ESA was submitted to MINEP in May 2011.

The baseline study programme for Congo Iron's Nabeba Permit ESA was conducted in early 2011. The ESA documentation was first submitted on 24 January 2012 to the Ministry for Sustainable Development, Forest Economy and the Environment ("MDDEFE") and presented to the public. The ESA was reviewed by the MDDEFE and additional amendments to the ESA were requested. The revised ESA was re-submitted on 15 May 2012 and was then followed up with a project site visit from members of the MDDEFE on 10 June 2012. On 13 August 2012 a letter from the Chairman of the Inter-Ministerial Commission was received stating that the working group is satisfied with the amended terms of reference and the ESA has been accepted in its final form. The Certificate of Environmental Conformity was received from the Minister of the Environment on 1 September 2012.

10. DIVIDENDS

In respect of the year ended 30 June 2012, no dividends have been paid or proposed (2011: nil).

11. EVENTS SUBSEQUENT TO REPORTING DATE

On 27 August 2012, Sundance announced that the Board recommended a reduced cash offer from Hanlong Mining of $0.45 per share via a Scheme of Arrangement and that a second amended and restated SIA has been entered into.

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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' REPORT – REMUNERATION REPORT

Dear Shareholder,

We are pleased to present the 2012 Remuneration Report.

Your directors are committed to the alignment of executive and senior management pay with shareholder interests.

Over the reporting period the Nomination and Remuneration Committee has convened on a regular basis to actively implement its Charter which aims to assess Board composition and performance and to assess and manage the Company's remuneration policies. The progress of the Committee in achieving its objectives is outlined throughout this remuneration report.

Over the past year, it has been crucial to retain and reward key executives and senior management to progress through this important stage of the Company's development. Market competitive packages, which are comprised of fixed remuneration plus performance based at risk components have been established and reviewed as appropriate. Performance Indicators and objectives of any short or long term incentive have been centred on the activities of securing funding, receiving government approvals, resource levels and project construction activities.

Share based payments made to directors and executives must be reported as part of remuneration, and expensed. This is despite any actual receipt being wholly at risk and the entitlement being deferred for between two to three years or based on achievement of specific corporate objectives. This statutory reporting requirement means that the reported remuneration will often significantly exceed what was actually received. We have provided supplementary commentary and tables to provide a clearer explanation of share based remuneration in addition to the statutory disclosures.

Your directors will continue to review the remuneration structure, drawing advice from independent sources, as appropriate. We are mindful of market trends in executive remuneration whilst also ensuring that remuneration structures serve the business as an effective incentive, reward and retention tool in a competitive employment market.

We hope you find this year's report to be useful. As always, we welcome feedback on ways to clarify and improve the information provided.

Yours faithfully

Barry Eldridge
Chairman
Nomination & Remuneration Committee

Date - 24 September 2012

DIRECTORS' REPORT – REMUNERATION REPORT

12. REMUNERATION REPORT

The remuneration report, which forms part of the Directors' report, sets out information about the remuneration of Sundance Resources Limited Key Management Personnel ("KMP") for the financial year ended 30 June 2012.

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DIRECTORS' REPORT – REMUNERATION REPORT

12.1 Nomination and Remuneration Committee (NRC), composition and activities

The Nomination and Remuneration Committee ('NRC') has been set up to assist the Board in nomination and remuneration related matters. The members of this Committee are:
Mr Barry Eldridge (Chairman of the Nomination and Remuneration Committee);
Ms Fiona Harris; and
Mr Andrew (Robin) Marshall.

During the year, the Nomination and Remuneration Committee has:

- Reviewed Company achievement against 2011 Calendar Year Key Performance Indicators (KPIs);
- Supervised the setting of Company 2012 Calendar Year KPIs;
- Supervised the application of Short and Long Term Incentive Plans;
- Monitored internal and external remuneration relativities;
- Monitored the performance management program;
- Set Individual KPIs for and reviewed the performance of the MD/CEO;
- Ensured that KPIs are aligned with corporate objectives;
- Approved short and long-term incentive opportunities for Executives;
- Reviewed the Sundance Board size and composition;
- Considered succession planning for the Board;
- Evaluated workplace diversity in accordance with the Company's Diversity Policy; and
- Reviewed Superannuation arrangements and compliance.

Significant matters to note for the 2012 Financial Year remuneration are:

- Remuneration levels are considered to be in line with market levels and trends based on data from independent surveys and advice of independent consultants;
- There were no increases to Non-Executive Director fees in this, or the previous, reporting period;
- There were no share based remuneration grants to Directors; and
- The Committee satisfied the requirements of the Sundance/Hanlong Scheme Implementation Agreement condition in reference to Key Executives' employment.

12.2 Key Management Personnel (KMP) details

The following persons acted as Directors or Executives of the Company during and since the end of the financial year:

<u>Non-Executive Directors</u>	
George Jones	Chairman
Michael Blakiston	Director
Barry Eldridge	Director
Fiona Harris	Director
Andrew (Robin) Marshall	Director
<u>Executive Director</u>	
Giulio Casello	Managing Director & Chief Executive Officer
<u>Executives</u>	
Peter Canterbury	Chief Financial Officer
Brian Conrick	Company Secretary (appointed 21 December 2011)
Paul De Nardi	General Manager – Finance & Commercial
Nicola Gill	Business Services Manager
Robin Longley	General Manager – Geology
David Meehan	Chief Operating Officer & Project Director
Tim Sewell	HSECS Group Manager (appointed 1 September 2011)
Neil Hackett	Company Secretary (resigned 21 December 2011)

Except as noted, the persons held their current position for the whole of the financial year and since the end of the financial year.

DIRECTORS' REPORT – REMUNERATION REPORT

12.2 Key Management Personnel (KMP) details (continued)

With the exception of Messrs Hackett and Longley, who are engaged under consultancy arrangements, all Executives are employed under contracts of employment. Mr Meehan was originally engaged under a consultancy arrangement and is now employed under contract of employment with Sundance effective 4 February 2012.

12.3 Remuneration policy

The Board has adopted a Remuneration Policy which ensures that its remuneration practices enable the Company to:

- Provide reasonable remuneration to employees for the services they provide to the Company;
- Attract and retain employees with the skills required to effectively manage the operations and growth of the business;
- Motivate employees to perform in the best interests of the Company and its stakeholders; and
- Ensure a level of equity and consistency across the Company.

The Nomination and Remuneration Committee is responsible for reviewing and making recommendations to the Board on remuneration arrangements for the Directors and Executives of both the Consolidated Entity and the Company. The Committee assesses the appropriateness of the nature and amount of emoluments of such personnel on an annual basis.

Non-Executive Directors

The overall level of annual Non-Executive Director fees is approved by shareholders in accordance with the requirements of the Company's Constitution and the Corporations Act. The Board decides on actual fees to be received by individual Directors within the quantum approved by shareholders. In accordance with the resolution passed at the Company's annual general meeting on 24 November 2010, the maximum aggregate Directors' fees payable to all of the Company's Non-Executive Directors is fixed at $1,000,000 per annum (this fee pool includes superannuation entitlements).

In setting the fees, the Board will have regard to the rates payable by ASX listed entities of similar size, the circumstances of the Company and consequent expected workloads of the Directors.

Non-Executive Directors are remunerated by way of fees paid; including fees paid in recognition of acting as Chair on Board committees, superannuation and, in certain circumstances, by way of shareholder approved equity issues. Issues of equity to Non-Executive Directors will occur where the Board believes it is in the best interests of the Company to do so, in particular where such issues may reduce the amount of cash remuneration otherwise required to be paid to attract the appropriate calibre of Directors, or in recognition of exceptional workload or circumstances.

Executives

The Company aims to align staff remuneration with that of other ASX listed entities of similar size in the mining industry for roles at all levels of the Company. The nature, environment and location of the project and future operations are also recognised. Remuneration comprises both fixed remuneration and performance based (at risk) remuneration.

The proportion of an employee's total remuneration that is at risk will increase with seniority and with the individual's ability to impact the performance of the Company. At risk elements of total remuneration for Executives will comprise both short term incentives as a reward for achievement of specific objectives during the year and long term incentives that align medium and long term shareholder interests.

DIRECTORS' REPORT – REMUNERATION REPORT

12.3 Remuneration policy (continued)

Fixed Remuneration (base salary and Superannuation)

Fixed remuneration has been set having regard to the levels paid in other ASX listed entities of similar size in the mining industry. The broad objective is to set fixed remuneration at market median levels, but recognising the need to maintain flexibility to take into account an individual's experience or specialist skills, scope of the role and market demand for particular roles.

A review of fixed salary is conducted on an annual basis using independent market surveys.

Any increases in fixed salary are based on market movements, growth in role, Company capacity to pay and individual sustained performance.

Performance Based (at Risk) Remuneration

In addition to fixed remuneration employees may be entitled to performance based remuneration which will be paid to reward achievement of Corporate and Individual objectives. The level at which performance based remuneration is set was based on independent market surveys and analysis supported by information gathered from a number of consulting organisations about other ASX listed entities of similar size in the mining industry.

Performance based remuneration will initially be calculated against the achievement of predetermined KPIs and challenging objectives, but the outcomes of the formula calculation will be capped as a percentage of the relevant employee's base remuneration, dependant on level of seniority and direct influence on the Company's performance and reviewed by the Board to guard against anomalous or unequitable outcomes.

Use of Remuneration Consultants

Where necessary and appropriate, the Nomination and Remuneration Committee seeks and considers advice from independent remuneration consultants. Remuneration consultants are engaged by and report directly to the Remuneration Committee. During the financial year, Godfrey Remuneration Group Pty Ltd provided assistance on the following matters:

- Benchmarking the market competitiveness of remuneration for non-executive directors including the provision of remuneration recommendations, and

- Benchmarking the market competitiveness of remuneration for the role of Managing Director & CEO including the provision of remuneration recommendations.

They did not provide any other services to the Company. Total fees of $24,150 were paid to Godfrey Remuneration Group Pty Ltd for this assistance. The NRC is satisfied that the recommendations made by Godfrey Remuneration Group Pty Ltd were free from undue influence and they were conducted on an arms-length commercial basis.

DIRECTORS' REPORT – REMUNERATION REPORT

12.4 Relationship between Remuneration Policy and Company Performance

Performance based remuneration aims to align remuneration with the Company's performance and attainment of strategic objectives.

Performance based remuneration may comprise both short term (annual) and long term (3-5 year) incentives.

Short Term Incentive Plan ('STIP')

The purpose of this plan is to:-

- Drive achievement of the stated objectives of Sundance and its subsidiaries;
- Drive a culture of "delivering outputs" as a team and also as an individual;
- Motivate employees to contribute to the best of their capabilities by recognising and rewarding high individual and group contributions towards the organisation's objectives; and
- Retain and attract the right people.

The maximum remuneration opportunity provided by the STIP is based on a percentage of annual base salary and is pre-determined. The maximum pre-determined percentage of base salary that an Executive, may receive as an STI is 20% and 25% for the Managing Director/Chief Executive Officer ("MD/CEO") reducing to lower percentages for less senior persons. Executives' (with the exception of MD/CEO) proportion of STI attributed to achievement of Corporate objectives is equal to 70% of the overall STI opportunity. The MD/CEO proportion attributable to Corporate objectives is 80% of overall STI opportunity. The level of STI ultimately paid will be determined based on meeting both Company and Individual objectives against pre-determined Key Performance Indicators (KPI's), comprising both financial and non-financial indicators.

The Company assesses the achievement of both Company and individual KPI's on a calendar year basis (January to December). Corporate achievements are assessed by the NRC and submitted for Board approval. Individual performance is determined during the annual performance appraisal process. All these measures are taken into account when determining the amount, if any, to be paid to the Executive as a short term incentive.

The outcomes of the formula calculation will be capped and reviewed by the NRC to guard against anomalous or unequitable outcomes.

Short term incentives will only be used for the MD/CEO when they support and are consistent with the Company's long term goals.

Corporate and Individual objectives for the 2012 calendar year were drawn from the following categories:

- Project Approvals;
- Company Cash Position;
- Project Activities and Progress;
- Safety and Compliance performance improvement;
- Risk Management development; and
- JORC Resource increase.

The Board regards the above categories as fundamental to the achievement of the stated goals of Sundance.

DIRECTORS' REPORT – REMUNERATION REPORT

12.4 Relationship between Remuneration Policy and Company Performance (continued)

Long Term Incentive Plan ('LTIP')

The purpose of the LTIP is to provide an appropriate incentive to eligible persons to achieve the medium and longer term development and success of the Company, and to align the interests of Executives with the interests of shareholders. It also aims at attracting and retaining key employees, including Executives.

Long Term Incentives are available by invitation to senior, or specifically targeted, staff and senior consultants/contractors where there is a clear intention of long term engagement with the company.

Eligible persons and Executives are granted performance rights to a specified dollar value at the beginning of each LTIP. The remuneration opportunity provided by the LTIP is based on a percentage of the annual base salary at the time of the grant; ranging between 20% and 40%. Rights are issued at the Volume Weighted Average Price (VWAP) over the last thirty days leading up to January 1 of the issue year. Under the Plan, participants are granted performance rights which only vest if certain performance conditions are met and the Executive is employed by the Company at the end of the vesting period.

Each Performance condition is chosen to correlate directly to the Company's medium and longer term interests and success of the project, and the Company, and shareholders' best interests. The Nomination and Remuneration Committee considers both the medium and longer term objectives of the Company for delivering positive shareholder returns and establishes performance conditions that will have a significant impact upon those objectives. Performance conditions are typically spread over a 4-year period. These performance conditions are then submitted to the Board for consideration and approval.

Performance conditions are set with quantifiable and measurable outcomes, which can then be objectively assessed against supporting information and evidence of achievement. Progress toward, and achievement of, performance conditions is assessed by the MD/CEO and reviewed by the Nomination and Remuneration Committee. The Board will then determine the level of achievement for each performance condition, seeking information where needed from the Nomination and Remuneration Committee, the Executive Committee, other Managers or sources.

The 2012 LTIP performance hurdles are derived from the following performance areas:

- Delivery of Total Shareholder Returns (TSR) over a three year period;
- Achieving funding (equity and debt) commitment for Stage 1 of the Mbalam Iron Ore Project; and
- Increases to the NPV of the Project.

DIRECTORS' REPORT – REMUNERATION REPORT

12.4 Relationship between Remuneration Policy and Company Performance (continued)

Company Performance

The tables below set out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the five years to 30 June 2012:

	30 June 2012 $	30 June 2011 $	30 June 2010 $	30 June 2009 $	30 June 2008 $
Revenue	**2,539,818**	2,888,359	2,530,200	1,474,177	4,533,689
Net loss before tax	**(25,308,131)**	(21,738,100)	(10,754,551)	(14,313,262)	(8,818,320)
Net loss after tax	**(25,308,131)**	(21,738,100)	(10,754,551)	(14,313,262)	(8,818,320)

	30 June 2012 $	30 June 2011 $	30 June 2010 $	30 June 2009 $	30 June 2008 $
Share price at start of year	**0.34**	0.13	0.16	0.33	0.46
Share price at end of year	**0.35**	0.34	0.13	0.16	0.33
Basic earnings per share	**(0.79)**	(0.74)	(0.40)	(0.71)	(0.47)
Diluted earnings per share	**(0.79)**	(0.74)	(0.40)	(0.71)	(0.47)

The Company considers that the more appropriate measure of performance is the growth in resources and the conversion to reserves from these.

The growth in High Grade Hematite resources is detailed below:

Announced to ASX	**20 June 2012**	1 Sept 2011	17 Mar 2011	2 June 2010	11 May 2009
High Grade Resources	**775.4Mt**	521.7Mt	484.0Mt	415.4Mt	215.2Mt

The growth in Itabirite resources is detailed below:

Announced to ASX	**20 June 2012**	11 May 2009	11 Sept 2008	21 July 2008
Itabirite resources	**3,716Mt**	2,325Mt	1,750Mt	1,190Mt

From these resources, reserves as detailed below were defined:

Announced to ASX	15 Nov 2011	6 April 2011
High Grade Hematite Ore Reserve	352.0Mt	251.7Mt
Based on Resources announced	01 Sept 2011	17 March 2011

Please note full details of these reserves and resources have been announced to the Australian Securities Exchange on the dates indicated. Reserves are defined from Indicated Resources, reserves defined from the resources announced on 20 June 2012 have not yet been determined.

DIRECTORS' REPORT – REMUNERATION REPORT

12.5 Remuneration of Directors and Executives

2012	Short-term benefits			Post-employment benefits	Total cash based remuneration	Share based payments	Total Remuneration (iv)	% of Compensation for the year consisting of share based payments
	Salary & fees	STI Payment (i)	Other (ii)	Superannuation		Shares, Options & Performance Rights (iii)		
	$	$	$	$	$	$	$	
Non-executive Directors								
Mr G Jones	220,183	-	20,341	19,817	260,341	554,507	814,848	68%
Mr M Blakiston	82,568	-	-	7,432	90,000	221,803	311,803	71%
Mr B Eldridge	96,330	-	-	8,670	105,000	221,803	326,803	68%
Ms F Harris	96,330	-	-	8,670	105,000	221,803	326,803	68%
Mr A Marshall	96,330	-	-	8,670	105,000	221,803	326,803	68%
Executive Directors								
Mr G Casello	540,826	78,268	20,341	46,674	686,109	1,259,905	1,946,014	65%
Senior Management								
Mr P Canterbury	340,000	-	20,341	30,600	390,941	127,770	518,711	25%
Mr B Conrick(v)	223,750	26,400	-	40,317	290,467	19,308	309,775	6%
Mr P De Nardi	348,583	42,856	16,091	31,373	438,903	72,373	511,276	14%
Ms N Gill	307,500	-	-	22,063	329,563	92,389	421,952	22%
Mr N Hackett*	125,943	-	-	-	125,943	-	125,943	-
Mr R Longley	425,000	54,720	16,091	-	495,811	99,594	595,405	17%
Mr D Meehan	526,099	31,032	-	13,146	570,278	107,713	677,991	16%
Mr T Sewell*	333,625	-	-	28,641	362,266	81,022	443,288	18%
					4,355,622		**7,657,415**	

**Part year only*

- *(i)* *Details of the short term incentive payments are provided in section 12.6. Payment of the STI was made in January 2012 for the 2011 Calendar year. P Canterbury, N Gill and T Sewell elected to receive performance rights in respect to this payment. Mr Hackett was not eligible to participate.*
- *(ii)* *Other short term benefits include parking in Perth CBD, accommodation costs and home leave flights.*
- *(iii)* *Further details of the share based payments granted are contained in section 12.7 of the remuneration report.*
- *(iv)* *No Director or Executive appointed during the period received a cash payment as part of their consideration for agreeing to hold the position.*
- *(v)* *Mr B Conrick was appointed Company Secretary on 21 December 2011 prior to this date Mr Conrick held the position of General Counsel.*

DIRECTORS' REPORT – REMUNERATION REPORT

12.5 Remuneration of Directors and Executives (continued)

2011	Short-term benefits			Post-employment benefits	Total cash based remuneration	Share based payments	Total Remuneration	% of Compensation for the year consisting of share based payments
	Salary & fees	STI Payment (i)	Other (ii)	Superannuation		Shares, Options & Performance Rights (iii)		
	$	$	$	$	$	$	$	
Non-executive Directors								
Mr G Jones *	219,580	-	12,524	19,762	251,866	657,859	909,725	72%
Mr M Blakiston *	82,342	-	-	7,411	89,753	115,144	204,897	56%
Mr B Eldridge *	96,066	-	-	8,646	104,712	115,144	219,856	52%
Ms F Harris *	93,427	-	-	8,408	101,835	115,144	216,979	53%
Mr A Marshall *	68,618	-	-	6,176	74,794	115,144	189,938	61%
Mr A Rankine-Wilson *	25,731	-	-	-	25,731	-	25,731	-
Executive Directors								
Mr G Casello *	311,952	-	8,030	28,076	348,058	1,040,633	1,388,691	75%
Senior Management								
Mr P Canterbury	445,021	78,600	18,082	40,052	581,755	54,539	636,294	9%
Mr P De Nardi	303,000	48,194	16,466	27,270	394,930	51,906	446,836	12%
Ms N Gill *	279,615	-	-	13,214	292,829	(i) 19,346	312,175	6%
Mr N Hackett *	210,232	-	-	-	210,232	-	210,232	-
Mr R Longley	400,000	65,600	16,466	-	482,066	58,298	540,364	11%
Mr D Meehan* (v)	-	-	-	-	-	-	-	-
Mr T Sewell* (vi)	-	-	-	-	-	-	-	-
Mr T Quaife	345,000	49,449	16,634	31,050	442,133	54,537	496,670	11%
					3,400,694		**5,798,388**	

** Part year only*

(i) *Short term incentive payments for this period were made upon the recommendation of the Nomination and Remuneration Committee and the Chief Executive Officer. Employees were entitled to elect to receive the incentive payment in cash or performance rights. N Gill elected to receive performance rights in respect of this payment. Mr Hackett was not eligible to participate. Details of the short term incentive payments are provided in section 12.6 of the remuneration report.*

(ii) *Other short term benefits include parking in Perth CBD.*

(iii) *Further details of the options and performance rights granted are contained in section 12.7 of the remuneration report.*

(iv) *No Director or Senior Management personnel appointed during the period received a cash payment as part of their consideration for agreeing to hold the position.*

(v) *Mr D Meehan did not receive any cash payment during the 2011 Financial Year.*

(vi) *Mr T Sewell was appointed 1 September 2011.*

DIRECTORS' REPORT – REMUNERATION REPORT

12.6 Short Term Incentive ('STI') Payments

2011 Calendar Year STI Payments

STI payments were made in January 2012 upon the recommendation of the Nomination and Remuneration Committee and the Chief Executive Officer, based on the achievement of individual and Corporate KPI's as stated for the 2011 calendar year. Employees were entitled to elect to receive STI payment in cash or share rights.

The 2011 Corporate KPI's were as follow:

- Completion of a viable Definitive Feasibility Study by a defined time, which included:
  - Targeted capital and operating costs
  - Targeted reserve (Mt)
  - Approved Project Implementation Plan;
- Engagement of a Strategic Partner;
- Government Conventions signed;
- Governance policies and procedures in place; and
- Achieving a resource target above 450 Mt for high grade hematite.

The NRC assessed the extent to which the Corporate KPIs were met for the year and recommended that 60% of the STI awards be granted, resulting in the forfeiture of 40% of the potential incentive payments attributed to Corporate KPIs. Payments made in relation to individual objectives were assessed through individual performance appraisals.

The CEO individual KPIs, which covered
- improvement of the capabilities of the Company;
- government relations; and
- investor relations,

were assessed by the NRC and referred to the full Board for approval.

The NRC also reviewed the achievement of other Executives' individual objectives.

Details of the payments are provided below:

2011 Calendar Year (paid in Jan 2012)	**Potential Variable Remuneration STI (% of base salary)**	**Potential Incentive Entitlement $**	**Actual Entitlement $**	**Incentive Forfeited $**
Mr G Casello	25%	120,412	78,268	42,144
Mr P Canterbury*	20%	65,000	42,461	22,538
Mr B Conrick	20%	44,000	26,400	17,600
Mr P De Nardi	20%	64,348	42,856	21,492
Ms N Gill*	20%	60,000	40,140	19,860
Mr R Longley	20%	80,000	54,720	25,280
Mr D Meehan(i)	20%	45,600	31,032	14,568
Mr T Sewell*(i)	20%	23,760	16,099	7,661

(i) Pro rata part year service
** Those so indicated elected to receive performance rights in respect of this entitlement.*

DIRECTORS' REPORT – REMUNERATION REPORT

12.6 Short Term Incentive ('STI') Payments (continued)

2010 Calendar Year STI Payments

The 2010 STI Payments were disclosed in the 2011 Annual Report, detailing the KPIs set, the achievement against those KPIs and the actual payments made to Executives.

The Nomination and Remuneration Committee assessed the extent to which the Corporate KPIs were met for the year and recommended to the Board that 82% of the STI awards be granted.

Summary of payment made to Executives is provided below:

2010 Calendar Year STI Payments (paid in Jan 2011)	**Potential Variable Remuneration STI (% of base salary)**	**Potential Incentive Payment $**	**Actual Payment $**	**Potential Incentive Forfeited $**
Mr P Canterbury	20%	95,854	78,600	17,254
Mr P De Nardi	20%	58,773	48,194	10,579
Ms N Gill*	20%	26,795	19,346	7,449
Mr R Longley	20%	80,000	65,600	14,400
Mr T Quaife	20%	60,304	49,449	10,855

** Ms Gill elected to receive performance rights in respect of this payment.*

DIRECTORS' REPORT – REMUNERATION REPORT

12.7 Long Term Incentives and Share Based Payments

The following share based payments have been made to Executives during the 2012 financial year:

- Performance rights granted as part of the Long Term Incentive Plan, pursuant to the Performance Rights Plan ("PRP");
- Shares issued as a result of vesting of Performance rights, pursuant to the PRP; and
- Performance rights issued as elected by employees as payment for the Short Term Incentive award, refer to 12.6 Short Term Incentive Payments for further details.

2011 LTI Grant

The Nomination and Remuneration Committee was involved in setting KPIs for the 2011 LTIP, and assessment of LTI performance conditions. Assessment of the progress made on the achievement of the set objectives was reported and presented to the NRC. The NRC subsequently made comments and referred to the full Board for approval.

The 2011 LTIP is effective from 1 January 2011 to end of 2014. Certain components of the 2011 grant were capable of being achieved during 2011. These were:

Tranche 1: Securing funding commitment for Stage 1 of the Mbalam Iron Ore Project with a high degree of certainty before 31 December 2011; and

Tranche 2: Increasing JORC high grade hematite resources by 15% by 31 December 2011.

While the Scheme Implementation Agreement with Hanlong was a significant step toward securing funding commitment, it was not deemed as satisfying Tranche 1 above. This resulted in the forfeiture of this part of the Plan. Tranche 2 was fully achieved. The final result was the vesting in the 2011 financial year of 15% of the 2011 grant, and the forfeiture of 50%.

The remaining 2011 LTIP opportunity (35%) will vest upon:

Tranche 3: Achievement of Total Shareholder Returns (TSR) of 15% per annum (cumulative) over a three year period - to 31 December 2013 or alternatively over a four year period to 31 December 2014;

Tranche 4: Achievement of production targets prior to 31 December 2013; and

Tranche 5: Achievement of budgeted operating costs prior to 31 December 2014.

2012 LTI Grant

The 2012 LTIP grant offered to eligible staff in April 2012 will vest in 3 tranches over a 4 year period, subject to the satisfaction of certain vesting conditions and performance hurdles described below:

Tranche 1: up to 40% of the total Performance rights awarded will vest on achieving funding (equity and debt) commitment for Stage 1 of the Mbalam Iron Ore Project before 31 December 2012.

Tranche 2: up to 35% of the total Performance rights awarded will vest on achieving total shareholder return (TSR) of 15% per annum cumulative over the three year period from 1 January 2012 to 31 December 2014 or alternatively over the four year period to 31 December 2015.

Tranche 3: up to 25% of the total Performance rights awarded will vest on 31 December 2015 for achieving an increase in NPV of the Mbalam Iron Ore Project of 10%.

Performance Rights Plan

The PRP was approved by the shareholders at the Company's AGM held on 24 November 2010. A copy of the PRP is available from the Company website.

Details of the Performance rights granted pursuant to the PRP arrangements during the financial period or held at year end by Directors or Executives are provided in the following table.

DIRECTORS' REPORT – REMUNERATION REPORT

Name	Performance Rights Series	Grant Date[iii]	No. Held at Start of Financial Year	Granted During Financial Year				Vested During Financial Year			Lapsed During Financial Year			No. Held at End of Financial Year
				No.	Fair Value at Grant Date $/Right	Value of rights granted [iv]$	Vesting Period [v,vi,vii]	No.	% of Grant Vested	Fair Value of Shares Issued $	No.	% of Grant Lapsed	Fair Value of Rights Lapsed $	
Directors of Sundance Resources Ltd														
Mr G Casello	22 December 2010[i]	24/11/2010	7,950,000	-	-	-	-	2,650,000	33.3%	$954,000	-	-	-	5,300,000
Senior Management of Sundance Resources Ltd														
Mr P Canterbury	2012 LTI Plan 2011 LTI Plan 2011 STI Plan[ii]	20/03/2012 13/10/2011 22/12/2011	- - -	392,049 318,082 117,232	$0.410 $0.435 $0.345	$160,740 $138,366 $42,461	31/12/2015 31/12/2014 31/12/2011	- 47,712 117,232	- 15% 100%	- $20,755 $40,455	- 159,041 -	- 50% -	- $69,183 -	392,049 111,329 -
Mr B Conrick	2012 LTI Plan 2011 LTI Plan	20/03/2012 13/10/2011	- -	129,763 107,658	$0.410 $0.435	$53,203 $46,831	31/12/2015 31/12/2014	- 16,149	- 15%	- $7,025	- 53,829	- 50%	- $23,416	129,763 37,680
Mr P De Nardi	2012 LTI Plan 2011 LTI Plan	20/03/2012 13/10/2011	- -	392,049 296,550	$0.410 $0.435	$160,740 $128,999	31/12/2015 31/12/2014	- 44,483	- 15%	- $19,350	- 148,275	- 50%	- $64,500	392,049 103,793
Ms N Gill	2012 LTI Plan 2011 LTI Plan 2011 STI Plan[ii]	20/03/2012 13/10/2011 22/12/2011	- - -	347,874 293,614 110,823	$0.410 $0.435 $0.345	$142,628 $127,722 $40,140	31/12/2015 31/12/2014 31/12/2011	- 44,042 110,823	- 15% 100%	- $19,158 $38,234	- 146,807 -	- 50% -	- $63,861	347,874 102,765 -
Mr R Longley	2012 LTI Plan 2011 LTI Plan	20/03/2012 13/10/2011	- -	496,963 391,485	$0.410 $0.435	$203,755 $170,296	31/12/2015 31/12/2014	- 58,723	- 15%	- $25,544	- 195,743	- 50%	- $85,148	496,963 137,020
Mr D Meehan	2012 LTI Plan 2011 LTI Plan	20/03/2012 08/11/2011	- -	675,870 357,178	$0.410 $0.425	$277,107 $151,801	31/12/2015 31/12/2014	- 34,996	- 15%	- $14,873	- 116,653	- 33%	- $49,578	675,870 205,529
Mr T Sewell	2012 LTI Plan 2011 LTI Plan 2011 STI Plan[ii]	20/03/2012 08/11/2011 22/12/2011	- - -	405,577 199,657 44,451	$0.410 $0.425 $0.345	$166,287 $84,854 $16,099	31/12/2015 31/12/2014 31/12/2011	- 17,617 44,451	- 15% 100%	- $7,487 $15,336	- 58,723 -	- 29% -	- $24,957 -	405,577 123,318 -

DIRECTORS' REPORT – REMUNERATION REPORT

Notes:

(i) The issue of performance rights to Mr Casello was approved by shareholders at the Company's AGM held on 24 November 2010. Upon vesting of the performance rights, shares will automatically be issued to the participant, unless the Company is in a "Blackout Period" (as defined in the Company's Share Trading Policy) or the Company determines in good faith that the issue of Shares at that time may breach the insider trading provisions of the Corporations Act, in which case the Company will issue the shares as soon as reasonably practical thereafter.

a. The Performance Rights vest in three equal tranches of 2,650,000 on each of 3 November 2011, 2012 and 2013 if Mr Casello continues to be employed by the Company at the vesting date, there are no other performance conditions attached to these rights. All performance rights are forfeited upon termination of employment.

b. The value of these performance rights at grant date equated to $0.37 each, for a total value of $2,941,500.

(ii) Short term incentive payments were made upon the recommendation of the Nomination and Remuneration Committee and the Chief Executive Officer. Employees were entitled to elect to receive the payment in cash or performance rights. Mr Canterbury, Ms Gill and Mr Sewell elected to receive performance rights in respect of this payment. These rights immediately entitled the holder to an equivalent number of ordinary shares in Sundance Resources Ltd.

a. The fair value on grant date of the performance rights issued in respect of the short term incentive payments differs from the value attributed to the Short Term Incentive Entitlement detailed in section 12.6 Short Term Incentive Payments. This difference is due to the fluctuation in the share price of Sundance Resources Ltd.

(iii) The Grant Date is the date at which the Performance Rights were issued following approval by the Board of Sundance. The 2011 and 2012 LTI Plan are effective from the 1 January 2011 and 2012 respectively.

(iv) Upon vesting of the performance rights, shares will automatically be issued to the participant, unless the Company is in a "Blackout Period" (as defined in the Company's Share Trading Policy) or the Company determines in good faith that the issue of Shares at that time may breach the insider trading provisions of the Corporations Act, in which case the Company will issue the shares as soon as reasonably practical thereafter.

(v) Performance rights issued under the 2011 and 2012 LTI Plans vest on the achievement of performance conditions over a period to 31 December 2014 and 31 December 2015 respectively. Details of the 2011 and 2012 LTI Plans are provided in this report.

(vi) In the event a takeover bid is declared to be unconditional, a change in control event has occurred or if a merger by way of a scheme of arrangement under the Corporations Act has been approved by the Court the Board will at its discretion determine the extent to which unvested performance rights vest.

DIRECTORS' REPORT – REMUNERATION REPORT

12.7 Long Term Incentives and Share Based Payments (continued)

Employee Share Option Plan
Employee Share Option Plan
An Employee Share Option Plan ("ESOP") has been approved by the shareholders of the Company. A copy of the ESOP is available from the Company website.

The following share-based grants were made in prior financial years pursuant to the ESOP arrangements. There were no grants made pursuant to the ESOP to Key Management Personnel in the current financial year. The Company does not intend to make any future awards under the existing ESOP.

Option series	Grant date	Expiry date	Grant date fair value	Vesting date (i)
(14) Issued 9 April 2009	10/10/08	31/03/13	$0.029	31/03/09
(15) Issued 9 April 2009	10/10/08	31/03/13	$0.035	31/03/10
(16) Issued 9 April 2009	10/10/08	31/03/13	$0.037	31/03/11
(28) Issued 10 February 2010	10/02/10	30/01/13	$0.060	30/01/12
(29) Issued 10 February 2010	10/02/10	30/01/13	$0.066	30/01/12
(33) Issued 10 February 2010	10/02/10	29/01/13	$0.057	28/01/12
(34) Issued 10 February 2010	10/02/10	30/01/13	$0.057	30/01/12
(35) Issued 10 February 2010	10/02/10	30/01/14	$0.070	30/01/13
(36) Issued 10 February 2010	10/02/10	30/01/14	$0.070	30/01/13
(37) Issued 10 February 2010	10/02/10	30/01/14	$0.071	30/01/13
(38) Issued 10 February 2010	10/02/10	31/03/13	$0.029	30/01/10

(i) The vesting of the interest in the Options is conditional on continuity of service and/or previously agreed corporate objectives.

Share Options

The following share-based grants, not made pursuant to the ESOP arrangements, were held by Directors. These options were approved by shareholders at the Company's AGM held on 24 November 2010.

Option series	Grant date	Expiry date	Grant date fair value	Vesting date
(42) Issued 22 December 2010	24/11/10	22/12/13	$0.233	*
(43) Issued 22 December 2010	24/11/10	22/12/13	$0.210	*

** These options vest at the earlier of either achieving project finance or 22 December 2012*

SUNDANCE RESOURCES LTD

DIRECTORS' REPORT – REMUNERATION REPORT

12.8 Key terms of employment/consulting contracts

Executive Service Agreements

Remuneration and other terms of employment for the Executives disclosed in this Remuneration Report are contained in contracts of employment or consultancy agreements. The terms are as follows:

Executive	Date of Agreement Commencement	Term of Agreement	Base salary/fees and Superannuation	Others(i)	Variable Remuneration- STI (% of Base Salary)(ii)	Variable Remuneration- LTI (% of Base Salary) (iii)&(iv)	Payment of termination benefit on termination by employer (other than for gross misconduct) (ii),(iii)&(iv)	Notice required on resignation of Executive
Mr G Casello Managing Director & Chief Executive Officer	08/11/2010	Ongoing	$650,000	Car parking	25%	-	12 months (v)	3 months
Mr P Canterbury Chief Financial Officer	01/05/2007	Ongoing	$386,950	Car Parking	20%	40%	2 months	2 months
Mr B Conrick Company Secretary	21/12/2011	Ongoing	$256,150	N/A	20%	20%	4 weeks	4 weeks
Mr P De Nardi General Manager - Finance & Commercial	11/01/2010	Ongoing	$386,950	Car Parking	20%	40%	2 months	2 months
Ms N Gill Business Services Manager	1/02/2011	Ongoing	$343,350	N/A	20%	40%	1 month	1 month
Mr R Longley General Manager - Geology	01/01/2012	13 months	$450,000	Car Parking	20%	40%	2 months	2 months
Mr D Meehan Chief Operating Officer / Project Director	01/06/2011	Ongoing	$628,470	Accommodation Home leave flights	20%	40%	6 months	3 months
Mr T Sewell HSECS Group Manager	01/9/2011	Ongoing	$400,303	Home leave flights	20%	40%	8 weeks	8 weeks

DIRECTORS' REPORT – REMUNERATION REPORT

(i) The value of benefits to the employee or consultant is determined by the market value of such benefit.

(ii) Entitlement to Short Term Incentive payment on termination is subject to the terms and conditions of the STIP. This allows for payment of Short Term Incentive to employees gainfully employed and not within their notice period on the last day of the year considered.

(iii) Entitlement to Employee Share Options on termination is subject to the terms and conditions of the ESOP. This may allow for a specified period following termination in which options may be exercised.

(iv) Entitlement to Performance Rights on termination is subject to the terms and conditions of the Performance Rights Plan.

(v) Payment of any termination benefit to Mr Casello is to be made pursuant to section 200 of the Corporations Act 2001.

DIRECTORS REPORT

13. SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Unissued shares under option
At the date of this report unissued ordinary shares of the Company under options are:

Issuing Entity	Expiry Date	Exercise Price	Number of Options	Class of Shares
Sundance Resources Ltd	29 January 2013	$0.250	1,150,000	Ordinary
Sundance Resources Ltd	30 January 2013	$0.225	4,020,000	Ordinary
Sundance Resources Ltd	31 January 2013	$0.200	301,200	Ordinary
Sundance Resources Ltd	31 March 2013	$0.350	3,901,666	Ordinary
Sundance Resources Ltd	1 June 2013	$0.350	2,000,000	Ordinary
Sundance Resources Ltd	22 December 2013	$0.400	6,500,000	Ordinary
Sundance Resources Ltd	22 December 2013	$0.300	6,500,000	Ordinary
Sundance Resources Ltd	29 January 2014	$0.250	250,000	Ordinary
Sundance Resources Ltd	30 January 2014	$0.250	5,360,000	Ordinary
Sundance Resources Ltd	30 January 2014	$0.225	502,000	Ordinary
Sundance Resources Ltd	30 January 2015	$0.250	502,000	Ordinary

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or any other body corporate or registered scheme.

Shares issued on exercise of options
During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

Issuing Entity	Number of Shares	Amount paid on each share	Class of Shares
Sundance Resources Ltd	3,800,000	$0.100	Ordinary
Sundance Resources Ltd	2,000,000	$0.150	Ordinary
Sundance Resources Ltd	25,360,000	$0.200	Ordinary
Sundance Resources Ltd	502,500	$0.225	Ordinary
Sundance Resources Ltd	12,050,000	$0.250	Ordinary
Sundance Resources Ltd	1,350,000	$0.350	Ordinary

DIRECTORS REPORT

14. DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital and options in shares of the Company, as notified by the Directors to the Australian Securities Exchange ("ASX") in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary shares	Options over ordinary shares	Performance Rights over ordinary shares
Mr G Jones	16,062,500	5,000,000	-
Mr G Casello	2,650,000	-	5,300,000
Mr M Blakiston	-	2,000,000	-
Mr B Eldridge	-	2,000,000	-
Ms F Harris	-	2,000,000	-
Mr A Marshall	-	2,000,000	-

15. INDEMNIFYING OFFICER OR AUDITOR

The Company, during the financial year, in respect of any person who is or has been an officer or auditor of the Company or any related body corporate:

- has not indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor.
- has paid a premium of $63,432 for a policy of insurance to cover legal liability and expenses for the directors and executive officers in the event of any legal action against them arising from their actions as officers of the Company.

The insurance policy does not contain details of the premiums paid in respect of individual officers of the Company.

DIRECTORS REPORT

16. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been included on page 28.

In accordance with the Corporations Act 2001 section 307C the auditors of the Company, Deloitte Touche Tohmatsu have provided a signed auditor's independence declaration to the directors in relation to the year ended 30 June 2012. This declaration has been attached to the independent audit report to the members of the Company.

Non-audit services were provided to the Company by the auditors, Deloitte Touche Tohmatsu, details of which are outlined in Note 8 to the financial statements. On the basis of written advice from the Audit & Risk Management Committee, the directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298 (2) of the Corporations Act 2001, in Perth, Western Australia on 24 September 2012.

On behalf of the Directors

G Jones

Mr George Jones
Chairman of Sundance Resources Ltd

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

24 September 2012

Dear Board Members

Sundance Resources Limited

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

As lead audit partner for the audit of the financial statements of Sundance Resources Limited for the financial year ended 30 June 2012, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The Company's practices are consistent with the ASX Corporate Governance Council Principles.

The following section addresses the Company's practices in complying with the ASX Corporate Governance Council Guidelines.

Principle 1: Laying Solid Foundations for Management and Oversight

Role and Responsibilities of the Board

The Board exists to lead and oversee the management and direction of the Company. The Board operates in accordance with the broad principles set out in its Charter, a copy of which is on the Company's website. The Charter details the board's composition and functions.

The Board:

- defines and sets the business objectives and monitors performance and achievement of those objectives;
- as appropriate appoints or removes the Chief Executive Officer, approves other key executive appointments and plans for executive succession;
- oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes;
- monitors and approves financial performance and budgets;
- ensures that shareholders and the financial market as a whole are fully informed of all material developments in relation to the Company and its operations; and
- reports and is accountable to shareholders.

Matters reserved for the Board have been agreed by way of a Board Approved Delegation of Authority.

Letters of appointment are provided to all directors which address the roles and responsibilities of individual directors. The Company has a policy for the selection and remuneration of non-executive directors, a copy is provided on the Company's website.

Performance evaluation of Executives

The Board has introduced short term and long term incentive plans that have associated Key Performance Indicators and require an annual performance assessment of Executives against those KPI's by the Managing Director. This annual performance review has been completed during the financial year to the satisfaction of the Board

CORPORATE GOVERNANCE STATEMENT

Principle 2: Structuring the Board to Add Value

Composition of the Board

The names of the directors of the Company and their qualifications are set out in the Directors' Report on pages 1 to 3 of this Annual Financial Report.

The composition of the Board is determined so as to provide the Company with a broad base of industry, business, technical, administrative, financial and corporate skills and experience considered necessary to achieve the business objectives of the Company.

The recommendations of best practice are that a majority of the directors and in particular the chairperson should be independent.

An Independent Director is one who:

- is not a substantial shareholder of the Company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the Company;
- is not an employee and has not within the last 3 years been employed in an executive capacity by the Company or another group member or been a director after ceasing to hold such employment;
- has not within the last 3 years been a principal of a material professional adviser or a material consultant to the Company or another group member; or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of, or otherwise associated directly or indirectly with a significant supplier or customer; or
- has no material contractual relationship with the Company or any other group member other than as a director of the Company.

Of the current Board members Mr George Jones, Mr Barry Eldridge, Mr Andrew (Robin) Marshall and Ms Fiona Harris meet these criteria.

Chairperson & Chief Executive Officer

The Company has at all times maintained a separation between the Chairman and Chief Executive Officer roles. The day-to-day management of the Company is overseen by the Managing Director and Chief Executive Officer, Mr Giulio Casello.

Board Committees

The Board's Charter allows it to establish committees if and when required to assist in the execution of the duties of the Board. As at the date of this Report the Board has established an Audit and Risk Management Committee, a Nomination and Remuneration Committee and a Project Oversight Committee, each having its own Charter approved by the Board that sets the standards for the operation of the Committees. The Chairpersons and majority of members of each Committee are independent non-executive directors.

Audit & Risk Management Committee

The Board has established an Audit & Risk Management Committee, with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements. A copy of the Charter is on the Company's website.

The Committee currently has three members, consists only of non-executive directors, has a majority of independent non-executive directors, and the Chairman is an independent non-executive director who is not the Chairman of the Board.

Each board member has access to the external auditors and the auditor has access to each board member and members of management.

CORPORATE GOVERNANCE STATEMENT

Principle 2: Structuring the Board to Add Value (continued)

Nomination and Remuneration Committee

The Board has established a Nomination and Remuneration Committee, with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements. A copy of the Charter is on the Company's website.

All Committee members including the Chairman are independent non-executive directors.

The Chairman and Nomination and Remuneration Committee will ensure that membership of the Board is reviewed on an on-going basis and determine if additional core strengths are required to be added to the Board in light of the nature of the Company's businesses and its objectives.

Project Oversight Committee

The Board has established a Project Oversight Committee, with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements. A copy of the Charter is on the Company's website.

The Committee consists of two independent non-executive directors and the Managing Director. The Chairman is also an independent non-executive director.

Board Performance Assessment

The Board has undertaken a process of self-assessment of its collective and individual performance, and the performance of its committees utilising questionnaires.

Independent Advice

Each of the directors is entitled to seek independent advice at the Company's expense to assist them to carry out their responsibilities; however, prior approval of the Chairman is required which is not unreasonably withheld.

One third of the directors retire annually in accordance with the Constitution and are able to seek re-election by shareholders.

Each member of the Board has committed to spending sufficient time to enable them to carry out their duties as a director of the Company.

Principle 3: Promotion of Ethical and Responsible Decision-Making

The Company has adopted a Vision, Values and established a number of key Policies and a formalised Code of Conduct, copies of which are available on the Company's website.

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised. The Company's Values are an integral part of all employees' ongoing performance management.

Directors are required to disclose to the Board at each board meeting, actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

The Company has adopted a Securities Trading Policy, a copy of which is available on the Company's website.

CORPORATE GOVERNANCE STATEMENT

Principle 3: Promotion of Ethical and Responsible Decision-Making (continued)

Directors are required to make disclosure of any Securities trading. The Company policy in relation to securities trading is that officers are prohibited from trading whilst in possession of potential or actual inside information concerning the Company or during designated 'blackout periods' throughout the year. All directors are required to discuss any proposal to acquire or sell securities with the Chairman, Chief Executive Officer and the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that director might not be aware. The undertaking of any trading in securities by directors must be notified to the ASX.

All directors, executives and staff of the Company and of all controlled entities, if any, are required to abide by the legal requirements and high standards of ethical conduct as recognised in each relevant jurisdiction in which the Consolidated Entity operates.

Diversity

The Company has established a Diversity Policy, a copy of which is available on the Company's website, which includes a requirement for the Board to establish measurable diversity objectives.

It also requires monitoring and reporting on progress towards and achievement of these objectives. For 2011-2012, the Board set the following objectives:

1. To ensure that no SDL policies preclude or hinder the achievement of workforce diversity (age, gender, race, religion, etc.)

2. To maintain at least the 30 June 2011 level of gender diversity.

Significant progress has been made towards achievement of these objectives during the past year. New policies and procedures were developed and all of current relevant policies have been reviewed with a genuine consideration for diversity. The development of company-wide processes and practises is a consultative effort between Australian-based staff and in-country staff in Cameroon and Congo to ensure that differences in cultures and locations are taken into account.

Sundance's overarching Vision and Values specifically deal with the behaviours expected by the Company, and is aligned with the Diversity Policy.

The implementation of a formalised Recruitment and Selection procedure during the 2011/2012 year has also ensured that candidates are sourced from a diverse pool and assessed based on job requirements and according to established selection criteria. The recruitment of skilled, qualified and specialist positions is usually targeted at multi-national locations. Sundance has built a diverse employee base from different countries across the globe, while maintaining a focus on developing the skills of our local workforce.

Since 2011, Sundance has been able to slightly increase the overall level of female participation to 27%, largely by offering flexibility in work practices. Over the past year the Company has offered part-time, working remotely and from home, flexible hours and job-share arrangements.

The Sundance Board has agreed to retain the same diversity objectives for the coming year. It should be noted, however, that these diversity objectives will probably require further review and adaptation once the Company commences recruitment for the construction phase of the Project.

CORPORATE GOVERNANCE STATEMENT

Principle 4: Safeguarding Integrity in Financial Reporting

Audit & Risk Management Committee

The Board has established an Audit & Risk Management Committee, with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements. A copy of the Charter is on the Company's website.

The Committee currently has three members, consists only of non-executive directors, has a majority of independent non-executive directors, and the Chairman is an independent non-executive director who is not the Chairman of the Board.

Each board member has access to the external auditors and the auditor has access to each board member and members of management.

External auditors

The performance of the external auditor is reviewed annually and, if necessary, applications for tender of external audit services will be requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Deloitte Touche Tohmatsu are the appointed external auditors of the Company. It is Deloitte policy to rotate audit engagement partners on listed companies at least every five years. An analysis of fees paid to the external auditors, including a break-down of any fees for any non-audit services, is provided in Note 8 to the financial statements. The external auditors provide an annual declaration of their independence to the Company.

The external auditor is required to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The nomination of external auditors and the review of the adequacy of external audit arrangements is the responsibility of the Board of Directors as a whole.

Principle 5: Making Timely and Balanced Disclosure

The Company has a Continuous Disclosure Policy and Shareholder Communications Policy, a copy of which is on the Company's website.

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. All directors, executives and staff are required to abide by all legal requirements, the Listing Rules of the Australian Securities Exchange and high standards of ethical conduct. This includes compliance with the continuous disclosure requirements of the Listing Rules.

The Chief Executive Officer and Company Secretary have been nominated as the persons responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

CORPORATE GOVERNANCE STATEMENT

Principle 6: Respecting the Rights of Shareholders

The Board's fundamental responsibility to shareholders is to work towards meeting the Company's objectives so as to add value for them. The Board's policy is to seek to inform shareholders of all major developments affecting the Company by:

- preparing half yearly and yearly financial reports;
- preparing quarterly cash flow reports and reports as to activities;
- making announcements in accordance with the Listing rules and the Continuous Disclosure obligations;
- hosting all of the above on the Company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the annual report (if requested) together with notice of meeting and proxy form; and
- voluntarily releasing other information to the market as a whole which it believes is in the interest of shareholders.

The Annual General Meeting enables shareholders to receive the reports and participate in the meeting by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed annually for the voting on the appointment of directors and so as to enable them to have discussion at the Annual General Meeting with the directors and/or the auditor of the Company who is invited to the Annual General Meeting. Shareholders that have made an election, receive a copy of the Company's Annual Report by mail. Otherwise, the Annual Report is available on the Company's website.

Principle 7: Recognising and Managing Risk

The Board has adopted a formal Risk Management Policy and associated procedures so as to formalise the process of managing material business risks of the Company. A copy of the Policy is available on the Company's website.

The Policy requires the board and management to design and implement risk management processes and systems to identify and manage the Company's material business risks and report to the Board on whether those risks are being managed effectively. For the year ended 30 June 2012 management has reported to the board that the material risks are being appropriately managed.

The Board is regularly briefed and involved in discussions in relation to many of the material business risks facing the Company. Risk Management is a standing item at all Board Meetings.

The Chief Executive Officer is accountable to the Board, through its Audit and Risk Management Committee, for the implementation of the risk management process and is ultimately responsible for the management of risks in the business.

All Sundance employees are responsible for managing risks within their area of accountability and responsibility.

The Chief Executive Officer and the Chief Financial Officer are required to make a declaration in accordance with section 295A of the Corporations Act that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards, and to provide assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks. For the year ended 30 June 2012 the declarations have been made by the Chief Executive Officer and the Chief Financial Officer.

CORPORATE GOVERNANCE STATEMENT

Principle 8: Remunerate Fairly and Responsibly

The Board has established a Nomination and Remuneration Committee, with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements. A copy of the Charter is on the Company's website.

The Committee currently has three members and all Committee members, including the Chairman, are independent non-executive directors.

The Committee has established a Remuneration Policy for the Company. A copy of the Remuneration Policy is available on the Company's website.

The Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and the *Corporations Regulations*. It also provides the remuneration disclosure required by AASB124 Related Party Disclosures.

The Company's Remuneration Policy clearly distinguishes the structure of executive and non-executive remuneration, and contains a prohibition on directors and employees entering into hedging arrangements to mitigate the risk of changes in value of unvested performance rights or options by the use of financial instruments. Any such arrangements entered into in relation to vested entitlements are required to be reported to the Board and must only occur within the trading periods allowed under the Securities Trading Policy. There are no schemes for retirement benefits, other than superannuation, for non-executive directors.

DIRECTORS DECLARATION

The directors declare that:

(a) In the directors' 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;

(b) in the directors' opinion the attached financial statements, notes thereto and the additional disclosures included in the directors' report designated as audited 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;

(c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in note 2 to the financial statements; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors

Mr George Jones

Chairman of Sundance Resources Ltd

24 September 2012

Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2012 $	2011 $
CONTINUING OPERATIONS			
Other income	3	2,539,818	2,888,359
Administration expense	4	(2,483,200)	(1,681,587)
Consultants fees expensed		(157,328)	(258,815)
Depreciation and amortisation expense	4	(2,723,075)	(2,348,974)
Employee benefits expense	4	(15,939,519)	(13,730,490)
Exchange rate losses		(44,487)	(170,734)
Impairment expense		-	(249,757)
Legal fees		(1,264,053)	(865,318)
Listing and registry fees		(439,217)	(549,593)
Occupancy costs		(1,403,660)	(1,134,788)
Professional fees	4	(758,646)	(678,429)
Transport & logistics		(280,317)	(246,506)
Travel expenses		(1,344,960)	(1,679,848)
Other expenses	4	(1,009,487)	(1,031,620)
Loss from continuing operations before tax		(25,308,131)	(21,738,100)
Income tax expense	6	-	-
LOSS FOR THE PERIOD		(25,308,131)	(21,738,100)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations		(13,516,460)	(5,599,745)
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period		(13,516,460)	(5,599,745)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(38,824,591)	(27,337,845)
Loss attributable to:			
Owners of the parent		(23,146,675)	(20,163,283)
Non-controlling interests		(2,161,456)	(1,574,817)
NET LOSS ATTRIBUTABLE TO MEMBERS		(25,308,131)	(21,738,100)
Total comprehensive income attributable to:			
Owners of the parent		(35,473,380)	(24,897,303)
Non-controlling interests		(3,351,211)	(2,440,542)
NET COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS		(38,824,591)	(27,337,845)
LOSS PER SHARE			
From continuing operations			
- Basic (cents per share)	10	(0.79)	(0.74)
- Diluted (cents per share)	10	(0.79)	(0.74)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	11	59,070,799	70,332,853
Trade and other receivables	12	1,209,018	3,022,137
Inventory	13	2,913,476	3,290,893
Other current assets	14	940,595	663,995
Total Current Assets		64,133,888	77,309,878
NON-CURRENT ASSETS			
Property, plant & equipment	15	5,141,186	7,305,038
Mine development assets	16	163,955,498	134,981,338
Exploration & evaluation assets	17	-	-
Total Non-Current Assets		169,096,684	142,286,376
TOTAL ASSETS		233,230,572	219,596,254
CURRENT LIABILITIES			
Trade and other payables	20	5,248,614	5,190,714
Total Current Liabilities		5,248,614	5,190,714
NON CURRENT LIABILITIES			
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		5,248,614	5,190,714
NET ASSETS		227,981,958	214,405,540
EQUITY			
Issued capital	21	402,462,737	349,048,100
Reserves	22	(19,524,976)	(6,184,644)
Accumulated losses		(146,716,006)	(123,569,330)
Equity attributable to owners of the Company		236,221,775	219,294,126
Non-controlling interests		(8,239,797)	(4,888,586)
TOTAL EQUITY		227,981,958	214,405,540

SUNDANCE RESOURCES LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Share Transactions with Non-Controlling Interests	Foreign Currency Translation Reserve	Share Based Payments Reserve	Accumulated Losses	Attributable to Owners of the Parent	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$
Balance at 30 June 2010	290,568,003	-	(16,183,484)	11,035,268	(103,406,047)	182,013,740	(2,448,044)	179,565,696
Loss for the year	-	-	-	-	(20,163,283)	(20,163,283)	(1,574,817)	(21,738,100)
Foreign Currency	-	-	(4,734,020)	-	-	(4,734,020)	(865,725)	(5,599,745)
Total comprehensive income for the year	-	-	(4,734,020)	-	(20,163,283)	(24,897,303)	(2,440,542)	(27,337,845)
Funds from securities issued	61,603,940	-	-	-	-	61,603,940	-	61,603,940
Equity raising costs	(3,123,843)	-	-	-	-	(3,123,843)	-	(3,123,843)
Share based payments	-	-	-	3,697,592	-	3,697,592	-	3,697,592
At 30 June 2011	349,048,100	-	(20,917,504)	14,732,860	(123,569,330)	219,294,126	(4,888,586)	214,405,540
Loss for the year	-	-	-	-	(23,146,676)	(23,146,676)	(2,161,455)	(25,308,131)
Foreign Currency	-	-	(12,326,704)	-	-	(12,326,704)	(1,189,756)	(13,516,460)
Total comprehensive income for the year	-	-	(12,326,704)	-	(23,146,676)	(35,473,380)	(3,351,211)	(38,824,591)
Funds from securities issued	49,350,063	-	-	-	-	49,350,063	-	49,350,063
Equity raising costs	(1,535,426)	-	-	-	-	(1,535,426)	-	(1,535,426)
Share based payments	5,600,000	(5,600,000)	-	4,586,372	-	4,586,372	-	4,586,372
At 30 June 2012	402,462,737	(5,600,000)	(33,244,208)	19,319,232	(146,716,006)	236,221,755	(8,239,797)	227,981,958

The accompanying notes form part of these financial statements

SUNDANCE RESOURCES LTD

CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers & employees		(19,735,952)	(19,225,946)
Interest received		2,821,958	2,783,501
Net Cash used in Operating Activities	25	(16,913,994)	(16,442,445)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(1,155,899)	(3,168,369)
Exploration and development expenditure		(40,946,507)	(45,232,928)
Net Cash used in Investing Activities		(42,102,406)	(48,401,297)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues		49,350,064	61,603,940
Share issue expenses		(1,535,426)	(3,123,843)
Net Cash generated by Financing Activities		47,814,638	58,480,097
Net (Decrease)/Increase in Cash Held		(11,201,762)	(6,363,645)
Cash and cash equivalents at beginning of year		70,332,853	76,762,275
Effect of exchange rates on cash and cash equivalents		(60,292)	(65,777)
Cash and cash equivalents at end of Year	11	59,070,799	70,332,853

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Note 1. GENERAL INFORMATION

Sundance Resources Limited A.C.N. 055 719 394 (the Company) is a public company listed on the Australian Stock Exchange (trading under the symbol "SDL"), incorporated in Australia and operating in Australia and Africa.

Sundance Resources Limited's registered office and its principal place of business are as follows:

Registered office	**Principal place of business**
Level 35	Level 35
Exchange Plaza	Exchange Plaza
2 The Esplanade	2 The Esplanade
Perth WA 6000	Perth WA 6000

The Company's principal activities during the year was iron ore exploration, evaluation and project development in the Republic of Cameroon and Republic of Congo.

Note 2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the financial statements of the Consolidated Entity and the separate financial statements of the parent entity (refer note 31). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Consolidated Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 24 September 2012.

Going concern

The financial report has 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.

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

(i) the Directors have reviewed the quantum and timing of all discretionary expenditures including exploration and development costs and wherever necessary these costs will be minimised or deferred to suit the Company's cash-flow forecast;

(ii) the Consolidated Group's Statement of Financial Position remains strong with net assets of $228 million and net current assets of $59 million as at 30 June 2012;

(iii) the cash flow forecast indicates that that there are sufficient cash resources available to fund the activities and commitments of the entities for at least the next twelve months; and

(iv) in the event that unbudgeted costs are incurred, the Consolidated Entity and the Company do have various alternatives available including the ability to reduce discretionary expenditure whilst additional finance is sought through either debt financing or capital raising arrangements.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

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

Should the Consolidated Entity and Company be unable to continue as going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Consolidated Entity and Company be unable to continue as going concerns.

Basis of Preparation of Accounts

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

Critical accounting judgements and the key sources of estimation uncertainty

In the application of the Consolidated Entity's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods. Refer to Note 1(n) for further details.

Accounting Policies

a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members in the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of the consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the fair value of those interests at the date of the original business combination and the non-controlling interest's share of the changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value of initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associated or jointly controlled entity.

b) Foreign currency

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environments in which the entity operates. For the purposes of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Sundance Resources Limited and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing in the month of the transactions. At each balance sheet date, monetary items are translated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in the profit or loss on disposal of the net investment.

On consolidation, assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing at the balance date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed. Any exchange differences that have previously been attributed to non-controlling interests are derecognised but they are not classified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of the transition to Australian Accounting Standards are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of the transition to Australian Accounting Standards is treated as an Australian dollar denominated asset.

c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense;or
ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified within operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

e) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes or binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions have been determined can be found in Note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the equity instruments that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with the corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payments transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are at the fair value of the equity instrument granted, measured at the date the entity obtains the goods or the counterparty renders the service.

f) Income Tax

Current Tax
Current income tax is calculated by reference to the amount of income taxes payable or recoverable in respect to the taxable profit or tax loss for the period. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax
Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences arising between the tax bases of an asset or liability and its carrying amount in the financial statements. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets or liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity) in which case, the tax is also recognised outside of profit or loss.

g) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

h) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

i) Property, plant and equipment

Buildings, plant & equipment, IT & communications and furniture & fittings are stated at cost less accumulated depreciation and impairment. Construction in progress is stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Buildings	–	15 years
Plant & equipment	–	3 to 15 years
IT& communications	–	2 to 10 years
Furniture & fittings	–	3 to 15 years

j) Intangible assets

Intangible assets acquired separately
Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.
The following useful lives are used in the calculation of amortisation - Patents & licences 10 – 20 years

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Impairment of long-lived assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

l) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and that they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to defined contribution benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

m) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Critical accounting estimates and judgements

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

Exploration and evaluation assets
The Group's accounting policy for exploration and evaluation expenditure is set out below. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

Capitalised mine development assets
The Group's accounting policy for capitalised mine development is set out below. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed in Note 26 Share Based Payments.

o) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and on allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Mine Development

When the economic viability of a project is determined, capitalised exploration and evaluation expenditure is reclassified as Mine Development and separately disclosed in the Financial Statements.

All subsequent expenditure on the area of interest is capitalised including mine infrastructure, pre-production development costs, development excavation, project execution costs and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

Development costs are carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward development costs are to be amortised over the life of economically recoverable reserves.

q) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to each particular class of inventory, with all categories being valued on a first in first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

r) Financial liabilities and equity instruments issued by the Group

<u>Equity instruments</u>
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

<u>Other financial liabilities</u>
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

<u>Derecognition of financial liabilities</u>
The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS

Adoption of new and revised accounting standards

At the date of the authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective. Initial application of the following Standards will not affect the amounts recognised in the financial report, but may change the disclosures presently made in relation to the Group and the Company's financial report:

Standard	Effective for the annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
• AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
• AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
• AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
• AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
• AASB 128 'Investments in Associates and Joint Ventures (2011)'	1 January 2013	30 June 2014
• AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
• AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
• AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
• AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
• AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
• AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
• AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities' (amendments to IAS 32)	1 January 2014	30 June 2015
• AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities' (amendments to IFRS 7)	1 January 2013	30 June 2014

NOTES TO THE FINANCIAL STATEMENTS

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

• Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'	1 January 2013	30 June 2014
• Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	30 June 2016

NOTES TO THE FINANCIAL STATEMENTS

Note 3. OTHER INCOME

	2012 $	2011 $
Other income from continuing operations		
Interest revenue	2,523,266	2,734,965
Other income	16,552	153,394
TOTAL OTHER INCOME	2,539,818	2,888,359

Note 4. EXPENSES

	2012 $	2011 $
Expenses from continuing operations		
Depreciation and amortisation expense:		
-Depreciation of property, plant & equipment	2,723,075	2,348,974
	2,723,075	2,348,974
Employee and director benefit expense:		
-Share based payment	4,586,372	3,697,592
-Salaries and superannuation	11,353,147	10,032,898
	15,939,519	13,730,490
Administration expense:		
-Corporate expenses	380,828	532,649
-General and administration expenses	1,335,608	727,906
-IT and communications	776,764	421,032
	2,483,200	1,681,587
Professional fees:		
-Audit, accounting and tax	522,110	323,474
-Public relations	236,536	354,955
	758,646	678,429
Other expenses:		
-Consumables	48,090	111,300
-Insurance	646,228	583,078
-Loss on disposal of plant & equipment	-	2,915
-Motor vehicles	301,693	165,637
-Other	13,476	168,690
	1,009,487	1,031,620

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. SEGMENT INFORMATION

5.1 Products and services from which reportable segments derive their revenues

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 Mbalam Iron Ore Project which includes the deposits in the Republic of Cameroon and Republic of Congo. The unallocated portion relates to head office and corporate activities.

The Consolidated Entity's reportable segment under AASB 8 is therefore the Mbalam Iron Ore 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 periods under review.

5.3 Segment revenues and results

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment.

	SEGMENT REVENUE		SEGMENT LOSS	
	Year Ended		Year Ended	
	30 June 2012 $	30 June 2011 $	30 June 2012 $	30 June 2011 $
Continuing Operations				
- Mbalam Project	—	—	(16,595,061)	(7,605,636)
Total segments	—	—	(16,595,061)	(7,605,636)
Interest income			2,523,266	2,734,965
Unallocated expenses	—	—	(11,236,336)	(16,867,429)
Profit/(loss) before tax			(25,308,131)	(21,738,100)
Consolidated segment revenue and loss for the period			(25,308,131)	(21,738,100)

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

Segment loss represents the loss attributed to 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. SEGMENT INFORMATION (CONTINUED)

5.4 Segment assets and liabilities

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

	30 June 2012 $	30 June 2011 $
Segment assets		
- Mbalam Project	172,498,849	147,798,968
Total segment assets	172,498,849	147,798,968
Unallocated assets	60,731,723	71,797,286
CONSOLIDATED ASSETS	233,230,572	219,596,254
Segment liabilities		
- Mbalam Project	3,262,348	3,251,050
Total segment liabilities	3,262,348	3,251,050
Unallocated liabilities	1,986,266	1,939,664
CONSOLIDATED LIABILITIES	5,248,614	5,190,714

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than parent entity current assets, the majority of which are cash and cash equivalents. Assets used jointly by reportable segments are allocated on the basis of the usage by individual reportable segments; and
- All liabilities are allocated to reportable segments other than 'other financial liabilities', current and deferred tax liabilities, and 'other' liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. SEGMENT INFORMATION (CONTINUED)

5.5 Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	Year Ended		Year Ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Mbalam Project	2,537,524	2,199,145	26,644,386	26,528,380
Unallocated	185,551	149,829	165,922	295,887
	2,723,075	2,348,974	26,810,308	26,824,267

Included in amortisation reported for 30 June 2011, as shown above, was a $249,757 impairment loss.

	Year Ended	
	30 June 2012	30 June 2011
-Mbalam Project	-	249,757
	-	249,757

5.6 Geographical Information

The Group operates in two principal geographical areas – Australia (country of domicile) and Central West Africa (Republic of Cameroon and Republic of Congo).

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below.

	Revenue from external customers		Non-current assets	
	30 June 2012 $	30 June 2011 $	30 June 2012 $	30 June 2011 $
Central West Africa	—	—	168,603,263	141,944,598
Australia	—	—	493,421	341,778
	—	—	169,096,684	142,286,376

NOTES TO THE FINANCIAL STATEMENTS

Note 6. INCOME TAX

	2012 $	2011 $
The components of tax expense comprise:		
Current Income Tax		
- Current income charge	(6,376,388)	(5,382,700)
Deferred Income Tax		
- Relating to origination and reversal of temporary differences	(968)	(113,728)
- Tax losses not brought to account	6,356,388	5,496,428
- Timing differences not brought to account	968	-
Income tax expense reported in the statement of comprehensive income	-	-
The prima facie tax on loss from ordinary activities is reconciled to the income tax as follows:		
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2011: 30%)		
– consolidated group	(7,592,439)	(6,521,430)
Add:		
Tax effect of:		
– Tax rate difference for foreign operations	(1,540,430)	(1,169,135)
– Other non-allowable items	2,757,449	2,373,449
– Losses not brought to account	6,405,844	5,430,844
– Unbooked tax losses recouped in the current year	(29,456)	-
– Timing differences not brought to account	(968)	(113,728)
Income tax attributable to entity	-	-
Unrecognised deferred tax balances		
Unrecognised deferred tax asset – losses	28,917,336	22,463,742
Unrecognised deferred tax assets – other	469,441	673,068
Unrecognised deferred tax liabilities – other	(37,582)	(128,651)
Deferred tax asset not brought to account	29,349,195	23,008,159

The deferred tax asset not brought to account will only be of benefit to the Consolidated Entity if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and the entities in the Consolidated Entity are able to meet the continuity of ownership and/or continuity of business tests.

NOTES TO THE FINANCIAL STATEMENTS

Note 7. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to key management personnel of the Company and the Group is set out below.

	2012 $	2011 $
Short-term employee benefits	4,089,549	3,210,629
Post-employment benefits	266,073	190,065
Share-based payment	3,301,793	2,397,694
	7,657,415	5,798,388

Details of key management personnel
The directors and other members of key management personnel of the Group during the year were:

Non-Executive Directors	
George Jones	Chairman
Michael Blakiston	Director
Barry Eldridge	Director
Fiona Harris	Director
Andrew (Robin) Marshall	Director
Executive Director	
Giulio Casello	Managing Director & Chief Executive Officer
Executives	
Peter Canterbury	Chief Financial Officer
Paul De Nardi	General Manager – Finance & Commercial
Nicola Gill	Business Services Manager
Robin Longley	General Manager – Geology
David Meehan	Chief Operating Officer & Project Director
Tim Sewell	HSECS Group Manager (appointed 1 September 2011)
Brian Conrick	Company Secretary (appointed 21 December 2011)
Neil Hackett	Company Secretary (resigned 21 December 2011)

Except as noted, the persons held their current position for the whole of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Note 7. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

Fully paid ordinary shares of Sundance Resources Limited

	Balance at 1 July No.	Granted as compensation No.	Shares Granted or Issued on the exercise of options or vesting of performance rights No.	Net other change No.	Balance at 30 June No.
2012					
Mr G Jones	16,062,500	-	-	-	16,062,500
Mr M Blakiston	-	-	-	-	-
Mr B Eldridge	-	-	-	-	-
Ms F Harris	-	-	-	-	-
Mr A Marshall	-	-	-	-	-
Mr G Casello	-	-	2,650,000	-	2,650,000
Mr R Longley	-	-	-	-	-
Mr P Canterbury	462,500	-	164,994	-	627,444
Mrs N Gill	39,482	-	154,865	-	194,347
Mr N Hackett	-	-	-	-	-
Mr P DeNardi	500,000	-	44,483	-	544,483
Mr D Meehan	-	-	34,996	-	34,996
Mr T Sewell	-	-	62,068	-	62,068
Mr B Conrick	-	-	16,149	-	16,149
2011					
Mr G Jones	15,062,500	-	1,000,000	-	16,062,500
Mr M Blakiston	-	-	-	-	-
Mr B Eldridge	-	-	-	-	-
Ms F Harris	-	-	-	-	-
Mr A Rankine-Wilson	13,107,546	-	-	(13,107,546)	-
Mr A Marshall	-	-	-	-	-
Mr G Casello	-	-	-	-	-
Mr R Longley	-	-	-	-	-
Mr P Canterbury	462,500	-	-	-	462,500
Mrs N Gill	-	-	39,482	-	39,482
Mr N Hackett	-	-	-	-	-
Mr P DeNardi	500,000	-	-	-	500,000
Mr T Quaife	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Share options and performance rights of Sundance Resources Limited

	Balance at 1 July	Granted as compensation	Exercised	Forfeited/ Lapsed	Balance at 30 June	Balance vested at 30 June	Vested and exerciseable	Vested and not exercisable	Vested during the year
2012									
Mr G Jones	5,000,000	-	-	-	5,000,000	-	-	-	-
Mr M Blakiston	2,000,000	-	-	-	2,000,000	-	-	-	-
Mr B Eldridge	2,000,000	-	-	-	2,000,000	-	-	-	-
Ms F Harris	2,000,000	-	-	-	2,000,000	-	-	-	-
Mr A Marshall	2,000,000	-	-	-	2,000,000	-	-	-	-
Mr G Casello [i]	7,950,000	-	2,650,000	-	5,300,000	-	-	-	2,650,000
Mr R Longley[ii]	5,676,666	888,448	2,728,723	463,743	3,372,648	2,068,666	2,068,666	-	460,723
Mr P Canterbury[ii]	4,010,000	827,362	2,834,944	425,041	1,577,377	402,000	402,000	-	432,944
Mrs N Gill[ii]	-	752,312	154,865	146,807	450,640	-	-	-	154,865
Mr N Hackett	-	-	-	-	-	-	-	-	-
Mr P DeNardi[ii]	2,000,000	688,598	1,044,483	148,275	1,495,840	1,000,000	1,000,000	-	1,044,483
Mr D Meehan[ii]	-	1,033,048	34,996	116,653	881,399	-	-	-	34,996
Mr T Sewell[ii]	-	649,685	62,068	58,723	528,894	-	-	-	62,068
Mr B Conrick[ii]	-	237,421	16,149	53,829	167,443	-	-	-	16,149
2011									
Mr G Jones	-	5,000,000	-	-	5,000,000	-	-	-	-
Mr M Blakiston	-	2,000,000	-	-	2,000,000	-	-	-	-
Mr B Eldridge	-	2,000,000	-	-	2,000,000	-	-	-	-
Ms F Harris	-	2,000,000	-	-	2,000,000	-	-	-	-
Mr A Marshall	-	2,000,000	-	-	2,000,000	-	-	-	-
Mr G Casello [i]		7,950,000			7,950,000				
Mr R Longley	5,676,666	-	-	-	5,676,666	3,670,000	3,670,000	-	1,003,333
Mr P Canterbury	4,010,000	-	-	-	4,010,000	2,670,000	2,670,000	-	670,000
Mrs N Gill	-	-	-	-	-	-	-	-	-
Mr N Hackett	-	-	-	-	-	-	-	-	-
Mr P DeNardi	2,000,000	-	-	-	2,000,000	1,000,000	1,000,000	-	1,000,000
Mr T Quaife	2,010,000	-	-	-	2,010,000	670,000	670,000	-	670,000

(i) These figures relate to performance rights granted during the 2010/11 financial year.

(ii) All figures granted as compensation in the 2011/12 financial year relate to performance rights issued whereas all opening balance figures relate to options held.

NOTES TO THE FINANCIAL STATEMENTS

Note 8. AUDITORS REMUNERATION

	2012 $	2011 $
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial report	120,750	105,524
- corporate taxation services	44,528	52,065
- taxation services related to the Mbalam Iron Ore Project and strategic partner	25,405	511,231
- financial advisory related to the Mbalam Iron Ore Project and strategic partner	570,448	664,172
- other services including financial modelling and other ad-hoc advisory	-	30,622
	761,131	1,363,614

Remuneration of other auditors of subsidiaries for:		
- auditing or reviewing the financial report of foreign subsidiaries	123,676	147,923
	884,804	1,511,537

Deloitte Touche Tohmatsu ("Deloitte") performs the audit of Sundance Resources Ltd and its subsidiaries.

During the previous financial year the Board of Sundance Resource Ltd adopted a policy to specify the circumstances in which it is deemed appropriate for Management to contract the services of Deloitte for non-audit work.

This Policy provides that Sundance Resources Limited is only to enter into a non-audit contract or transaction with the external audit firm in the following circumstances:

a. Where any proposed transaction will not compromise the independence of the external auditors; and

b. Where it is believed that the external auditor is the best equipped to undertake the work after taking into account:
- Experience;
- Expertise, particularly in the Republic of Cameroon and Republic of Congo where Deloitte were until recently the only significant accounting firm with permanent representation in the Republic of Cameroon, Republic of Congo and Australia;
- Knowledge of the group;
- Synergies of having the auditor perform the work; and
- Value for money.

Contracts for the auditors other services were, in large part, entered into prior to the specification of the above Policy. The Board has reviewed these contracts and does not believe it would be in the best interests of the Company to change service providers at this point in time.

Note 9. DIVIDENDS

No dividends have been paid or proposed during the year.

NOTES TO THE FINANCIAL STATEMENTS

Note 10. LOSS PER SHARE

	Consolidated Entity 2012 $	Consolidated Entity 2011 $
a. Reconciliation of earnings to profit or loss from continuing operations		
Loss from continuing operations	(25,308,131)	(21,738,100)
Less loss attributable to non-controlling interest	2,161,456	1,574,817
Earnings used to calculate basic & dilutive loss per share	(23,146,675)	(20,163,283)
	No.	**No.**
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share.	2,940,414,850	2,736,761,602
c. Weighted average number of ordinary shares plus potential ordinary shares outstanding during the year used in calculating diluted loss per share.	2,952,272,778	2,741,531,602

During the year ended 30 June 2012 no options to subscribe for ordinary shares were issued, 45,062,500 options were exercised, 10,528,300 options were forfeited, leaving 30,986,866 outstanding at 30 June 2012 (Note 21).

These options are not considered dilutive for the purposes of the calculation of diluted earnings per share as their conversion to ordinary shares would decrease the net loss from continuing operations per share.

Note 11. CASH AND CASH EQUIVALENTS

	2012 $	2011 $
Cash at bank and in hand	7,071,182	2,287,625
Short-term bank deposits	51,999,617	68,045,228
	59,070,799	70,332,853

The effective interest rate on short-term deposits was 4.81% (2011: 5.61%) these deposits have an average maturity of 68 days.

NOTES TO THE FINANCIAL STATEMENTS

Note 12. TRADE AND OTHER RECEIVABLES

	2012 $	2011 $
CURRENT		
GST/VAT	798,812	1,753,267
Other receivables	410,206	1,268,870
	1,209,018	3,022,137

Other receivables are comprised entirely of accrued interest on short-term deposits. These deposits have an average maturity of 68 days.

Note 13. INVENTORY

	2012 $	2011 $
CURRENT		
Consumables	2,913,476	3,290,893
	2,913,476	3,290,893

Inventories are carried at lower of cost and net realisable value. The cost of inventories recognised as an expense during the period in respect of continuing operations was $nil (2011: $nil). All inventory consumed is capitalised to mine development or exploration and evaluation expenditure as appropriate.

Inventories are expected to be consumed within 12 months.

Note 14. OTHER CURRENT ASSETS

	2012 $	2011 $
CURRENT		
Prepayments	630,371	404,930
Other current assets	310,224	259,065
	940,595	663,995

NOTES TO THE FINANCIAL STATEMENTS

Note 15. PROPERTY, PLANT AND EQUIPMENT

	2012 $	2011 $
Cost	12,086,128	12,131,359
Accumulated depreciation	(6,944,943)	(4,826,321)
	5,141,185	7,305,038
Buildings	1,418,679	1,683,584
Plant and Equipment	2,534,705	4,324,668
IT and Communications	653,536	819,422
Furniture and Fittings	534,265	477,364
	5,141,185	7,305,038

Cost

	Buildings $	Plant & Equipment $	IT & Communication $	Furniture & Fittings $	Total $
Balance at 30 June 2010	2,002,651	8,807,266	618,021	576,253	12,004,191
Effect of movement in exchange rates	(98,193)	(417,672)	(26,132)	(25,716)	(567,713)
Additions	112,856	2,108,306	622,119	250,097	3,093,379
Disposals	-	(2,386,472)	(12,026)	-	(2,398,498)
Balance at 30 June 2011	2,017,314	8,111,428	1,201,982	800,634	12,131,359
Effect of movement in exchange rates	(190,995)	(712,940)	(60,100)	(41,878)	(1,005,911)
Additions	19,738	635,696	212,203	160,376	1,028,014
Write-offs	-	(28,785)	(36,475)	(2,074)	(67,334)
Balance at 30 June 2012	1,846,057	8,005,400	1,317,611	917,058	12,086,128

Accumulated depreciation and impairment

	Buildings $	Plant & Equipment $	IT & Communication $	Furniture & Fittings $	Total $
Balance at 30 June 2010	(240,900)	(4,477,034)	(177,919)	(213,190)	(5,109,044)
Effect of movement in exchange rates	11,812	205,354	10,435	9,776	237,377
Eliminated on disposal	-	2,386,472	7,849	-	2,394,320
Depreciation expense	(104,642)	(1,901,551)	(222,925)	(119,855)	(2,348,974)
Balance at 30 June 2011	(333,730)	(3,786,760)	(382,560)	(323,270)	(4,826,321)
Effect of movement in exchange rates	36,872	394,469	68,330	70,329	570,000
Eliminated on asset write-off	-	14,218	20,183	52	34,453
Depreciation expense	(130,520)	(2,092,622)	(370,029)	(129,904)	(2,723,075)
Balance at 30 June 2012	(427,378)	(5,470,695)	(664,076)	(382,794)	(6,944,943)

NOTES TO THE FINANCIAL STATEMENTS

Note 16. MINE DEVELOPMENT ASSETS

	2012 $	2011 $
Mbalam Iron Ore Project		
Carrying amount at beginning of year	134,981,338	-
Effect of movement in exchange rates	(11,264,849)	-
Transfer from Exploration and Evaluation Assets	-	127,078,656
Reclassification from Intangibles	-	331,486
Additions	40,239,009	7,571,196
	163,955,498	134,981,338

Note 17. EXPLORATION AND EVALUATION ASSETS

	2012 $	2011 $
Mbalam Iron Ore Project		
Carrying amount at beginning of year	-	97,920,829
Effect of movement in exchange rates	-	(3,981,754)
Additions	-	33,389,338
Impairment	-	(249,757)
Transfer to Mine Development Assets	-	(127,078,656)
	-	-

At 30 June 2012, the Company held a 90% interest in Cam Iron S.A. which holds a 100% interest in the Mbalam Iron Ore Project in The Republic of Cameroon; and an 85% interest in Congo Iron S.A. which holds a 100% interest in the Mbalam Iron Ore Project in The Republic of Congo.

The definitive feasibility study and determination of economically recoverable reserves on the Mbalam Iron Ore Project was completed during the 2011 financial year. As a result, expenditure previously recorded as Exploration and Evaluation Assets has been recognised as Mine Development Assets where it relates to the advancement of the Mbalam Iron Ore Project.

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.

Note 18. INTANGIBLES

	2012 $	2011 $
Cost	-	374,811
Accumulated Amortisation	-	(43,325)
Reclassification	-	(331,486)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

Note 19. CONTROLLED ENTITIES

	Principal Activity	Country of Incorporation	Percentage Owned (%) 2012	Percentage Owned (%) 2011
Parent Entity:				
- Sundance Resources Limited	Corporate	Australia	—	—
Subsidiaries of Sundance Resources Limited:				
- Cam Iron S.A.	Iron ore exploration	Cameroon	90	90
- Sundance Minerals Pty Ltd	Holding	Australia	100	100
- Sundance Exploration Pty Ltd	Holding	Australia	100	100
- Sundance Mining Pty Ltd	Holding	Australia	100	100
- Congo Iron SA	Iron ore exploration	Congo	85	85

Note 20. TRADE AND OTHER PAYABLES

	2012 $	2011 $
CURRENT		
Trade payables	3,053,270	2,378,318
Sundry payables and accrued expenses	2,195,344	2,812,396
	5,248,614	5,190,714

Sundry creditors are non-interest bearing and generally on 30 day terms.

Note 21. ISSUED CAPITAL

	2012 $	2011 $
3,049,577,034 fully paid ordinary shares (2011: 2,870,927,169)	402,462,737	349,048,100
	402,462,737	349,048,100

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21. ISSUED CAPITAL (CONTINUED)
MOVEMENTS IN ISSUED CAPITAL

	Number of shares	Share capital $
Balance at 30 June 2010	2,709,995,932	290,568,003
Shares issued 16 December 2010	400,000	140,000
Shares issued 22 December 2010	1,000,000	-
Shares issued 7 January 2011	250,000	87,500
Shares issued 21 January 2011	338,236	-
Shares issued 11 February 2011	167,500	33,500
Shares issued 18 February 2011	250,000	87,500
Shares issued 16 March 2011	2,200,000	220,000
Shares issued 22 March 2011	400,000	80,000
Shares issued 1 April 2011	3,000,000	300,000
Shares issued 1 April 2011	670,000	134,000
Shares issued 15 April 2011	3,000,000	300,000
Shares issued 15 April 2011	167,500	33,500
Shares issued 28 April 2011	670,000	134,000
Shares issued 5 May 2011	148,148,001	59,999,940
Shares issued 17 June 2011	270,000	54,000
Capital raising costs	—	(3,123,843)
Balance as at 30 June 2011	**2,870,927,169**	**349,048,100**
Shares issued 12 July 2011	670,000	134,000
Shares issued 20 July 2011	167,500	33,500
Shares issued 20 July 2011	750,000	262,500
Shares issued 16 August 2011	2,000,000	500,000
Shares issued 18 August 2011	1,800,000	180,000
Shares issued 18 August 2011	1,340,000	268,000
Shares issued 29 August 2011	10,000,000	2,000,000
Shares issued 12 September 2011	8,660,000	1,732,000
Shares issued 17 October 2011	1,000,000	250,000
Shares issued 18 October 2011	167,500	33,500
Shares issued 25 October 2011	600,000	210,000
Shares issued 4 November 2011	1,000,000	250,000
Shares issued 17 November 2011	2,000,000	500,000
Shares issued 17 November 2011	1,340,000	268,000
Shares issued 28 November 2011	14,000,000	5,600,000
Shares issued 2 December 2011	2,000,000	200,000
Shares issued 2 December 2011	250,000	62,500
Shares issued 28 December 2011	2,650,000	-
Shares issued 3 January 2012	2,000,000	300,000
Shares issued 12 January 2012	670,000	134,000
Shares issued 16 January 2012	670,000	134,000
Shares issued 16 January 2012	521,680	-
Shares issued 19 January 2012	473,656	-
Shares issued 23 January 2012	335,000	67,000
Shares issued 23 January 2012	5,000,000	1,250,000
Shares issued 27 January 2012	1,340,000	268,000
Shares issued 7 February 2012	500,000	125,000
Shares issued 20 February 2012	402,000	90,450
Shares issued 19 March 2012	300,000	75,000
Shares issued 19 June 2012	115,942,029	40,000,000
Capital raising costs	-	(1,535,426)
Shares issued 22 June 2012	100,500	22,613
Balance as at 30 June 2012	**3,049,577,034**	**402,462,737**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21. ISSUED CAPITAL (CONTINUED)

OPTIONS OVER ORDINARY SHARES

At 30 June 2012 there were 30,986,866 unissued ordinary shares for which options were outstanding which were subject to vesting conditions. These comprise the following:

- 6,500,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 40 cents per share expiring on 22 December 2013
- 3,901,666 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 35 cents per share expiring on 31 March 2013
- 2,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 35 cents per share expiring on 1 June 2013
- 4,020,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 22.5 cents per share expiring on 30 January 2013
- 1,150,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share expiring on 29 January 2013
- 250,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share expiring on 29 January 2014
- 5,360,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share expiring on 30 January 2014
- 6,500,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 30 cents per share expiring on 22 December 2013
- 301,200 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 20 cents per share expiring on 31 January 2013
- 502,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 22.5 cents per share expiring on 30 January 2014
- 502,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share expiring on 30 January 2015

PERFORMANCE RIGHTS OVER ORDINARY SHARES

At 30 June 2012 there were 10,534,449 performance rights on issue over ordinary shares. At 30 June 2011 there were 7,950,000 performance rights on issue over ordinary shares.

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of, and amounts paid up, of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at any meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Note 22. RESERVES	2012 $	2011 $
Share based payments premium reserve	19,319,232	14,732,860
Foreign currency translation reserve (i)	(33,244,208)	(20,917,504)
Transactions with Non-Controlling Interests reserve(ii)	(5,600,000)	-
	(19,524,976)	(6,184,644)

(i) Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

(ii) Transactions with non- controlling interests relates to the issue of 14,000,000 shares to the former owners of Cam Iron and Congo Iron (and now non-controlling interests) as consideration for the successful attainment of 200mt JORC reserves of 60% iron ore grade hematite at the Mbarga Iron Ore Project as per the purchase agreements.

MOVEMENTS IN SHARE BASED PAYMENTS PREMIUM RESERVE	2012 $	2011 $
At the beginning of the financial year	14,732,860	11,035,267
Options Expensed (Issued in 2008/09) (*)	-	6,614
Options Expensed (Issued in 2009/10) (*)	177,226	1,288,062
Options Expensed (Issued in 2010/11) (*)	2,891,605	1,858,724
1,338,326 share rights issued in the 2010/11 year	-	544,192
3,406,088 Long Term Incentive (LTI) performance rights issued 7 December 2011	1,027,464	
515,332 Short Term Incentive (STI) share rights issued 19 January 2012	177,790	-
4,073,737 LTI performance rights issued 11 May 2012	312,288	-
At the end of the financial year	19,319,232	14,732,860

(*) includes net of options expensed and options forfeited during the year.

The share based payments premium reserve is used to accumulate the fair value of shares, options or performance rights issued.

Details of the valuation of options issued during the financial year are disclosed in the table contained in Note 26 Share Based Payments.

NOTES TO THE FINANCIAL STATEMENTS

Note 23. CAPITAL AND LEASING COMMITMENTS

	2012 $	2011 $
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable minimum lease payments:		
- Not later than 12 months	1,292,105	1,231,849
- Between 12 months and 5 years	685,848	1,860,274
- Greater than 5 years	-	-
	1,977,953	3,092,123

The Company's premises at Level 35, Exchange Plaza are leased for a period of three years which expires on 31 January 2014.

The office premises lease of Cam Iron S.A. extends for a period of 36 months to 30 October 2013. The Congo Iron SA office premises are leased for a period of 12 months through to 6 November 2012.

Cam Iron S.A. provides residential premises for two employees, while Congo Iron SA provides one. Each of these leases are for 12 months and have the option of being renewed.

NOTES TO THE FINANCIAL STATEMENTS

Note 24. CONTINGENT ASSETS AND LIABILITIES

The group is aware of the following contingencies as at 30 June 2012.

Congo Aircraft Accident

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

Cam Iron SA has received a legal claim relating to the Congo Air Incident in 2010. This matter was the subject of an ASX announcement released by Sundance on 22 June 2012. Cam Iron SA has appointed legal advisors in Cameroon and will vigorously defend any claims against it. The Illinois District Court proceedings referred to in the ASX announcement have been voluntarily dismissed on a 'without prejudice' basis. These proceedings were not 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 via Cam Iron interests. The transaction by which Cam Iron SA acquired its interests in Congo Iron was disclosed in an ASX announcement dated 10 October 2008. Cam Iron's advice is that the Hold Co claims are without merit legally or factually. Cam Iron SA has appointed legal advisors and is vigorously defending these claims.

Absolute Analogue & David Porter v Sundance

The Company has an ongoing dispute with Absolute Analogue & David Porter. In 2008 Absolute Analogue presented invoices claiming a total of $129,977. An offer of settlement was made in respect of these invoices for a total of $81,545, plus interest. This offer of settlement was not accepted.

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

The Company has filed its formal defence in this matter. Mediation was held in June 2010 and was not successful in resolving the litigation. Interlocutory proceedings occurred during August 2011 and witness statements are being provided by various parties over the second half of 2011. The plaintiffs served a further amended statement of claim on 9 July 2012. The Company will file an amended Statement of Defence in due course.

Fiscal Compliance

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

NOTES TO THE FINANCIAL STATEMENTS

Note 25. CASH FLOW INFORMATION

	2012 $	2011 $
Reconciliation of cash flow from operations with loss after income tax		
Loss after tax	(25,308,131)	(21,738,100)
Non-cash items in loss after tax		
Cost of share based payments	4,586,372	3,697,592
Loss on sale of plant and equipment	-	2,915
Depreciation of plant and equipment	2,723,075	2,348,974
Impairment expense	-	249,757
Foreign exchange (gains)/losses	154,708	252,840
Changes in assets and liabilities		
(Decrease)/increase in trade creditors	(33,577)	(280,421)
(Increase)/decrease in other debtors and prepayments	963,560	(976,002)
Net cash used in operating activities	(16,913,993)	(16,442,445)
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the year is shown in the accounts as:		
Cash and cash equivalents	59,070,799	70,332,853
Cash and cash equivalents at the end of the financial year	59,070,799	70,332,853

NOTES TO THE FINANCIAL STATEMENTS

Note 26. SHARE BASED PAYMENTS

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Series	Number	Grant Date	Expiry Date	Exercise price $	Fair value at grant date $
(1) Issued 8 January 2007	20,000,000	08/01/07	03/01/12	0.200	0.0259
(2) Issued 8 January 2007	10,000,000	08/01/07	04/01/12	0.100	0.0418
(3) Issued 30 January 2007	2,000,000	30/01/2007	4/1/2012	0.100	0.0397
(4) Issued 12 April 2007	2,000,000	12/04/07	05/01/12	0.150	0.0777
(5) Issued 30 August 2007	1,000,000	30/08/07	08/10/12	0.400	0.2312
(6) Issued 30 August 2007	1,000,000	30/08/07	08/10/12	0.400	0.2410
(7) Issued 15 September 2007	1,000,000	15/09/07	08/11/12	0.500	0.3431
(8) Issued 15 September 2007	1,000,000	15/09/07	08/11/12	0.700	0.3023
(9) Issued 14 January 2008	500,000	14/01/08	18/02/13	0.500	0.1180
(10) Issued 14 January 2008	500,000	14/01/08	18/02/13	0.700	0.1077
(11) Issued 10 March 2008	1,000,000	10/03/08	10/03/13	0.450	0.0584
(12) Issued 9 April 2009	1,978,334	10/10/08	31/03/13	0.350	0.0290
(13) Issued 9 April 2009	1,978,333	10/10/08	31/03/13	0.350	0.0350
(14) Issued 9 April 2009	1,978,333	10/10/08	31/03/13	0.350	0.0370
(15) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0732
(16) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0765
(17) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0796
(18) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0827
(19) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0856
(20) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0884
(21) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0912
(22) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0938
(23) Issued 13 June 2011	10,000,000	15/09/09	05/04/12	0.250	0.0750
(24) Issued 10 February 2010	7,035,000	10/02/10	30/01/12	0.200	0.0460
(25) Issued 10 February 2010	1,340,000	10/02/10	30/01/12	0.200	0.0490
(26) Issued 10 February 2010	670,000	10/02/10	28/01/12	0.200	0.0460
(27) Issued 10 February 2010	7,035,000	10/02/10	30/01/13	0.225	0.0600
(28) Issued 10 February 2010	1,340,000	10/02/10	30/01/13	0.225	0.0660
(29) Issued 10 February 2010	670,000	10/02/10	28/01/13	0.225	0.0600
(30) Issued 10 February 2010	1,000,000	10/02/10	28/01/12	0.250	0.0380
(31) Issued 10 February 2010	250,000	10/02/10	30/01/12	0.250	0.0380
(32) Issued 10 February 2010	1,000,000	10/02/10	28/01/13	0.250	0.0570
(33) Issued 10 February 2010	250,000	10/02/10	30/01/13	0.250	0.0570
(34) Issued 10 February 2010	670,000	10/02/10	28/01/14	0.250	0.0700
(35) Issued 10 February 2010	7,285,000	10/02/10	30/01/14	0.250	0.0700
(36) Issued 10 February 2010	1,340,000	10/02/10	30/01/14	0.250	0.0710
(37) Issued 10 February 2010	666,666	10/02/10	31/03/13	0.350	0.0290
(38) Issued 24 May 2011	500,000	15/04/10	14/04/12	0.250	0.0310
(39) Issued 24 May 2011	500,000	15/04/10	14/04/13	0.250	0.0760
(40) Issued 24 May 2011	500,000	15/04/10	14/04/14	0.250	0.0920
(41) Issued 22 December 2010	6,500,000	24/11/10	22/12/13	0.300	0.2330
(42) Issued 22 December 2010	6,500,000	24/11/10	22/12/13	0.400	0.2100
(43) Issued 22 December 2010 (i)	2,650,000	24/11/10	22/12/13	n/a	0.3700
(44) Issued 22 December 2010 (i)	2,650,000	24/11/10	22/12/13	n/a	0.3700
(45) Issued 22 December 2010 (i)	2,650,000	24/11/10	22/12/13	n/a	0.3700
(46) Issued 22 December 2010 (ii)	1,000,000	24/11/10	n/a	n/a	0.3700
(47) Issued 20 January 2011 (i)	338,236	31/12/10	31/12/10	n/a	0.5150
(48) Issued 24 May 2011	502,000	24/05/11	31/01/12	0.200	0.1760
(49) Issued 24 May 2011	502,000	24/05/11	30/01/13	0.225	0.1880
(50) Issued 24 May 2011	502,000	24/05/11	30/01/14	0.250	0.2330

Table continued on the following page.

(i) These relate to performance rights rather than share options.
(ii) These relate to shares issued to Mr G Jones, as approved by Shareholders.

NOTES TO THE FINANCIAL STATEMENTS

Note 26. SHARE BASED PAYMENTS (CONTINUED)

Series	Number	Grant Date	Expiry Date	Exercise price $	Fair value at grant date $
(51) Issued 28 November 2011 (i)	14,000,000	10/10/08	n/a	n/a	0.4000
(52) Issued 7 December 2011 (i)	1,852,014	13/11/11	31/12/11	n/a	0.4350
(53) Issued 7 December 2011 (i)	712,316	13/11/11	31/12/14	n/a	0.4350
(54) Issued 7 December 2011 (i)	284,923	13/11/11	31/12/14	n/a	0.4350
(55) Issued 7 December 2011 (i)	227,988	08/11/11	31/12/11	n/a	0.4250
(56) Issued 7 December 2011 (i)	234,891	08/11/11	31/12/14	n/a	0.4250
(57) Issued 7 December 2011 (i)	93,956	08/11/11	31/12/14	n/a	0.4250
(58) Issued 19 January 2012 (i)	515,332	22/12/11	31/12/11	n/a	0.3450
(59) Issued 11 May 2012 (i)	1,629,494	20/03/12	31/12/12	n/a	0.4100
(60) Issued 11 May 2012 (i)	1,425,808	20/03/12	31/12/15	n/a	0.4100
(61) Issued 11 May 2012 (i)	1,018,435	20/03/12	31/12/15	n/a	0.4100

(i) These relate to performance rights rather than share options.

<u>Employee share based payment plan</u>

The Consolidated Entity has an ownership-based compensation plan for executives and senior employees. Historically an option based plan was used, but in the 2011 year this has changed to a performance rights based plan.

Each employee share option or performance right converts into one ordinary share of Sundance Resources Limited on exercise. No amounts are paid or payable by the recipient upon receipt of the performance right or option, and only upon exercise for option holders. The performance rights and options carry neither rights to dividends nor voting rights. Performance rights or options may be exercised at any time from the date of vesting to the date of their expiry.

The number of performance rights and options vested is calculated in accordance with the performance criteria approved by the Nomination and Remuneration Committee. The performance criteria reward executives and senior management to the extent of the Group's and the individuals achievement judged against achievement of corporate and operational objectives. For a description of the vesting conditions of the performance rights on issue refer to the Remuneration Report 12.4. Options issued in previous periods have no performance conditions other than the holder remains an employee at vesting date.

The weighted average fair value of the performance rights granted during the financial year is $0.3564 (2011: $0. 3753). There were no share options granted during the current financial year and the weighted average fair value of those issued during the 2010/2011 financial year was $0.1549. Performance rights and options were priced using a binomial pricing model. Expected volatility is based on the historical share price volatility of other entities listed on the Australian Stock Exchange with similar profiles to Sundance Resources Limited.

NOTES TO THE FINANCIAL STATEMENTS

Note 26. SHARE BASED PAYMENTS (CONTINUED)

Inputs into the share based payments pricing model:

Series	Grant date share price $	Exercise price $	Expected volatility	Risk free interest rate	Vesting Date
(51) Issued 28 November 2011 (i), (ii)	0.0900	n/a	n/a	n/a	15/11/11
(52) Issued 7 December 2011 (i)	0.4400	n/a	n/a	n/a	31/12/11
(53) Issued 7 December 2011 (i)	0.4400	n/a	n/a	n/a	31/12/14
(54) Issued 7 December 2011 (i)	0.4400	n/a	n/a	n/a	31/12/14
(55) Issued 7 December 2011 (i)	0.4300	n/a	n/a	n/a	31/12/11
(56) Issued 7 December 2011 (i)	0.4300	n/a	n/a	n/a	31/12/14
(57) Issued 7 December 2011 (i)	0.4300	n/a	n/a	n/a	31/12/14
(58) Issued 19 January 2012 (i)	0.3400	n/a	n/a	n/a	31/12/11
(59) Issued 11 May 2012 (i)	0.4100	n/a	n/a	n/a	31/12/12
(60) Issued 11 May 2012 (i)	0.4100	n/a	n/a	n/a	31/12/15
(61) Issued 11 May 2012 (i)	0.4100	n/a	n/a	n/a	31/12/15

(i) These relate to performance rights and as such there are no related exercise prices and the volatility and risk free interest rate are not factors in the valuation as they are in options.
(ii) These rights were issued in the current period but have grant dates in the prior comparative period.

The following reconciles the outstanding share options at the beginning and end of the financial year

	2012		2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	86,577,666	$0.25	75, 481,666	$0.22
Granted	-	-	26,006,000	$0.30
Forfeited	(10,528,300)	$0.34	(3,465,000)	$0.24
Exercised	(45,062,500)	$0.21	(11,445,000)	$0.14
Outstanding at year-end	30,986,866	$0.31	86,577,666	$0.25
Exercisable at year-end	25,372,866	$0.32	60,771,666	$0.22

NOTES TO THE FINANCIAL STATEMENTS

Exercised during the financial year

There were 45,062,500 options exercised during the year ended 30 June 2012. These options had a weighted average share price of $0.44 at exercise date.

Option series	Number exercised	Exercise date	Share price at exercise date $
2012			
(26) Issued 10 February 2010	670,000	12/07/2011	0.34
(24) Issued 10 February 2010	167,500	20/07/2011	0.50
(12) Issued 9 April 2009	750,000	20/07/2011	0.50
(23) Issued 13 June 2011	2,000,000	16/08/2011	0.47
(2) Issued 8 January 2007	1,800,000	18/08/2011	0.47
(1) Issued 8 January 2007	1,340,000	18/08/2011	0.47
(1) Issued 8 January 2007	10,000,000	29/08/2011	0.47
(1) Issued 8 January 2007	8,660,000	12/09/2011	0.44
(23) Issued 13 June 2011	1,000,000	17/10/2011	0.46
(24) Issued 10 February 2010	167,500	18/10/2011	0.44
(12) Issued 9 April 2009	600,000	25/10/2011	0.43
(23) Issued 13 June 2011	1,000,000	4/11/2011	0.43
(23) Issued 13 June 2011	2,000,000	17/11/2011	0.43
(25) Issued 10 February 2010	1,340,000	17/11/2011	0.43
(2) Issued 8 January 2007	2,000,000	2/12/2011	0.38
(30) Issued 10 February 2010	250,000	2/12/2011	0.38
(23) Issued 13 June 2011	2,000,000	3/01/2012	0.39
(26) Issued 10 February 2010	670,000	12/01/2012	0.39
(24) Issued 10 February 2010	670,000	16/01/2012	0.41
(24) Issued 10 February 2010	335,000	23/01/2012	0.41
(30) Issued 10 February 2010	1,000,000	23/01/2012	0.41
(23) Issued 13 June 2011	4,000,000	23/01/2012	0.41
(24) Issued 10 February 2010	1,340,000	27/01/2012	0.41
(38) Options Issued 24 May 2011	500,000	7/02/2012	0.42
(27) Issued 10 February 2010	402,000	20/02/2012	0.41
(39) Options Issued 24 May 2011	300,000	19/03/2012	0.41
(27) Issued 10 February 2010	100,500	22/06/2012	0.36

Balance at end of financial year
The options outstanding at 30 June 2012 had a weighted average exercise price of $0.31 (2011: $0.24) and a weighted average remaining contractual life of 1.05 years (2011: 1.01 years). Exercise prices range from $0.10 to $0.70 in respect of options outstanding at 30 June 2012.

Note 27. EVENTS AFTER BALANCE SHEET

On 27 August 2012, Sundance announced that the Board had recommended a reduced cash offer for 100 per cent of Sundance at a price of A$0.45 per share under a scheme of arrangement from Hanlong Mining.

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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTES TO THE FINANCIAL STATEMENTS

Note 28. RELATED PARTY TRANSACTIONS

The Company is a single entity and is not controlled by any other entity.

Legal Services

Gilbert + Tobin received $1,193,634 (2011:Nil) 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.

Blakiston & Crabb received $1,315,211 from the Consolidated Entity for legal services rendered during the financial period ending 30 June 2011. 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.

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.

Equity Holdings

At 30 June 2012, directors and their related entities held directly, indirectly or beneficially in the Company 18,712,500 ordinary shares (2011:16,062,500), 13,000,000 options over ordinary shares (2011:13,000,000) and 5,300,000 performance rights over ordinary shares (2011:7,950,000).

NOTES TO THE FINANCIAL STATEMENTS

Note 29. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and short-term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group's policy is that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk and liquidity risk. The Board reviews each of these risks on a regular basis.

Credit risk

The Group's maximum exposures to credit risk, without taking account of the value of any collateral obtained at balance date, in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet. Credit risk on unrecognised financial instruments refers to the potential financial loss to the Group that may result from counter parties failing to meet their contractual obligations. The Group manages their counterparty credit risk by limiting transactions to only those counterparties of sound credit worthiness and by ensuring a diversified number of counterparties, avoiding undue exposure to any single counterparty. The Group did not face any significant credit exposures at balance date (other than intercompany balances).

Note 29. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency Risk

As a result of significant investment operations in Africa, the Group's balance sheet can be affected significantly by movements in the XAF/A$ exchange rates. The Group also has exposure to movements in US$/A$ exchange rates under two drilling contracts it has in place. Both contracts have termination clauses which allow early release from contractual commitments thereby mitigating the overall exposure under these contracts. The Group does not currently hedge this exposure.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2012 $	2011 $	2012 $	2011 $
Euro (EUR)	129,876	-	57,886	26,227
US Dollars (USD)	5,099	4,719	1,630	1,444
Central African Franc (XAF)	996,925	2,966,808	158,043	627,206
South African Rand (ZAR)	-	24,005	57	-

NOTES TO THE FINANCIAL STATEMENTS

Note 29. FINANCIAL INSTRUMENTS (CONTINUED)

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currencies. 10% is the sensitivity rate assessed by management as the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the loss and other equity, and the balances below would be negative. Due to the nature of foreign currency denominated assets and liabilities, the figures below will only impact the loss, there would be no effect on other equity.

AUD Movement	EUR Impact		USD Impact		XAF Impact		ZAR Impact	
	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $
10% Increase	(7,199)	2,623	(347)	(328)	(83,888)	(233,960)	6	2,401
10% Decrease	7,199	(2,623)	347	328	83,888	233,960	(6)	(2,401)

Capital risk

The Group and Company manage their capital to ensure the Group and the Company will be able to continue as a going concern while maximising the development outcomes from its exploration expenditure. The Group's and the Company's overall strategy remains unchanged.

The capital structure of the Group and the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves, carried forward losses and non-controlling interests. The Group and the Company are debt free.

The Group has exploration expenditure commitments under the exploration permits it has in place and the Board regularly reviews commitments as part of the overall exploration program.

NOTES TO THE FINANCIAL STATEMENTS

Note 29. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Group and the Company are exposed to interest rate risk as entities in the Group deposit funds at both short-term fixed and floating rates of interest. Neither the Group nor the Company have any interest bearing liabilities. The Group and the Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

A change in interest rates would not have a material impact on the carrying value of the Group or the Company's financial instruments as at the current or prior year end given that cash reserves were held predominantly in fixed interest rate instruments as at balance date.

Liquidity risk

The Consolidated Entity manages liquidity risk by maintaining adequate reserves through the monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Ultimate responsibility for liquidity risk management rests with the board of directors, who oversee a liquidity risk management framework for the management of the Group and the Company's funding and liquidity management requirements. The Group and the Company manage liquidity risk by regularly monitoring forecast and actual cash flows and ensuring there are appropriate plans in place to finance these future cash flows.

Liquidity and interest rate risk tables

The tables below have been drawn up based on the undiscounted cash flows (including both interest and principal cash flows expected) using contractual maturities of financial assets and the earliest date on which the Group and the Company can be required to pay financial liabilities. Amounts for financial assets include interest earned on those assets except where it is anticipated the cash flow will occur in a different period.

	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 to 6 months	Total
	%	$	$	$	$
2012					
Financial assets					
Variable interest rate	3.79%	7,071,183			7,071,183
Fixed interest rate	4.81%	10,999,617	32,500,000	8,500,000	51,999,617
		18,070,799	32,500,000	8,500,000	59,070,799
Financial liabilities					
Trade Payables		5,248,614	-	-	5,248,614
2011					
Financial assets					
Variable interest rate	3.75%	2,287,625	-	-	2,287,625
Fixed interest rate	5.61%	33,445,228	34,600,000	-	68,045,228
		35,732,853	34,600,000	-	70,332,853
Financial liabilities					
Trade Payables	-	5,190,714	-	-	5,190,714

NOTES TO THE FINANCIAL STATEMENTS

Note 29. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The aggregate fair values of the Consolidated Entity's financial assets and financial liabilities both recognised and unrecognised are as follows:

	2012		2011	
	Carrying Amount $	**Fair Value $**	**Carrying Amount $**	**Fair Value $**
Consolidated				
Cash and cash equivalents	59,070,799	59,070,799	70,332,853	70,332,853
Receivables	1,209,018	1,209,018	2,177,049	2,177,049
Payables	5,248,614	5,248,614	5,190,714	5,190,714

The following methods and assumptions are used to determine the fair value of financial assets and liabilities:

- Cash assets and financial assets are carried at amounts approximating fair value because of their short term to maturity. Receivables and payables are carried at amounts approximating fair value.
- The fair values of other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value. For other assets and other liabilities the fair value approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Consolidated Entity intends to hold these assets.

Note 30. EXPENDITURE COMMITMENTS

Exploration Permit – Republic of Cameroon
The Cameroon Ministry of Mines ("Ministry") granted a second 2 year extension of Exploration Permit No. 92 requiring a total minimum expenditure of XAF6,900,000,000 (approximately AUD$13.5 million) over the period 29 September 2010 to 28 September 2012 . Cam Iron SA, a member of the Consolidated Entity, exceeded this minimum expenditure requirement within the permit period.

On 27 July 2012, subsequent to year end, the Ministry granted a third 2 year extension from 29 September 2012 which requires a total minimum expenditure of XAF8,000,000,000 (approximately AUD$14.5M) 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 Permit – Republic of Congo
The Republic of Congo Ministry of Mines ("Ministry") granted a 2 year extension of Nabeba-Bamegod and Ibanga permits under Decree No 2011-280 for the Nabeba – Bamegod permit and Decree No 2011-281 for the Ibanga permit. These outline a total minimum exploration expenditure requirement of XAF5,800,000,000 (approximately AUD$11.5 million) over the period 2 August 2010 to1 August 2012. Congo Iron SA, a member of the Consolidated Entity, exceeded this minimum expenditure requirement within the permit period.

The expenditure requirements of Decree No 2011-280 for the Nabeba – Bamegod permit and Decree No 2011-281 for the Ibanga permit are denoted in Central African CFA franc (XAF).

Congo Iron SA has made application to the Ministry for further extension of these permits in June 2012. Confirmation of extension of these permits is pending the next presidential Committee Meeting to consider all tenure applications in Congo. Congo Iron SA are not aware of any reasons why such extension will not be granted at this meeting. Additionally, Congo Iron SA has a Mining Permit application over the Nabeba – Bamegod permit area pending approval by the Council of Ministers.

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 could potentially result in revocation of the said permit.

NOTES TO THE FINANCIAL STATEMENTS

Note 31. PARENT ENTITY FINANCIAL INFORMATION

Financial Position (as at 30 June)	**2012 $**	**2011 $**
Current assets	60,267,517	71,506,319
Non-current assets	264,181,638	209,180,386
Total assets	324,449,155	280,686,705
Current liabilities	2,014,452	1,939,666
Non-current liabilities	-	-
Total liabilities	2,014,452	1,939,666
Net assets	322,434,703	278,747,039
Shareholders' equity		
Issued Capital	402,462,737	349,048,100
Share based payments premium reserve	19,319,232	14,732,860
Transactions with non-controlling interests reserve	(5,600,000)	-
Accumulated losses	(93,747,266)	(85,033,921)
Total equity	322,434,703	278,747,039
Financial Performance (for the year ended 30 June)		
Loss for the year	(8,713,345)	(7,810,511)
Total comprehensive income	(8,713,345)	(7,810,511)

Contingent Liabilities

Congo Aircraft Accident

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

Cam Iron SA has received a legal claim relating to the Congo Air Incident in 2010. This matter was the subject of an ASX announcement released by Sundance on 22 June 2012. Cam Iron SA has appointed legal advisors in Cameroon and will vigorously defend any claims against it. The Illinois District Court proceedings referred to in the ASX announcement have been voluntarily dismissed on a 'without prejudice' basis. These proceedings were not served on Sundance.

Absolute Analogue & David Porter v Sundance

The Company has an ongoing dispute with Absolute Analogue & David Porter. In 2008 Absolute Analogue presented invoices claiming a total of $129,977. An offer of settlement was made in respect of these invoices for a total of $81,545, plus interest. This offer of settlement was not accepted.

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

The Company has filed its formal defence in this matter. Mediation was held in June 2010 and was not successful in resolving the litigation. Interlocutory proceedings have occurred during August 2011 and witness statements are being provided by various parties over the second half of 2011. The plaintiffs served a further amended statement of claim on 9 July 2012. The Company will file an amended Statement of Defence in due course.

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

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Independent Auditor's Report to the Members of Sundance Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Sundance Resources Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 36 to 81.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Sundance Resources Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 24 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Sundance Resources Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants
Perth, 24 September 2012