



SUNDANCE  
RESOURCES LIMITED



ANNUAL FINANCIAL REPORT 2008

ABN 19 055 719 394  
and Subsidiaries



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## CORPORATE DIRECTORY

### Directors

George Jones  
(Chairman)  
Donald Lewis  
(Managing Director)  
John Saunders  
Alec Pismiris  
Ken Talbot  
Geoff Wedlock  
Craig Oliver

### Company Secretary

John Carr-Gregg

### ABN

19 055 719 394

### Registered Office

Level 27  
St Martin's Tower  
44 St George's Terrace  
Perth WA 6000

### Head Office

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St Martin's Tower  
44 St George's Terrace  
Perth WA 6000  
Tel: +61 (8) 9220 2300  
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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 Georges Terrace  
Perth, Western Australia 6000  
GPO Box D182  
Perth, Western Australia 6840  
Tel: +61 1300 557 010  
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## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

The Directors present their report together with the financial report of Sundance Resources Ltd ("the Company") and of the Consolidated Entity, being the Company and its subsidiaries, for the financial year ended 30 June 2008 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 the previous 3 years
<b>Mr George F Jones</b> B.Bus, FCIS, FAICD Chairman (Non-Executive)	63	Extensive experience in the mining, banking and finance industries Director since November 2006	Gindalbie Metals Limited Mundo Minerals Limited
<b>Mr Donald P Lewis</b> B.E (Hons), M.Eng (Calif); MIE (Aust) Managing Director	46	Chief Executive Officer Civil engineer with extensive experience in resource project development, construction and financing Director since November 2006	Danae Resources Limited Greenwich Resources Plc
<b>Dr John R Saunders</b> B.Sc (Hons) Ph.D, FAICD, FTSC Non-Executive Director	64	Extensive experience in the private and public sectors, including high-level investment, business development and advisory roles in Australia, US, Europe and China. Director since November 2006	Yilgarn Infrastructure Limited Sydney Gas Limited
<b>Mr Ken Talbot</b> B.E, M.E, ASIA, FAICD, FAUSIMM Non-Executive Director	58	Mining engineer with extensive experience in resource project development and operations, particularly in carbon steel materials sector. Director since September 2007	Macarthur Coal Limited Talbot Group Holdings Pty Ltd
<b>Mr Geoff Wedlock</b> Non-Executive Director	60	Extensive experience in resources project management and development, particularly in the iron ore industry. Director since October 2007	Gindalbie Metals Limited Portman Limited Golden West Resources Limited Grange Resources Limited
<b>Mr Craig Oliver</b> ACA, MBA Non-Executive Director	44	Extensive corporate, project development and operational experience in iron ore, coal and nickel. Director since April 2008	Finance Director - Western Areas NL De Grey Mining Limited
<b>Mr Alec C Pismiris</b> B.Comm, ICOSA Executive Director	45	Extensive experience in the securities, finance and mining industries. Director since July 2006	Colonial Resources Limited Industrial Minerals Corporation Limited Prairie Downs Metals Limited Western Uranium Limited



## 2. COMPANY SECRETARY

Mr John Carr-Gregg joined Sundance Resources Ltd as Company Secretary and General Manager Corporate Services on 15 July 2008. Mr Carr-Gregg has an extensive corporate and legal background in the international resources industry. Mr Carr-Gregg replaces Mr Alec Pismiris, who resigned as Company Secretary, but remains a director of the Company.

## 3. PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the year was iron ore exploration.

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 \$8,818,320 (2007: \$9,317,989) and \$279,853 (2007: \$9,166,769) for the Company.

## 5. REVIEW OF OPERATIONS

The Consolidated Entity focused on exploration and evaluation of the Mbalam Iron Ore Project in Cameroon throughout the financial year ended 30 June 2008. A full review of operations will be set out in the 2008 Annual 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 of the Company during the financial year were:

Director	Directors Meetings		Audit Committee Meetings		Nomination & Remuneration Committee Meetings	
	A	B	A	B	A	B
Mr GF Jones	8	8	-	-	1	1
Mr DP Lewis	8	8	2	2	-	-
Mr AC Pismiris	7	8	2	2	-	-
Mr JR Saunders	6	8	3	3	1	1
Mr K Talbot (appointed 18 September 2007)	7	7	-	-	-	-
Mr GLW Wedlock (appointed 24 October 2007)	6	6	1	1	-	-
Mr CB Oliver (appointed 8 April 2008)	-	1	-	-	-	-

A - Number of meetings attended

B - Number of meetings held while the director held office



## **7. STATE OF AFFAIRS**

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

On 30 July 2007, the Company allotted and issued 118,500,000 fully paid ordinary shares in the Company for 40 cents per share, pursuant to a share placement to sophisticated investors.

On 3 August 2007, the Company allotted and issued 6,500,000 fully paid ordinary shares in the Company for 40 cents per share, pursuant to a share placement to sophisticated investors.

On 10 September 2007, the Company allotted and issued 25,000,000 fully paid ordinary shares in the Company for 40 cents per share, pursuant to a share placement to sophisticated investors.

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

## **8. LIKELY DEVELOPMENTS**

The Consolidated Entity will continue iron ore exploration and development activities at the Mbalam Iron Ore Project in Cameroon.

## **9. ENVIRONMENTAL REGULATION**

The Consolidated Entity's operations are subject to environmental regulations under Cameroon legislation. An Environmental Impact Assessment (EIA) of the exploration programme has been completed for the Mbalam Iron Ore Project, with formal approval received from the Cameroon Ministry of Environmental Protection (MINEP).

## **10. DIVIDENDS**

In respect of the year ended 30 June 2008, no dividends have been paid or proposed (2007: nil).

## **11. EVENTS SUBSEQUENT TO REPORTING DATE**

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



## 12. REMUNERATION REPORT (AUDITED)

The remuneration report, which forms part of the directors' report, sets out information about the remuneration of Sundance Resources Limited directors and senior management for the financial year ended 30 June 2008. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior management details
- Remuneration policy
- Relationship between the remuneration policy and Company performance
- Remuneration of directors and senior management
- Bonuses and share-based payments granted as compensation for the current financial year
- Key terms of employment contracts

### 12.1 Director and senior management details

The following were key management personnel of the Company and the Consolidated Entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

#### Non-executive directors

George Jones	Chairman (appointed 13 November 2006)
John Saunders	(appointed 13 November 2006)
Ken Talbot	(appointed 17 September 2007)
Geoff Wedlock	(appointed 24 September 2007)
Craig Oliver	(appointed 8 April 2008)

#### Executive directors

Donald Lewis	Managing Director & CEO (appointed 13 November 2006)
Alec Pismiris	(appointed 5 July 2006) (Company Secretary – resigned 15 July 2008)

#### Executive officers

Robin Longley	Chief Geologist
Peter Canterbury	Chief Financial Officer
David Morgan	General Manager - Mining
Roger Bogne	Chief Executive Officer – Cam Iron S.A.

Mr John Carr-Gregg was appointed company secretary on 15 July 2008. At the same date Mr Alec Pismiris resigned his role as company secretary however remains as non-executive director of the Company.

### 12.2 Remuneration policy

The Nomination and Remuneration Committee is responsible for reviewing and making recommendations to the board on compensation arrangements for the directors and the executive team of both the Consolidated Entity and the Company. The committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis. The overall objective is the retention of a high quality board and executive team, to maximise value of the shareholders' investment.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity. Compensation levels for key management personnel of the Company and the Consolidated Entity are competitively set to attract and retain appropriately qualified and experienced directors and executives. Share options may also be issued as an added inducement to executives to maximise their efforts in achieving the highest possible return for shareholders. Details regarding the issue of share options are provided below.

The employment conditions of all key management personnel are formalised in contracts of employment. Mr P Canterbury, Mr D Morgan and Mr R Bogne are the only executives who are permanent employees of the Consolidated Entity. Mr D Lewis and Mr R Longley are employed under executive consulting contracts.



#### Non-Executive Directors' fees

Fees and payments to non-executive directors reflect the demands made on, and the responsibilities of, the directors.

#### Senior Management Salary

The remuneration of senior management is generally reviewed annually with the review taking into consideration the contribution of the individual commensurate with the performance of the Consolidated Entity and comparable employment market conditions.

### 12.3 Relationship between remuneration policy and Company performance

No component of director or senior management salary is dependent on Company performance. The Company did not have a formal cash incentive or bonus scheme for the years ended 30 June 2007 and 30 June 2008.

Options have been granted to senior management personnel as an added inducement to attract executives and to maximise their efforts in achieving the highest possible return for shareholders. Options awarded to senior management have a five year expiry with vesting period between one and two years and conditional on continuing employment.

An Employee Share Option Plan has been approved by both the directors and shareholders of the Company. Under this plan these options vest progressively over a three year period and vesting is subject to continuing employment. The objective of this plan is to recognise the ability and efforts of the employees of the Company who have contributed to the success of the Company; provide an incentive to the employees to achieve the long term objectives of the Company and improve the performance of the Company; attract persons of experience and ability to the Company and foster and promote loyalty between the Company and its employees. The award of options is aligned to the overall strategic objectives of the Company and are awarded by the Nomination and Remuneration Committee based on the recommendation of the CEO.

There is no Board policy in relation to limiting the recipient exposure to risk in relation to securities.

The tables below set out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the five years to June 2008:

	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004
	\$	\$	\$	\$	\$*
Revenue	4,533,689	978,425	1,181,980	206,174	2,687,950
Net loss before tax	(8,818,320)	(9,317,989)	(1,704,664)	(1,718,605)	(5,555,161)
Net loss after tax	(8,818,320)	(9,317,989)	(1,704,664)	(1,718,605)	(5,555,161)

\* Sundance Resources Limited adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2004, which resulted in various changes to its accounting policies from that date. The results for the year ended 30 June 2004 are reported in accordance with Sundance Resources Limited's previous accounting policies as permitted under Australian accounting standards as applicable at that time.

	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004
	\$	\$	\$	\$	\$
Share price at start of year	0.46	0.08	0.01	0.01	0.01
Share price at end of year	0.33	0.46	0.08	0.01	0.01
Basic earnings per share	(0.47)	(0.68)	(0.27)	(0.49)	(2.17)
Diluted earnings per share	(0.47)	(0.68)	(0.27)	(0.49)	(2.17)



## 12.4 Remuneration of directors and senior management

2008	Short-term benefits			Post-employment benefits	Share based payments	Total \$	% of compensation for the year consisting of options
	Salary & fees \$	Bonus \$	Other \$	Super-annuation \$	Options & rights \$		
<b>Non-executive directors</b>							
G Jones	230,000	-	6,600	-	-	236,600	-
J Saunders	60,000	-	-	-	-	60,000	-
G Wedlock	41,290	-	-	-	-	41,290	-
K Talbot	47,377	-	-	-	-	47,377	-
C Oliver	13,833	-	-	-	-	13,833	-
<b>Executive officers</b>							
D Lewis	528,000	100,000	6,600	-	-	634,600	-
A Pismiris	120,000	-	-	-	-	120,000	-
R Longley	348,315	-	6,600	-	-	354,915	-
P Canterbury	230,000	35,000	6,600	20,000	-	291,600	-
D Morgan	201,774	-	4,950	22,419	269,563	498,706	54%
R Bogne	145,123	-	35,750	-	-	180,873	-
						2,479,794	

No other share based payments were made to key management personnel during the financial year.

2007	Short-term benefits			Post-employment benefits	Share based payments	Total \$	% of compensation for the year consisting of options
	Salary & fees \$	Bonus \$	Other \$	Super-annuation \$	Options & rights \$		
<b>Non-executive directors</b>							
G Jones	-	-	-	75,288	936,751	1,012,039	93.00%
J Saunders	34,673	-	-	-	338,763	373,436	91.00%
<b>Executive officers</b>							
D Lewis	302,500	-	-	-	936,751	1,239,251	76.00%
A Pismiris	91,775	-	-	-	338,763	430,538	79.00%
R Longley	125,000	-	-	-	79,450	204,450	39.00%
J Corr	135,048	-	-	-	593,270	728,318	81.00%
S Dobson	51,800	-	-	-	593,270	645,070	92.00%
P Canterbury	38,333	-	-	3,333	155,499	197,165	79.00%
R Bogne	84,340	-	-	-	-	84,340	-
						4,914,607	

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.





## 12.5 Bonuses and share-based payments granted as compensation for the current financial year

### *Bonuses*

Discretionary cash performance bonuses were approved by the Nomination and Remuneration Committee and awarded during the financial year to Mr D Lewis of \$100,000 and to Mr P Canterbury of \$35,000. These bonuses were awarded based on the considerable efforts of the executives throughout the financial year. No other bonuses were granted to key management personnel during 2008.

### *Employee share options*

Options are issued to executives as part of their remuneration. These options are not issued based on performance criteria, but are issued to increase goal congruence between executives, directors and shareholders.

The following grants of share based payment compensation to directors and senior management relate to the current financial year.

						Terms & Conditions for Each Grant	
	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date
<b>Executive Officer</b>							
D. Morgan	-	1,000,000	30.08.2007	0.2312	0.40	08.10.2008	08.10.2012
D. Morgan	-	1,000,000	30.08.2007	0.2410	0.40	08.10.2009	08.10.2012

All options are granted for nil consideration.

The following table summarises the value of options granted, exercised or lapsed during the year to directors and senior management:

Name	Value of options granted at the grant date (i) \$	Value of options exercised at the exercise date \$	Value of options lapsed at the date of lapse (ii) \$
D. Morgan	269,563	-	-

- (i) The value of options granted during the period is recognised in compensation over the vesting period in accordance with Australian accounting standards.
- (ii) The value of options lapsing during the period due to the failure to satisfy a vesting condition is determined assuming the vesting condition has been satisfied.



## 12.6 Key terms of employment contracts

This report discloses remuneration details for the executives and non executive directors.

### Remuneration of Executives

Remuneration for executives is comprised of:

- fixed remuneration which is made up of base salary, superannuation and car parking; and
- variable remuneration in the form of discretionary cash bonuses and employee share options are subject to the evaluation of the executives contribution to the attainment of the Company's strategic objectives.

The remuneration structure is designed to reflect an appropriate balance between fixed and variable remuneration to ensure that the Company's executives are rewarded in a manner which aligns with the Company's performance.

#### Fixed Remuneration

##### *Base Salary*

Base salaries are determined by reference to the size and influence of the role, the executive's performance and experience, and to the nature and extent of overseas activities. Comparative data is also obtained from a group of Australian companies within the resources sector, both in Australia and worldwide, with similar activities. Base salaries are reviewed annually.

##### *Superannuation*

Sundance contributes to its Australian based employee's superannuation accounts at a minimum rate of 9%. In foreign jurisdictions the Consolidated Entity makes contributions in compliance with statutory requirements.

#### Variable Remuneration

##### *Cash Bonus*

The Nomination and Remuneration Committee, upon recommendation by the Chairman or CEO, may award cash bonuses to its executives based on the contribution to corporate objectives.

##### *Employee Share Options*

Under this plan these options vest progressively over a one, two and three year period and vesting is subject to continuing employment. The objective of this plan is to recognise the ability and efforts of the employees of the Company who have contributed to the success of the Company; provide an incentive to the employees to achieve the long term objectives of the Company and improve the performance of the Company; attract persons of experience and ability to the Company and foster and promote loyalty between the Company and its employees. The award of options are aligned to the overall strategic objectives of the Company and are awarded by the Nomination and Remuneration Committee based on the recommendation of the CEO.



### Non-Executive Directors' Remuneration

Article 13.8 of the Company's constitution provides that the directors (excluding any directors who are employees of the Company) may be paid such remuneration as is determined from time to time in general meeting, and that remuneration accrues from day to day. The remuneration may be divided among the directors in such proportion as they from time to time agree and, in default of agreement, equally. ASX Listing Rule 10.17 provides that the Company must not increase the total amount of directors' fees payable by it or any of its controlled entities without the approval of holders of its ordinary securities.

During 2007 the level of remuneration of the non-executive Chairman was increased by the board of directors. Remuneration for the non-executive Chairman was increased from \$120,000 to \$240,000 per annum, effective 1 August 2007.

Non-executive directors do not participate in any cash bonus, options or share plans that may be developed for executives. Other fees or allowances may be payable in special circumstances as agreed by the Board. Executive directors are not paid directors' fees.

### Executive Service Agreements

Remuneration and other terms of employment for the executives disclosed in this Remuneration Report are contained in service agreements.

### Key Management Personnel Service Agreements

Executive	Date Commenced	Term	Fixed Remuneration (per annum) for year ended 30/06/08 <sup>(a)</sup>	Payment of termination benefit on termination by employer (other than for gross misconduct)	Notice required on termination
D Lewis <i>CEO</i>	01/01/2008	1 Year	\$550,600	Remainder of contract with a minimum of six months	3 months
P Canterbury <i>CFO</i>	01/05/2007	2 Years	\$256,600	2 Months variable remuneration	2 months
R Longley <i>General Manager Geology</i>	01/02/2007	2 Years	\$356,600	2 months variable remuneration	2 months
D Morgan <i>General Manager Mining</i>	24/09/2007	2 Years	\$306,600	3 months variable remuneration	3 months
R Bogne <i>CEO - Cam Iron SA</i>	01/05/2007	No fixed term	\$145,123	2 months variable remuneration	2 months

<sup>(a)</sup> Fixed remuneration is inclusive of superannuation and parking.



### 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 option are:

Issuing Entity	Expiry Date	Exercise Price	Number of Options	Class of Shares
Sundance Resources Ltd	31 May 2010	\$0.02	2,000,000	Ordinary
Sundance Resources Ltd	3 January 2012	\$0.20	50,000,000	Ordinary
Sundance Resources Ltd	4 January 2012	\$0.10	32,000,000	Ordinary
Sundance Resources Ltd	5 January 2012	\$0.15	2,000,000	Ordinary
Sundance Resources Ltd	8 October 2012	\$0.40	2,000,000	Ordinary
Sundance Resources Ltd	8 November 2012	\$0.50	1,000,000	Ordinary
Sundance Resources Ltd	8 November 2012	\$0.70	1,000,000	Ordinary
Sundance Resources Ltd	18 February 2013	\$0.50	1,000,000	Ordinary
Sundance Resources Ltd	18 February 2013	\$0.70	1,000,000	Ordinary
Sundance Resources Ltd	10 March 2013	\$0.45	1,000,000	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	6,000,000	\$0.02	Ordinary
Sundance Resources Ltd	49,833,333	\$0.03	Ordinary

### 14. DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Stock Exchange in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary shares	Option over ordinary shares
G Jones	15,500,000	30,000,000
D Lewis	1,250,000	30,000,000
A Pismiris	8,333,333	10,000,000
J Saunders	1,450,000	10,000,000
K Talbot	371,580,826	-
G Wedlock	-	-
C Oliver	-	-

### 15. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been included on page 67.



## 16. 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:

- has not indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor.
- has paid a premium of \$44,770 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.

Signed in accordance with a resolution of directors, made pursuant to s.298 (2) of the Corporations Act 2001, at Perth, Western Australia on 25 September 2008.

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GF Jones  
Director

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DP Lewis  
Director



# CORPORATE GOVERNANCE

## PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND BEST PRACTICE RECOMMENDATIONS

### INTRODUCTION

The Directors are focused on fulfilling their responsibilities individually, and as a board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Best Practice Recommendations" established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which it considers will enable it to meet the principles of good corporate governance.

The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it. At the end of this statement a table is included detailing the recommendations with which the Company does not strictly comply.

The following section addresses the Company's practices in complying with the 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.

After appropriate consultation with executive management, the Board:

- defines and sets its business objectives and subsequently monitors performance and achievements of those objectives;
- it oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes and a review of executive management of the Company;
- monitors and approves financial performance and budgets; and
- reports to shareholders.

### 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 section headed Directors' 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 represent shareholders and fulfil 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:

- does not hold an executive position;
- is not a substantial shareholder of the Company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the Company;
- 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;
- is not a principal of a professional adviser to the Company or another group member;
- is not a significant 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;
- has no significant contractual relationship with the Company or any other group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.

Of the current board members, Mr George Jones, Dr John Saunders and Mr Craig Oliver meet these criteria.

#### *Nomination of Other Board Members*

Membership of the Board of Directors is reviewed on an on-going basis by the Nomination and Remuneration Committee to 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. The Nomination and Remuneration Committee does not believe that at this point in the Company's development it is necessary to appoint additional directors.

#### *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.

#### **PRINCIPLE 3: PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING**

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.

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.



Directors are required to make disclosure of any share trading. The Company policy in relation to share trading is that officers are prohibited to trade whilst in possession of unpublished price sensitive information concerning the Company. That is information which a reasonable person would expect to have a material affect on the price or value of the Company's shares. It is recommended that an officer discuss the proposal to acquire or sell shares with the Chief Executive Officer or the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares by directors must be notified to the ASX.

#### PRINCIPLE 4: SAFEGUARDING INTEGRITY IN FINANCIAL REPORTING

An Audit Committee has been established. The two executive directors play an active role in monitoring the daily affairs of the Company.

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

The Chief Executive Officer and the Chief Financial Officer make a statement to the Audit Committee 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.

Two directors make a statement to the shareholders 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.

#### PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE

All directors, executives and staff are required to abide by all legal requirements, the Listing Rules of the Australian Stock Exchange and the highest standards of ethical conduct. This includes compliance with the continuous disclosure requirements of the listing rules.

The Company Secretary is the person responsible for overseeing and co-ordinating disclosure of information to ASX as well as communicating with the ASX.

#### 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 seeks 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 together with notice of meeting and proxy form; and
- voluntarily releasing other information 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.

#### PRINCIPLE 7: RECOGNISING AND MANAGING RISK

The Board is conscious of the need to continually maintain systems of risk management and controls to manage all of the assets and affairs of the Company.

As an ordinary part of the Company's business involves holding assets in a country where sovereign risk is considered higher than in Australia, the directors are sensitive to the need for risk management. The risk management includes asset risk, operational risk, personnel health and safety risk, currency fluctuation risk, amongst others. The Company identifies and manages those risks on a case by case and overall corporate basis.

#### PRINCIPLE 8: ENCOURAGING ENHANCED PERFORMANCE

The Board regularly discusses and reviews its performance. The Board also discusses with each director their requirements, performances and aspects of involvement in the Company.

#### PRINCIPLE 9: REMUNERATE FAIRLY AND RESPONSIBLY

A Nomination and Remuneration Committee has been established. The committee reviews the remuneration of executives and directors. Directors remuneration is set out in the in the Directors' Report.

One third of the directors' retire annually in accordance with the Constitution and are free 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.

A maximum amount of remuneration for non-executive directors is fixed by shareholders in a General Meeting and can be varied in that same manner. In determining the allocation the board takes account of the time demands made on the directors together with such factors as fees paid to other corporate directors and to the responsibilities undertaken by them.

#### PRINCIPLE 10: RECOGNISING THE LEGITIMATE INTERESTS OF STAKEHOLDERS

The Company recognises its responsibilities extend beyond its shareholders to clients, customers, consumers and regulators. The Company is committed to providing an adequate level of detail for the benefit of all stakeholders, the accuracy in that detail, and to meeting principles of equity and fairness in all of its dealings.



**TABLE OF DEPARTURES AND EXPLANATIONS (FROM THE RECOMMENDATIONS OF THE ASX CORPORATE GOVERNANCE COUNCIL)**

RECOMMENDATION REFERENCE	DEPARTURE	EXPLANATION
1.1	There was no formalisation and disclosure of separate functions between the Board and management during the reporting period.	Throughout the reporting period the Board consisted of between one and three non-executive and between one and two executive directors. The Executive Directors were involved in the overall management of the Company. The practices followed were compatible with the Principle.
2.1	Majority of the current board members are not independent.	Given the nature and size of the Company, its business interests and the stage of development, the board is of the view that there is an adequate and broad mix of skills required and that, given their experience, each of the directors are aware of and capable of acting in an independent manner and in the best interests of the shareholders.
5.1	No written policy exists to ensure compliance with ASX Listing Rules disclosure requirements are met at senior management level.	The Board and management consists of appropriately qualified and experienced members and the board does not consider that a written policy is at this time required. The Boards' practice is to comply strictly with ASX Listing Rules and disclosure requirements and whenever in doubt, contact has been made promptly with the ASX seeking advice. This is a standing item on the Board's agenda and is discussed at each Board meeting.
6.1	The Company has no formal communication strategy in place for the benefit of its shareholders.	The Board is very conscious of the need to continually keep shareholders and markets advised. The regular update of the Company's web-site and regular investor presentations provides a continuous communication channel which ensures shareholders and the markets are adequately informed about its activities.



RECOMMENDATION REFERENCE	DEPARTURE	EXPLANATION
7.1 and 7.2	There has been no written implementation of policy on risk oversight and management or for senior management to make statements to the board concerning those matters.	Given the nature and size of the Company, its business interests and the involvement of all directors has not been considered necessary to establish this practice at this time; however the principles are adopted in circumstances where an event or issue is deemed to require it. This is a standing item on the Board's agenda and is discussed at each Board meeting.
8.1	There has been no formal disclosure of the process for performance evaluation of the board, committees, individual directors and key executives.	Given the size of the Company and the involvement of all directors a policy has not been required to date. The Directors continually monitor, review and discuss performance and implement changes as necessary.
9.1	The Company has not disclosed remuneration policies.	Given the size and nature of the Company, its business interests, remuneration and other benefits paid to its directors, the Board does not consider it yet to be necessary to formulate remuneration policies. At the appropriate time the Board will take independent advice.

Any director may nominate a person to be considered for appointment as a director of the Company, either as an additional director or as a replacement for a retiring director. Criteria for Board membership rests on the Board's assessment of the capacity of a nominee to contribute to the Parent Entity. Membership of the Board of directors is reviewed on an on-going basis by the Nomination and Remuneration Committee.

The terms and conditions relating to the appointment and retirement of non-executive directors are determined by the Board on an individual basis at the time of appointment of the director and are reviewed by the Chairman on an on-going basis.

Each director of the Parent Entity or a controlled entity has the right to seek independent professional advice at the expense of the Parent Entity or the controlled entity, however prior approval of the relevant Chairman is required which is not unreasonably withheld.

The remuneration of executive directors and non-executive directors is reviewed by the Board. The remuneration of other senior executives of the Parent Entity is also approved by the Nomination & Remuneration Committee. Directors are not remunerated in accordance with the performance of the Parent Entity or the Consolidated Entity.

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.

The identification of areas of significant business risk and arrangements to manage such risks is the responsibility of the Board and senior executives. The Chairman reports to the Board on such matters on an on-going basis.



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

All directors, executives and staff of the Parent Entity and of all controlled entities, if any, are required to abide by all legal requirements, the Listing Rules of the Australian Stock Exchange and the highest standards of ethical conduct with regard to their personal trading in the securities of the Parent Entity or any of its controlled Entities.



## AUDITOR'S INDEPENDENCE DECLARATION

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 2008. 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. 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.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'GF Jones'.

GF Jones  
Director

A handwritten signature in blue ink, appearing to read 'DP Lewis'.

DP Lewis  
Director

25 September 2008  
Perth, Western Australia



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**SUNDANCE RESOURCES LTD  
DIRECTORS' DECLARATION**

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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 Company and the ; and
- (c) 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

GF Jones  
Director

DP Lewis  
Director

25 September 2008  
Perth, Western Australia



**SUNDANCE RESOURCES LTD**  
**INCOME STATEMENT FOR YEAR ENDED 30TH JUNE 2008**

	Note	Consolidated Entity		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
<b>CONTINUING OPERATIONS</b>					
Revenues	2a	4,533,689	978,425	9,644,502	977,374
Other income	2a	—	1,508	—	1,508
Consulting fees	3a	(784,867)	(150,322)	(598,404)	(150,322)
Depreciation	3a	(472,032)	(44,372)	(112,396)	(14,303)
Donations and charities	3a	(210,745)	(13,871)	(210,745)	(13,871)
Doubtful debts	3a	(908,117)	—	—	—
Due diligence	3a	(684,377)	—	(684,377)	—
Employee benefit expense	3a	(5,009,627)	(3,845,668)	(5,041,831)	(3,599,381)
Legal fees	3a	(431,133)	(227,239)	(431,133)	(227,239)
Listing and registry fees	3a	(412,807)	(249,652)	(412,807)	(249,652)
Other expenses	3a	(4,917,268)	(617,118)	(2,911,626)	(170,022)
Write down of loans and investments	3a	—	(124,423)	—	(695,604)
<b>Loss from continuing operations before income tax expense</b>		(9,297,284)	(4,292,732)	(758,817)	(4,141,512)
Income tax expense	4	—	—	—	—
<b>Loss from continuing operations</b>		(9,297,284)	(4,292,732)	(758,817)	(4,141,512)
<b>DISCONTINUED OPERATIONS</b>					
Other income	2b	557,294	—	557,294	—
Other expenses	3b	(78,330)	(5,025,257)	(78,330)	(5,025,257)
<b>Profit from discontinued operations before income tax expense</b>		478,964	(5,025,257)	478,964	(5,025,257)
<b>LOSS FOR THE YEAR</b>		(8,818,320)	(9,317,989)	(279,853)	(9,166,769)
Attributable to:					
Equity holders of the parent		(8,731,734)	(9,245,749)	(279,853)	(9,166,769)
Minority interest		(86,586)	(72,240)	—	—
		(8,818,320)	(9,317,989)	(279,853)	(9,166,769)
<b>EARNINGS PER SHARE</b>					
CONTINUING OPERATIONS:					
-BASIC (CENTS PER SHARE)	8	(0.50)	(0.31)		
-DILUTED (CENTS PER SHARE)	8	(0.50)	(0.31)		
DISCONTINUED OPERATIONS					
-BASIC (CENTS PER SHARE)	8	0.03	(0.37)		
-DILUTED (CENTS PER SHARE)	8	0.03	(0.37)		

The accompanying notes form part of these financial statements



**SUNDANCE RESOURCES LTD**  
**BALANCE SHEET AS AT 30TH JUNE 2008**

		Consolidated Entity		Parent Entity	
	Note	2008 \$	2007 \$	2008 \$	2007 \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	9	47,031,353	24,171,094	46,167,279	24,000,889
Trade and other receivables	10	2,408,175	1,061,931	849,736	275,701
Inventory	11	547,545	—	—	—
Other current assets	12	1,515,675	2,011,122	27,144	57,559
<b>TOTAL CURRENT ASSETS</b>		<b>51,502,748</b>	<b>27,244,147</b>	<b>47,044,159</b>	<b>24,334,149</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	13	7,432,539	2,758,859	434,414	152,564
Exploration and evaluation assets	14	64,373,079	35,279,857	36,094,447	6,127,784
Other financial assets	15	—	—	46,910,660	33,972,507
Intangibles	16	235,780	10,962	—	—
<b>TOTAL NON-CURRENT ASSETS</b>		<b>72,041,398</b>	<b>38,049,678</b>	<b>83,439,521</b>	<b>40,252,855</b>
<b>TOTAL ASSETS</b>		<b>123,544,146</b>	<b>65,293,825</b>	<b>130,483,680</b>	<b>64,587,004</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	18	6,721,498	1,358,601	5,133,103	679,274
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,721,498</b>	<b>1,358,601</b>	<b>5,133,103</b>	<b>679,274</b>
<b>NON-CURRENT LIABILITIES</b>					
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>TOTAL LIABILITIES</b>		<b>6,721,498</b>	<b>1,358,601</b>	<b>5,133,103</b>	<b>679,274</b>
<b>NET ASSETS</b>		<b>116,822,648</b>	<b>63,935,224</b>	<b>125,350,577</b>	<b>63,907,730</b>
<b>EQUITY</b>					
Issued capital	19	187,059,817	126,104,817	187,059,817	126,104,817
Reserves	20	9,790,384	9,039,640	9,771,375	9,003,675
Accumulated losses		(79,868,727)	(71,136,993)	(71,480,615)	(71,200,762)
Parent interest		116,981,474	64,007,464	125,350,577	63,907,730
Minority equity interest		(158,826)	(72,240)	—	—
<b>TOTAL EQUITY</b>		<b>116,822,648</b>	<b>63,935,224</b>	<b>125,350,577</b>	<b>63,907,730</b>

The accompanying notes form part of these financial statements





**SUNDANCE RESOURCES LTD**  
**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30TH JUNE 2008**

**CONSOLIDATED ENTITY**

<b>ATTRIBUTABLE TO MEMBERS OF THE COMPANY</b>	<b>Issued Capital \$</b>	<b>Foreign Currency Translation Reserve \$</b>	<b>Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Minority Interest \$</b>	<b>Total Equity \$</b>
<b>At 1 JULY 2006</b>	93,515,150	—	3,844,620	(61,891,244)	—	35,468,526
Loss for the year	—	—	—	(9,245,749)	(72,240)	(9,317,989)
<b>TOTAL LOSS FOR THE PERIOD</b>	—	—	—	(9,245,749)	(72,240)	(9,317,989)
Securities issued	34,089,667	—	—	—	—	34,089,667
Equity raising costs	(1,500,000)	—	—	—	—	(1,500,000)
Cost of share based payment	—	—	5,159,055	—	—	5,159,055
Adjustments from translation of foreign controlled entities	—	35,965	—	—	—	35,965
<b>At 30 JUNE 2007</b>	126,104,817	35,965	9,003,675	(71,136,993)	(72,240)	63,935,224
Loss for the year	—	—	—	(8,731,734)	(86,586)	(8,818,320)
<b>TOTAL LOSS FOR THE PERIOD</b>	—	—	—	(8,731,734)	(86,586)	(8,818,320)
Securities issued	61,615,000	—	—	—	—	61,615,000
Equity raising costs	(660,000)	—	—	—	—	(660,000)
Cost of share based payments	—	—	767,700	—	—	767,700
Adjustments from translation of foreign controlled entities	—	(16,956)	—	—	—	(16,956)
<b>At 30 JUNE 2008</b>	187,059,817	19,009	9,771,375	(79,868,727)	(158,826)	116,822,648

The accompanying notes form part of these financial statements



**SUNDANCE RESOURCES LTD**  
**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30TH JUNE 2008**

<b>ATTRIBUTABLE TO MEMBERS OF THE COMPANY</b>	<b>PARENT ENTITY</b>				
	<b>Issued Capital \$</b>	<b>Foreign Currency Translation Reserve \$</b>	<b>Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>AT 1 JULY 2006</b>	93,515,150	—	3,844,620	(62,033,993)	35,325,777
Loss attributable to members of parent entity	—	—	—	(9,166,769)	(9,166,769)
<b>TOTAL LOSS FOR THE PERIOD</b>	—	—	—	(9,166,769)	(9,166,769)
Securities issued	34,089,667	—	—	—	34,089,667
Equity raising costs	(1,500,000)	—	—	—	(1,500,000)
Cost of share based payment	—	—	5,159,055	—	5,159,055
<b>AT 30 JUNE 2007</b>	126,104,817	—	9,003,675	(71,200,762)	63,907,730
Loss attributable to members of parent entity	—	—	—	(279,853)	(279,853)
<b>TOTAL LOSS FOR THE PERIOD</b>	—	—	—	(279,853)	(279,853)
Securities issued	61,615,000	—	—	—	61,615,000
Equity raising costs	(660,000)	—	—	—	(660,000)
Cost of share based payments	—	—	767,700	—	767,700
<b>AT 30 JUNE 2008</b>	187,059,817	—	9,771,375	(71,480,615)	125,350,577

The accompanying notes form part of these financial statements




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**SUNDANCE RESOURCES LTD**  
**CASH FLOW STATEMENT FOR YEAR ENDED 30TH JUNE 2008**

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	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Payments to suppliers & employees		(13,196,398)	(9,433,810)	(9,242,970)	(6,614,792)
Interest received	2	3,976,392	977,374	3,976,392	977,374
Interest & finance costs paid		(4,112)	(34,711)	(4,112)	(34,711)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	24	<b>(9,224,118)</b>	<b>(8,491,147)</b>	<b>(5,270,690)</b>	<b>(5,672,129)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant & equipment		(5,740,974)	(2,782,635)	(483,095)	(165,391)
Sale of property, plant & equipment		—	1,200	—	1,200
Sale of mining tenements		557,294	—	557,294	—
Loans to other entities		—	—	(12,938,152)	(4,497,777)
Exploration expenditure		(23,466,980)	(6,011,463)	(20,653,966)	(7,071,662)
Other		(224,818)	(10,962)	—	—
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(28,875,478)</b>	<b>(8,803,860)</b>	<b>(33,517,919)</b>	<b>(11,733,630)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from equity issues		61,615,000	38,800,721	61,615,000	38,800,721
Share issue expenses		(660,000)	(1,500,000)	(660,000)	(1,500,000)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>60,955,000</b>	<b>37,300,721</b>	<b>60,955,000</b>	<b>37,300,721</b>
<b>NET INCREASE IN CASH HELD</b>		<b>22,855,404</b>	<b>20,005,714</b>	<b>22,166,391</b>	<b>19,894,961</b>
Cash and cash equivalents at beginning of year	9	24,171,094	4,165,380	24,000,889	4,105,928
Effect of exchange rates on cash and cash equivalents		4,855	—	—	—
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	9	<b>47,031,353</b>	<b>24,171,094</b>	<b>46,167,279</b>	<b>24,000,889</b>

The accompanying notes form part of these financial statements



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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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**NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT**

The following is a summary of the significant accounting policies adopted by Sundance Resources Ltd A.C.N. 055 719 394 ("Parent Entity" or "Company") and by its controlled entities ("Consolidated Entity") in the preparation of these accounts. The Parent Entity is a listed public company limited by shares, incorporated and domiciled in Australia.

**Basis of Preparation of Accounts**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on a historical cost basis. The presentation currency used in this financial report is Australian Dollars.

**Statement of Compliance**

The financial report of Sundance Resources Limited and controlled entities, and Sundance Resources Limited as an individual parent entity comply with all International Financial Reporting Standards (IFRS) in their entirety.

**Accounting Policies**

**a) Principles of Consolidation**

A controlled entity is any entity Sundance Resources Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 17 to the financial statements. Not all of these controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

**b) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.



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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**c) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits.

**d) Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts and investments in money market instruments with less than 14 days to maturity.

**e) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

**f) Revenue recognition**

Revenue from services rendered is recognised upon the delivery of goods or services to customers. Interest revenue is recognised when control of the right to receive interest has been obtained. All revenue is stated net of the amount of goods and services tax (GST).

*Interest revenue*

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.

**g) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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**h) Impairment of assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**i) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

**j) Issued capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**k) Plant and Equipment**

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Buildings are measured at fair value less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment	–	3 to 15 years
Buildings	–	15 years
Leasehold improvements	–	15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

**Impairment**

The carrying values of plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater 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.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.



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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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**l) Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

**m) Trade and other payables**

Trade payables and other payables are carried at amortised cost which represents future liabilities for goods and services received, whether or not billed to the Company.

**n) Investments**

Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.



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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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**o) Critical accounting estimates and judgements**

Significant accounting judgements

The directors evaluate estimates and judgments 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 our policy, we conclude that we are 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 25 Share Based Payments. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

**p) 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.





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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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**q) 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 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 has been determined can be found in note 25.

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 equity instruments that will eventually vest.

**r) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for: costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**s) Foreign currency translation**

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

**t) 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.

**u) Intangible assets**

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.

**Adoption of new and revised accounting standards**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and the parent entity's assessment of these new standards and interpretations is set out below:

Reference	Title	Details	Application date of standard	Impact on the Group	Application date for Group
AASB Int. 12 and AASB 2007-2	Service Concession Arrangements and consequential amendments to other Australian Accounting Standards	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	Unless the Group enters into service concession arrangements or public-private-partnerships (PPP), the amendments are not expected to have any impact on the Group's financial report.	1 July 2008
AASB Int. 4 (revised)	Determining whether an Arrangement contains a Lease	The revised interpretation specifically scopes out arrangements that fall within the scope of AASB Interpretation 12.	1 January 2008	Refer to AASB Int. 12 and AASB 2007-2 above.	1 July 2008
AASB Int. 129	Service Concession Arrangements: Disclosures	Requires disclosure of provisions or significant features necessary to assist in assessing the amount, timing and certainty of future cash flows and the nature and extent of the various rights and obligations involved. These disclosures apply to both grantors and operators.	1 January 2008	Refer to AASB Int. 12 and AASB 2007-2 above.	1 July 2008
AASB Int. 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	The Group does not have any customer loyalty programmes and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2008



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

AASB Int. 14	AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Aims to clarify how to determine in normal circumstances the limit on the asset that an employer's balance sheet may contain in respect of its defined benefit pension plan.	1 January 2008	The Group does not have a defined benefit pension plan and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2008
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009
AASB 101 (revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income.  Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 July 2009



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments.	1 July 2009
AASB 3 (revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group has no current plans to enter into any business combinations during the next financial year. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	1 July 2009
AASB 127 (revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will not give rise to a gain or a loss in the Group's income statement.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (revised) and AASB 127 (revised) above.	1 July 2009
AASB 2008 - 5	Amendments to Australian Accounting Standards arising from the Annual Improvements Process	Makes amendments to 25 different Standards and is equivalent to the IASB Standard <i>Improvements to IFRSs</i> issued in May 2008. The IASB's annual improvements project provides a vehicle for making non-urgent but necessary amendments to Standards. The amendments to some Standards result in accounting changes for	1 January 2009	These amendments are not expected to have a material impact on the Group's financial report.	1 July 2009



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

		presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.			
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process	Makes amendments to Australian Accounting Standards AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards and AASB 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are additional to those in AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.	1 January 2009	These amendments are not expected to have a material impact on the Group's financial report.	1 July 2009
AASB 2008 - 7	Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	<p>This Amending Standard:</p> <ul style="list-style-type: none"> <li>• amends AASB 127 Consolidated and Separate Financial Statements to remove the definition of the 'cost method' and to require the separate financial statements of a new parent formed as the result of a specific type of reorganisation to measure the cost of its investment in the previous parent at the carrying amount of its share of the equity items of the previous parent at the date of the reorganisation</li> <li>• removes from AASB 118 Revenue the requirement to deduct dividends declared out of pre-acquisition profits from the cost of an investment in a subsidiary, jointly controlled entity or associate. Therefore, all dividends from a subsidiary, jointly controlled entity or associate are recognised by the investor as income</li> <li>• implements consequential amendments to AASB 136 Impairment of Assets, introducing a new indicator of impairment for investments in subsidiaries, jointly controlled entities and associates where a dividend has been recognised</li> </ul>	1 January 2009	These amendments are not expected to have a material impact on the Group's financial report.	1 July 2009



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

		<ul style="list-style-type: none"> <li>allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous GAAP to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements.</li> </ul>			
AASB 2008 -8	Eligible Hedged Items	<p>Makes amendments to Australian Accounting Standards AASB 139 Financial Instruments: Recognition and Measurement. This amendment provides clarification on two issues in relation to hedge accounting:</p> <p>Identifying inflation as a hedged risk or portion; and</p> <p>Hedging with options.</p>	1 July 2009	These amendments are not expected to have a material impact on the Group's financial report.	1 July 2009
AASB Int 15	Agreements for the Construction of Real Estate	<p>This interpretation proposes that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit.</p>	1 January 2009	The Group does not enter into agreements to provide construction services to the buyer's specifications and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2009
AASB Int 16	Hedges of a Net Investment in a Foreign Operation	<p>This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.</p>	1 January 2009	The Interpretation is unlikely to have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held.	1 July 2009



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 2. REVENUE**

	Consolidated Entity		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>a. Revenue from continuing operations</b>				
REVENUE				
Interest – bank deposits	4,408,587	977,374	4,408,587	977,374
Management fee – Intra-group	—	—	5,126,622	—
Other income	125,102	1,051	109,293	—
<b>TOTAL REVENUE</b>	<b>4,533,689</b>	<b>978,425</b>	<b>9,644,502</b>	<b>977,374</b>
OTHER INCOME				
Proceeds on disposal of investments	—	308	—	308
Proceeds on disposal of non-current assets	—	1,200	—	1,200
<b>TOTAL OTHER INCOME</b>	<b>—</b>	<b>1,508</b>	<b>—</b>	<b>1,508</b>
<b>b. Revenue from discontinued operations</b>				
OTHER INCOME				
Proceeds on disposal of investments	557,294	—	557,294	—
<b>TOTAL OTHER INCOME</b>	<b>557,294</b>	<b>—</b>	<b>557,294</b>	<b>—</b>

Proceeds on disposal of investments refers to the disposal of the Mantos Grandes project in Chile. This project had been written down to nil value during the 2007 financial year. The Consolidated Entity's 100% interest in Servicios e Inversiones Futuro Limitada was disposed of as disclosed in Note 17.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 3. EXPENSES**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>a. Expenses from continuing operations</b>				
Depreciation of:				
property, plant & equipment	472,032	44,372	112,396	14,303
<b>TOTAL DEPRECIATION</b>	<b>472,032</b>	<b>44,372</b>	<b>112,396</b>	<b>14,303</b>
Bad and doubtful debts	908,117	—	—	—
Consulting	784,867	150,322	598,404	150,322
Donations & charities	210,745	13,871	210,745	13,871
Due diligence	684,377	—	684,377	—
Employee benefit expense				
-Share based payment	749,790	2,785,977	749,790	2,785,977
-Post employment benefits	132,021	7,244	132,021	7,244
-Other	4,127,816	1,052,447	4,160,020	806,160
Exchange rate losses	114,392	—	—	—
General and administration	384,445	18,939	384,445	1,006
Hire of plant & equipment	327,792	—	—	—
Insurance	166,671	37,044	159,861	37,044
Interest expense - other persons	4,112	34,711	4,112	34,711
Legal fees	431,133	227,239	431,133	227,239
Listing & registry fees	412,807	249,652	412,807	249,652
Loans to controlled entities written off	—	124,423	—	695,604
Loss on disposal of plant & equipment	97,631	2,858	88,849	2,858
Occupancy costs	391,727	146,349	391,727	55,298
Office costs	467,284	—	467,284	—
Other	754,731	351,324	58,982	13,212
Public relations	155,233	25,893	139,646	25,893
Share based payment	17,910	—	17,910	—
Travel	1,198,810	—	1,198,810	—
	<b>12,994,443</b>	<b>5,272,665</b>	<b>10,403,319</b>	<b>5,120,394</b>
<b>b. Expenses from discontinued operations</b>				
Write down of Chacarilla Copper Project	—	2,648,252	—	2,648,252
Write down of Mantos Grandes Project	—	2,328,777	—	2,328,777
Write down of Anaconda Copper Project	—	—	—	—
Other expenditure from discontinued operations	78,330	48,228	78,330	48,228
	<b>78,330</b>	<b>5,025,257</b>	<b>78,330</b>	<b>5,025,257</b>





**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 4. INCOME TAX**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
THE COMPONENTS OF TAX EXPENSE COMPRISE:				
<i>Current Income Tax</i>				
- Current income charge	(3,287,310)	54,281	—	54,281
<i>Deferred Income Tax</i>				
- Relating to origination and reversal of temporary differences	(133,551)	(166,285)	(133,551)	(166,285)
- Losses not brought to account	3,420,861	112,004	133,551	112,004
<b>INCOME TAX EXPENSE REPORTED IN THE INCOME STATEMENT</b>	—	—	—	—
The prima facie tax on profit from ordinary activities is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2007: 30%)				
- consolidated group	(2,645,496)	(2,773,725)	—	—
- parent entity		—	(83,956)	(2,705,031)
Add:				
Tax effect of:				
- Tax rate difference for foreign operations	(725,770)	—	—	—
- Accounting profit on sale of assets	(167,188)	—	(167,188)	—
- write down of investments	—	1,493,290	—	1,493,290
- other non allowable items	951,076	1,099,737	951,076	1,099,737
- tax losses not brought to account	—	180,698	—	112,004
- unbooked tax losses recouped in the current year	(833,483)	—	(833,483)	—
- timing differences not brought to account	3,420,861	—	133,551	—
<b>INCOME TAX ATTRIBUTABLE TO ENTITY</b>	—	—	—	—
UNRECOGNISED DEFERRED TAX BALANCES				
Unrecognised deferred tax asset - losses	10,343,843	7,890,016	7,056,533	7,890,016
Unrecognised deferred tax assets - other	362,370	228,819	362,370	228,819
<b>DEFERRED TAX ASSET NOT BROUGHT TO ACCOUNT</b>	10,706,213	8,118,835	7,418,903	8,118,835

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.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 5. KEY MANAGEMENT PERSONNEL COMPENSATION**

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

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Short-term employee benefits	2,167,812	863,469	1,986,939	779,129
Post-employment benefits	42,419	78,621	42,419	78,621
Share-based payment	269,563	3,972,517	269,563	3,972,517
	<b>2,479,794</b>	<b>4,914,607</b>	<b>2,298,921</b>	<b>4,830,267</b>

The compensation of each member of the key management personnel of the Group is set out below:

<b>2008</b>	<b>Salary &amp; fees</b> \$	<b>Bonus</b> \$	<b>Other</b> \$	<b>Super-annuation</b> \$	<b>Options &amp; rights</b> \$	<b>Total</b> \$
<b>Parent Entity</b>						
Mr G Jones	230,000	-	6,600	-	-	236,600
Mr J Saunders	60,000	-	-	-	-	60,000
Mr G Wedlock	41,290	-	-	-	-	41,290
Mr K Talbot	47,377	-	-	-	-	47,377
Mr C Oliver	13,833	-	-	-	-	13,833
Mr D Lewis	528,000	100,000	6,600	-	-	634,600
Mr A Pismiris	120,000	-	-	-	-	120,000
Mr R Longley	348,315	-	6,600	-	-	354,915
Mr P Canterbury	230,000	35,000	6,600	20,000	-	291,600
Mr D Morgan	201,774	-	4,950	22,419	269,563	498,706
<b>Consolidated Entity</b>						
Mr R Bogne	145,123	-	35,750	-	-	180,873
	<b>1,965,712</b>	<b>135,000</b>	<b>67,100</b>	<b>42,419</b>	<b>269,563</b>	<b>2,479,794</b>



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

2007	Short-term benefits			Post-employment benefits	Share based payments	Total
	Salary & fees	Bonus	Other	Super-annuation	Options & rights	
	\$	\$	\$	\$	\$	\$
<b>Parent Entity</b>						
G Jones	-	-	-	75,288	936,751	1,012,039
J Saunders	34,673	-	-	-	338,763	373,436
D Lewis	302,500	-	-	-	936,751	1,239,251
A Pismiris	91,775	-	-	-	338,763	430,538
R Longley	125,000	-	-	-	79,450	204,450
J Corr	135,048	-	-	-	593,270	728,318
S Dobson	51,800	-	-	-	593,270	645,070
P Canterbury	38,333	-	-	3,333	155,499	197,165
<b>Consolidated Entity</b>						
R Bogne	84,340	-	-	-	-	84,340
	863,469	-	-	78,621	3,972,517	4,914,607

**Fully paid ordinary shares of Sundance Resources Limited**

	Balance at 1 July	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June
	No.	No.	No.	No.	No.
<b>2008</b>					
<b>Parent Entity</b>					
G Jones	15,000,000	-	-	500,000	15,500,000
J Saunders	1,575,000	-	-	(100,000)	1,475,000
D Lewis	1,250,000	-	-	-	1,250,000
A Pismiris	8,333,333	-	4,000,000	-	12,333,333
K Talbot *	197,999,510	-	-	173,581,316	371,580,826
P Canterbury	375,000	-	-	25,000	400,000
D Morgan	-	-	-	50,000	50,000
<b>Consolidated Entity</b>					
R Bogne	22,500,000	-	-	(9,730,000)	12,770,000
<b>2007</b>					
<b>Parent Entity</b>					
G Jones	-	-	-	15,000,000	15,000,000
J Saunders	-	-	-	1,575,000	1,575,000
D Lewis	-	-	-	1,250,000	1,250,000
A Pismiris	3,333,333	-	-	5,000,000	8,333,333
J Corr	8,500,000	-	-	-	8,500,000
S Dobson	1,000,000	-	-	-	1,000,000
P Canterbury	-	-	-	375,000	375,000
<b>Consolidated Entity</b>					
R Bogne	11,500,000	-	-	11,000,000	22,500,000

\* K Talbot appointed director on 17 September 2007.

Net other change refers to ordinary shares purchased or sold during the financial year.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**Share options of Sundance Resources Limited**

	Balance at 1 July No.	Granted as compensation No.	Exercised No.	Bal at 30 June No.	Bal vested at 30 June No.	Vested and exercisable No.	Not exercisable No.
<b>2008</b>							
G Jones	30,000,000	-	-	30,000,000	10,000,000	10,000,000	20,000,000
J Saunders	10,000,000	-	-	10,000,000	5,000,000	5,000,000	5,000,000
D Lewis	30,000,000	-	-	30,000,000	10,000,000	10,000,000	20,000,000
A Pismiris	14,000,000	-	(4,000,000)	10,000,000	5,000,000	5,000,000	5,000,000
R Longley	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
P Canterbury	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
D Morgan	-	2,000,000	-	2,000,000	-	-	2,000,000
<b>2007</b>							
G Jones	-	30,000,000	-	30,000,000	-	-	30,000,000
J Saunders	-	10,000,000	-	10,000,000	-	-	10,000,000
D Lewis	-	30,000,000	-	30,000,000	-	-	30,000,000
A Pismiris	4,000,000	10,000,000	-	14,000,000	4,000,000	4,000,000	10,000,000
S Dobson	-	15,000,000	-	15,000,000	15,000,000	15,000,000	-
J Corr	7,500,000	10,000,000	-	17,500,000	17,500,000	17,500,000	-
R Longley	-	2,000,000	-	2,000,000	-	-	2,000,000
P Canterbury	-	2,000,000	-	2,000,000	-	-	2,000,000

**NOTE 6. AUDITORS REMUNERATION**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
- auditing or reviewing the financial report	49,125	44,745	49,125	44,745
- taxation services	2,000	4,300	2,000	4,300
- other services	40,709	1,440	40,709	1,440
Remuneration of other auditors of subsidiaries for:				
- auditing or reviewing the financial report of subsidiaries	62,053	34,491	—	—

**NOTE 7. DIVIDENDS**

No dividends have been paid or proposed during the year.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 8. EARNINGS PER SHARE**

	<b>Consolidated Entity</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<i>a. Reconciliation of earnings to profit or loss</i>		
Loss	(8,818,320)	(9,317,989)
Loss attributable to minority equity interest	86,586	72,240
Redeemable and converting preference share dividends	—	—
Earnings used to calculate basic EPS	<u>(8,731,734)</u>	<u>(9,245,749)</u>
Dividends on converting preference shares	—	—
Earnings used in the calculation of dilutive EPS	<u>(8,731,734)</u>	<u>(9,245,749)</u>
<i>b. Reconciliation of earnings to profit or loss from continuing operations</i>		
Loss from continuing operations	(9,297,284)	(4,292,732)
Loss attributable to minority equity interest in respect of continuing operations	86,586	72,240
Redeemable and converting preference share dividends	—	—
Earnings used to calculate basic EPS from continuing operations	<u>(9,210,698)</u>	<u>(4,220,492)</u>
Dividends on converting preference shares	—	—
Earnings used in the calculation of dilutive EPS from continuing operations	<u>(9,210,698)</u>	<u>(4,220,492)</u>
<i>c. Reconciliation of earnings to profit or loss from discontinuing operations</i>		
Loss from discontinuing operations	478,964	(5,025,257)
Loss attributable to minority equity interest	—	—
Redeemable and converting preference share dividends	—	—
Earnings used to calculate basic EPS from discontinuing operations	<u>478,964</u>	<u>(5,025,257)</u>
<i>d. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS</i>	<b>No.</b>	<b>No.</b>
	<u>1,843,347,622</u>	<u>1,363,461,460</u>
<i>e. Diluted earnings per share is not reflected for discontinued operations as the result is anti-dilutive in nature</i>		

During the year ended 30 June 2008, 8,500,000 options to subscribe for ordinary shares were issued, 55,833,333 options were exercised 1 option expired unexercised, 1,500,000 options were forfeited, leaving 93,000,000 outstanding at 30 June 2008 (note 19).

During the year ended 30 June 2007, 122,000,000 options to subscribe for ordinary shares were issued, 106,999,999 options were exercised 4,500,000 options expired unexercised, leaving 139,833,334 outstanding at 30 June 2007 (note 19).

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



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 9. CASH AND CASH EQUIVALENTS**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank and in hand	4,327,088	2,255,334	3,463,014	2,085,129
Short-term bank deposits	42,704,265	21,915,760	42,704,265	21,915,760
	47,031,353	24,171,094	46,167,279	24,000,889

The effective interest rate on short-term deposits was 6.5% (2007: 5.9%) these deposits have an average maturity of 91 days.

**NOTE 10. TRADE AND OTHER RECEIVABLES**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
Other debtors	2,408,175	1,061,931	849,736	275,701
	2,408,175	1,061,931	849,736	275,701

**NOTE 11. INVENTORIES**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
Consumables	547,545	—	—	—
	547,545	—	—	—

All inventories are expected to be consumed within the first quarter of the 2009 financial year. Inventories are carried at lower of cost and net realisable value.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 12. OTHER CURRENT ASSETS**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
Prepayments	124,137	94,829	26,944	57,559
Deposit – Wallis Drilling	1,370,830	1,916,293	—	—
Deposits – other	20,708	—	200	—
	1,515,675	2,011,122	27,144	57,559

**NOTE 13. PROPERTY, PLANT AND EQUIPMENT**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
BUILDINGS				
Buildings:				
At cost	1,166,256	319,899	—	—
Accumulated depreciation	—	—	—	—
	1,166,256	319,899	—	—
PLANT AND EQUIPMENT				
At cost	7,333,520	2,433,626	385,408	76,763
Accumulated depreciation	(1,235,363)	(79,543)	(119,120)	(9,076)
	6,098,157	2,354,083	266,288	67,687
LEASEHOLD IMPROVEMENTS				
At cost	168,861	88,629	168,861	88,629
Accumulated depreciation	(735)	(3,752)	(735)	(3,752)
	168,126	84,877	168,126	84,877
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	7,432,539	2,758,859	434,414	152,564



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

MOVEMENTS IN THE CARRYING AMOUNT OF  
EACH CLASS OF PROPERTY, PLANT AND  
EQUIPMENT

	Buildings \$	Leasehold Improvements \$	Plant and Equipment \$	Total \$
<b>Consolidated Group</b>				
Balance at 1 July 2006	—	—	24,654	24,654
Additions	319,899	88,629	2,414,508	2,823,036
Disposals	—	—	(4,546)	(4,546)
Depreciation capitalised	—	—	(39,913)	(39,913)
Depreciation expense	—	(3,752)	(40,620)	(44,372)
Balance at 30 June 2007	319,899	84,877	2,354,083	2,758,859
Additions	846,357	174,449	4,720,168	5,740,974
Disposals	—	(88,849)	(8,782)	(97,631)
Depreciation capitalised	—	—	(497,631)	(497,631)
Depreciation expense	—	(2,351)	(469,681)	(472,032)
Balance at 30 June 2008	1,166,256	168,126	6,098,157	7,432,539
<b>Parent Entity</b>				
Balance at 1 July 2006	—	—	5,534	5,534
Additions	—	88,629	76,763	165,392
Disposals	—	—	(4,546)	(4,546)
Depreciation expense	—	(3,752)	(10,064)	(13,816)
Balance at 30 June 2007	—	84,877	67,687	152,564
Additions	—	174,449	308,646	483,095
Disposals	—	(88,849)	—	(88,849)
Depreciation expense	—	(2,351)	(110,045)	(112,396)
Balance at 30 June 2008	—	168,126	266,288	434,414





**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 14. EXPLORATION AND EVALUATION ASSETS**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Mbalam Iron Ore Project</i>				
Carrying amount at beginning of year	35,279,857	30,128,921	10,816,579	191,938
Additions	28,991,324	5,150,936	25,249,182	6,630,846
Expenditure written off	—	—	—	(695,000)
Disposals	—	—	—	—
	64,271,181	35,279,857	36,065,761	6,127,784
<i>Congo Iron Ore Project</i>				
Carrying amount at beginning of year	—	—	—	—
Additions	101,898	124,423	28,686	604
Expenditure written off	—	(124,423)	—	(604)
Disposals	—	—	—	—
	101,898	—	28,686	—
<i>Chacarilla Copper Project</i>				
Carrying amount at beginning of year	—	2,567,275	—	2,567,275
Additions	—	80,977	—	80,977
Expenditure written off	—	(2,648,252)	—	(2,648,252)
Disposals	—	—	—	—
	—	—	—	—
<i>Mantos Grandes Project</i>				
Carrying amount at beginning of year	—	2,160,562	—	498,689
Additions	—	168,215	—	168,215
Expenditure written off	—	(2,328,777)	—	(666,904)
Disposals	—	—	—	—
	—	—	—	—
	64,373,079	35,279,857	36,094,447	6,127,784

At 30 June 2008, the Parent Entity held a 90% interest in Cam Iron S.A. in Cameroon. Cam Iron S.A. holds a 100% interest in the Mbalam Iron Ore Project in Cameroon. The Mbalam Iron Ore Project has not yet reached the stage of assessing the existence of economically recoverable reserves, the outcome of which will ultimately affect the carrying value of this investment.

The ultimate recoupment of costs for areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas. The commercial exploitation of some areas of interest may require the satisfactory settlement of native title claims.

At 30 June 2008, Cam Iron S.A. held a 70% interest in Congo Iron S.A, a company incorporated in Congo. This company holds a 100% interest in the Congo Iron Ore Project in Cameroon. The Congo Iron Ore Project has not yet reached the stage of assessing the existence of economically recoverable reserves, the outcome of which will ultimately affect the carrying value of this investment.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 15. OTHER FINANCIAL ASSETS**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Unlisted investments, at cost:</i>				
Share in controlled entities				
- Cam Iron S.A.	—	—	29,283,712	29,283,712
- Servicios E Inversiones Futuro Limitada	—	—	—	1,661,873
Less: impairment provision				
- Servicios E Inversiones Futuro Limitada	—	—	—	(1,661,873)
<i>Loans carried at amortised cost:</i>				
Loans to subsidiaries				
- Cam Iron S.A.	—	—	17,626,948	4,688,795
	—	—	46,910,660	33,972,507

**NOTE 16. INTANGIBLES**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NON-CURRENT				
Intangibles	235,780	10,962	—	—
	235,780	10,962	—	—

Intangibles include patents, licences, concessions and software.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 17. CONTROLLED ENTITIES**

**a. Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)	
		2008	2007
<i>Parent Entity:</i>			
- Sundance Resources Ltd	Australia	—	—
<i>Subsidiaries of Sundance Resources Ltd:</i>			
- Cam Iron S.A.	Cameroon	90	90
- Sundance Minerals Pty Ltd	Australia	100	100
- Sundance Exploration Pty Ltd	Australia	100	100
- Sundance Mining Pty Ltd	Australia	100	100
- Servicios e Inversiones Futuro Limitada	Chile	—	100
- Copper International Pty Ltd <sup>1</sup>	Australia	100	100
<i>Entities controlled by Copper International Pty Ltd</i>			
- Mine Holdings Corporation	Turks & Caicos Islands	100	100
<i>Entities controlled by Cam Iron S.A.</i>			
- Congo Iron S.A.	Congo	70	70

<sup>(1)</sup> Copper International (the former holding vehicle for company's Bolivian tenements) was deregistered by ASIC on 10 August 2008 following application from Sundance for voluntary deregistration.

Terms and conditions of the loan to Cam Iron S.A. are detailed in the Loan Agreement between Sundance Resources Limited and Cam Iron S.A which forms part of the Cam Iron S.A. Shareholders Deed, dated 4 July 2007.

**NOTE 18. TRADE AND OTHER PAYABLES**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
Trade payables	6,555,119	1,122,897	4,985,644	518,653
Sundry payables and accrued expenses	166,379	235,704	147,459	160,621
	6,721,498	1,358,601	5,133,103	679,274

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



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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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**NOTE 19. ISSUED CAPITAL**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
1,880,915,241 fully paid ordinary shares (2007: 1,675,081,908)	187,059,817	126,104,817	187,059,817	126,104,817
	<u>187,059,817</u>	<u>126,104,817</u>	<u>187,059,817</u>	<u>126,104,817</u>

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

MOVEMENTS IN ISSUED CAPITAL	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
At the beginning of the financial year	126,104,817	93,515,150	126,104,817	93,515,150
13,000,000 shares issued 30 July 2007	390,000	—	390,000	—
4,000,000 shares issued 30 July 2007	80,000	—	80,000	—
118,500,000 shares issued 30 July 2007	47,400,000	—	47,400,000	—
6,500,000 shares issued 3 August 2007	2,600,000	—	2,600,000	—
4,000,000 shares issued 17 August 2007	120,000	—	120,000	—
25,000,000 shares issued 10 September 2007	10,000,000	—	10,000,000	—
13,333,333 shares issued 24 September 2007	400,000	—	400,000	—
12,000,000 shares issued 15 October 2007	360,000	—	360,000	—
2,000,000 shares issued 28 May 2008	40,000	—	40,000	—
7,500,000 shares issued 24 June 2008	225,000	—	225,000	—
1,500,000 shares issued 1 August 2006	—	30,000	—	30,000
5,833,333 shares issued 30 November 2006	—	116,667	—	116,667
155,187,500 shares issued 30 November 2006	—	12,415,000	—	12,415,000
53,057,500 shares issued 11 January 2007	—	4,224,600	—	4,224,600
166,755,000 shares issued 19 January 2007	—	13,360,400	—	13,360,400
3,000,000 shares issued 15 February 2007	—	90,000	—	90,000
13,500,000 shares issued 30 March 2007	—	405,000	—	405,000
1,400,000 shares issued 17 April 2007	—	42,000	—	42,000
6,600,000 shares issued 17 April 2007	—	198,000	—	198,000
2,000,000 shares issued 17 April 2007	—	24,000	—	24,000
2,000,000 shares issued 20 April 2007	—	24,000	—	24,000
13,000,000 shares issued 17 April 2007	—	260,000	—	260,000
6,666,666 shares issued 10 May 2007	—	200,000	—	200,000
1,500,000 shares issued 10 May 2007	—	30,000	—	30,000
3,250,000 shares issued 10 May 2007	—	97,500	—	97,500
29,333,334 shares issued 10 May 2007	—	352,000	—	352,000
4,000,000 shares issued 29 May 2007	—	48,000	—	48,000
1,000,000 shares issued 29 May 2007	—	30,000	—	30,000
366,667 shares issued 29 May 2007	—	11,000	—	11,000
10,000,000 shares issued 29 May 2007	—	1,000,000	—	1,000,000
1,500,000 shares issued 19 June 2007	—	30,000	—	30,000
8,300,000 shares issued 19 June 2007	—	249,000	—	249,000
4,000,000 shares issued 19 June 2007	—	120,000	—	120,000
19,583,333 shares issued 22 June 2007	—	587,500	—	587,500
500,000 shares issued 22 June 2007	—	15,000	—	15,000
5,500,000 shares issued 29 June 2007	—	130,000	—	130,000
Capital raising costs	(660,000)	(1,500,000)	(660,000)	(1,500,000)
<b>AT THE END OF THE FINANCIAL YEAR</b>	<b>187,059,817</b>	<b>126,104,817</b>	<b>187,059,817</b>	<b>126,104,817</b>

On 30 July 2007, the Company allotted and issued 13,000,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 13,000,000 options expiring on 30 June 2008.

On 30 July 2007, the Company allotted and issued 4,000,000 fully paid ordinary shares in the Company for 2 cents per share, pursuant to the exercise of 4,000,000 options expiring on 31 May 2010.

On 30 July 2007, the Company allotted and issued 118,500,000 fully paid ordinary shares in the Company for 40 cents per share, pursuant to a share placement to institutional investors.

On 3 August 2007, the Company allotted and issued 6,500,000 fully paid ordinary share in the Company for 40 cents per share, pursuant to a share placement to institutional investors.



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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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On 17 August 2007, the Company allotted and issued 4,000,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 4,000,000 options expiring on 30 June 2008.

On 10 September 2007, the Company allotted and issued 25,000,000 fully paid ordinary shares in the Company for 40 cents per share, pursuant to a share placement to institutional investors.

On 24 September 2007, the Company allotted and issued 13,333,333 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 13,333,333 options expiring on 30 June 2008.

On 15 October 2007, the Company allotted and issued 12,000,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 12,000,000 options expiring on 30 June 2008.

On 28 May 2008, the Company allotted and issued 2,000,000 fully paid ordinary shares in the Company for 2 cents per share, pursuant to the exercise of 2,000,000 options expiring on 31 May 2010.

On 24 June 2008, the Company allotted and issued 7,500,000 fully paid ordinary shares in the Company for 3 cents per share, pursuant to the exercise of 7,500,000 options expiring on 30 June 2008.

At 30 June 2008 there were 93,000,000 unissued ordinary shares for which options were outstanding. These comprise 32,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 10 cents per share and expire on 4 January 2012, 2,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 15 cents per share and expire on 5 January 2012, 50,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 20 cents per share and expire on 3 January 2012, 2,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 2 cents per share and expire on 31 May 2010, 2,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 40 cents per share and expire on 8 October 2012, 1,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 50 cents per share and expire on 8 November 2012, 1,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 70 cents per share and expire on 8 November 2012, 1,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 50 cents per share and expire on 18 February 2013, 1,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 70 cents per share and expire on 18 February 2013 and 1,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 45 cents per share and expire on 10 March 2013.

#### 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.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 20. RESERVES**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Option premium reserve	9,771,375	9,003,675	9,771,375	9,003,675
Foreign currency translation reserve (i)	19,009	35,965	—	—
	9,790,384	9,039,640	9,771,375	9,003,675
	9,790,384	9,039,640	9,771,375	9,003,675

- (i) Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

**MOVEMENTS IN OPTION PREMIUM RESERVE**

At the beginning of the financial year	9,003,675	3,844,620	9,003,675	3,844,620
1,000,000 options issued 30 August 2007	174,108	—	174,108	—
1,000,000 options issued 30 August 2007	95,455	—	95,455	—
1,000,000 options issued 15 September 2007	236,108	—	236,108	—
1,000,000 options issued 15 September 2007	111,289	—	111,289	—
1,000,000 options issued 14 January 2008	82,088	—	82,088	—
1,000,000 options issued 14 January 2008	50,742	—	50,742	—
1,000,000 options issued 10 March 2008	17,910	—	17,910	—
40,000,000 options issued 3 July 2006	—	2,373,078	—	2,373,078
30,000,000 options issued 15 January 2007	—	1,254,897	—	1,254,897
50,000,000 options issued 15 January 2007	—	1,296,131	—	1,296,131
2,000,000 options issued 30 January 2007	—	79,450	—	79,450
2,000,000 options issued 12 April 2007	—	155,499	—	155,499
<b>AT THE END OF THE FINANCIAL YEAR</b>	9,771,375	9,003,675	9,771,375	9,003,675
	9,771,375	9,003,675	9,771,375	9,003,675

The option premium reserve is used to accumulate the fair value of options issued. Details of the valuation of options issued during the financial year are disclosed in the table contained in Note 25 Share Based Payments.




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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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**NOTE 21. CAPITAL AND LEASING COMMITMENTS**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Operating Lease Commitments</b>				
Non-cancellable operating leases contracted for but not capitalised in the financial statements.				
Payable – minimum lease payments				
-not later than 12 months	593,715	142,800	457,200	41,160
-between 12 months and 5 years	—	—	—	—
-greater than 5 years	—	—	—	—
	593,715	142,800	457,200	41,160

The Company's premises are sub-let from OMV Australia Pty Ltd. The term of the sublease is 15 January 2008 to 29 June 2009.

The office premises lease of Cam Iron S.A. extends for a period of 12 months from 1 June 2008. Lease can be terminated upon 3 months notice.

Cam Iron S.A. provides residential premises for short term staff accommodation. The residential lease expires on 24 August 2008.

Cam Iron S.A. provides residential premises for three employees. Each of these leases are for a period of 12 months.

**NOTE 22. CONTINGENT LIABILITIES**

The group is aware of the following contingent liabilities as at 30 June 2008.

*Absolute Analogue & David Porter v Sundance*

The Company has an ongoing dispute with Absolute Analogue & David Porter. The claim is for unpaid invoices totalling \$129,977. As at 30 June 2008 the full value of invoices received from Absolute Analogue have been recorded in trade creditors of the Company. An offer of settlement has been made in respect of the unpaid invoices for a total of \$81,545, plus interest.

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.





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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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*David Bay v Sundance*

The Company has an ongoing dispute with Mr David Bay, a former employee of the group. The claim by Mr Bay is for alleged lost remuneration on termination of employment of \$22,295 and award of 2 million options, exercisable at \$0.10.

An offer of compromise was sent to Mr Bay's lawyers in March 2008 for settlement of \$22,295, representing the alleged lost remuneration. This offer has now lapsed and the case will now proceed to discovery.

No provision is made in the accounts to 30 June 2008.

**NOTE 23. SEGMENT REPORTING**

PRIMARY REPORTING BUSINESS SEGMENTS

During the year ended 30 June 2008 and also during the year ended 30 June 2007, the Consolidated Entity operated entirely in the mining and exploration industry in Africa and South America.

The Group's revenue from external customers and information about its segment assets by geographical location is detailed below:

	Revenue from external customers		Segment assets	
	2008 \$	2007 \$	2008 \$	2007 \$
Australasia	4,533,689	978,882	47,478,573	25,106,706
Africa	—	1,051	76,222,554	40,187,119
South America	557,294	—	—	—
<b>TOTAL</b>	<b>5,090,983</b>	<b>979,933</b>	<b>123,701,127</b>	<b>65,293,825</b>



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 24. CASH FLOW INFORMATION**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX</b>				
Profit/(loss) after tax	(8,818,320)	(9,317,989)	(279,853)	(9,166,769)
<i>Non-operating cash flows</i>				
Sale of mining tenements	(557,294)	—	(557,294)	—
<i>Non-cash flows in loss</i>				
Cost of share based payment	767,700	2,785,977	767,700	2,785,977
Loss/(Profit) on sale of plant and equipment	97,631	2,858	88,849	2,858
Depreciation of plant and equipment	472,032	44,372	112,396	14,303
Intra-group management fees	—	—	(5,126,622)	—
Exploration expenditure written off	—	4,977,029	—	4,977,029
Inter-Company loans written off	—	124,423	—	695,604
<i>Changes in assets and liabilities</i>				
Decrease/(increase) in reserves	(784,656)	(2,750,012)	(767,700)	(2,785,977)
Increase/(decrease) in trade creditors	1,001,986	(1,334,421)	1,035,454	(1,911,564)
Decrease/(increase) in inventories	(547,545)	—	—	—
Decrease/(increase) in other debtors and prepayments	(850,797)	(3,023,384)	(543,620)	(283,590)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>(9,219,263)</b>	<b>(8,491,147)</b>	<b>(5,270,690)</b>	<b>(5,672,129)</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>				
<i>Cash and cash equivalents at the end of the year is shown in the accounts as:</i>				
Cash and cash equivalents	47,031,353	24,171,094	46,167,279	24,000,890
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>47,031,353</b>	<b>24,171,094</b>	<b>46,167,279</b>	<b>24,000,890</b>



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 25. SHARE BASED PAYMENTS**

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

Option series	Number	Grant Date	Expiry Date	Exercise price \$	Fair value at grant date \$
(1) Issued 1 December 2005	20,000,000	01/12/05	31/05/10	0.02	0.0180
(2) Issued 3 July 2006	40,000,000	03/07/06	30/06/08	0.03	0.0180
(3) Issued 8 January 2007	50,000,000	08/01/07	03/01/12	0.20	0.0259
(4) Issued 8 January 2007	30,000,000	08/01/07	04/01/12	0.10	0.0418
(5) Issued 30 January 2007	2,000,000	30/01/07	04/01/12	0.10	0.0397
(6) Issued 12 April 2007	2,000,000	12/04/07	05/01/12	0.15	0.0777
(7) Issued 30 August 2007	1,000,000	30/08/07	08/10/12	0.40	0.2312
(8) Issued 30 August 2007	1,000,000	30/08/07	08/11/12	0.40	0.2410
(9) Issued 15 September 2007	1,000,000	15/09/07	08/11/12	0.50	0.3431
(10) Issued 15 September 2007	1,000,000	15/09/07	08/11/12	0.70	0.3023
(11) Issued 14 January 2008	1,000,000	14/01/08	18/02/13	0.50	0.1180
(12) Issued 14 January 2008	1,000,000	14/01/08	18/02/13	0.70	0.1077
(13) Issued 10 March 2008	1,000,000	10/03/08	10/03/13	0.45	0.0584

The weighted average fair value of the share options granted during the financial year is \$0.54 (2007: \$0.08). Options were priced using a binomial option 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.

Option series	Grant date share price \$	Exercise price \$	Expected volatility	Risk free interest rate	Vesting Date
(2) Issued 3 July 2006	0.024	0.03	95.80%	5.25%	-
(3) Issued 8 January 2007	0.087	0.20	63.00%	5.99%	01/12/08
(4) Issued 8 January 2007	0.087	0.10	63.00%	5.99%	01/12/07
(5) Issued 30 January 2007	0.093	0.10	60.00%	5.99%	05/02/08
(6) Issued 12 April 2007	0.145	0.15	64.00%	6.09%	01/05/08
(7) Issued 30 August 2007	0.440	0.40	67.30%	6.08%	08/10/08
(8) Issued 30 August 2007	0.440	0.40	65.20%	6.05%	08/10/09
(9) Issued 15 September 2007	0.615	0.50	67.15%	6.12%	08/11/08
(10) Issued 15 September 2007	0.615	0.70	65.20%	6.10%	08/11/09
(11) Issued 14 January 2008	0.295	0.50	62.05%	6.38%	18/02/09
(12) Issued 14 January 2008	0.295	0.70	63.82%	6.30%	18/02/10
(13) Issued 10 March 2008	0.235	0.45	108.05%	6.31%	10/03/09



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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

	2008		2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	141,833,334	\$0.08	124,833,334	\$0.02
Granted	8,500,000	\$0.54	124,000,000	\$0.08
Forfeited	(1,500,000)	\$0.60	—	—
Exercised	(55,833,333)	\$0.03	(106,999,999)	\$0.02
Expired	(1)	\$0.03	—	—
Outstanding at year-end	93,000,000	\$0.12	141,833,334	\$0.08
Exercisable at year-end	34,000,000	\$0.10	40,000,000	\$0.03

**Exercised during the financial year**

There were 55,833,333 options exercised during the year ended 30 June 2008. These options had a weighted average share price of \$0.598 at exercise date.

2008 Option series	Number exercised	Exercise date	Share price at exercise date \$
(2) Issued 3 July 2006	13,000,000	30/07/07	0.495
(1) Issued 1 December 2005	4,000,000	30/07/07	0.495
(2) Issued 3 July 2006	4,000,000	17/08/07	0.395
(2) Issued 3 July 2006	13,333,333	24/09/07	0.805
(2) Issued 3 July 2006	12,000,000	15/10/07	0.770
(1) Issued 1 December 2005	2,000,000	28/05/08	0.370
(2) Issued 3 July 2006	7,500,000	24/06/08	0.360

**Balance at end of financial year**

The options outstanding at 30 June 2008 had a weighted average exercise price of \$0.12 and a weighted average remaining contractual life of 3.59 years. Exercise prices range from \$0.02 to \$0.70 in respect of options outstanding at 30 June 2008.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

2007 Option series	Number exercised	Exercise date	Share price at exercise date \$
(1) Issued 1 December 2005	1,500,000	01/08/06	0.10
(1) Issued 1 December 2005	5,833,333	30/11/06	0.08
(2) Issued 3 July 2006	3,000,000	15/02/07	0.09
(2) Issued 3 July 2006	13,500,000	30/03/07	0.14
(2) Issued 3 July 2006	1,400,000	17/04/07	0.18
(2) Issued 3 July 2006	6,600,000	17/04/07	0.18
(1) Issued 1 December 2005	13,000,000	23/04/07	0.17
(2) Issued 3 July 2006	6,666,666	10/05/07	0.17
(1) Issued 1 December 2005	1,500,000	10/05/07	0.17
(2) Issued 3 July 2006	3,250,000	10/05/07	0.17
(2) Issued 3 July 2006	1,000,000	29/05/07	0.26
(2) Issued 3 July 2006	366,667	29/05/07	0.26
(2) Issued 3 July 2006	10,000,000	29/05/07	0.26
(1) Issued 1 December 2005	1,500,000	19/06/07	0.47
(2) Issued 3 July 2006	8,300,000	19/06/07	0.47
(2) Issued 3 July 2006	4,000,000	19/06/07	0.47
(2) Issued 3 July 2006	19,583,333	22/06/07	0.45
(2) Issued 3 July 2006	500,000	22/06/07	0.45
(2) Issued 3 July 2006	2,000,000	29/06/07	0.46
(1) Issued 1 December 2005	3,500,000	29/06/07	0.46

**NOTE 26. EVENTS AFTER BALANCE SHEET**

There have been no other conversions to, calls of or subscriptions for ordinary shares or issues of potential ordinary shares.

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.

**NOTE 27. RELATED PARTY TRANSACTIONS**

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

Capital Investment Partners Pty Ltd received benefits from the Company for services performed by Mr Alec Pismiris, a director of the Company. Full details of the remuneration received are disclosed in note 5 Key Management Personnel Compensation.

Azure Capital Pty Ltd received benefits from the Company for services performed by Mr Alec Pismiris, a director of the Company. Full details of the remuneration received are disclosed in note 5 Key Management Personnel Compensation.

Linden Group Pty Ltd received benefits from the Company for services performed by Mr John Saunders, a director of the Company. Full details of the remuneration received are disclosed in note 5 Key Management Personnel Compensation.



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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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JBP Nominees Pty Ltd received benefits from the Company for services performed by Mr George Jones, a director of the Company. Full details of the remuneration received are disclosed in note 5 Key Management Personnel Compensation.

Piedmont Nominees Pty Ltd received benefits from the Company for services performed by Mr Donald Lewis, a director of the Company. Full details of the remuneration received are disclosed in note 5 Key Management Personnel Compensation.

Triglow Nominees Pty Ltd received benefits from the Company for services performed by Mr Geoff Wedlock, a director of the Company. Full details of the remuneration received are disclosed in note 5 Key Management Personnel Compensation.

Longley Mining Consultants Pty Ltd received benefits from the Company for services performed by Mr Robin Longley, an executive of the Company. Full details of the remuneration received are disclosed in note 5 Key Management Personnel Compensation.

Capital Investment Partners Pty Ltd received \$90,000 for corporate advisory services (2007: \$90,000).

Capital Investment Partners Pty Ltd received \$350,000 for equity raising costs (2007: \$1,500,000)

Azure Capital Pty Ltd received \$70,000 for corporate advisory services (2007: nil)

Keypalm Pty Ltd received \$70,790 for consulting services provided by Mr Geoff Wedlock, a director of the Company (2007: nil).

At 30 June 2008, directors and their related entities held directly, indirectly or beneficially 398,666,263 ordinary shares in the Company and 80,000,000 options over ordinary shares in the Company.

At 30 June 2007, directors and their related entities held directly, indirectly or beneficially 26,158,333 ordinary shares in the Company and 80,000,000 options over ordinary shares in the Company.



**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 28. 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 an on-going basis.

**CREDIT RISK**

The Group and the Company'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 or the Company that may result from counter parties failing to meet their contractual obligations. The Group and the Company manage their counterparty credit risk by limiting their transactions to counterparties of sound credit worthiness and by ensuring a diversified number of counterparties, avoiding undue exposure to any single counterparty. Neither the Group nor the Company faced any significant credit exposures at balance date (other than intercompany balances).

**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 hedge this exposure however the Board regularly reviews this exposure and assesses the risk.

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

	<b>Liabilities</b>		<b>Assets</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
US Dollars (USD)	1,794,931	-	-	-
Central African Franc (XAF)	1,374,323	679,327	4,605,086	1,117,524

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 used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

	<b>USD Impact</b>				<b>XAF Impact</b>			
	<b>Consolidated</b>		<b>Company</b>		<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Profit or loss	179,493	-	179,493	-	323,076	43,820	-	-



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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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#### 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 from 2007.

The capital structure of the Group and the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and carried forward losses. 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.

#### 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.

#### LIQUIDITY RISK

The Consolidated Group manages liquidity risk by maintaining adequate reserves by monitoring 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 continuously monitoring forecast and actual cash flows and ensuring there are appropriate plans in place to finance these future cash flows.





**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

**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
	%	\$	\$
<b>2008</b>			
<i>Financial assets</i>			
Variable interest rate instruments - Parent	6.48%	3,508,014	-
Variable interest rate instruments - Subsidiary	-	864,074	-
Fixed interest rate instruments - Parent	8.00%	17,824,692	24,879,573
		22,196,780	24,879,573

**2007**

<i>Financial assets</i>			
Variable interest rate instruments - Parent	5.85%	2,085,129	-
Variable interest rate instruments - Subsidiary	-	170,205	-
Fixed interest rate instruments - Parent	6.50%	1,967,735	19,948,025
		4,223,069	19,948,025

**FAIR VALUES**

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

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
<b>Consolidated</b>				
Cash and cash equivalents	47,031,353	47,031,353	24,171,094	24,171,094
Receivables	4,831,964	4,831,964	3,073,503	3,073,503
Payables	6,721,498	6,721,498	1,358,601	1,358,601
<b>Parent</b>				
Cash and cash equivalents	46,167,279	46,167,279	24,000,889	24,000,889
Receivables	876,880	876,880	333,260	333,260
Payables	5,133,103	5,133,103	679,274	679,274

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

Cash assets and financial assets are carried at amounts approximating fair value because of their short term nature to maturity. Receivables and payables are carried at amounts approximating fair value.



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**SUNDANCE RESOURCES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

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The net fair values of listed investments have been valued at the quoted market bid price at balance date. For unlisted investments where there is no organised financial market the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment. The net 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 net fair value approximates their carrying value.

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

**NOTE 29. EXPENDITURE COMMITMENTS (\*)**

The Cameroon Ministry of Mines required total minimum exploration expenditure under Exploration Permit No.92 of XAF 12,000,000,000 (approximately \$30 million) over the 3 year term, which commenced on 29 September 2005. As of 30 June 2008 the minimum expenditure commitment has been exceeded. The expenditure requirements of Exploration Permit No.92 are denoted in Central African CFA franc (XAF).

The Cameroon Ministry of Mines requires total minimum exploration expenditure under Exploration Permit No.143 of XAF 400,000,000 (approximately \$1 million) over the 3 year term, which commenced on 10 April 2008. The expenditure requirements of Exploration Permit No.143 are denoted in Central African CFA franc (XAF).

The Republic of Congo Ministry of Mines requires commitment to a program of work under Decree No 2007-362 over the 3 year term, which commenced on 2 August 2007.

\* The Company is not legally bound to meet the minimum expenditure commitments detailed in Exploration Permits. Failure to meet the required level of minimum expenditure can either be exonerated by the relevant ministry of mines or could potentially result in revocation of said permit.

# 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 balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 20 to 64.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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.

# Deloitte.

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

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

## *Auditor's 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 company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 4 to 9 of the directors' report for the year ended 30 June 2008. 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.

## *Auditor's Opinion*

In our opinion the Remuneration Report of Sundance Resources Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.



**DELOITTE TOUCHE TOHMATSU**



**Ross Jerrard**

Partner

Chartered Accountants

Perth, 25 September 2008

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25 September 2008

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 2008, 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**



**Ross Jerrard**  
Partner  
Chartered Accountants




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**SUNDANCE RESOURCES LTD**  
**ADDITIONAL INFORMATION AS AT 22 SEPTEMBER 2008**

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**NUMBER OF HOLDERS OF EQUITY SECURITIES**

Ordinary share capital

1,880,915,241 fully paid ordinary shares are held by 17,166 individual shareholders. No ordinary shares have been partly paid. All issued ordinary shares carry one vote per share.

Options

93,000,000 options are held by 12 individual option holders

**DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES**

	Fully Paid Ordinary Shares	Options
1 – 1,000	550	-
1,001 – 5,000	4,356	-
5,001 – 10,000	3,443	-
10,001 – 100,000	7,422	-
100,001 and over	1,395	12
	<b>17,166</b>	<b>12</b>
Holding less than a marketable parcel	1,914	-

**TWENTY LARGEST HOLDERS OF ORDINARY SHARES**

	Number of Shares	Percentage of Total
Talbot Group Investments Pty Limited	371,265,036	19.74%
ANZ Nominees Limited	122,958,120	6.54%
HSBC Custody Nominees (Australia) Limited – GSI ECSA	99,048,893	5.27%
Citicorp Nominees Pty Limited	60,096,019	3.20%
National Nominees Limited	55,171,394	2.93%
HSBC Custody Nominees (Australia) Limited	51,261,879	2.73%
Osson Pty Ltd	50,000,000	2.66%
JP Morgan Nominees Australia Limited	37,273,986	2.27%
Surfboard Pty Ltd	28,376,533	1.51%
Australian Reward Investment Alliance	27,586,613	1.47%
Perpetual Corporate Trust Limited	18,400,000	0.98%
Triangle Resource Fund (Cayman) LP	16,250,000	0.86%
Mr Roger Bogne	15,540,000	0.83%
Connemara Investments Pty Ltd	15,000,000	0.80%
CS Fourth Nominees Pty Ltd	10,609,425	0.56%
ACP Investments Pty Ltd	9,000,000	0.48%
Mr Serge E Asso'o Mendo	7,253,000	0.39%
Dr Salim Cassim (Malaysia)	7,000,000	0.37%
Dr Salim Cassim	7,000,000	0.37%
Bond Street Custodians Limited	6,961,000	0.37%
	<b>1,016,051,898</b>	<b>54.33%</b>



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**SUNDANCE RESOURCES LTD**  
**ADDITIONAL INFORMATION AS AT 22 SEPTEMBER 2008**

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**SUBSTANTIAL SHAREHOLDERS**

<b>Ordinary Shareholders</b>	<b>Fully Paid Ordinary Shares Number</b>
Talbot Group Investments Pty Ltd	371,265,036
Concord Capital Limited	95,950,337
	<hr/> <b>467,215,373</b> <hr/>