Sundance Resources Limited

ABN 19 055 719 394
and subsidiaries

Annual Report

2018

SUNDANCE RESOURCES LTD

CORPORATE DIRECTORY

Directors:	David Porter (Chairman & Non-Executive Director) Giulio Casello (Managing Director & Chief Executive Officer) Brett Fraser (Non-Executive Director)
Company Secretary:	Carol Marinkovich
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SUNDANCE RESOURCES LTD

CHAIRMAN'S & CEO LETTER

Dear Shareholder,

2018 was a year in which transformational change occurred in Sundance.

The key to advancing the Mbalam-Nabeba Iron Ore Project and creating value for all of our stakeholders is to have strategic partners who can work with Sundance to help fund, construct and operate the Project.

The starting point to this has been to resolve the company debt because of the convertible notes that are on issue. Our noteholders have understood this situation and have been of great support in finding a mutually beneficial solution to remove this debt, which has clearly been affecting equities market sentiment towards Sundance.

These discussions started earlier this year with an agreement to convert the outstanding notes into Sundance equity and a production tariff once the Project is in operation. This would have left Sundance debt free and given it the opportunity to find the required strategic partner.

Before this transaction could be completed, the company was pleased to have been approached by AustSino Resources Group Ltd (AustSino), which injected working capital into Sundance ($750,000). AustSino then agreed an alternative structure in which the noteholders would be paid out with cash, shares and options from a placement ($58M) that AustSino would make into Sundance. The effect of this alternative structure would be to leave Sundance debt free, with significant working capital and with AustSino as the majority shareholder.

However, even more significantly, AustSino's involvement with Sundance would trigger the introduction of Chinese project partners who have a capability and capacity to help fund, build and operate our Project.

The agreement with AustSino is necessarily complex as it requires the transfer of funds from China and other conditions, too, which must be met such as the Cameroon Mining Convention reinstatement (which expired on 14 September 2018 after a number of previous extensions), an Independent Expert's Report opining that the AustSino deal is in Sundance shareholders' best interest, and a Sundance shareholder vote at an extraordinary general meeting likely to be scheduled towards the end of March 2019.

The Board understands the frustration Sundance shareholders and other stakeholders are experiencing because the shares have been in ASX suspension for more than two months while the company and AustSino work together to generate the required level of certainty to the ASX to permit Sundance to trade again. Please rest assured that the Sundance Board and management are working diligently and with energy on the matters that they have control over to ensure this share trading suspension can be lifted as soon as possible.

The Board of Sundance remains committed to this path because of confidence that if successful this will create the most positive transformational change that Sundance has seen for many years.

The Board wish to sincerely thank all of our shareholders who have supported it through very difficult times in the iron ore market, and look forward to Sundance emerging with positive momentum in 2019.

Mr David Porter
Non-Executive Chairman

Mr Giulio Casello
Managing Director and Chief Executive Officer

MINERAL RESOURCES & ORE RESERVES

MINERAL RESOURCES

The Mineral Resources Statement for the Mbalam-Nabeba Iron Ore Project as at 30 June 2018 is summarised in Tables 1 and 2 below.

HIGH GRADE HEMATITE RESOURCES

Deposit	Mineralisation	Resource Category	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Mbarga (All Deposits)	High Grade Hematite	Indicated	230.9	56.5	13.0	3.4	0.08	2.2
		Inferred	28.8	56.6	16.4	2.9	0.08	1.3
Nabeba (All Deposits)		Indicated	545.9	57.6	7.2	4.8	0.11	4.6
Total High Grade Hematite Resources		**Total**	**805.7**	**57.3**	**9.2**	**4.3**	**0.10**	**3.8**

Table 1 Total High Grade Hematite Mineral Resources of Mbalam-Nabeba Iron Ore Project

ITABIRITE HEMATITE RESOURCES

Deposit	Mineralisation	Resource Category	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Mbarga (All Deposits)	Itabirite Hematite	Indicated	1,846	34.6	47.7	1.5	0.04	0.6
		Inferred	2,078	31.8	48.6	2.9	0.05	1.3
Nabeba (All Deposits)		Inferred	1,714	34.1	42.3	2.7	0.05	2.6
Total Itabirite Hematite Resources		**Total**	**5,638**	**33.4**	**46.4**	**2.4**	**0.05**	**1.5**

Table 2 Total Itabirite Hematite Mineral Resources of Mbalam-Nabeba Iron Ore Project

ORE RESERVES

The Ore Resources Statement for the Mbalam-Nabeba Iron Ore Project as at 30 June 2018 are summarised in Table 3 with further details of Ore Reserves released to ASX on 20 May 2015.

Deposit	Reserve Category	Tonnes of Product (Mt)	Fe in Product (%)	SiO2 in Product (%)	Al2O3 in Product (%)	P in Product (%)	LOI in Product (%)
Mbalam (All Deposits)	Probable	154	62.9	5.16	2.81	0.08	2.3
Nabeba (All Deposits)	Probable	363	61.9	4.17	2.79	0.10	3.7
Total	**Probable**	517	62.2	4.46	2.80	0.09	3.3

Table 3 Total High Grade Hematite Ore Reserves of Mbalam-Nabeba Iron Ore Project

Note: Ore Reserves are classed as Probable, based on the conversion of Indicated Mineral Resource. Ore Reserves represent the estimated saleable product. The product is 100% fines.

MINERAL RESOURCES & ORE RESERVES

COMPETENT PERSONS STATEMENT

The information in this report that relates to Mineral Resources is based on information compiled by Mr Robin Longley, a Member of the Australian Institute of Geoscientists, and Mr Lynn Widenbar, a member of the Australasian Institute of Mining and Metallurgy. Mr Longley is a full time employee of Longley Mining Consultants Pty Ltd and Mr Widenbar is a full time employee of Widenbar and Associates. Both Mr Longley and Mr Widenbar are consultants to Sundance and have sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Longley is a shareholder in Sundance.

Messrs Longley and Widenbar consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Lee White and comprehensively reviewed by Mr Bruce Gregory. Mr Gregory is a full time employee of Australian Mining Consultants Pty Ltd and is engaged as an external independent consultant to Sundance. Mr White is a former employee of Sundance Resources and a Shareholder of the company. Both Mr White and Mr Gregory are members of the Australasian Institute of Mining and Metallurgy. Mr Gregory and Mr White have sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Messrs Gregory and White consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Further details are provided in JORC Code 2012 Edition – Table 1 (Appendix B). More information, including past ASX announcements pertaining to the project, is available from Sundance's website: www.sundanceresources.com.au.

SUNDANCE RESOURCES LTD

CONTENTS

DIRECTORS' REPORT

The directors present their report together with the financial report on the Sundance Consolidated Group, consisting of Sundance Resources Ltd ('**Company**') and the entities that it controlled during the financial year ended 30 June 2018 ('**Sundance**' or '**Group**' or "**Consolidated Entity**'), for the financial year ended 30 June 2018 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1. DIRECTORS

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

Name & Qualifications	Age	Experience and Special Responsibilities	Other Directorships held in listed companies during the previous 3 years
Mr David Porter ***Chairman, Non-Executive Director***	69	Mr Porter is a professional geologist and Fellow of the Australasian Institute of Mining and Metallurgy with over 40 years' experience in the mining industry, including most facets of exploration and mining. For the past 16 years he has focused his activities in Africa and was the founding Chairman of Cam Iron SA and Congo Iron SA. Mr Porter was also instrumental in the development of two coal projects in the Waterberg region of South Africa which are at development stage. Prior to Mr Porter's project activities in Africa, he was Managing Director of three ASX listed exploration companies, all of which developed gold and base metal projects. Mr Porter worked for many international mining companies, with small ASX listed companies and as an independent consultant on gold, base metal, iron ore and coal projects. ***Director since 23 December 2016*** ***Appointed Chairman on 7 February 2017***	***Current Directorships:*** Blina Minerals NL ***Directorship Ceased within the past three years:*** Terrain Minerals Limited
Mr Giulio Casello ***Managing Director & Chief Executive Officer*** B.Eng, ME Mgt, MAICD	59	Mr Casello is a highly experienced executive with national and global exposure in manufacturing environments for blue chip organisations. Backed by almost 40 years of experience, he has a track record of success with operations, business development and corporate strategy. He has previously worked at Sinosteel Midwest as Chief Operating Officer, Century Aluminium Company in the United States of America where as Senior Vice President Business Development he was responsible for developing and implementing a growth plan in aluminium, alumina and critical raw material and managing new projects across the globe. He has also held a number of significant positions in Alcoa including Director of WA Operations, General Manager of Alcoa's World Chemicals and Location Manager of the Kwinana Alumina Refinery. ***Director since 8 November 2010***	***Current Directorships:*** Nil ***Directorship Ceased within the past three years:*** Nil
Mr Brett Fraser ***Non-Executive Director*** FFIN, FCPA, BBus, FGIA	55	Mr Fraser is an experienced ASX company director; has worked in the finance and securities industry for over 30 years' and has started, owned and operated businesses across wine, health, finance, media and mining. Mr Fraser provides consultancy across sell side transactions, business acquisitions, business strategy and restructuring, initial public offers, capital raisings and corporate governance. In addition, Mr Fraser is a Fellow of Certified Practicing Accountants; Fellow of the Financial Services Institute of Australasia; Grad Dip Finance, Securities Institute of Australia; Bachelor of Business (Accounting); International Marketing Institute – AGSM Sydney and Fellow of the Governance	***Current Directorships:*** Blina Minerals NL Aura Energy Limited Empire Resources Limited ***Directorship Ceased within the past three years:*** Drake Resources Ltd.

		Institute of Australia. Mr Fraser is also a former director of Drake Resources Limited, Doray Minerals Limited and Gage Roads Limited. ***Appointed Non-Executive Director on 10 April 2018***	

The following Directors have resigned during the year and below are the experience of each of the Director up to the date of resignation:

- Mr Alan Rule resigned as Non-Executive Director on 20 February 2018. Mr Rule joined Sundance as Chief Financial Officer (**CFO**) in July 2014. Mr Rule has more than 18 years in the Australian mining industry. He has considerable experience in international financing of mining projects, implementation of accounting controls and systems and mergers and acquisitions. Prior to joining Sundance, Mr Rule was with ASX-listed African uranium producer Paladin Energy, where he had been Chief Financial Officer since July 2012. His previous positions have also included CFO of Mount Gibson Limited. Mr Rule stepped down as CFO and was appointed to the Sundance Board as a Non-Executive director on 27 January 2016.

2. COMPANY SECRETARY

Mrs Carol Marinkovich was appointed as Contract Company Secretary on 29 August 2016. Mrs Marinkovich re-joined Sundance after having previously worked for the company as full time Company Secretary until December 2014.

Mrs Marinkovich has extensive corporate experience working with listed and unlisted mining companies both within Australia and internationally and is a member of Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators.

3. PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the continued evaluation and de-risking of its Mbalam-Nabeba Iron Ore Project ('**Project'**) in the Republic of Cameroon ('**Cameroon'**) and the Republic of Congo ('**Congo'**), and the evaluation of various development scenarios for the Project.

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 Group for the financial year was $18,616,633 (2017: $7,273,369).

5. REVIEW OF OPERATIONS

The Project

Sundance holds a majority interest in subsidiaries Cam Iron SA ('**Cam Iron**') and Congo Iron SA ('**Congo Iron**') whose principal asset is the Mbalam-Nabeba Iron Ore Project ('**Project**'), which straddles the border of Cameroon and Congo in Central Africa.

- The Project now comprises:
    - The iron ore mine, processing plant and associated infrastructure to be developed on the area covered by the previous Exploration Permit 92 ('EP92') held by Cam Iron located in the East Province of Cameroon ('Mbarga'); and
    - The iron ore mine, processing plant and associated infrastructure to be developed on Mining Permit Nabeba-Bamegod held by Congo Iron in the Sangha Province of the Congo ('Nabeba').
- Plans to produce at least 40Mtpa from these two mines for 30+ years in two stages:
    - Stage 1: high-grade hematite direct shipping ore for at least 13 years; and
    - Stage 2: 66% - 68% concentrate product from itabirite for further 20+ years.
- Plans to utilise:
    - a new railway (to be constructed) from Congo, through Cameroon, to the coast with:
        - 540km in Cameroon;
        - 40km spur line in Congo; and
    - a dedicated deep water iron ore mineral terminal (to be constructed) in Cameroon.

The port and rail infrastructure in Cameroon is currently planned to be funded by the Government of Cameroon and be jointly owned by Cam Iron (2%) and the Government of Cameroon (98%).

Development Strategy

As further detailed in Section 11 EVENTS OCCURRING AFTER THE REPORTING PERIOD Sundance has agreed to a $58M placement to AustSino giving AustSino 50.8% ownership in Sundance and control of Sundance (" Agreement"). This placement, which is subject to a number of shareholder and regulatory approvals, will result in a strategic relationship with AustSino to work together to develop the Project. The placement is expected to conclude in December 2018. An initial placement of $250,000 was issued to AustSino to provide Sundance short term working capital while progressing to completion of the Agreement. This is on top of the AustSino placement of $750,000 which was announced on 2 August 2018 and is further detailed below.

$50M will be used to cancel Sundance's existing convertible notes on issue for cash, shares and an options package for the existing noteholders.

$8M will be retained by Sundance to be used for two years of general working capital and to develop the Project. In particular funds will be used to update the Mbalam Convention, complete the requirements of the Agreement, cover negotiation and legal costs for the required contracts to finance and construct the mines and complete any further detailed engineering on the mines.

As part of the agreement some 20B options will be issued at an exercise price of $0.02. If these options are exercised this will result in a $410M cash injection into Sundance which will be used to fund the equity requirement to build the mines.

AustSino has demonstrated to the Board of Sundance that it has the capacity and the Chinese networks to be able to provide the required partners to finance, build and operate the Project. Sundance, AustSino and their representatives will be meeting with representatives of the Cameroon and Congo Government and demonstrate that the parties are ready to fund and construct the Project.

Mbalam Convention

As per ASX announcements of 19 and 20 March 2018, the Mbalam Convention was extended to 14 September 2018; it has now expired. During the period of extension as per the ASX announcement on 19 March 2018, Sundance needed to demonstrate to the Cameroon Government that a credible partner who is interested in the development of the Project has taken equity. If that was to occur, the Government advised that it would take all useful measures to assist Sundance in carrying out the development of the Project.

The expiry of the Convention is an event of default with the Noteholders but a waiver for this event was obtained from the Noteholders on 31 October 2018

Sundance has updated the Government about the progress it has made with regard to securing an equity partner (being AustSino) and associated partners who have the capacity and capability to fund and construct the Project.

Sundance, AustSino and their representatives will meet with representatives of the Cameroon Government and demonstrate that the parties are ready to fund and construct the Project subject to, amongst other things, the Cameroon Government agreeing to either reinstate the Mbalam Convention or enter into a new convention on substantially similar terms to the Mbalam Convention.

There is a risk that the Mbalam Convention will not be reinstated by the Government or that the Government does not enter into a new agreement with Sundance at all or not on substantially similar terms as the Mbalam Convention. The Agreement contains a condition that the Mbalam Convention be reinstated with modification or that a new convention be entered into on similar terms.

The Company's subsidiary Cam Iron SA's mining permit application over the land previously covered by the previous Exploration Permit EP92 remains in place resulting in Cam Irons belief that it has priority rights to be granted a mining permit over the area previously covered by EP92.

Recently, independent Cameroon legal advice was sought and their opinion was that notwithstanding the expiry of the Convention, and as per the Mining Code, the-mining permit application was valid and has never been determined.Although EP92 has now expired, consistent with the Mining Code, the land the subject of the mining permit application remains unavailable for third parties, pending a decision by the Minister on Cam Iron's mining permit application.

MOU signed between Sundance, Cam Iron and Tidfore

On 22 January 2018, Sundance announced that it had signed a Memorandum of Understanding ("MOU") with Tidfore Heavy Equipment Group Co. Ltd ("Tidfore") and Cam Iron S.A. ("Cam Iron") a subsidiary of Sundance which has a mining permit application over the previous EP92 in Cameroon ("Parties")). The purpose of the MOU is to provide a framework for cooperation between the Parties and their joint venture partners in order to establish the required consortium of expertise to fund or assist in sourcing the funding to construct the infrastructure and to bring the Project into operation.

DIRECTORS' REPORT

Tidfore is a private Chinese company established under the laws of the Peoples Republic of China. Tidfore is involved in supplying, manufacturing and installing high-end material handling, port and offshore engineering equipment.

Tidfore has signed a Joint Venture Framework Agreement ("JV") with China Civil Engineering Construction Corporation ("CCECC"). CCECC is a subsidiary of the state-owned enterprise China Railway Construction Corporation ("CRCC"). The JV defines the principle rights and obligations of both parties. In particular, Tidfore has responsibility for the port construction and CCECC for the railway construction and assisting Cam Iron and Congo Iron S.A. ("Congo Iron" a Sundance subsidiary which holds the Nabeba permit in Congo) and financial institutions to negotiate project loans and project financing.

Under the MOU, Sundance will sell 51% of its ownership in Cam Iron to Tidfore for a value to be agreed or independently valued once:

- Cam Iron obtains title to the tenure over the area covered by the previous EP92 for a minimum of three years. Currently, Cam Iron has a mining permit application lodged over this area;
- the Government of China approves the provision of Sinosure insurance in order to enable Chinese funders to consider funding the Project; and
- formal agreements have been agreed and executed.

Media Allegations

Allegations relating to events that occurred between 2006 and 2008 in the Republic of Congo appeared in articles published by Fairfax Media in August and September 2016.

These allegations arose in evidence given during the Porter case heard in the Supreme Court of Western Australia in September 2015 but were not tested by the court and should not necessarily be considered an independent and accurate portrayal of events.

Sundance is co-operating fully with the Australian Federal Police with its investigation into these events. It is expected to take some time to conclude.

Financial Position

Cash and cash equivalents decreased during the year to $0.5 million at 30 June 2018 from $0.8 million at 30 June 2017.

The consolidated statement of cash flows indicates that payments to suppliers and employees were $2.5 million (2017: $3.8 million).

The financial position of the Consolidated Entity as at 30 June 2018 remains positive. Net assets of the Consolidated Entity amounted to $66.9 million (30 June 2017: $67.2 million). Mine development assets increased to $181.2 million (30 June 2017: $167.7 million) due to the effects of movements in exchange rates.

At 30 June 2018, the Consolidated Entity had a net working capital deficiency of $0.5 million (2017: $0.6 million). Refer to Note 1 – "*Going Concern*".

The total loss for the period amounted to $18.6 million compared to $7.3 million for the year ended 30 June 2017. Of this total loss, $15.3 million related to non-cash convertible note financing charges (2017: $15.8 million).

Total comprehensive income amounted to a loss of $5.1 million (2017: loss $8.8 million) for the year ended 30 June 2018, which includes an exchange loss on translation of foreign operations. This profit amounted to $13.5 million (2017: $1.5 million loss) and is due to a movement in the Central African CFA francs against the Australian Dollar from 441.1 at 30 June 2017 to 416.1 at 30 June 2018.

Corporate

Further Investment in Sundance

AustSino Placement:

On 2 August 2018, as an event occurring after the reporting period, Sundance announced that it has signed a placement agreement with AustSino Resources Group Limited (ASX:ANS) ("ANS") to take a A$750,000 placement of Sundance shares.

The placement agreement between ANS and Sundance was signed on 1 August 2018. On Monday, 6 August 2018, ANS provided A$750,000 in immediately available funds to Sundance and, no later than one business day after receipt of those funds, Sundance issued ANS 187,500,000 ordinary fully paid shares. The issue price of the shares was $0.004, which is a 20% discount to the closing price on 1 August 2018, and will give ANS a 2.3% interest in the share capital of the Company. The funds will be used for the purposes of advancing the Project and general working capital (including payment of a 5% placement fee). Shareholder approval is not required for the issue.

Sundance and ANS also agreed to discuss and advance the development of the Project on an exclusive basis until 31 August 2018, subject to existing arrangements between Sundance and Tidfore Heavy Equipment Group Co. Ltd relating to the Project.

Furthermore, as per the Agreement between Sundance and AustSino as further detailed in Section 11 EVENTS OCCURRING AFTER THE REPORTING PERIOD below on 16 October Sundance received the Initial Placement of $250,000.

Share Placement Plan:

On 21 August 2017 Sundance announced a capital raising via an underwritten Share Placement Plan ('Plan'). The offering closed on 15 September 2017 to eligible shareholders and raised $1,542,250. The Plan was underwritten by Patersons Securities Limited to $1,000,000. Under this agreement the Company also agreed to provide the underwriter the right to facilitate a placement of New Shares in the company at the same issue price as under the plan. The underwriter raised a further $368,000.

In total 478,159,982 new shares ('New Shares') were issued on 25 September 2017 at a price of $0.003995 which was a 20% discount to the 5 day VWAP before the issuance of New Shares. Total proceeds of $1,910,250 (before expenses) were received.

The proceeds from the Plan were primarily used to

- Progress discussions with potential strategic partners in China or other locations to work with the Company to develop the Project;
- Support in country costs associated with the Project; and
- Fund general corporate and other expenses

Following a conversion notice from Noble, Sundance converted 6,500 $100 2016 Investor Group convertible notes held by Noble Resources into 185,714,286 fully paid ordinary shares on 13 February 2018.

Following a conversion notice from Senrigan, Sundance converted 3,900 $100 2016 Investor Group convertible notes held by Senrigan into 111,428,571 fully paid ordinary shares on 26 February 2018.

Board Changes

Mr Brett Fraser was appointed to the Board as Non-Executive Director on the 10 April 2018.

Mr Alan Rule resigned from the Board on 20 February 2018.

Cameroon Customs Dispute

Sundance, through its subsidiary Cam Iron SA ("Cam Iron"), is aware that customs officials in Cameroon conducted an audit that found discrepancies in the paper work provided by third parties to Cam Iron on the sale of Cam Iron vehicles and the customs records of those transactions. There is no indication at this time that Cam Iron should have been aware of the discrepancies. The impact of these discrepancies on Cam Iron is uncertain and this matter is the subject of further investigation by Cam Iron.

Material Business Risks

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

Working Capital Funding

At 30 June 2018, Sundance held cash of $0.5 million (2017: $0.8 million). Sundance is not currently in a position to generate income from operations and as such is reliant upon the equity and/or debt markets for additional working capital funding. Post year end Sundance received $750,000 from a placement with AustSino and received a further $250,000 as an Initial Placement following the signing of the AustSino Agreement of 25 September 2018 (Initial Placement) as described in Section 11.

At 30 June 2018, the Consolidated Entity had a net working capital deficiency of $0.5 million (2017: $0.6 million) due mainly to the provision of costs related to the AFP investigation.

The Mbalam Convention

Cessation of the Mbalam Convention, which occurred on 14 September 2018, is an event of default as defined in the various deeds with the Noteholders in relation to the Convertible Notes, which may (if the Noteholders resolve to give notice) result in the Convertible Notes becoming immediately due and payable at their full redemption value unless a waiver is received from the Noteholders. On 31 October 2018 Sundance secured a waiver from the Noteholders for this event of default.

The Company has an Agreements with the Noteholders, being the 25 September AustSino Agreement, which will result in the cancellation of the Notes for a cash, share and option consideration. If the AustSino agreement does not complete, then the Agreement of 30 July 2018 to restructure the balance sheet between Sundance and its Noteholders remains in place.

Completion of AustSino Agreement

Completion of the transactions under the Agreement are subject to a number of conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the Agreement, an independent expert's report is required and approval will be sought from Sundance shareholders at an Extraordinary General Meeting ("**EGM**"). The Notice of Meeting will be issued in due course for an EGM expected to be held in Perth in December 2018.

Sundance also notes that the Second Placement is conditional on AustSino obtaining FIRB, ASX and shareholder approval for the funding which it will use to subscribe for Shares under the Second Placement.

If the AustSino agreement does not complete, then the Agreement of 30 July 2018 to restructure the balance sheet between Sundance and its Noteholders remains in place.

Cameroon Tenure Risk

As announced on 31 July 2017 Exploration Permit 92 ("EP92") held by Cam Iron expired on 26 July 2017 after it had reached the maximum number of extensions under the Cameroon Mining Code. Cam Iron believes it has priority rights to be granted a mining permit over the area previously covered by EP92 as a result of Cam Iron having lodged a valid mining permit application in 2009 during the term of EP92.

Recently, independent Cameroon legal advice was sought and their opinion was that notwithstanding the expiry of the Mbalam Convention the mining permit application was never determined and although EP92 has now expired, consistent with the Mining Code, Cam Iron retains priority over any application filed by a third party over the land the subject of the mining permit application, pending a decision by the Minister on Cam Iron's mining permit application.

There is a risk that the Minister may not make a favourable decision.

Project Funding

Sundance and/or its project partner will need to raise further capital and/or debt financing in order to advance the development of the Project. Failure to secure appropriate funding for the development of the Project will result in a delay or inability to develop the Project, the potential loss of the Project and the impairment of the carrying value of the capitalised mine development expenditure related to the Project.

Commodity Price

The price of iron ore can be volatile and is affected by numerous factors beyond Sundance's control such as supply and demand dynamics; and changes in global economic conditions. The decision to develop the Project, and the returns to be achieved from it, are dependent upon the future price of iron ore. The current spot iron ore price has recovered substantially and in early 2017 hit a three year high of over $US90/t CFR China during early 2018 it averaged in the mid $US60/t range and over the past month has stabilised over $US70/t. The movement in China to advance its environmental agenda is resulting in improved positions for producers of high grade iron ore (>62%) with large discounts being offered on lower grade iron ore. Sundance expects that this bias will continue and is supportive of our Project which has stage 1 life of mine averaging 62.2% Fe and stage 2 producing a high grade concentrate of 66 – 68% Fe. Iron ore pricing may continue to exhibit volatility on a short to medium term basis. Sundance however notes that the Project is a mid to longer term project where long term iron ore price forecasts continue to be favourable.

Key Personnel

On 28 January 2016, the Company announced a significant reduction in employees and restructure of the Board. This may have an impact in the future since the success of the Project is dependent on securing the services of key engineering, managerial, financial, commercial, marketing and processing personnel. Loss or diminution in the services of key employees, particularly as a result of an inability to retain key employees or the ability to attract suitable replacement staff could have an adverse effect on the Company's business, financial condition, results of operations and prospects.

There has been no further changes to personnel since this decision was taken.

SUNDANCE RESOURCES LTD

Foreign Jurisdiction

Sundance's operations in Cameroon and Congo, in Central Africa, are exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign jurisdictions. These risks and uncertainties include, but are not limited to: currency exchange rates; high rates of inflation; labour unrest; tropical diseases; acts of terrorism; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; and currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Political

Changes, if any, in mining or investment policies or shifts in political attitude in Cameroon and Congo or elsewhere may adversely affect Sundance operations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to: restrictions on production; pricing controls; export controls; currency remittance; income taxes; foreign investment; maintenance of claims; environmental legislation; land use; land claims of local people; water use; mine safety and government and local participation. Failure to comply strictly with applicable laws, regulation and local practices relating to mineral tenure and development could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted.

Resource/Reserve estimates

The resources and reserve estimates are expressions of judgements based on knowledge, experience and industry practice. These estimates are currently considered appropriate and have been made in accordance with Joint Ore Reserves Committee ('JORC') requirements, however, they may change significantly when additional data becomes available or economic assumptions change.

Production and other operational risks

Future operations will be subject to a number of factors that can cause material delays or changes in operating costs for varying lengths of time. These factors include weather conditions and natural disasters, disruption to supply, unexpected technical problems, unanticipated geological conditions, equipment failures, personnel issues, or disruptions of rail and ship loading facilities.

Litigation

Sundance may be exposed to risks of litigation which may have a material adverse effect on the financial position of the Group.

Details of Mining and Exploration Tenements

The Company, through its subsidiary companies, held the following exploration/mineral research permits and mining tenements at 30 June 2018:

Country	Area	Permit	Holder
Republic of Cameroon	Mbalam	Exploration Permit No. 92 has now expired and the Cameroon convention has passed its long stop date requiring reinstatement. A valid Mining Permit application over the land previously covered by EP92 was lodged on October 2009 and later amended in December 2009. The Company has legal advice which supports Sundance's priority over any other application by a third party over the land.	Cam Iron SA (i,iii,v)
Republic of Congo	Nabeba-Bamegod	Decree No.2013-45	Congo Iron SA (ii,iv,v)
Republic of Congo	Ibanga	Decree No. 2013-405	Congo Iron SA (ii,iv,v,vi)

(i) Cam Iron holds 100% interest; Cam Iron is a 90%-owned subsidiary of Sundance.
(ii) Congo Iron holds 100% interest; Congo Iron is an 85%-owned subsidiary of Sundance.
(iii) The Government of Cameroon has a right to a 10% free carry interest in Cam Iron on the grant of the mining permit..

(iv) *The Government of Congo has a right to a 10% interest in Congo Iron pursuant to the Congo Mining Code*
(v) *Should both Governments exercise their rights for an interest in Cam Iron and Congo Iron then Sundance's interest would reduce to 81% of Cam Iron and 76.5% of Congo Iron*
(vi) *This permit expired in August 2015. Congo Iron made application for a replacement permit covering only part of the Ibanga permit area containing the most prospective area in August 2015.*

6. DIRECTORS' MEETINGS

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

Columns A = Number of meetings attended

Columns B = Number of meetings held while the Director held office

Bolding of the number of meetings attended denotes the Chairman of the Board or Board Committee.

Director	Directors' Meetings	
	A	B
Mr D Porter	7	7
Mr B Fraser(i)	2	2
Mr G Casello	7	7
Mr A Rule(ii)	5	5

(i) *Mr B Fraser was appointed as a Non-Executive Director on 10 April 2018.*
(ii) *Mr A Rule resigned as Non-Executive Director on 20 February 2018.*

In addition to the above meetings, a number of matters were dealt with by way of circular resolution during the year.

7. STATE OF AFFAIRS

Other than set out in section 5 "*Review of Operations*" above, there was no significant change in the state of affairs of the Group during the financial year.

8. LIKELY DEVELOPMENTS

The Group will explore and evaluate development alternatives for the Project in Cameroon and Congo as discussed in section 5 "*Review of Operations*".

9. ENVIRONMENTAL REGULATION

The Group's operations are subject to environmental regulations under Cameroon and Congo legislation.

Cam Iron received environmental approval to progress the Project on 25 June 2010 with the receipt of a Certificate of Conformity from the Ministry of Environment and Nature Protection ('**MINEP**'). This approval was unconditional but upgrades to the Environmental and Social Assessment ('**ESA**') documentation were required to be completed prior to the commencement of operations. The ESA has been assessed by the Government of Cameroon and Certificate of Environmental Conformity has been re-issued to Cam Iron on 5 August 2014.

The baseline study programme for Congo Iron's Nabeba Permit ESA was conducted in early 2011. The ESA documentation was first submitted on 24 January 2012 to the Ministry for Sustainable Development, Forest Economy and the Environment ('**MDDEFE**') and presented to the public. The ESA was reviewed by the MDDEFE and additional amendments to the ESA were requested. The revised ESA was re-submitted on 15 May 2012 and was then followed up with a project site visit from members of the MDDEFE on 10 June 2012. On 13 August 2012 a letter from the Chairman of the Inter-Ministerial Commission was received stating that the working group is satisfied with the amended terms of reference and the ESA has been accepted in its final form. The Certificate of Environmental Conformity was received from the Minister of the Environment in September 2012 and reissued in June 2013.

10. DIVIDENDS

In respect of the year ended 30 June 2018, no dividends have been paid or proposed (2017: nil).

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Other than and as said elsewhere in this financial report since the end of the financial year:

- On the 30 July 2018, The Board of Sundance announced that the Company had reached agreement to restructure its balance sheet and eliminate the Convertible Notes that were due to mature in September 2019. Completion of this agreement will ensure the Company is free of $133m of debt and is in a position where it can progress the process of securing partners to join Sundance to advance the Project.

  Indicatively if all resolutions giving effect to the transaction are approved by shareholders Sundance will come to have approximately 22.67 billion shares on issue, which at a sale price of $0.004 per share implies a market capitalisation of $90.7M, materially below the see-through Enterprise Value.

  On 29 July 2018 Sundance signed a legally binding term sheet with Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, Wafin Limited, BSOF Master Fund L.P. and David Porter to, subject to certain conditions being satisfied or waived, cancel their Convertible Notes in consideration for a combination of equity in Sundance and a capped production royalty Restructure.

  The redemption value of the Notes is $132.86 million. The Notes have a maturity date of 23 September 2019, by which time Sundance would have to repay them.

  Under the agreed deal, each Noteholder was offered an opportunity to cancel its Notes in exchange for such number of shares in Sundance that represents between 30 – 50% of the redemption value of its Notes, based on a Sundance share price of $0.004 cents. The level of equity that a Noteholder elected to receive determined the rate of the proposed production royalty, which ranged from 1.00% to 1.24% of their share of revenue from the sale of the first 517 million tonnes of ore from the Project. The calculation of value to the Noteholders was determined by reference to the long term iron ore price of US$69/t CFR China. The royalty payable to the individual Noteholders will be calculated as follows:

  Royalty = QR x NP x RR

  where:

  QR is the revenue received by Cam Iron and/or Congo Iron from ore sales from the Project for the relevant quarter

  NP is the Noteholder's Redemption Value of the Notes it holds as a proportion to the total Redemption Value of Notes on issue, in each case immediately prior to the Restructure

  RR is the applicable Royalty Rate agreed as described in the table below

Noteholder	Redemption Value ($M)	Conversion % to equity	No of Shares equivalent (M)	Royalty %
Senrigan	15.48	40%	1,548	1.12%
Noble	31.61	50%	3,951	1.00%
D. E. Shaw	18.84	50%	2,355	1.00%
Wafin	63.27	40%	6,327	1.12%
BSOF	3.36	40%	336	1.12%
Porter	0.3	40%	31	1.12%
Total	**132.86**		**14,548**	

  The detail of the proposed conversion is covered in the table below:

  Completion under the Term Sheet is subject to certain conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the Restructure, approval will be sought from Sundance shareholders at an EGM.

  Following completion, the Noteholders will hold approximately 64% of the issued equity in the Company. This Term Sheet ("**Existing Term Sheet**") has been suspended by the Agreement announced on 25 September 2018 and is described below. The Existing Term Sheet will terminate upon completion of the Agreement (but if completion under the Agreement does not occur then the Existing Term Sheet will remain on foot).

- On 2 August 2018, Sundance announced that it has signed a placement agreement with AustSino Resources Group Limited (ASX:ANS) ("ANS") to take a A$750,000 placement of Sundance shares.

  The placement agreement between ANS and Sundance was signed on 1 August 2018. On Monday, 6 August 2018, ANS provided A$750,000 in immediately available funds to Sundance and, no later than one business day after receipt of those funds, Sundance issued ANS 187,500,000 ordinary fully paid shares. The issue price of the shares is $0.004, which is a 20% discount to the closing price on 1 August 2018, and will give ANS a 2.3% interest in the share capital of the Company. The funds will be used for the purposes of advancing the Project and general working capital (including payment of a 5% placement fee). Shareholder approval is not required for the issue.

Sundance and ANS had also agreed to discuss and advance the development of the Project on an exclusive basis until 31 August 2018, subject to existing arrangements between Sundance and Tidfore Heavy Equipment Group Co. Ltd relating to the Project.

- As per ASX announcements of 19 and 20 March 2018, the Mbalam Convention was extended to 14 September 2018. On this date, the convention ended as the company was unable to demonstrate to the Cameroon Government that a credible partner who was interested in the development of the Project had taken an equity position. Sundance updated a senior representative of the Government about the progress it had made with regard to securing an equity partner (being AustSino) and associated partners who had the capacity and capability to fund and construct the Project.

  Notwithstanding the end of the Mbalam Convention, Sundance's subsidiary Cam Iron SA's mining permit application over the land previously covered by Exploration Permit EP92 remains on foot giving Cam Iron priority rights over that area until a decision is made on the mining permit application. An affirmative decision will lead to a full mining operating permit being issued.

- On 25 September 2018, Sundance announced that it had signed an agreement ("Agreement") with AustSino Resources Group Limited (ASX: ANS) ("AustSino") and all noteholders of the Company (other than Wafin Limited (Wafin)) being Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, Wafin Limited, BSOF Master Fund L.P. and David Porter (together the "Noteholders"), which will fund Sundance, bring in partners who have the capability and capacity to fund and bring the Mbalam Nabeba Iron Ore Project ("Project") into production and leave Sundance debt free.

  The issue of securities to AustSino and the Noteholders and the cancellation of the convertible notes is conditional on Wafin agreeing to the transactions contemplated by the Agreement (which Wafin expects to do so by end of September 2018).

  Further to the announcement on 25 September 2018 Sundance announced on 1 October 2018 that Wafin, had executed a deed poll dated 28 September 2018 ("**Accession Deed Poll"**) pursuant to which Wafin has agreed to be bound by the terms of the Agreement. This satisfies the first condition of the Conditions to Second Placement Conditions described in the key terms of the Agreement below.

  This Agreement suspends the term sheet announced on 30 July 2018 between Sundance and the Noteholders ("Existing Term Sheet") and the Existing Term Sheet will terminate upon completion of the Agreement (but if completion under the Agreement does not occur then the Existing Term Sheet will remain on foot).

  Under the Agreement, AustSino has agreed to two placements of Sundance shares:
  - an initial placement of 62,500,000 Sundance fully paid ordinary shares ("**Shares**") at an issue price of A$0.004 per Share within 15 business days of the date of the Agreement ("**Initial Placement**"); and
  - a second placement of 10,545,454,545 Shares at an issue price of A$0.0055 per Share, together with the grant of 10,545,454,545 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2018 or another date agreed by the parties ("**Second Placement**").

  The Initial Placement will not require Sundance shareholder approval and is otherwise not subject to conditions. The Second Placement requires Sundance shareholder approval, and is subject to a number of other conditions.

  Sundance will use the proceeds of the Initial Placement for working capital and to fund the development of the Project and the transactions associated with the Agreement.

  On 16 October 2018, Sundance announced that the Initial Placement of $250,000 had been received by Sundance and the 62,500,000 shares had been issued.

  The proceeds of the Second Placement will be used for the following:
  - $50M cash will be paid to the Noteholders ("**Cash Payment**"); and
  - The balance will be used for working capital and to progress development of the Project and the transaction costs associated with the Agreement. It is expected that this will comprise the following (including corresponding estimates of the expenses):

- working capital, including in relation to salaries, administration and regulatory costs in Australia, Cameroon and Congo (approximately $4.5M);
- transaction costs associated with the Agreement, including the Independent Experts Report, EGM and legal costs associated with this Agreement and the Cameroon Convention (approximately $1.0M); and
- project related costs, including completion of Front End Engineering and Design (FEED) for mines in Cameroon and Congo, and negotiation and legal costs associated with financing packages and EPC contracts required for the mine sites in Cameroon and Congo (approximately $2.5M).

In exchange for the cancellation of the existing convertible notes in Sundance held by the Noteholders ("Convertible Notes") ("Cancellation"), in addition to the Cash Payment to the Noteholders, Sundance will issue to the Noteholders:

- 2,000,000,000 Shares at a deemed issue price of A$0.004; and
- 10,000,000,000 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue.

Cancellation of the Convertible Notes (which cancellation is subject to certain conditions precedent outlined in Schedule 1 to this announcement) will leave Sundance debt free.

The cash, Shares and options will be allocated amongst the Noteholders in proportion to their redemption value or as otherwise agreed between the Noteholders (with those alternate proportions to be notified to Sundance and outlined in Sundance's notice of meeting in due course, if applicable). Any alternate allocation between the Noteholders will not increase the total value of the consideration payable to the Noteholders for Cancellation of the Convertible Notes. The table below outlines the redemption value of each Noteholder's Convertible Notes and the proportion of that value to the total redemption value of the Convertible Notes.

Noteholder	**Redemption Value**	
	A$m	**% of total**
Wafin Limited	63.3	47.6%
Noble Resources International Pte Ltd	31.6	23.8%
D.E. Shaw Composite Holdings International Pte Ltd	18.8	14.2%
Senrigan Master Fund	15.5	11.7%
BSOF Master Fund L.P.	3.4	2.5%
Mr. David Porter	0.3	0.2%
Total	**132.9**	**100.0%**

If all the options issued to AustSino and the Noteholders are exercised before their expiry this will result in a $410M cash injection into Sundance which could be used to fund the equity requirement to build the mines in Cameroon and Congo.

Completion of the transactions under the Agreement are subject to a number of conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the Agreement, an independent expert's report is required and approval will be sought from Sundance shareholders at an Extraordinary General Meeting ("EGM"). The Notice of Meeting will be issued in due course for an EGM expected to be held in Perth in December 2018.

Sundance also notes that the Second Placement is conditional on AustSino obtaining FIRB, ASX and shareholder approval for the funding which it will use to subscribe for Shares under the Second Placement.
Following completion of the Second Placement, AustSino will be Sundance's largest shareholder and will hold approximately 50.8% of the total number of Shares on issue.

The Agreement has the full support of the Sundance Board, in the absence of David Porter, who as a Noteholder was unable to participate in the Board meeting.

Subject to Second Placement Completion, Sundance will also place 325,000,000 Shares to Comprador Limited (Comprador) at an issue price of A$0.004 as consideration for advisory fees in connection with the Agreement and the Existing Term Sheet. Comprador is a private Hong Kong based M&A financial advisory business. It is led by Mr Anthony Steains and was established in 2015 when Blackstone Advisory Partners Asia transferred its business to Comprador. Mr. Steains, a 20 year veteran of Asian M&A, headed Blackstone Advisory Partners Asia and previously held senior roles at Lehman Brothers, Deutsche Bank and ING Barings. Further information on Comprador is available at **http://www.compradorltd.com**.

Comprador provided financial services to Sundance with a particular emphasis on negotiating a successful outcome with the Hong Kong, Singapore and US based Noteholders both for this Agreement but also for the previously announced binding term sheet with the Noteholders announced on 30 July 2018. Mr Anthony Steains has been providing Hong Kong and China based advisory services to Sundance since 2013.
Other than in relation to the financial services provided by Comprador to Sundance mentioned above, there is no relationship between Comprador and Sundance.

The key terms of the Agreement were:

Key Term	**Description**
Initial Placement to AustSino	Sundance will issue 62,500,000 Shares to AustSino at an issue price of A$0.004 per Share by 15 October 2018 ("**Initial Placement**"). Sundance will use the A$250,000 proceeds of the Initial Placement for the development of the Mbalam-Nabeba Iron Ore Project, working capital purposes and expenses and to fund the transactions contemplated under the Agreement.
Second Placement	AustSino will pay A$58 million to Sundance ("**Completion Payment**") and Sundance will: • issue to AustSino 10,545,454,545 Shares at an issue price of A$0.0055 per Share; and • grant AustSino 10,545,454,545 unlisted options at an exercise price of A$0.02, which have an expiry date of five years after the date of issue, are transferable to persons that do not require a disclosure document and are otherwise on terms consistent with existing Noteholder options. Sundance must use A$50 million of the Completion Payment as consideration for the cancellation of the existing convertible notes on issue to the Noteholders in Sundance ("**Convertible Notes**"), with the remaining funds to be used for development of the Mbalam-Nabeba Iron Ore Project, working capital purposes and expenses and to fund the transactions contemplated by the Agreement.
Conditions to Second Placement Completion	Completion of the Second Placement ("**Second Placement Completion**") is subject to the following conditions: • Any Noteholder that is not party to the Agreement agreeing to cancel its Convertible Notes and the other transactions involving the Noteholders as contemplated under the Agreement on the terms contemplated by the Agreement • In relation to AustSino's investment in Sundance and the issue of shares by AustSino to fund the Completion Payment: – approval by AustSino's shareholders as required for the purposes of the ASX Listing Rules and Corporations Act 2001 (Cth) ("**Corporations Act**"); – approval of any relevant legal or regulatory bodies or by any subscriber in connection with AustSino's placement of shares to fund its subscription for the Second Placement; and – an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for AustSino's shareholders

SUNDANCE RESOURCES LTD

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Completion of AustSino's placement of shares to fund its subscription for the Second Placement
Extension of the time period for satisfying the conditions precedent under the Cameroon Convention until at least 14 September 2020 or the entering into of a new Convention on substantially similar terms with such a minimum time period
AustSino and Sundance continuing to take reasonable steps to discuss and advance the development of the Mbalam-Nabeba Project on an exclusive basis (subject to Sundance's existing arrangements with Tidfore Heavy Equipment Group Co. Ltd relating to the Project) until 31 December 2018
AustSino and Sundance taking all reasonable steps to discuss and advance the Mbalam-Nabeba Project with the Governments of the Republics of Cameroon and Congo, subject to Second Placement Completion
AustSino being satisfied that the Governments of the Republics of Cameroon and Congo are working towards signing a bilateral treaty by 31 December 2019 in support of the development of the Mbalam-Nabeba Project
In relation to the investment in Sundance and the issue of securities by Sundance:

approval of Sundance's shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act; and
an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for Sundance's shareholders

Sundance and AustSino not being insolvent at or prior to Second Placement Completion
The parties entering into definitive agreements

The parties must satisfy or waive these conditions on or before 31 December 2018 or as otherwise agreed.
</td></tr>
<tr><td>Cancellation of Convertible Notes</td><td>
The Convertible Notes will be cancelled in their entirety and the corresponding note deeds will be terminated in exchange for:

the payment of A$50 million to the Noteholders;
the issue of 2,000,000,000 Shares in the capital of Sundance to the Noteholders at a deemed issue price of A$0.004 per Share; and
10,000,000,000 unlisted options at an exercise price of A$0.02, which have an expiry date of 5 years from the date of issue, are transferable to persons that do not require a disclosure document and are otherwise on terms consistent with existing Noteholder options,

with such payment and issue of securities to be pro-rated to the redemption value of the Noteholder's Convertible Notes as a proportion to the total redemption value of the Convertible Notes as set out in the body of this announcement or as otherwise agreed between the Noteholders.
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<tr><td>Conditions to Cancellation Completion</td><td>
Cancellation of the Convertible Notes (and termination of the corresponding note deeds) and the issue of Shares and options in Sundance to the Noteholders ("Cancellation Completion") is subject to the following conditions:

Approval of Sundance's shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act
Approval of any relevant legal or regulatory bodies
Sundance not being insolvent at or prior to Cancellation Completion
No "Event of Default" (as defined in the Existing Term Sheet) defined below having occurred or continuing to subsist

Cancellation Completion will occur at the same time as Second Placement Completion.
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Existing Term Sheet	The legally binding term sheet between the Noteholders and Sundance dated 29 July 2018 ("**Existing Term Sheet**") will continue to apply and remain binding on the Noteholders and Sundance until Cancellation Completion when it will terminate. Sundance and the Noteholders acknowledge and agree that on and from the date of the Agreement, the End Date in the Existing Term Sheet will be extended to the earlier of (a) 100 days after the termination of this Agreement, and (b) 31 March 2019.
Board appointment right	AustSino has the right to appoint at least two directors to the board of Sundance on and from Second Placement Completion. Noble Resources International Pte Ltd has the right, for so long as it holds 5% of the voting power in Sundance (based on the number of voting Shares on issue in Sundance), to appoint a nominee as a non-executive director of Sundance (and remove and replace that nominee).
Lapse of existing options	On Second Placement Completion, the existing options held by those Noteholders under the relevant note deeds will lapse in accordance with their terms.
Representations and warranties	The Agreement contains customary representations and warranties from each party. The Issuer also warrants that it will not issue securities before completion of the Second Placement except in certain limited circumstances (including pursuant to the Sundance directors exercising their fiduciary duties). The Investor also warrants that it considers it is not a state owned enterprise, is a sophisticated investor for the purposes of the Corporations Act and that it is not required to receive a disclosure document for the issue of shares.
Conduct of business obligations	The Agreement contains certain customary undertakings by Sundance restricting the conduct of its business before completion of the Second Placement without the consent of AustSino and the Noteholders (including, without limitation, the obligation to not enter into or vary any material agreements or acquire any material assets).
Release	With effect from Cancellation Completion: • each Noteholder releases and discharges Sundance; and • Sundance releases and discharges each Noteholder, from all claims, costs and expenses that each Noteholder has, at any time had, may have or, but for the Agreement, could or might have had, against Sundance in any way related to the Convertible Notes (including, without limitation, pursuant to the Existing Term Sheet).
Events of default	A party will be entitled to terminate the Agreement if one or more of the following events occurs: • Sundance using the proceeds of the Initial Payment in a manner materially inconsistent with the use contemplated in this Agreement or as otherwise agreed in writing with AustSino; • breach of material representations, warranties or covenants of Sundance or AustSino which are not remedied within 10 business days of the date that breach is notified to Sundance; • material breach of Sundance's obligations under the Agreement; • insolvency of Sundance; or • insolvency of AustSino.

- On 2 November 2018 Sundance announced that the expiry of the Mbalam Convention, late lodgement of the 2018 Annual Report and suspension of trading in its securities on the ASX constitute "Events of Default" under the convertible note deeds between Sundance and the Noteholders (**Note Deeds**). On 31 October 2018, Sundance secured waivers from each of the Noteholders to enforce their rights under the relevant Note Deeds in respect of these Events of Default, which will remain in force and effect provided (i) Sundance shares cease to be suspended from trading on the ASX, (ii) Sundance lodges its 2018 Annual Report with ASIC and ASX and (iii) Sundance enters a new Convention on terms substantially similar to the Cameroon Convention, in each case by 1 July 2019.

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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 group, the results of these operations, or the state of affairs of the group in future financial years.

REMUNERATION REPORT

12. REMUNERATION REPORT OVERVIEW

The remuneration report, which forms part of the Directors' report, sets out information about the remuneration of Key Management Personnel ('**KMP**') of the Company for the financial year ended 30 June 2018.

Contents

Section		What it covers
12.1	**Nomination & Remuneration Committee**	The Nomination and Remuneration Committee, composition and activities
12.2	**KMP details**	Shows the individuals comprising the KMP
12.3	**Remuneration Policy**	Describes the key principles that underpin the Company's remuneration strategy and how the outcomes for KMP are determined, including the use of external remuneration consultants
12.4	**Relationship between Remuneration Policy and Company Performance**	Describes the structure of at risk remuneration (Short and Long Term Incentive plans) and explains how it relates to Company performance
12.5	**Remuneration of KMP**	Details total remuneration for KMP in 2015 and 2014, pursuant to legislative and accounting requirements
12.6	**Short Term Incentive ('STI') Payments**	Outlines the Key Performance Indicators ('**KPI**'), assessment process and outcomes of the 2014 calendar year STI payments
12.7	**Long Term Incentives ('LTI') and Share Based Payments**	Outlines the terms, performance conditions, assessment, valuations of grants and KMP interests in LTI Plans and other share based payments
12.8	**Key terms of KMP agreements**	Summarises key contract terms for KMP
12.9	**KMP Share Holdings**	Lists the fully paid ordinary share holdings and net changes in those holdings through the period

12.1 NOMINATION AND REMUNERATION COMMITTEE, COMPOSITION AND ACTIVITIES

The Nomination and Remuneration Committee ('**NRC**') was in place to assist the Board in nomination and remuneration related matters. The NRC operated until 16 December 2014 when it was put on hold and since then all matters previously handled by the NRC are now dealt with by the full Board.

Significant matters to note for the 2018 Financial Year remuneration are:

- During the 2017 Financial Year the Managing Director voluntarily reduced his cash salary (including superannuation) to $165,000 per annum. On 30 April 2018 the Board decided to increase the Managing Director's salary to $250,000 per annum plus mandatory superannuation

12.2 KMP DETAILS

The following persons acted as KMP of the Company during and since the end of the reporting period.

<u>Non-Executive Directors</u>

• David Porter	Independent Non-Executive Director Chairman
• Brett Fraser	Independent Non-Executive Director (appointed 10 April 2018)
• Alan Rule	Independent Non-Executive Director (resigned 20 February 2018)

Executive Director

- Giulio Casello		Managing Director & Chief Executive Officer ('MD/CEO')

All executive KMP are employed under contracts of employment on a full time basis.

12.3 REMUNERATION POLICY

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

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

The Board is responsible for reviewing remuneration arrangements within the Company. The Board assesses the appropriateness of the nature and amount of emoluments of KMP on an annual basis.

The Remuneration Policy can be found on the Company Website and is reviewed annually by the Board.

Non-Executive Directors

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

In setting the fees, the Board has regard to the rates payable by ASX listed entities of similar size, Director skills and expertise, the circumstances of the Company and the actual and expected workloads of the Directors.

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

Employees (including executive KMP)

The Company aims to align remuneration, including executive KMP, with that of other comparable ASX listed entities for roles at all levels of the Company. Remuneration comprises both fixed remuneration and performance based (at risk) remuneration.

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

Fixed Remuneration (base salary and superannuation)

Fixed remuneration is set having regard to the levels paid in comparable ASX listed entities at the time of recruitment, Company position and performance and the individual's experience or specialist skills and market demand for particular roles. Consideration is given to the overall total remuneration package of the employee when setting the remuneration package.

A review of fixed salary is conducted on an annual basis. Any increases in fixed salary are based on market movements, growth in role, Company position and performance (including capacity to pay), remuneration history and individual performance.

Performance Based (at Risk) Remuneration

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

Performance based remuneration is initially determined by assessing performance against the achievement of predetermined KPIs and challenging objectives. The outcomes of the formula calculation are capped as a percentage of the relevant employee's base remuneration, dependant on level of seniority and direct influence on the Company's performance, and are reviewed by the Board to guard against anomalous or inequitable outcomes.

Use of Remuneration Consultants

Where necessary and appropriate, the Board seeks and considers advice from independent remuneration consultants. Remuneration consultants are engaged by and report directly to the Board.

During the reporting period no remuneration consultants were used.

12.4 RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

Performance based remuneration aims to align remuneration with the Company's performance and attainment of strategic objectives. Performance based remuneration may comprise both short term (annual) and long term (3-4 year) incentives.

Short Term Incentive ('STI') Plan

The purpose of this plan is to:

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

The maximum remuneration opportunity provided by the STI plan is based on a percentage of annual salary and is pre-determined.

The level of STI ultimately paid is determined based on meeting both corporate and individual objectives against the pre-determined KPIs, comprising both financial and non-financial indicators.

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

For the 2018 financial year STI performance conditions have been set by the Board

- Extending the Convention beyond 14 September 2018 and
- finding a new equity partner that can work with Sundance to advance the Project.

No performance rights have been granted

Long Term Incentive ('LTI') Plan

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

LTI's are available by invitation to senior, or specifically targeted, staff and consultants/contractors where there is a clear intention of long term engagement with the Company.

Eligible persons, including KMP, are granted performance rights to a specified dollar value at the beginning of each LTI plan grant period. The remuneration opportunity provided by the LTI plan is based on a percentage of the annual fixed remuneration at the time of the grant. Rights are issued at the Volume Weighted Average Price ('VWAP') over the last thirty days leading up to January 1 of any issue year. Under the plan, participants are granted performance rights which only vest if certain performance conditions are met and they are employed by the Company at the measurement date.

Each performance condition is chosen to correlate directly to the Company's medium and longer term interests and success of the Project, the Company, and shareholders' best interests. Performance conditions typically spread over a 4-year period. These performance conditions are then submitted to the Board for consideration and approval.

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

Further detail of awards made under the LTI Plan is set out in Section 12.7 of this report.

For the 2018 financial year no LTI performance conditions have been set by the Board and no performance rights have been granted.

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2018.

	30 June 2018 $	30 June 2017 $	30 June 2016 $	30 June 2015 $	30 June 2014 $
Revenue(i)	284,528	12,411,637	263,259	4,936,478	726,951
Net loss before tax	(18,616,633)	(7,273,369)	(117,316,322)	(78,308,836)	(32,941,511)
Net loss after tax	(18,616,633)	(7,273,369)	(117,316,322)	(78,308,836)	(32,941,511)
	$/share	**$/share**	**$/share**	**$/share**	**$/share**
Share price at start of year	0.004	0.003	0.02	0.08	0.07
Share price at end of year	0.004	0.004	0.003	0.02	0.08
	cents/share	**cents/share**	**cents/share**	**cents/share**	**cents/share**
Basic earnings per share	(0.21)	(0.07)	(2.06)	(2.53)	(1.01)

(i) *Revenue includes fair value gains on convertible notes.*

Company performance

The Company considers it appropriate to review Company performance in its progress to financial close for the Project. Over the reporting period significant events occurred to that end, including:

- MOU signed between Sundance, Cam Iron and Tidfore
- Non-renewable extension of the Cameroon Mbalam convention to 14 September 2018;
- Continued engagement and support from the governments of Cameroon and Congo;
- A Share Placement Plan was completed raising total proceeds of over $1M before expenses
- After the reporting period an Agreement was signed with AustSino for a $58M placement.

12.5 REMUNERATION OF KMP

2018 FY	Short-term benefits			Post-employment benefits	Total cash based remuneration	Share Based Payments				Total Remuneration	% of Remuneration Performance Related
	Salary & Fees[i]	STI Payment[ii]	Other[iii]	Superannuation		STI[ii]	Performance Rights[iv]	Options[v]	Total Share Based Payments		
	$	$	$	$	$	$	$	$	$	$	%
Non-Executive Directors											
Mr D Porter	60,000	-	-	5,700	65,700	-	-	-	-	65,700	
Mr B Fraser*	10,769	-	-	1,023	11,792	-	-	-	-	11,792	
Mr A Rule*	26,667	-	-	2,533	29,200	-	-	-	-	29,200	
Executive Director											
Mr G Casello	167,238	-	19,725	15,271	202,234	-	2,730	1,169,113[vii]	1,171,844	1,374,077	85%
	264,674	**-**	**19,725**	**24,527**	**308,926**	**-**	**2,730**	**1,169,113**	**1,1171,844**	**1,480,770**	

** Part year only*

(i) *Includes statutory leave for Executive Director and other KMP. Non-Executive Directors do not receive leave entitlements.*
(ii) *0% have vested during the period. Further detail on STI awards are covered in section 12.6.*
(iii) *Includes leave entitlements for Mr Casello.*
(iv) *Further details of performance right grants are provided in Section 12.7. Mr Casello's performance rights were those approved by Shareholders on 27 November 2014, 100% have lapsed and 0% have vested at the date of this report.*
(v) *Options approved by shareholders at February 2017 EGM. 0% have lapsed and 50% have vested at the date of this report. 0% have been exercised.*
(vi) *No Director or Executive appointed during the current or previous period received a cash payment as part of their consideration for agreeing to hold the position.*
(vii) *The options approved by shareholders at February 2017 EGM were valued on the day of the EGM when the share price was at $0.01 as required by the AASB 2 Accounting Standard being the measurement date. At 30 June 2018 the share price was $0.004.*

12.5 REMUNERATION OF KMP (CONTINUED)

2017 FY	Short-term benefits			Post-employment benefits	Total cash based remuneration	Share Based Payments				Total Remuneration	% of Remuneration Performance Related
	Salary & Fees(i)	STI Payment(ii)	Other(iii)	Superannuation		STI(ii)	Performance Rights(iv)	Options(v)	Total Share Based Payments		
	$	$	$	$	$	$	$	$	$	$	%
Non-Executive Directors											
Mr W King*	45,662	-	-	4,338	50,000	-	-	-	-	50,000	
Mr D Porter*	30,000	-	-	2,850	32,850	-	-	-	-	32,850	
Mr A Rule	41,918	-	-	3,982	45,900	-	-	-	-	45,900	
Executive											
Mr G Casello	311,235	-	(43,953)	16,965	284,247	-	8,974	444,753	453,727	737,974	61%
	428,815	**-**	**(43,953)**	**28,135**	**412,997**	**-**	**8,974**	**444,753**	**453,727**	**866,724**	

** Part year only*

(i) *Includes statutory leave for Executive Director and other KMP. Non-Executive Directors do not receive leave entitlements.*
(ii) *100% have vested during the period. Further detail on STI awards are covered in section 12.6.*
(iii) *Includes leave entitlements for Mr Casello. A reduction in pay resulted in reduced entitlements.*
(iv) *Further details of performance right grants are provided in Section 12.7. Mr Casello's performance rights were those approved by Shareholders on 27 November 2014, 40% have lapsed and 60% have not yet vested at the date of this report.*
(v) *Options approved by shareholders at February 2017 EGM. 100% have not yet vested at the date of this report.*
(vi) *No Director or Executive appointed during the current or previous period received a cash payment as part of their consideration for agreeing to hold the position.*

SUNDANCE RESOURCES LTD

12.6 SHORT TERM INCENTIVE ('STI') PAYMENTS

There were no STIs granted in the 2018 (2017: nil) calendar year.

12.7 LONG TERM INCENTIVES AND SHARE BASED PAYMENTS

Performance Rights Plan ('PRP')

The Company's Performance Rights Plan ('**PRP**') was approved by Shareholders at the AGM on 29 November 2017. The PRP can be found in full on the Company website **www.sundanceresources.com.au**.

Under the PRP, Performance Rights may be offered to Eligible Persons as determined by the Board. The Performance Rights are an entitlement to receive ordinary shares in the Company, subject to satisfaction by Eligible Persons of specified criteria set by the Board. The Performance Rights are granted at no cost. Upon vesting of the Performance Rights, shares will automatically be issued or transferred to the participant, unless the Company is in a 'Blackout Period' (as defined in the Company's Securities Trading Policy) or the Company determines in good faith that the issue or transfer of shares may breach the insider trading provisions of the Corporations Act or the Securities Trading Policy, in which case the Company will issue or transfer the shares as soon as reasonably practical thereafter.

Long Term Incentive Plan Performance Conditions

The objectives and application of the Long Term Incentive plan is detailed in Section 12.4. The specified Performance Conditions are detailed in the table below:

LTI Plan Grant Year	Tranche No.	% of total grant	Performance Condition	Measure Date	Achieved	Forfeited
2014	1	40%	Final Investment Decision (FID) approved by Board or Board approved take over completed before 31 December 2014	31 Dec 2014	-	100%
	2	50%	Achieving TSR of 15% per annum cumulative over three year period from 1 January 2014 to 31 December 2016 or alternatively over the four year period to 31 December 2017.	31 Dec 2016/ 31 Dec 2017	-	100%
	3	10%	Increasing NPV of the Project by 15% (prorate award from 10 – 14.9%)	31 Dec 2017	-	100%

For the 2018 calendar year no Long Term Incentive has been agreed by the Board and no performance rights have been granted.

SUNDANCE RESOURCES LTD

12.7 LONG TERM INCENTIVES AND SHARE BASED PAYMENTS (CONTINUED)

The total performance rights held by KMP at the end of the financial year is as follows:

Name	Performance Rights Series	Grant Date (ii)	No. Held at Start of Financial Year	Granted During Financial Year			Vested During Financial Year (vi)			Lapsed During Financial Year			No. Held at End of Financial Year
				No.	Value of rights granted $	Vesting Period (iii,iv,v)	No.	% of Grant Vested	Fair Value of Rights Issued $	No.	% of Grant Lapsed	Fair Value of Rights Lapsed $	
Executive Director													
Mr G Casello(i)	2014 LTI Plan(i)	27/11/2014	2,958,750	-	-	-	-	-	-	2,958,750	100%	-	-

(i) *The issue of performance rights to Mr Casello was approved by shareholders at the Company's Annual General Meeting held on 27 November 2014.*
(ii) *The Grant Date is the date at which the Performance Rights were issued following approval by the Board of Sundance. The 2014 LTI Plan are effective from 1 January 2014.*
(iii) *Upon vesting of the performance rights, shares will automatically be issued to the participant, unless the Company is in a 'Blackout Period' (as defined in the Company's Share Trading Policy) or the Company determines in good faith that the issue of shares at that time may breach the insider trading provisions of the Corporations Act, in which case the Company will issue the shares as soon as reasonably practical thereafter.*
(iv) *Performance rights issued under the 2014 LTI Plans vest on the achievement of performance conditions at specified measurement point being 31 December 2017. Details of the LTI Plans and performance conditions are provided in this report.*
(v) *In the event a takeover bid is declared to be unconditional, a change in control event has occurred or if a merger by way of a scheme of arrangement under the Corporations Act has been approved by the Court the Board will at its discretion determine the extent to which unvested performance rights vest.*
(vi) *There was no award of the assessed LTI tranches over the reporting period to any participants.*

DIRECTORS' REPORT

12.7 LONG TERM INCENTIVES AND SHARE BASED PAYMENTS (CONTINUED)

Employee Share Option Plan

An Employee Share Option Plan ('**ESOP**') was approved by the shareholders of the Company at 17 February 2017 EGM. A copy of the ESOP is available on the Company website.

Share Options

At the 17 February 2017 EGM, shareholders approved the issue of Options to Mr Giulio Casello.

a) 100,000,000 Options for no consideration, each Option having an exercise price of $0.003 vesting on 1 December 2017 depending on continued employment to that date and an expiry date five years from the date of issue; and

b) 100,000,000 Options for no consideration, each Option having an exercise price of $0.006 vesting on 1 December 2018 depending on continued employment to that date and an expiry date five years from the date of issue.

The number of Options issued was based upon consideration of:

- The reduction in Mr Casello's remuneration package;
- The directors wish to ensure that the remuneration offered is competitive with market standards; and
- Incentives to attract and ensure continuity of service of Mr Casello who has appropriate knowledge and expertise

The Options were valued using the Black Scholes pricing model with the following inputs:

- Valuation date was determined as the date of shareholder approval being the EGM on 17 February 2017
- Underlying share price was the price on the valuation date which was $0.01
- Expected volatility of share price 130%
- Risk free rate of interest being 2.29%

12.8 KEY TERMS OF KMP AGREEMENTS

Remuneration and other terms of employment for the Executives disclosed in this Remuneration Report are contained in contracts of employment or consultancy agreements. The remuneration and other terms are reviewed at least annually and generally relate to a calendar year.

Executive	Date of Agreement Commence ment	Term of Agreement	Total Fixed Remuneration (vii)	Others(i)	Variable Remuneration - STI (% of Base Salary)(ii)	Variable Remuneration-LTI (% of Base Salary) (iii)	Notice of Termination required by the Company (other than dismissal for cause) (iv)&(v)&(vi)	Notice required on resignation of Executive (vi)
Mr G Casello Managing Director & Chief Executive Officer	1/5/2018	Ongoing	$250,000	-	25%	75%(vi)	12 months	3 months

(i) The value of benefits to the employee or consultant is determined by the market value of such benefit and is detailed further in Section 12.5.
(ii) Entitlement to Short Term Incentive payment on termination is subject to the terms and conditions of the STI plan.
(iii) Entitlement to Performance Rights is subject to the terms and conditions of the Performance Rights Plan.
(iv) Entitlement to Options is subject to the terms and conditions of the Employee Share Option Plan.
(v) Payment of any termination benefit to Mr Casello is to be made pursuant to section 200 of the Corporations Act 2001.
(vi) All agreements include provision to make payment in lieu of notice period if deemed appropriate.
(vii) Total fixed remuneration (TFR) includes compulsory superannuation payments

DIRECTORS' REPORT

12.9 KMP SHARE HOLDINGS

Fully paid ordinary share holdings through the reporting period are set out below:

FY 2018	Opening Balance	Granted as Compensation	Received on the Exercise of Options	Purchases	Net Other Change	Closing Balance
Non-Executive Directors						
Mr D Porter	1,661,257,272	-	-	-	-	1,661,257,272
Mr B Fraser	-	-	-	-	-	-
Mr A Rule	2,582,484	-	-	-	(2,582,484)(i)	-
Executive Director						
Mr G Casello	14,950,000	-	-	-	-	14,950,000

Options and Performance Rights through the reporting period are set out below:

FY 2018	Opening Balance	Granted as Compensation	Expired During the Period	Net Other Change	Closing Balance
Non-Executive Directors					
Mr D Porter	-	-	-	-	-
Mr B Fraser	-	-	-	-	-
Mr A Rule	-	-	-	-	-
Executive Director					
Mr G Casello	202,958,750	-	(2,958,750)	-	200,000,000

(i) Mr A Rule resigned on the 20 February 2018. Balance at the time of resignation.
(ii) Balance at the time of resignation.
(iii) Sold during the financial year.

There were no other transactions with key management personnel of the consolidated entity.

END OF REMUNERATION REPORT WHICH HAS BEEN AUDITED

DIRECTORS' REPORT

13. SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Unissued shares under option

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

Issuing Entity	Expiry Date	Exercise Price	Number of Options	Class of Shares
Sundance Resources Limited	23 September 2019	$0.0695	50,000,000	Ordinary
Sundance Resources Limited	28 November 2019	$0.0695	210,000,000	Ordinary
Sundance Resources Limited	23 September 2019	$0.0695	200,000,000	Ordinary
Sundance Resources Limited	23 September 2019	$0.0695	260,000,000	Ordinary
Sundance Resources Limited	7 April 2022	$0.003	100,000,000	Ordinary
Sundance Resources Limited	7 April 2023	$0.006	100,000,000	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 has issued nil ordinary shares as a result of the exercise of options.

14. DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the Company, as notified by the Directors to the Australian Securities Exchange ('**ASX**') in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as disclosed in the Remuneration Report at 12.9 KMP Share Holdings (page 26).

15. INDEMNIFYING OFFICER OR AUDITOR

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

- has not indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor.
- has paid a premium in respect of 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 contract of insurance prohibits disclosure of the nature of the liability and the amounts of the premium.

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

16. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been included on page 29.

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 2018. This declaration has been attached to the independent audit report to the members of the Company.

Non-audit services were provided to the Company by the Auditors, Deloitte Touche Tohmatsu, details of which are outlined in Note 19 to the financial statements. On the basis of written advice from the Audit & Risk Management Committee, the directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

DIRECTORS' REPORT

17. CORPORATE GOVERNANCE STATEMENT

The Company has adopted the recommendations of the ASX Corporate Governance Council's Principles and Recommendations (Third Edition) in regard to the Corporate Governance Disclosures and provide disclosure of the Company Corporate Governance Statement on the Sundance Website at **www.sundanceresources.com.au.**

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001, in Perth, Western Australia on 16 November 2018.

On behalf of the Directors

David Porter

Mr David Porter

Chairman

Mr Giulio Casello

Managing Director and Chief Executive Officer

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Board of Directors
Sundance Resources Limited
45 Ventnor Avenue
West Perth WA 6005

16 November 2018

Dear Board Members

Auditor's Independence Declaration to 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 report of Sundance Resources Limited for the year ended 30 June 2018, 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 faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Sundance Resources Limited we declare that:

1) In the opinion of the Directors:
   a. the attached financial statements, notes and the additional disclosures included in the Directors' Report designated as audited of the Group are in accordance with the Corporations Act 2001, including:
      i. giving a true and fair view of the financial position and performance of the Group as at 30 June 2018 and of its performance for the year ended on that date; and
      ii. complying with Accounting Standards and the Corporations Act 2001; and
   b. the financial statements and notes also comply with International Reporting Standards as disclosed in Note 1; and
   c. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

On behalf of the Directors

Mr David Porter	**Mr Giulio Casello**
Chairman	Managing Director and Chief Executive Officer
16 November 2018	
Perth, Western Australia	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2018 $	2017 $
CONTINUING OPERATIONS			
Other income	2	284,528	12,411,637
Administration expense	3	96,072	(316,517)
Consultants fees expensed		(268,765)	(386,050)
Employee and director benefits expense	3	(1,975,759)	(1,748,223)
Exchange rate losses		(1,138)	(1,630)
Legal fees		(622,942)	(40,648)
Listing and registry fees		(185,143)	(198,317)
Occupancy costs		(96,122)	(478,140)
Professional fees	3	(132,998)	(147,699)
Personnel travel expenses		(184,087)	(95,381)
Finance charges on Convertible Notes	3	(15,287,113)	(15,822,334)
Rail project public utility expense		(45,577)	(63,399)
Other expenses	3	(197,589)	(386,668)
Loss from continuing operations before tax		(18,616,633)	(7,273,369)
Income tax expense	9	-	-
LOSS FOR THE PERIOD		**(18,616,633)**	**(7,273,369)**
Loss attributable to:			
Owners of the parent		(15,864,716)	(4,663,584)
Non-controlling interests		(2,751,917)	(2,609,785)
NET LOSS ATTRIBUTABLE TO MEMBERS		**(18,616,633)**	**(7,273,369)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		13,507,075	(1,501,920)
Other comprehensive income for the period		13,507,075	(1,501,920)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(5,109,558)**	(8,775,289)
Total comprehensive income attributable to:			
Owners of the parent		(4,738,651)	(5,414,790)
Non-controlling interests		(370,907)	(3,360,499)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS		**(5,109,558)**	**(8,775,289)**
LOSS PER SHARE FROM CONTINUING OPERATIONS		¢	¢
- Basic (cents per share)	20	(0.21)	(0.07)

The accompanying notes form part of these financial statements

SUNDANCE RESOURCES LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2018 $	2017 $
CURRENT ASSETS			
Cash and cash equivalents	5(a)	457,725	820,033
Trade and other receivables	5(b)	42,610	47,684
Other current assets	6(a)	184,372	126,843
Inventory	6(b)	38,263	36,510
Total Current Assets		**722,970**	**1,031,070**
NON-CURRENT ASSETS			
Mine development assets	6(c)	181,238,078	167,715,706
Total Non-Current Assets		**181,238,078**	**167,715,706**
TOTAL ASSETS		**181,961,048**	**168,746,776**
CURRENT LIABILITIES			
Borrowings	5(c)	-	569,623
Trade payables and accruals	5(d)	1,109,854	992,106
Provisions	6(d)	78,395	116,228
Total Current Liabilities		**1,188,249**	**1,677,957**
NON-CURRENT LIABILITIES			
Borrowings	5(c)	113,794,262	99,847,034
Provisions	6(d)	53,966	26,319
Total Non-Current Liabilities		**113,848,228**	**99,873,353**
TOTAL LIABILITIES		**115,036,477**	**101,551,310**
NET ASSETS		**66,924,571**	**67,195,466**
EQUITY			
Issued capital	7	426,181,131	422,517,611
Reserves		72,922,287	60,621,079
Accumulated losses		(402,790,752)	(386,926,036)
Equity attributable to owners of the Company		**96,312,666**	**96,212,654**
Non-controlling interests		(29,388,095)	(29,017,188)
TOTAL EQUITY		**66,924,571**	**67,195,466**

The accompanying notes form part of these financial statements

SUNDANCE RESOURCES LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Share Transactions with Non-Controlling Interests	Foreign Currency Translation Reserve	Issue of Convertible Notes	Option Premium Reserve	Share Based Payments Reserve	Accumulated Losses	Attributable to Owners of the Parent	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$	$	$
At 30 June 2016	**420,175,072**	**(11,160,000)**	**19,748,389**	**24,672,500**	**4,518,800**	**23,114,485**	**(382,262,452)**	**98,806,794**	**(25,656,689)**	73,150,105
Loss for the year	-	-	-	-	-	-	(4,663,584)	(4,663,584)	(2,609,785)	(7,273,369)
Foreign Currency Translation	-	-	(751,568)	-	-	-	-	(751,568)	(750,714)	(1,502,282)
Total comprehensive income for the year	**-**	**-**	**(751,568)**	**-**	**-**	**-**	**(4,663,584)**	**(5,415,152)**	**(3,360,499)**	(8,775,651)
Securities issued	2,332,500	-	-	-	-	-	-	2,332,500	-	2,332,500
Options exercised	10,039	-	-	-	-	-	-	10,039	-	10,039
Share based payments	-	-	-	-	-	478,473	-	478,473	-	478,473
At 30 June 2017	**422,517,611**	**(11,160,000)**	**18,996,821**	**24,672,500**	**4,518,800**	**23,592,958**	**(386,926,036)**	**96,212,654**	**(29,017,188)**	67,195,466
Loss for the year	-	-	-	-	-	-	(15,864,716)	(15,864,716)	(2,751,917)	(18,616,633)
Foreign Currency Translation	(1,198)	-	11,127,263	-	-	-	-	11,126,065	2,381,010	13,507,075
Total comprehensive income for the year	**(1,198)**	**-**	**11,127,263**	**-**	**-**	**-**	**(15,864,716)**	**(4,738,651)**	**(370,907)**	(5,109,558)
Equity raising costs	(159,330)	-	-	-	-	-	-	(159,330)	-	(159,330)
Securities issued	1,542,250	-	-	-	-	-	-	1,542,250	-	1,542,250
Options exercised	645,048	-	-	-	-	-	-	645,048	-	645,048
Conversion of convertible notes	1,636,750	-	-	-	-	-	-	1,636,750	-	1,636,750
Share based payments	-	-	-	-	-	1,173,945	-	1,173,945	-	1,173,945
At 30 June 2018	**426,181,131**	**(11,160,000)**	**30,124,084**	**24,672,500**	**4,518,800**	**24,766,903**	**(402,790,752)**	**96,312,666**	**(29,388,095)**	66,924,571

The accompanying notes form part of these financial statements

SUNDANCE RESOURCES LTD

CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers & employees		(2,482,551)	(3,848,092)
Receipts from others		73,711	127,837
Interest received		5,803	10,359
Interest paid		-	(3,850)
Net Cash Used in Operating Activities	8	**(2,403,037)**	**(3,713,746)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal property, plant & equipment		-	359,862
Net Cash Used in Investing Activities		**-**	**359,862**
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital Raising Costs		(159,331)	11,312
Proceeds from Share issue		2,187,298	-
Proceeds from the issue of Convertible Notes	5(c)	-	1,300,000
Convertible Note issue expenses		-	(98,814)
Net Cash Generated by Financing Activities		**2,027,967**	**1,212,498**
Net Decre7ase in Cash Held		**(375,070)**	**(2,141,386)**
Cash and cash equivalents at beginning of year		820,033	2,962,118
Effect of exchange rates on cash and cash equivalents		12,762	(699)
Cash and cash equivalents at end of Year	5(a)	**457,725**	**820,033**

The accompanying notes form part of these financial statements

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

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

Sundance Resources Limited’s registered office and its principal place of business is as follows:

45 Ventnor Avenue
West Perth WA 6005

The Company’s principal activities during the year were the continued evaluation and de-risking of its Mbalam-Nabeba Iron Ore Project (‘**Project**’) in the Republics of Cameroon and Congo in Central Africa, and the evaluation of various development scenarios for the Project. These activities were undertaken through the Company’s subsidiary companies Cam Iron S.A. (‘**Cam Iron**’) and Congo Iron S.A. (‘**Congo Iron**’), which upon consolidation creates the Consolidated Entity (‘**Group**’ or ‘**Consolidated Entity**’).

The financial statements were approved by the Board of Directors (‘**Directors**’) and authorised for issue on 15 September 2018.

Statement of Compliance

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

The financial report includes the financial statements of the Group and the separate financial statements of the parent entity (refer note 22). For the purposes of preparing the consolidated financial statements, the Company and the Group are for-profit entities.

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

Basis of Preparation of Accounts

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

Going Concern

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

At 30 June 2018, the Consolidated Entity had a working capital deficiency of $0.46 million and had made a loss of $18.6 million and used net cash in operating activities of $2.4 million for the year.

During the financial year the Company received a total of $2.2 million from the exercise of listed options and the Share Purchase Plan (“Plan”). The Plan raised $1.5 million from eligible shareholders. Under the Plan a Top Up Placement opportunity existed for the underwriters of the Plan. This has raised a further $0.4 million.

In July 2018 the Company received $750,000 prior to fees from a placement to AustSino Resources.

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

1) As announced on 25 September 2018 a binding conditional agreement (“Agreement”) was signed with AustSino and our Noteholders. This resulted in an initial placement of $250,000 from AustSino to Sundance on 16 October 2018.
2) Once the Agreement is complete (expected December 2018) a second placement of $58 million from AustSino to Sundance of which $50 million with a combination of shares and options will be used to cancel the existing convertible notes and $8 million will be retained by Sundance. The second placement is dependent on achieving a

NOTES TO THE FINANCIAL STATEMENTS

number of Conditions Precedent being achieved or waived:

- In relation to AustSino's investment in Sundance and the issue of shares by AustSino to fund the Completion Payment:
  - approval by AustSino's shareholders as required for the purposes of the ASX Listing Rules and Corporations Act 2001 (Cth) ("**Corporations Act**");
  - approval of any relevant legal or regulatory bodies or by any subscriber in connection with AustSino's placement of shares to fund its subscription for the Second Placement; and
  - an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for AustSino's shareholders
- Completion of AustSino's placement of shares to fund its subscription for the Second Placement
- Extension of the time period for satisfying the conditions precedent under the Cameroon Convention until at least 14 September 2020 or the entering into of a new Convention on substantially similar terms with the same minimum time period
- AustSino and Sundance continuing to take reasonable steps to discuss and advance the development of the Mbalam-Nabeba Project on an exclusive basis (subject to Sundance's existing arrangements with Tidfore Heavy Equipment Group Co. Ltd relating to the Project) until 31 December 2018
- AustSino and Sundance taking all reasonable steps to discuss and advance the Mbalam-Nabeba Project with the Governments of the Republics of Cameroon and Congo, subject to Second Placement Completion
- AustSino being satisfied that the Governments of the Republics of Cameroon and Congo are working towards signing a bilateral treaty by 31 December 2019 in support of the development of the Mbalam-Nabeba Project
- In relation to the investment in Sundance and the issue of securities by Sundance:

  approval of Sundance's shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act; and

  an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for Sundance's shareholders
- Sundance and AustSino not being insolvent at or prior to Second Placement Completion
- The parties entering into definitive agreements.

3) If the Agreement completion is delayed, then further funds will need to be raised till the Agreement is completed. The Board expects to be able to raise the funds either from AustSino or the market.
4) If the AustSino agreement does not complete, then the legally binding term sheet of 30 July 2018 with Noteholders subject to certain conditions being satisfied or waived, which cancels their Convertible Notes in consideration for a combination of equity in Sundance and a capped production royalty remains in place allowing Sundance to raise further funds from the market in a debt free environment. Which at the date of this report the directors have a reasonable belief they would be able to achieve.

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

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

Critical accounting judgements and the key sources of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods.

Significant accounting judgements

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

Capitalised mine development assets

Capitalised mine development expenditure is recognised at cost less accumulated amortisation and any impairments. Where commercial production in an area of interest has commenced, the associated costs, together with any forecast future capital expenditure necessary to develop proved and probable reserves, are amortised over the estimated economic life of the mine on a units-of-production basis. Changes in factors such as estimates of proved and probable reserves that affect unit-of production calculations are dealt with on a prospective basis. The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found and the future US$ iron ore price and ability of the entity to recoup the expenditure through successful development of the area. Any such estimates and assumptions may change as new information becomes available (please refer to the Directors Report – Material Business Risks). If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

In respect of the assessment of the carrying value of the capitalised mine development expenditure as at 30 June 2018 the Directors have concluded that a number of estimates and judgements are required the most critical of which relates to the ability of the Consolidated Entity to secure a mining permit in Cameroon and to obtain the necessary funding for the project. Refer to note 6(c) for further details.

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 or Black Scholes, using the assumptions detailed in Note 17 Share Based Payments.

Convertible note transactions

Convertible notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will remain in equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

The Consolidated Entity measures financial assets and liabilities at fair value on a recurring basis. Management uses significant estimates when estimating the fair value of financial instruments. Refer to Note 5(c) for further details.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of the consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the fair value of those interests at the date of the original business combination and the non-controlling interest's share of the changes in equity since the date of the combination.

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

Foreign currency

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Goods and Services Tax (GST)

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

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

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

NOTE 2. OTHER INCOME

This note provides a breakdown of the items included in 'other income'.

	2018	2017
Other income from continuing operations	**$**	**$**
Interest revenue	5,803	10,359
Gain on restructure of convertible notes(i)	272,758	11,919,243
Other income(ii)	5,967	482,035
TOTAL OTHER INCOME	**284,528**	**12,411,637**

(i) Refer Note 6(c) Borrowings for further details
(ii) Includes insurance profit & premium refund in the prior year

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. EXPENSES

This note provides an analysis of expenses by nature.

	2018 $	2017 $
Expenses from continuing operations		
Employee and director benefit expense:		
- Share based payment	1,173,945	478,473
- Salaries and wages	658,188	1,104,294
- Non-Executive Directors' fees	97,436	117,580
- Superannuation	46,190	47,876
	1,975,759	1,748,223
Administration expense:		
- Corporate expenses[(i)]	(295,713)	45,479
- General and administration expenses	113,088	150,226
- IT and communications	86,553	120,812
	(96,072)	316,517
Professional fees:		
- Audit, accounting and tax	120,583	128,640
- Public relations	12,415	19,059
	132,998	147,699
Convertible Note Finance		
- Convertible note effective interest charge	15,235,058	13,587,117
- Convertible note fair value movement	-	636,027
- Convertible note capitalised borrowing cost amortisation charge	52,055	1,599,190
	15,287,113	15,822,334
Other expenses:		
- Consumables	6,439	69,784
- Insurance	166,881	282,211
- Motor vehicles	23,619	13,860
- Other interest paid	-	3,850
- Other	650	16,963
	197,589	386,668

(i) Includes reversal of withholding tax provided on convertible notes

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. SEGMENT INFORMATION

4.1 Description of segments and principal activities

AASB 8 Operating Segments ('**AASB 8**') requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is specifically focused on each project being developed. The only project currently under development is the Mbalam-Nabeba Iron Ore Project which includes iron ore deposits in the Republics of Cameroon and Congo in Central Africa. The unallocated portion relates to head office and corporate activities.

The Group's reportable segment under AASB 8 is therefore the Mbalam-Nabeba Iron Ore Project.

Information regarding this segment is presented below. The accounting policies of the reportable segment are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the financial year.

4.2 Segment revenues and results

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

Segment loss represents the loss attributed to each segment without allocation of central administration costs, borrowing costs, director's salaries and investment revenue. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

	SEGMENT REVENUE		SEGMENT EXPENSE	
	Year Ended		Year Ended	
	30 June 2018 $	30 June 2017 $	30 June 2018 $	30 June 2017 $
Continuing Operations				
Mbalam-Nabeba Iron Ore Project	-	-	(942,496)	(1,193,764)
Impairment expense	-	-	-	-
Total segments	-	-	(942,496)	(1,193,764)
Unallocated interest income			5,803	10,359
Unallocated expenses			(17,679,940)	(6,089,964)
Loss before tax			**(18,616,633)**	**(7,273,369)**

There were no intersegment sales during the year recorded in the revenue reported above.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. SEGMENT INFORMATION (CONTINUED)

4.3 Segment assets and liabilities

Segment assets and liabilities are measured in the same way as in the financial statements.

All assets are allocated to reportable segments other than parent entity current assets, the majority of which are cash and cash equivalents. Assets used jointly by reportable segments are allocated on the basis of the usage by individual reportable segments.

All liabilities are allocated to reportable segments other than 'other financial liabilities', current and deferred tax liabilities, and 'other' liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

	30 June 2018 $	30 June 2017 $
Segment assets		
Mbalam-Nabeba Iron Ore Project	181,440,794	168,042,985
Total segment assets	181,440,794	168,042,985
Unallocated assets	520,254	703,791
CONSOLIDATED ASSETS	**181,961,048**	**168,746,776**
Segment liabilities		
Mbalam-Nabeba Iron Ore Project	659,364	658,593
Total segment liabilities	659,364	658,593
Unallocated liabilities	114,377,113	100,892,717
CONSOLIDATED LIABILITIES	**115,036,477**	**101,551,310**

4.4 Other segment information

	Additions to non-current assets Year Ended	
	30 June 2018 $	30 June 2017 $
Mbalam-Nabeba Iron Ore Project	45,577	63,399
Unallocated	-	-
	45,577	**63,399**

There were no impairment losses recognised for the year (2017: nil)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note provides information about the group's financial instruments, including:

- an overview of all financial instruments held by the group
- specific information about each type of financial instrument
- accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

	Notes	2018 $	2017 $
FINANCIAL ASSETS			
Cash and cash equivalents	5(a)	457,725	820,033
Trade and other receivables	5(b)	42,610	47,684
Total Financial Assets		**500,335**	**867,717**
FINANCIAL LIABILITIES			
Borrowings	5(c)	113,794,262	100,416,657
Trade payables and accruals	5(d)	1,109,854	992,106
Total Financial Liabilities		**114,904,116**	**101,408,763**

Note 5(a) Cash and cash equivalents

	2018 $	2017 $
Cash at bank and in hand	457,725	820,033
	457,725	**820,033**

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

At 30 June 2018 the Group had no undrawn borrowing facilities (2017: nil).

Cash and cash equivalents carrying value is assumed to approximate fair value.

Note 5(b) Trade and other receivables

	2018 $	2017 $
Other receivables	42,610	47,684
	42,610	**47,684**

Trade and other receivables carrying value is assumed to approximate fair value.

Impairment of financial assets

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Note 5(c) Borrowings

	2018 $	2017 $
CURRENT BORROWINGS		
Convertible Note - Debt Liability	-	569,623
Convertible Note - Derivative Liability	-	-
Convertible Note - Capitalised Borrowing Costs	-	-
	-	**569,623**
NON-CURRENT BORROWINGS		
Convertible Note - Debt Liability	109,658,440	94,648,981
Convertible Note - Derivative Liability	4,200,000	5,314,286
Convertible Note - Capitalised Borrowing Costs	(64,178)	(116,234)
	113,794,262	**99,847,033**
TOTAL BORROWINGS	**113,794,262**	**100,416,656**

CURRENT BORROWINGS

Hanlong Convertible Note:

5 million convertible notes were issued by the Company on 6 February 2013 to Hanlong (Africa) Mining Investment Ltd ('**Hanlong**') at an issue price of $1.00 per note with a total face value of $5 million. On 12 December 2014, Sundance advised that the maturity date had been extended from 31 December 2014 to 31 December 2015, and from 1 January 2015, Sundance will pay interest to Hanlong at the rate of 10% per annum on a quarterly basis on the outstanding convertible notes.

On 30 December 2015, Hanlong converted 2.5 million convertible notes into 192,307,692 fully paid Sundance shares at $0.013 per share which was based on the average daily volume weighted average price of Sundance shares traded on the ASX over the five trading days preceding the date of notice of conversion.

On 15 December 2015 Sundance advised that the maturity date for the remaining $2.5 million convertible notes had been extended from 31 December 2015 to 31 December 2016.

On 31 January 2017 Hanlong converted 2,332,500 convertible notes into fully paid ordinary Sundance shares. Following the conversion, Hanlong holds 167,500 Hanlong Notes at an issue price of A$1.00 per note with a total face value of $167,500 (excluding the interest component of $375,000) and a maturity date of 31 December 2017. From 1 January 2017, Sundance will continue to pay interest to Hanlong at the rate of 10% per annum to be capitalised and added to the value of the Hanlong Notes and converted under the same terms as the remaining notes.

Conversion may occur at any time until 31 December 2017 at the election of either Sundance or Hanlong utilising a conversion price of the average daily volume weighted average price of Sundance shares traded on the ASX over the five trading days preceding the notice of conversion. If the notes have not been converted into Sundance shares by 31 December 2017, they will be redeemed at $1.00 per note.

On 29 November 2017, Sundance Resources Limited issued Hanlong (Africa) Mining Investment Limited a conversion notice to convert 167,500 convertible notes plus outstanding interest of $429,250 into 147,345,679 fully paid ordinary shares in Sundance on the 4 December 2017, at the 5 day VWAP, with an issue price of $0.00405.

There are no further notes or debt payable to Hanlong.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

NON-CURRENT BORROWINGS

Noble Convertible Notes

On 26 October 2015, the Company announced that it had executed all of the agreements for the effective extension of the maturity date of the convertible notes due on 1 December 2015 to 23 September 2017 held by Noble.

Under the binding convertible note deed entered into by the Company and Noble (Replacement Noble Deed), the Company with ASX and any other regulatory and Shareholder approval:

(a) issued 200,000 new AUD denominated convertible notes at an issue price of $100 per note and a conversion price of $0.03 per share, to Noble valued at $20,000,000 with a maturity date of 23 September 2017 (Replacement Noble Notes); and

(b) issued 200,000,000 free options with an exercise price of $0.07 (New Noble Options).

Under the Replacement Noble Deed, the Company redeemed the Existing Noble Notes and cancelled the Existing Noble Options.

No funds were raised by the issue of the Replacement Noble Notes and New Noble Options. The redemption amount of $20,000,000 owed by Sundance to Noble under the Existing Noble Note (being 100% of face value) was set-off against the subscription amount of $20,000,000 owed by Noble in connection with the Replacement Noble Notes and New Noble Options. The redemption of the Existing Noble Note and cancellation of the Existing Noble Options in consideration for the issue of the Replacement Noble Notes and New Noble Options was a rollover of existing debt and accrued obligations, and did not increase the Company's indebtedness. The Existing Noble Deed was terminated on the 1 December 2015 with full effect.

The replacement Noble Notes and Noble Options are secured.

If the replacement Noble Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $25,156,200 (including $1,156,200 of capitalised interest accrued on the original convertible notes). No interest will accrue in respect of the replacement Noble Notes.

The Noble Options have an exercise price of $0.0695 and will lapse on the earlier of:

- 5pm (WST) on 23 September 2019;
- 40 business days after the Company achieves Financial Close; and
- if a Change of Control Event is announced prior to the expiry of the Options, the date on which the Change of Control Event is completed which:
    - in the case of limb (a) of the definition of Change of Control Event, shall be the day the takeover offer closes;
    - in the case of limb (b) of the definition of Change of Control Event, shall be the implementation date of the scheme;
    - in the case of limb (c) of the definition of Change of Control Event, shall be the date of completion of the sale; and
    - in the case of limb (d) of the definition of Change of Control Event, shall be the date of change in control.

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes.

For full details of the convertible notes and options issued to Noble refer to the 2016 Notice of Annual General Meeting.

Investor Consortium Notes

Following shareholder approval, on 1 December 2015, the Company issued the following to an investor consortium made up of investment vehicles managed by Blackstone Alternative Solutions, L.L.C., the D. E. Shaw Group and Senrigan Capital (‘**Investor Consortium’**):

- convertible notes with a face value of $24 million (240,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.03 per share subject to adjustment (**‘Investor Consortium Notes’**); and
- 260 million free attaching options (**‘Investor Consortium Options’**).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The Investor Consortium Notes and Investor Consortium Options are secured.

If the Investor Consortium Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $28.8 million. No interest will accrue in respect of the Investor Consortium Notes.

The Investor Consortium Options have an exercise price of $0.0695 and will lapse on the earlier of:

- 5pm (WST) on 23 September 2019;
- 40 business days after the Company achieves Financial Close; and
- if a Change of Control Event is announced prior to the expiry of the Options, the date on which the Change of Control Event is completed which:
- in the case of limb (a) of the definition of Change of Control Event, shall be the day the takeover offer closes;

in the case of limb (b) of the definition of Change of Control Event, shall be the implementation date of the scheme;

- in the case of limb (c) of the definition of Change of Control Event, shall be the date of completion of the sale; and
- in the case of limb (d) of the definition of Change of Control Event, shall be the date of change in control.

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes.

For full details of the convertible notes and options issued to the Investor Consortium refer to the 2016 Notice of Annual General Meeting.

Wafin Notes

On 23 September 2014 Sundance issued 400,000 convertible notes to Wafin Limited (**'Wafin'**) with an issue price of $100 per convertible note for a total investment of $40 million, maturing 36 months from the date of issue (23 September 2017) (**'Wafin Note'**). Wafin also received options over 260 million ordinary shares with an exercise price of 12 cents (**'Wafin Options'**).

Following shareholder approval, on 1 December 2015, the Company amended the Wafin Note and Wafin Options as follows:

- convertible notes with a face value of $40 million (400,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.03 per share subject to adjustment (**'Wafin Replacement Notes'**); and
- 260 million free attaching options (**'Wafin Replacement Options'**).

The Wafin Replacement Notes and Wafin Replacement Options are secured.

If the Wafin Replacement Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $52 million.

The Wafin Replacement Options have an exercise price of $0.0695 and will lapse on the earlier of:

- 5pm (WST) on 23 September 2019;
- 40 business days after the Company achieves Financial Close; and
- if a Change of Control Event is announced prior to the expiry of the Options, the date on which the Change of Control Event is completed which:
- in the case of limb (a) of the definition of Change of Control Event, shall be the day the takeover offer closes;
    - in the case of limb (b) of the definition of Change of Control Event, shall be the implementation date of the scheme;

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

- in the case of limb (c) of the definition of Change of Control Event, shall be the date of completion of the sale; and
- in the case of limb (d) of the definition of Change of Control Event, shall be the date of change in control.

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes.

For full details of the convertible notes and options issued to Wafin refer to the 2016 Notice of Annual General Meeting.

2015 Investor Consortium Notes

On 9 November 2015, the Company issued the following to an investor consortium made up of investment vehicles managed by Noble, Wafin, the D. E. Shaw Group and Senrigan Capital (**'2015 Investor Consortium'**):

- convertible notes with a face value of $7 million (70,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.01 per share subject to adjustment (**'2015 Investor Consortium Notes'**)

The 2015 Investor Consortium Notes are secured.

Conversion may occur at any time between 27 October 2015 and 22 September 2017. If the 2015 Investor Consortium Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $8.4 million. No interest will accrue in respect of the 2015 Investor Consortium Notes.

The funds raised from the issue of these convertible notes will be used for working capital and project development.

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

	$
Proceeds of issue	7,000,000
Liability component at date of issue	(3,937,500)
Equity component	**3,062,500**

The equity component of $3,062,500 has been credited to equity (reserves).

The difference between the carrying amount of the liability component at the date of issue ($3,937,500) and the amount reported in the statement of financial position represents the effective interest rate less interest paid.

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes.

For full details of the convertible notes issued to the 2015 Investor Consortium refer to the 2016 Notice of Annual General Meeting.

2016 Investor Group Notes

On 28 February 2017, Sundance issued the following to Noble Resources International Pte Ltd ('**Noble**'), an investment vehicle managed by Senrigan Capital Group ("Senrigan") and David Porter (together the **'2016 Investor Group'**) to be used to assist in an enhanced strategy to find a partner for the Mbalam Nabeba Iron Ore Project:

- convertible notes with a face value of $1.3 million (13,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.0035 per share subject to adjustment (**'2016 Investor Group Notes'**)

The 2016 Investor Consortium Notes are unsecured.

Conversion may occur at any time between 12 January 2017 and 23 September 2019. If the 2016 Investor Consortium Notes are not converted prior to the maturity date, 23 September 2019, they must be redeemed by the Company at its

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

redemption amount of $1.56 million (120% of face value). No interest will accrue in respect of the 2016 Investor Consortium Notes.

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

	$
Proceeds of issue	1,300,000
Liability component at date of issue	(185,714)
Derivative component	**1,114,286**

The liability component is measured at amortised cost. The interest expense for the year of $200,608 (2017: $82,515) is calculated by applying an effective interest rate of 95.4% to the liability component for the period since the loan notes were issued. Interest paid in the period is nil. The difference between the carrying amount of the liability component at the date of issue ($185,714) and the amount reported in the statement of financial position at 30 June 2018 $270,364 (2017: $268,229) represents the effective interest rate.

On 13 February 2018, Sundance converted 6,500 $100 2016 Investor Group convertible notes held by Noble Resources into 185,714,286 fully paid ordinary shares.

On 26 February 2018, Sundance converted 3,900 $100 2016 Investor Group convertible notes held by Senrigan into 111,428,571 fully paid ordinary shares.

For full details of the convertible notes issued to the 2016 Investor Consortium refer to the 2016 Notice of Annual General Meeting.

PROPOSED CANCELLATION OF CONVERTIBLE NOTES

On 29 July 2018 Sundance signed a legally binding term sheet with Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, Wafin Limited, BSOF Master Fund L.P. and David Porter (**together the "Noteholders**") to, subject to certain conditions being satisfied or waived, cancel their Convertible Notes in consideration for a combination of equity in Sundance and a capped production royalty ("**Restructure**").

The redemption value of the Notes is $132.86 million. The Notes have a maturity date of 23 September 2019, by which time Sundance would have to repay them.

Under the agreed deal, each Noteholder was offered an opportunity to cancel its Notes in exchange for such number of shares in Sundance that represents between 30 – 50% of the redemption value of its Notes, based on a Sundance share price of 0.4 cents. The level of equity that a Noteholder elected to receive determined the rate of the proposed production royalty, which ranged from 1.00% to 1.24% of their share of revenue from the sale of the first 517 million tonnes of ore from the Project. The calculation of value to the Noteholders was determined by reference to the long term iron ore price of US$69/t CFR China.

The detail of the proposed conversion is covered in the table below:

Noteholder	Redemption Value ($M)	Conversion % to equity	No of Shares equivalent (M)	Royalty %
Senrigan	15.48	40	1,548	1.12
Noble	31.61	50	3,951	1
D. E. Shaw	18.84	50	2,355	1
Wafin	63.27	40	6,327	1.12
BSOF	3.36	40	336	1.12
Porter	0.3	40	31	1.12
Total	**132.86**		**14,548**	

Completion under the Term Sheet is subject to certain conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the Restructure, approval will be sought from Sundance shareholders at an Extraordinary General Meeting ("EGM").

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Following completion, the Noteholders will hold approximately 64% of the issued equity in the Company.

AUSTSINO AGREEMENT

The Term Sheet described above ("Existing Term Sheet") has been suspended by the AustSino Agreement announced on 25 September 2018 and is described below. The Existing Term Sheet will terminate upon completion of the Agreement (but if completion under the Agreement does not occur then the Existing Term Sheet will remain on foot).

Under the Agreement, AustSino has agreed to two placements of Sundance shares:

- an initial placement of 62,500,000 Sundance fully paid ordinary shares ("**Shares**") at an issue price of A$0.004 per Share within 15 business days of the date of the Agreement ("**Initial Placement**"); and
- a second placement of 10,545,454,545 Shares at an issue price of A$0.0055 per Share, together with the grant of 10,545,454,545 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2018 or another date agreed by the parties ("**Second Placement**").

The proceeds of the Second Placement will be used for the following:

- $50M cash will be paid to the Noteholders ("Cash Payment"); and
- The balance will be used for working capital and to progress development of the Project

In exchange for the cancellation of the existing convertible notes in Sundance held by the Noteholders ("Convertible Notes") ("Cancellation"), in addition to the Cash Payment to the Noteholders, Sundance will issue to the Noteholders:

- 2,000,000,000 Shares at a deemed issue price of A$0.004; and
- 10,000,000,000 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue.

The cash, Shares and options will be allocated amongst the Noteholders in proportion to their redemption value or as otherwise agreed between the Noteholders (with those alternate proportions to be notified to Sundance and outlined in Sundance's notice of meeting in due course, if applicable). Any alternate allocation between the Noteholders will not increase the total value of the consideration payable to the Noteholders for Cancellation of the Convertible Notes. The table below outlines the redemption value of each Noteholder's Convertible Notes and the proportion of that value to the total redemption value of the Convertible Notes.

Noteholder	Redemption Value	
	A$M	% of total
Wafin Limited	63.3	47.6%
Noble Resources International Pte Ltd	31.6	23.8%
D.E. Shaw Composite Holdings International Pte Ltd	18.8	14.2%
Senrigan Master Fund	15.5	11.7%
BSOF Master Fund L.P.	3.4	2.5%
Mr. David Porter	0.3	0.2%
Total	**132.9**	**100.0%**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss as gain on derivative or convertible note option and conversion right expense.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial Assets / Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation Technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 Jun 18	30 Jun 17				
Hanlong Note: – Derivative Component	-	-	Level 2	Black Scholes Option Pricing Model at 30 June 2017 Key inputs include: - Underlying share price $0.0035 - Risk free rate 1.95% - Volatility 130% - Expected term 0.5 years - Vesting date 31 December 2017	N/A	N/A
Noble Note: – Derivative Component	666,667[(i)]	666,667[(i)]	Level 2	Binomial Model at 30 June 2017 Key inputs include: - Underlying share price $0.0035 - Risk free rate of 1.95% - Volatility 130% - Expected term 2.70 years - Vesting date 23 September 2019	N/A	N/A
Investor Consortium Note: – Derivative Component	800,000[(i)]	800,000[(i)]	Level 2	Binomial Model at 30 June 2017 Key inputs include: - Underlying share price of $0.0035 - Risk free rate 1.95% - Volatility of 130% - Expected term 2.7 years - Vesting date 23 September 2019	N/A	N/A
Wafin Note: – Derivative Component	1,333,333[(i)]	1,333,333[(i)]	Level 2	Binomial Model at 30 June 2017 Key inputs include: - Underlying share price of $0.0035 - Risk free rate 1.95% - Volatility of 130% - Expected term 2.7 years - Vesting date 23 September 2019	N/A	N/A
2015 Investor Consortium Note: – Derivative Component	1,400,000[(i)]	1,400,000[(i)]	Level 2	Binomial Model at 30 June 2017 Key inputs include: - Underlying share price of $0.0035 - Risk free rate 1.95% - Volatility of 130% - Expected term 2.7 years - Vesting date 23 September 2019	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

2016 Investor Group Note: – Derivative Component	-	1,114,286(i)	Level 2	Binomial Model at 30 June 2017 Key inputs include: - Underlying share price of $0.0035 - Risk free rate 1.95% - Volatility of 130% - Expected term 2.7 years - Vesting date 23 September 2019	N/A	N/A

(i) *Conversion feature embedded within the convertible notes on amendment to terms and conditions*

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

Financial Liabilities	30 June 2018	30 June 2018	30 June 2017	30 June 2017
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Convertible note debt liability-Hanlong	-	-	569,624	542,500
Convertible note debt liability - Noble	24,369,819	24,369,819	21,766,727	21,766,727
Convertible note debt liability - Investor Consortium	28,362,545	28,362,545	24,731,935	24,731,935
Convertible note debt liability - Wafin	49,070,901	49,070,901	41,713,969	41,713,969
Convertible note debt liability – 2015 Investor Consortium	7,584,814	7,584,814	6,168,121	6,168,121
Convertible note debt liability – 2016 Investor Group	206,186	270,364	151,995	268,229

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

FINANACIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE GROUP

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

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

Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to the 'issue of convertible notes' reserve account. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Other financial liabilities

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

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, significantly restructured, cancelled or they expire.

Note 5(d) Trade and Other Payables

	2018	2017
CURRENT	$	$
Trade payables	31,762	23,557
Sundry payables and accrued expenses	1,078,092	968,549
	1,109,854	**992,106**

Trade payables and sundry creditors are non-interest bearing and generally on 30 day terms.

NOTE 6. NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the group's non-financial assets and liabilities, including:

- Specific information about each type of non-financial asset and liability
  - Other Assets (note 6(a))
  - Mine development assets (note 6(c))
  - Employee benefits provisions (note 6(d))
- Accounting policies
- Information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

Note 6(a) Other Assets

	2018	2017
	$	$
Prepayments	129,960	113,694
Tax receivables	54,412	13,149
	184,372	**126,843**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. NON FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Note 6(b) Inventories

	2018 $	2017 $
Consumables and equipment (current inventory)	861,099	812,239
Provision for impairment (current inventory)	(822,836)	(775,729)
Drilling equipment and spares (non-current inventory)	2,535,144	2,390,012
Provision for impairment (non-current inventory)	(2,535,144)	(2,390,012)
	38,263	**36,510**

Inventories are carried at the lower of cost and net realisable value. The cost of inventories recognised as an expense during the period in respect of continuing operations was $nil (2017: nil). All inventories consumed are capitalised to mine development or exploration and evaluation expenditure as appropriate.

All current inventories are expected to be consumed within 12 months, whereas the non-current inventories will be held as drilling equipment and spares for such time as required for further project development. As these items are not held for the purpose of resale but will be capitalised into a non-current asset when used they have been classified as non-current.

Note 6(c) Mine Development Assets

	2018 $	2017 $
Mbalam-Nabeba Iron Ore Project		
Carrying amount at beginning of year	167,715,706	169,233,990
Effect of movement in exchange rates	13,522,372	(1,518,284)
	181,238,078	**167,715,706**

At 30 June 2018, the Company held a 90% interest in Cam Iron S.A. which holds a 100% interest in the Project in Cameroon and an 85% interest in Congo Iron S.A. which holds a 100% interest in the Project in Congo. The mining codes in both Cameroon and Congo entitle the state to take up an equity interest in the Project.

Sundance reviews the carrying value of its assets at each balance date. During the period to 30 June 2018, the following material events occurred which were considered indicators of impairment:

- As announced on 31 July 2017 Exploration Permit 92 ("EP92") held by Cam Iron expired on 26 July 2017 after it had reached the maximum number of extensions under the Cameroon Mining Code. Cam Iron believes it has priority rights to be granted a mining permit, notwithstanding the lapse of the mining convention on 14 September 2018, over the area previously covered by EP92 as a result of Cam Iron having lodged a valid mining permit application in 2009 during the term of EP92.

  Recently, independent Cameroon legal advice was sought and their opinion was that notwithstanding the requirements of the Mining Code, the-mining permit application was never determined and although EP92 has now expired, consistent with the Mining Code, Cam Iron retains priority over any application filed by a third party over the land the subject of the mining permit application, pending a decision by the Minister on Cam Iron's mining permit application.

- as at 30 June 2018, the market capitalisation of the Consolidated Entity was below the net assets.

Consequently, an impairment assessment was undertaken on the combined Cam Iron and Congo Iron Cash Generating Unit ('**CGU**'). The Fair Value less cost to sell is assessed as the present value of future cash flows expected to be derived less costs to sell the CGU and this falls under Level 3 of the fair value hierarchy. The Consolidated Entity used the income approach in determining the fair value. There have been no changes to the valuation technique used in previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. NON FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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

- Cashflow forecasts for the life of the CGU were derived from a life of mine model based on the following assumptions:
  - The Consolidated Entity achieving funding for the development of the Project;
  - The definitive feasibility study completed in March 2011 for Stage 1 of the Project. The results of which were announced to ASX on 6 April 2011. A Reserve upgrade was announced in May 2015. Operating costs have been updated for outcomes from the Reserves upgrade in May 2015. Infrastructure EPC price and all other

    capex costs have been inflated to take account of cost increases through to the end of construction. The mines to be funded, owned and operated by Sundance whilst the rail and port infrastructure is funded, owned and operated by the Government of Cameroon;
  - Construction and development for Stage 1 to commence in the March quarter of 2020;
  - Production from Stage 1 commencing in late 2024, ramping up to annual production of 40Mtpa;
  - The latest JORC code compliant reserves and resource estimates;
  - The receipt of all necessary approvals for the development and operation of the Project;
  - Financial commitments outlined in the Conventions with both the Government of Cameroon and the Government of Congo;
  - Freight costs from Kiribi to China based on last three year average of market data (this has resulted in a drop of $US2.36/dmt from 30 June 2017);
  - Tariffs in relation to freight transport to port remaining on a commercial rate based on estimated underlying cost;
  - A range of forecast long term iron ore prices for the 62% Fe/dmt fines CFR price (northern China) provided by leading external economic forecasters was considered. The Consolidated Entity has used U$67.52/dmt (real) for the 62% Fe fines CFR price (northern China) as its long term iron ore price (in June 2017 it used $69/dmt); and
  - Revenue and cost inflation estimates of 2.5% per year.
- Discount rate of 16.5% (nominal, after tax) which is consistent with the rate used at 30 June 2017.

No impairment has been recognised in this financial report.

The Consolidated Entity considered a number of sensitivities in assessing the recoverable amount as at 30 June 2018. The Consolidated Entity does consider certain assumptions to have a more significant impact on the assessment of the recoverable value and accordingly sensitivities on these assumptions are set out below. The cashflow estimates are most sensitive to changes in iron ore prices and the discount rate. It is estimated that changes in key assumptions, if all other assumptions remain unchanged, would impact recoverable amounts as 30 June 2018 as follows:

- A decrease in the real long term benchmark 62% Fe fines CFR iron ore price from $67.52/dmt to US$64.30/dmt whilst maintaining all other assumptions would, in itself, result in a full impairment of $181.2 million.
- An increase in the discount rate from 16.5% to 20.1% whilst maintaining all other assumptions would, in itself, result in a full impairment of $181.2 million.
- A delay in the commencement of construction by 12 months, whilst maintaining all other assumptions would, in itself, not result in an impairment.

- A loss of the 5 year tax holiday in the Cameroon Convention fiscal terms and an increase of the Cameroon tax rate from 25% to 33% would in itself not result in an impairment.

As announced to ASX on 30 June 2015, the Government of the Republic of Cameroon ('Cameroon Government') has agreed to fund 100% of the capital requirement for the rail and port infrastructure in Cameroon via a loan from China and possibly other friendly countries. As a consequence, the Cameroon Government will own 98% of the rail and port infrastructure entities and in recognition of the capital invested to date by Sundance's subsidiary Cam Iron and the ongoing support that Sundance will provide towards the development of the rail and port infrastructure, Cam Iron will obtain a 2% free carried interest in these entities until the date of first commercial production. Cam Iron will not be required to provide any equity or

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. NON FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

debt funding for the construction of the rail and port infrastructure. Sundance subsidiaries, Cam Iron and Congo Iron S.A., will enter into take or pay agreements incorporating a commercial tariff for each tonne transported and loaded using the infrastructure.

Recoverability

The ability of the consolidated entity to recover the carrying value of the Project is dependent on the granting of a Mining Permit over the land previously covered by EP92, which amongst other matters noted below, includes the ability of the company to obtain project financing to develop the project and realise amounts in excess of its carrying value. Sundance was the holder of Exploration Permit ("EP92") from 2006 to 2017. In 2009 the Company filed a valid application for a mining permit over the tenement covered by EP92. This application was never dealt with and notwithstanding that EP92 has now expired the land, consistent with Cameroon Mining Code, remains unavailable for third parties until a further decision is made on the current Sundance mining permit application.

As disclosed in Note 15 (c) *Events Occurring After the Reporting Period*, the Mbalam Convention had been extended to 14 September 2018; it has now expired. Following this, independent Cameroon legal advice was sought and their opinion was that notwithstanding the requirements of the Mining Code, and the conclusion of both the Mbalam convention and the transition agreement, the mining permit application has never been determined and although EP92 has now expired, consistent with the Cameroon Mining Code, Cam Iron retains priority over any application filed by a third party over the land the subject of the mining permit application, pending a decision by the Minister on Cam Iron's mining permit application. It is only upon an affirmative decision by the minister that the company will have a Mining Permit.

During the period of extension as per the ASX announcement on 19 March 2018, Sundance needed to demonstrate to the Cameroon Government that a credible partner who is interested in the development of the Project has taken equity. If that was to occur, the Government advised that it would take all useful measures to assist Sundance in carrying out the development of the Project. Sundance has updated the Government about the progress it has made with regard to securing an equity partner (being AustSino) and associated partners who have the capacity and capability to fund and construct the Project.

AustSino became an equity holder of Sundance following the $750,000 placement to AustSino on 1 August 2018.

An Agreement was signed between Sundance, AustSino and the existing Sundance convertible note holders on 20 September 2018, this on completion of the required conditions which include shareholder and regulatory approvals for Sundance and AustSino will result in AustSino taking a greater than 50% interest in Sundance and becoming its strategic partner in developing the Project.

Sundance, AustSino and their representatives will meet with representatives of the Cameroon Government commencing in November 2018 in order to demonstrate that the parties are ready to fund and construct the Project subject to, amongst other things, the Cameroon Government agreeing to either reinstate the Mbalam Convention or enter into a new convention on substantially similar terms to the Mbalam Convention.

There is a risk that the Mbalam Convention will not be reinstated by the Government or that the Government does not enter into a new agreement with Sundance at all or on substantially similar terms as the Mbalam Convention.

This will result in fiscal terms for the Cameroon part of the Project falling back to those in the Cameroon Mining Code which would result in no tax holiday (5 year tax holiday in the Convention) and a tax rate of the countries cooperate tax rate of 33% (25% in the Convention). This does not have a material impact on the assessment of the recoverable amount of the Mine Development.

Impairment of long-lived assets excluding goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. NON FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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

Note 6(d) Employee Benefits Provisions

	2018 $	2017 $
CURRENT		
Employee benefits provision	78,395	116,228
	78,395	116,228
NON CURRENT		
Employee benefits provision	53,966	26,319
	53,966	26,319
	132,361	**142,547**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. EQUITY

Note 7(a) Contributed Equity

	2018 $	2017 $
8,125,846,952 fully paid ordinary shares (2017: 7,102,023,617)	426,181,131	422,517,611
	426,181,131	**422,517,611**

	Number of shares	Share capital $
Balance as at 30 June 2016	**6,240,762,949**	**420,175,072**
308,340 shares issued 9 December 2016(iv)	308,340	1,850
200,000 shares issued 27 January 2017(ii)	200,000	-
759,387,627 shares issued 31 January 2017(ii)	759,387,627	2,332,500
100,000,000 shares issued 22 February 2017(i)	100,000,000	-
1,318,121 shares issued 14 March 2017(iv)	1,318,121	7,909
46,580 shares issued 20 June 2017(iv)	46,580	280
Balance as at 30 June 2017	**7,102,023,617**	**422,517,611**
384,133 shares issued 11 August 2017(iv)	384,133	2,305
3,174,715 shares issued 25 August 2017(iv)	3,174,715	19,048
42,610,469 shares issued 7 September 2017(iv)	42,610,469	255,663
5,400 shares issued 7 September 2017(iv)	5,400	32
386,044,838 shares issued 25 September 2017(v)	386,044,838	1,542,250
92,115,144 shares issued 25 September 2017(vi)	92,115,144	368,000
147,345,679 shares issued 4 December 2017(ii)	147,345,679	596,750
185,714,286 shares issued 13 February 2018(vii)	185,714,286	650,000
111,428,571 shares issued 26 February 2018(viii)	111,428,571	390,000
100 shares issued 10 April 2018(ix)	100	-
55,000,000 shares issued 26 June 2018(x)	55,000,000	-
Effects of movements in exchange rates	-	(1,198)
Capital raising costs	-	(159,330)
Balance as at 30 June 2018	**8,125,846,952**	**426,183 ,967**

Notes:

(i) Issue of shares to Executive Management (excluding the CEO) under the new salary structuring arrangements
(ii) Hanlong converted 2.3325 million convertible notes into shares on the 31 January 2017 and a further 167,500 convertible notes plus outstanding interest of $429,250 into shares on the 4 December 2017.
(iii) Issue of shares under Entitlement Offer
(iv) Exercise of options expiring 31 August 2017
(v) Issue of shares under Share Purchase Plan announced 25 August 2017
(vi) Issue of shares under Top-up Placement announced 25 August 2017
(vii) Noble Resources International Pte Ltd converted 6,500 convertible notes into shares
(viii) Senrigan Master Fund converted 3,900 convertible notes into shares
(ix) Issue of shares under Cleansing Prospectus
(x) Issue of shares to senior staff under Employee Share Option Plan

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. EQUITY (CONTINUED)

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.

OPTIONS OVER ORDINARY SHARES

Unlisted Options

At 30 June 2018 there were 920,000,000 (2017:920,000,000) unissued ordinary shares for which options were outstanding which were subject to vesting conditions. These comprise the following:

- 50,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 6.95 cents per share expiring on 23 September 2019 or 40 days after Financial Close*.
- 210,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 6.95 cents per share expiring on 28 November 2019 or 40 days after Financial Close*.
- 200,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 6.95 cents per share expiring on 23 September 2019 or 40 days after Financial Close*.
- 260,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 6.95 cents per share expiring on 23 September 2019 or 40 days after Financial Close*.
- 100,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 0.30 cents per share vesting on 1 December 2017 and expiring on 1 December 2022.
- 100,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 0.60 cents per share vesting on 1 December 2018 and expiring on 1 December 2023.

**Financial Close means the time when the project financing documentation for the full debt funding of the Mbalam-Nabeba Iron Ore Project has been executed and conditions precedent have been satisfied or waived and, as a consequence, drawdowns under the project financing documentation are now permissible and a minimum of $40,000,000 has now been received by the Company.*

Listed Options

As at 30 June 2018 there were nil (2017: 2,820,922,640) options which entitled the holder to subscribe for one ordinary share in the parent entity for 0.6 cents per share expiring on 31 August 2017.

PERFORMANCE RIGHTS OVER ORDINARY SHARES

At 30 June 2018 there were nil (2017:3,956,839) performance rights on issue over ordinary shares.

- Nil (2017:3,956,839) performance rights issued pursuant to the 2014 LTI plan. These performance rights vest over the period to 31 December 2017.

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.

RESERVES

The share based payment reserve and option premium reserve relate to share options granted by the Company to its employees under its employee share option plan. Further information about share based payments to employees is set out in note 17.

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. CASH FLOW INFORMATION

	2018 $	2017 $
Reconciliation of cash flow from operations with loss after income tax		
Loss after tax	(18,616,633)	(7,273,369)
Non-cash items in loss after tax		
Cost of share based payments	1,173,945	478,473
Finance charge – convertible note	15,287,113	15,822,334
Gain on revaluation of derivative – Convertible Notes	(272,758)	(11,919,243)
Total foreign exchange impact on operating cash flows	1,138	1,630
Changes in assets and liabilities		
(Decrease)/Increase in accruals and provisions	98,945	(274,323)
(Decrease) in creditors	(20,579)	(698,612)
(Increase)/decrease in inventories	(1,753)	20,650
(Increase)/decrease in other debtors and prepayments	(52,455)	128,714
Net cash used in operating activities	**(2,403,037)**	**(3,713,746)**
Cash and cash equivalents at the end of the year is shown in the accounts as:		
Cash and cash equivalents	457,725	820,033
Cash and cash equivalents at the end of the financial year	**457,725**	**820,033**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. INCOME TAX

	2018 $	2017 $
The components of tax expense comprise:		
Current Income Tax		
- Current income charge (benefit)	(384,634)	(1,013,000)
Deferred Income Tax		
- Relating to origination and reversal of temporary differences	(8,183,813)	999,739
- Tax losses not brought to account	384,634	1,013,000
- Timing differences not brought to account	8,183,813	(999,739)
Income tax expense reported in the statement of comprehensive income	-	-
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Loss before tax from ordinary activities	(18,616,633)	(7,273,369)
Prima facie tax receivable on loss from ordinary activities before income tax at 30% (2016: 30%)		
– consolidated group	(5,584,990)	(2,182,011)
Add:		
Tax effect of:		
– Impairment of project & utility expense	7,352,458	19,020
– Tax rate difference for foreign operations	-	(36,521)
– Share based payment expense	352,184	143,542
– Other non-allowable items	4,570,517	43,230
– Losses not brought to account	384,634	1,013,000
– Timing differences not brought to account	(7,074,803)	999,739
Income tax attributable to entity	**-**	**(1)**
Unrecognised deferred tax balances		
Unrecognised deferred tax asset – losses	70,295,615	69,910,981
Unrecognised deferred tax assets – other	2,380,020	10,948,466
Unrecognised deferred tax liabilities – other	-	-
Deferred tax asset not brought to account	**72,675,635**	**80,859,447**

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. INCOME TAX (CONTINUED)

Current Tax

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

Current and deferred tax for the period

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

The deferred tax asset not brought to account will only be of benefit to the Group 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 Group are able to meet the continuity of ownership and/or continuity of business tests.

NOTE 10. FINANCIAL AND CAPITAL RISK MANAGMENT

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, trade payables and convertible notes, which arise directly from its operating and financing activities. 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 interest rate risk, credit risk, capital risk, liquidity risk and foreign currency risk. The Board reviews each of these risks on a regular basis.

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 subject to interest rate fluctuations. 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.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit exposure is controlled by counterparty limits. The counterparty limits approved during the year are that an individual counterparty does not exceed: 40% where gross monetary assets are in excess of $50 million; 50% where gross monetary assets are between $10 million $50 million; and 100% where gross monetary assets are below $10 million. Concentration of credit risk related to any counterparty did not exceed these limits during the year; the maximum counterparty risk recorded during the year amounted to 70%. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Capital risk

The Group and Company endeavour to manage their capital to ensure the Group and the Company will be able to continue as going concerns while maximising the development outcomes from its exploration expenditure.

The capital structure of the Group and the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves, carried forward losses and non-controlling interests. At 30 June 2018 the Group and the Company have convertible note facilities with Wafin, Hanlong, Noble, the Investor Consortium, 2015 Investor Consortium, and 2016 Investor Group.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

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. In addition to the below cash flows, please refer to Note 14 Expenditure Commitments.

2018	**Weighted average effective interest rate**	**Less than 1 month**	**1 to 3 months**	**3 to 12 months**	**Greater than 12 months**	**Total**
Financial assets		**$**	**$**	**$**		**$**
Variable interest rate	0. 15%	457,725	-	-	-	457,725
Fixed interest rate	0%	-	-	-	-	-
		457,725	**-**	**-**	**-**	**457,725**
Financial liabilities						
Trade Payables	0%	1,109,854	-	-	-	1,109,854
Derivative Liability	0%	-	-	-	4,200,000	4,200,000
Debt Liability	47.99%	-	-	-	128,668,200	128,668,200
		1,109,854	**-**	**-**	**132,868,200**	**133,978,054**
2017						
Financial assets						
Variable interest rate	0.65%	820,033	-	-	-	820,033
Fixed interest rate	0%	-	-	-	-	-
		820,033	**-**	**-**	**-**	**820,033**
Financial liabilities						
Trade Payables	0%	992,106	-	-	-	992,106
Derivative Liability	0%	-	-	-	5,314,286	5,314,286
Debt Liability	36.06%	-	-	542,500	128,801,914	129,344,414
		992,106	**-**	**542,500**	**134,116,200**	**135,650,806**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk

As a result of significant investment operations in Africa, the Group's balance sheet can be affected significantly by movements in the XAF/A$ exchange rates. The Group does not currently hedge this exposure.

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

	Liabilities		Assets	
	2018 $	2017 $	2018 $	2017 $
US Dollars (USD)	-	-	7,005	6,954
Central African Franc (XAF)	31,679	23,243	86,601	202,291

The Group has assessed that any movements in the Australian Dollar against the relevant foreign current and the interest rate will not have a material impact on the entity and accordingly, no additional disclosure on the possible change in rates have been made.

Fair values

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

	2018		2017	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Consolidated				
Financial Assets				
Cash and cash equivalents	457,725	457,725	820,033	820,033
Receivables	42,610	42,610	47,684	47,684
Financial Liabilities				
Payables	116,188,674	111,924,496	992,106	992,106
Convertible notes	109,594,264	109,658,442	95,102,371	95,191,480

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

- Cash assets and financial assets are carried at amounts approximating fair value because of their short term to maturity. Receivables and payables are carried at amounts approximating fair value.
- The fair values of other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value. For other assets and other liabilities the fair value approximates their carrying value. Please refer to Note 5(c) for further details on the fair value of convertible notes.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. CONTROLLED ENTITIES

	Principal Activity	Country of Incorporation	Proportion of ownership interest and voting power held by the Group (%)	
			2018	2017
Parent Entity:				
- Sundance Resources Limited	Corporate	Australia	—	—
Subsidiaries of Sundance Resources Limited:				
- Cam Iron S.A.	Iron ore exploration	Cameroon	90	90
- Sundance Minerals Pty Ltd	Holding	Australia	100	100
- Sundance Exploration Pty Ltd	Holding	Australia	100	100
- Sundance Mining Pty Ltd	Holding	Australia	100	100
- Congo Iron S.A.	Iron ore exploration	Congo	85	85
- Sangha Resources S.A.	Dormant	Congo	80	80
Subsidiaries of Cam Iron S.A.:				
- Mbarga Mine Co S.A.	Holding	Cameroon	90	90
- CI RailCo S.A.	Holding	Cameroon	90	90
- CI PortCo S.A.	Holding	Cameroon	90	90
Subsidiary of CI Rail Co S.A. and CI PortCo S.A.:				
Mineral Terminal and Rail Operations Company S.A	Dormant	Cameroon	90	90

NOTE 12. CONTINGENT LIABILITIES

The Group is aware of the following contingencies as at 30 June 2018:

Hold Co Production Based Compensation

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

Use of the Quantm System on the Mbalam Rail Corridor

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

Fiscal Compliance

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

NOTE 13. CAPITAL AND LEASING COMMITMENTS

	2018 $	2017 $
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable minimum lease payments:		
• Not later than 12 months	30,596	73,311
• Between 12 months and 5 years	-	-
• Greater than 5 years	-	-
	30,596	**73,311**

The Company has a licence agreement to rent premises at 45 Ventnor Avenue West Perth for a period of six months which expires on 31st October 2018.

Cam Iron leases office premises which is leased for a period of 6 months through to 30 November 2018.

Congo Iron provides one premises for a residential employee that also serves as office premises. This property is leased for 3 months expiring on the 10 July 2018.

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

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

NOTE 14. EXPENDITURE COMMITMENTS

Exploration Permit – Republic of Cameroon

- With the expiry of EP92 no further minimum expenditure is required.

Exploration Permits and Mining Permit – Republic of Congo

- On 6 February 2013, by Presidential Decree 2013-45, Congo Iron obtained a Mining Permit over the Nabeba –Bamegod exploration permit area for a period of 25 years. No minimum expenditure is required.
- On 9 August 2013 by Presidential Decree 2013-405, the Ministry granted a second 2 year extension of the Ibanga Exploration Permit. Congo Iron made application for a new permit, the Bethel Exploration Permit covering only part of the previous Ibanga permit area containing the most prospective area in August 2015. Congo Iron is awaiting a determination on this permit. No expenditure requirements have been set.

Mbalam Convention, Cameroon

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

Nabeba Convention, Republic of Congo

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. EVENTS OCCURING AFTER THE REPORTING PERIOD

Other than as set out elsewhere in this Annual Financial Report since the end of the financial year:

A) On the 30 July 2018, The Board of Sundance announced that the Company had reached agreement to restructure its balance sheet and eliminate the Convertible Notes that were due to mature in September 2019. Completion of this agreement will ensure the Company is free of $133m of debt and is in a position where it can progress the process of securing partners to join Sundance to advance the Project.

Indicatively if all resolutions giving effect to the transaction are approved by shareholders Sundance will come to have approximately 22.67 billion shares on issue, which at a sale price of 0.4 cents per share implies a market capitalisation of $90.7M, materially below the see-through Enterprise Value.

On 29 July 2018 Sundance signed a legally binding term sheet with Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, Wafin Limited, BSOF Master Fund L.P. and David Porter to, subject to certain conditions being satisfied or waived, cancel their Convertible Notes in consideration for a combination of equity in Sundance and a capped production royalty Restructure.

The redemption value of the Notes is $132.86 million. The Notes have a maturity date of 23 September 2019, by which time Sundance would have to repay them.

Under the agreed deal, each Noteholder was offered an opportunity to cancel its Notes in exchange for such number of shares in Sundance that represents between 30 – 50% of the redemption value of its Notes, based on a Sundance share price of 0.4 cents. The level of equity that a Noteholder elected to receive determined the rate of the proposed production royalty, which ranged from 1.00% to 1.24% of their share of revenue from the sale of the first 517 million tonnes of ore from the Project. The calculation of value to the Noteholders was determined by reference to the long term iron ore price of US$69/t CFR China. The royalty payable to the individual Noteholders will be calculated as follows:

Royalty = QR x NP x RR

where:

QR is the revenue received by Cam Iron and/or Congo Iron from ore sales from the Project for the relevant quarter

NP is the Noteholder's Redemption Value of the Notes it holds as a proportion to the total Redemption Value of Notes on issue, in each case immediately prior to the Restructure

RR is the applicable Royalty Rate agreed as described in the table below

The detail of the proposed conversion is covered in the table below:

Noteholder	Redemption Value ($M)	Conversion % to equity	No of Shares equivalent (M)	Royalty %
Senrigan	15.48	40	1,548	1.12
Noble	31.61	50	3,951	1
D. E. Shaw	18.84	50	2,355	1
Wafin	63.27	40	6,327	1.12
BSOF	3.36	40	336	1.12
Porter	0.3	40	31	1.12
Total	**132.86**		**14,548**	

Completion under the Term Sheet is subject to certain conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the Restructure, approval will be sought from Sundance shareholders at an EGM.

Following completion, the Noteholders will hold approximately 64% of the issued equity in the Company. This Term Sheet ("Existing Term Sheet") has been suspended by the Agreement announced on 25 September 2018 and is described below. The Existing Term Sheet will terminate upon completion of the Agreement (but if completion under the Agreement does not occur then the Existing Term Sheet will remain on foot).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. EVENTS OCCURING AFTER THE REPORTING PERIOD (CONTINUED)

B) On 2 August 2018, Sundance announced that it has signed a placement agreement with AustSino Resources Group Limited (ASX:ANS) ("ANS") to take a A$750,000 placement of Sundance shares.

The placement agreement between ANS and Sundance was signed on 1 August 2018. On Monday, 6 August 2018, ANS will provide A$750,000 in immediately available funds to Sundance and, no later than one business day after receipt of those funds, Sundance will issue ANS 187,500,000 ordinary fully paid shares. The issue price of the shares is $0.004, which is a 20% discount to the closing price on 1 August 2018, and will give ANS a 2.3% interest in the share capital of the Company. The funds will be used for the purposes of advancing the Project and general working capital (including payment of a 5% placement fee). Shareholder approval is not required for the issue. Sundance and ANS had also agreed to discuss and advance the development of the Project on an exclusive basis until 31 August 2018, subject to existing arrangements between Sundance and Tidfore Heavy Equipment Group Co. Ltd relating to the Project.

C) As per ASX announcements of 19 and 20 March 2018, the Mbalam Convention was extended to 14 September 2018. On this date, the convention ended as the company was unable to demonstrate to the Cameroon Government that a credible partner who was interested in the development of the Project had taken an equity position. Sundance updated a senior representative of the Government about the progress it had made with regard to securing an equity partner (being AustSino) and associated partners who had the capacity and capability to fund and construct the Project.

Notwithstanding the end of the Mbalam Convention, Sundance's subsidiary Cam Iron SA's mining permit application over the land previously covered by Exploration Permit EP92 remains on foot giving Cam Iron priority rights in respect of its Mining Permit Application relating to that area until a decision is made on the Mining Permit Application. An affirmative decision will lead to a full mining operating permit being issued, whereas a negative decision would see the loss of rights attached to it. The Recoverable amount of the Mine Development Assets as at 30 June 2018 was determined as a single cash generating unit of the Mbalam-Nabeba Iron Ore Project which was subject to certain assumptions as disclosed in Note 6(c). The financial effect of the end of the Mbalam Convention and the subsequent loss of the right to tenure cannot be made at this time. The consolidated entity continues to pursue the grant of the mining licence based on the mining permit application or entering into a new convention and consequently has not prepared a separate plan or financial model in respect of the standalone Congo asset.

D) On 25 of September 2018, Sundance announced that it had signed an agreement ("Agreement") with AustSino Resources Group Limited (ASX: ANS) ("AustSino") and all noteholders of the Company (other than Wafin Limited (Wafin)) being Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, Wafin Limited, BSOF Master Fund L.P. and David Porter (together the "Noteholders"), which will fund Sundance, bring in partners who have the capability and capacity to fund and bring the Mbalam Nabeba Iron Ore Project ("Project") into production and leave Sundance debt free.

The issue of securities to AustSino and the Noteholders and the cancellation of the convertible notes is conditional on Wafin agreeing to the transactions contemplated by the Agreement (which Wafin expects to do so by end of September 2018).

This Agreement suspends the term sheet announced on 30 July 2018 between Sundance and the Noteholders ("Existing Term Sheet") and the Existing Term Sheet will terminate upon completion of the Agreement (but if completion under the Agreement does not occur then the Existing Term Sheet will remain on foot).

Under the Agreement, AustSino has agreed to two placements of Sundance shares:

- an initial placement of 62,500,000 Sundance fully paid ordinary shares ("**Shares**") at an issue price of A$0.004 per Share within 15 business days of the date of the Agreement ("**Initial Placement**"); and
- a second placement of 10,545,454,545 Shares at an issue price of A$0.0055 per Share, together with the grant of 10,545,454,545 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2018 or another date agreed by the parties ("**Second Placement**").

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. EVENTS OCCURING AFTER THE REPORTING PERIOD (CONTINUED)

The Initial Placement will not require Sundance shareholder approval and is otherwise not subject to conditions. The Second Placement requires Sundance shareholder approval, and is subject to a number of other conditions described in Schedule 1.

Sundance will use the proceeds of the Initial Placement for working capital and to fund the development of the Project and the transactions associated with the Agreement.

The proceeds of the Second Placement will be used for the following:

- $50M cash will be paid to the Noteholders ("Cash Payment"); and
- The balance will be used for working capital and to progress development of the Project and the transaction costs associated with the Agreement. It is expected that this will comprise the following (including corresponding estimates of the expenses):
  - working capital, including in relation to salaries, administration and regulatory costs in Australia, Cameroon and Congo (approximately $4.5M);
  - transaction costs associated with the Agreement, including the Independent Experts Report, EGM and legal costs associated with this Agreement and the Cameroon Convention (approximately $1.0M); and
  - project related costs, including completion of Front End Engineering and Design (FEED) for mines in Cameroon and Congo, and negotiation and legal costs associated with financing packages and EPC contracts required for the mine sites in Cameroon and Congo (approximately $2.5M).

In exchange for the cancellation of the existing convertible notes in Sundance held by the Noteholders ("Convertible Notes") ("Cancellation"), in addition to the Cash Payment to the Noteholders, Sundance will issue to the Noteholders:

- 2,000,000,000 Shares at a deemed issue price of A$0.004; and
- 10,000,000,000 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue.

Cancellation of the Convertible Notes (which cancellation is subject to certain conditions precedent outlined in Schedule 1 to this announcement) will leave Sundance debt free.

The cash, Shares and options will be allocated amongst the Noteholders in proportion to their redemption value or as otherwise agreed between the Noteholders (with those alternate proportions to be notified to Sundance and outlined in Sundance's notice of meeting in due course, if applicable). Any alternate allocation between the Noteholders will not increase the total value of the consideration payable to the Noteholders for Cancellation of the Convertible Notes. The table below outlines the redemption value of each Noteholder's Convertible Notes and the proportion of that value to the total redemption value of the Convertible Notes.

Noteholder	Redemption Value	
	A$M	% of total
Wafin Limited	63.3	47.6%
Noble Resources International Pte Ltd	31.6	23.8%
D.E. Shaw Composite Holdings International Pte Ltd	18.8	14.2%
Senrigan Master Fund	15.5	11.7%
BSOF Master Fund L.P.	3.4	2.5%
Mr. David Porter	0.3	0.2%
Total	**132.9**	**100.0%**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. EVENTS OCCURING AFTER THE REPORTING PERIOD (CONTINUED)

If all the options issued to AustSino and the Noteholders are exercised before their expiry this will result in a $410M cash injection into Sundance which could be used to fund the equity requirement to build the mines in Cameroon and Congo.

Completion of the transactions under the Agreement are subject to a number of conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the Agreement, an independent expert's report is required and approval will be sought from Sundance shareholders at an Extraordinary General Meeting ("EGM"). The Notice of Meeting will be issued in due course for an EGM expected to be held in Perth in December 2018.
Sundance also notes that the Second Placement is conditional on AustSino obtaining FIRB, ASX and shareholder approval for the funding which it will use to subscribe for Shares under the Second Placement.
Following completion of the Second Placement, AustSino will be Sundance's largest shareholder and will hold approximately 50.8% of the total number of Shares on issue.

The Agreement has the full support of the Sundance Board, in the absence of David Porter, who as a Noteholder was unable to participate in the Board meeting.

Subject to Second Placement Completion, Sundance will also place 325,000,000 Shares to Comprador Limited (Comprador) at an issue price of A$0.004 as consideration for advisory fees in connection with the Agreement and the Existing Term Sheet. Comprador is a private Hong Kong based M&A financial advisory business. It is led by Mr Anthony Steains and was established in 2015 when Blackstone Advisory Partners Asia transferred its business to Comprador. Mr. Steains, a 20 year veteran of Asian M&A, headed Blackstone Advisory Partners Asia and previously held senior roles at Lehman Brothers, Deutsche Bank and ING Barings. Further information on Comprador is available at **http://www.compradorltd.com**.

Comprador provided financial services to Sundance with a particular emphasis on negotiating a successful outcome with the Hong Kong, Singapore and US based Noteholders both for this Agreement but also for the previously announced binding term sheet with the Noteholders announced on 30 July 2018. Mr Anthony Steains has been providing Hong Kong and China based advisory services to Sundance since 2013.

Other than in relation to the financial services provided by Comprador to Sundance mentioned above, there is no relationship between Comprador and Sundance.

- Further to the announcement on 25 September 2018 Sundance announced on 1 October 2018 that Wafin, had executed a deed poll dated 28 September 2018 ("**Accession Deed Poll"**) pursuant to which Wafin has agreed to be bound by the terms of the Agreement. This satisfies the first condition of the Conditions to Second Placement Conditions.
- On 16 October Sundance announced that it had received the Initial Placement of $250,000 from AustSino as per the Agreement announced on 25 September 2018
- On 2 November Sundance announced that Australian Securities and Investment Commission had granted an extension to the period in which Sundance must hold its AGM from 30 November 2018 to 31 January 2019
- On 2 November 2018 Sundance announced that it had received waivers from the Noteholders for events of default under the convertible note deeds between Sundance and the Noteholders. The events of default were
  - Expiry of the Mbalam Convention
  - late lodgement of the 2018 Annual Report
  - suspension of trading of its securities on the ASX for longer than 10 days.

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 Group, the results of these operations, or the state of affairs of the Group in future financial years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. RELATED PARTY TRANSACTIONS

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

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

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

Equity Holdings

At 30 June 2018, Directors and their related entities held directly, indirectly or beneficially in the Company 1,676,207,272 ordinary shares (2017: 1,678,789,756), 200,000,000 options over ordinary shares (2017: 2,181,089,237), and nil performance rights over ordinary shares (2017: 2,958,750).

NOTE 17. SHARE BASED PAYMENTS

Ordinary share based payments

During the financial year the Group issued nil (2017: 100,000,000) ordinary shares in Sundance Resources Ltd to Executive Management under new salary structuring arrangements. The Fair value of the shares at grant date was nil (2017: $0.006).

During the 2016 financial year, the Group made an entitlement offer to extinguish a liability and settle a transaction in shares.

1) 2,189,319,488 shares were issued to Mr Porter at $0.005 per share as part payment of an agreed settlement reached between the Group and Mr Porter. The value of the shares at issue date was $10,946,597. This share-based payment transaction was measured directly using the fair value of the liability being settled.

2) 286,750,000 shares were issued at $0.005 each to Patersons Securities Limited as payment for underwriting and corporate advisory fees. The value of the shares at issue date was $1,433,750 and this share-based payment transaction was measured directly using the fair value of the value of services received from Patersons Securities Limited.

3) The Group also offered one attaching option for every share subscribed to and as a result 2,824,250,000 attaching options were issued with an exercise price of $0.006 and expiry date of 31 August 2017. The Group determined the fair value of each option to be $0.0016. These options expired in the current period.

Employee share based payment plan

The Group has an ownership-based remuneration plan for executives and senior employees. Historically an option based plan was used and in 2011 this was changed to a performance rights based plan. The Employee Share Option Plan was reintroduced in 2017.

Each employee share option or performance right converts into one ordinary share of Sundance upon exercise. No amounts are paid or payable by the recipient upon receipt of the performance right or option, and only upon exercise for option holders. The performance rights and options carry neither rights to dividends nor voting rights. Performance rights or options may be exercised at any time from the date of vesting to the date of their expiry. The number of performance rights and options vested is calculated in accordance with the performance criteria approved by the Nomination and Remuneration Committee. The performance criteria reward executives and senior management to the extent of the Group's and the individuals' achievement judged against achievement of corporate and operational objectives. The performance conditions are derived from the following performance areas: achieving funding (equity and debt) commitment for Stage 1 of the Project; delivery of Total Shareholder Returns ('TSR') over a three or four year period; and increasing the Net Present Value ('NPV') of the Project.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. SHARE BASED PAYMENTS (CONTINUED)

Options issued in previous periods under the Employee Share Option Plan have varying performance conditions derived from key organisational objectives and are conditional on the holder remaining an employee at vesting date.

The weighted average fair value of the performance rights outstanding at the end of the financial year is nil (2017: $0.10). Performance rights and options were priced using a binomial pricing model. Expected volatility is based on the historical share price volatility of other entities listed on the Australian Stock Exchange with similar profiles to Sundance.

Share Based Payments – Performance Rights

	2018		2017	
	Number of Rights	Weighted Average Fair Value of Rights	Number of Rights	Weighted Average Fair Value of Rights
Outstanding at the beginning of the year	3,956,839	$0.0962	6,762,180	$0.1118
Forfeited or expired during the year(i)	(3,956,839)	$0.0962	(2,805,341)	$0.2473
Outstanding at year-end	**-**	**-**	**3,956,839**	**$0.0962**

Notes:

(i) The performance rights forfeited relate to personnel who departed the Group, while those lapsed related to a failure to meet the performance criteria of tranche 2 and 3 of 2013 LTI and tranche 1 and 2 of 2013 Retention Plan.

The performance rights outstanding at 30 June 2018 had a weighted average fair value of nil (2017: $0.10) and a weighted average remaining contractual life of nil years (2017: 0.50 years).

Share Based Payments – Options

	2018		2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	920,000,000	$0.0699	720,000,000	$0.0859
Issued during the year(i)	-	-	200,000,000	0.0045
Forfeited or expired during the year(ii)	-	-	-	-
Outstanding at year-end	**920,000,000**	**$0.056**	**920,000,000**	**$0.0699**
Vested and Exercisable at year-end	**920,000,000**	**$0.056**	**920,000,000**	**$0.0699**

Notes:

(i) Options were issued during the year to MD/CEO under the Employee Share Option Plan.

(ii) Options expiring during the prior year relating to Noble and the Investor Consortium were cancelled under a Replacement Convertible Note deed.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. SHARE BASED PAYMENTS (CONTINUED)

The options outstanding at 30 June 2018 had a weighted average remaining contractual life of 1.93 years (2017: 2.93 years).

Option Series	Grant Date	Grant Date Fair Value	Vesting Date	Expiry Date	Exercise Price	As at 30 June 2018 Number of Options	2017 Number of Options
1	Issued 23 September 2014 [i]	$ 0.034	23-Sept-19	23-Sept-19	$ 0.1200	50,000,000	50,000,000
2	Issued 28 November 2014 [i]	$ 0.011	28-Nov-19	28-Nov-19	$ 0.1200	210,000,000	210,000,000
3	Issued 1 December 2015 [ii]	$ 0.002	23-Sept-19	23-Sept-19	$ 0.0695	200,000,000	200,000,000
4	Issued 1 December 2015 [iii]	$ 0.002	23-Sept-19	23-Sept-19	$ 0.0695	260,000,000	260,000,000
5	Issued 10 April 2017 [iv]	$ 0.009	1-Dec-2017	07-Apr-22	$ 0.0030	100,000,000	100,000,000
6	Issued 10 April 2017 [iv]	$ 0.009	1-Dec-2018	07-Apr-23	$ 0.0060	100,000,000	100,000,000
	Total					**920,000,000**	**920,000,000**

Notes:

- *(i) These options were issued to Wafin under the convertible note funding agreement.*
- *(ii) These options were issued to Noble under the replacement convertible note deed.*
- *(iii) These options were issued to Investor Consortium under the replacement convertible note deed.*
- *(iv) These options were issued to MD/CEO under the Employee Share Option Plan.*

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

Inputs into the model	Option Series					
	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6
Grant date share price	$0.070	$0.034	$0.016	$0.016	$0.010	$0.010
Exercise price	$0.120	$0.120	$0.070	$0.070	$0.003	$0.006
Expected volatility	70%	70%	80%	80%	130%	130%
Option life	5.0 years	5.01 years	3.91 years	3.91 years	5.14 years	6.14 years
Risk-free interest rate	2.97%	2.62%	2.10%	2.10%	2.29%	2.29%

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. SHARE BASED PAYMENTS (CONTINUED)

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

NOTE 18. KEY MANAGEMENT PERSONNEL REMUNERATION

The aggregate remuneration paid to directors and other members of key management personnel of the company and the Group is set out below:

	2018 $	2017 $
Short-term employee benefits	284,399	384,861
Post-employment benefits	24,527	28,135
Share-based benefits	1,171,844	453,727
	1,480,770	866,723

NOTE 19. AUDITORS REMUNERATION

	2018 $	2017 $
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial report	83,404	90,935
- taxation services related to the Project	-	3,304
	83,404	94,239
Remuneration of auditor network firms of the company for:		
- auditing or reviewing the financial report of foreign subsidiaries	29,420	29,189
	29,420	**123,428**

Deloitte Touche Tohmatsu (**'Deloitte'**) performs the audit of the Company and its subsidiaries.

The Company has a policy to specify the circumstances in which it is deemed appropriate for Management to contract the services of Deloitte for non-audit work.

This policy provides that the Company is only to enter into a non-audit contract or transaction with the external audit firm in the following circumstances:

A) Where any proposed transaction will not compromise the independence of the external auditors; and
B) Where it is believed that the external auditor is best equipped to undertake the work after taking into account:
    a. Experience;
    b. Expertise, particularly in Cameroon and Republic of Congo where Deloitte have permanent representation;
    c. Knowledge of the group;
    d. Synergies of having the auditor perform the work; and
    e. Value for money.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. LOSS PER SHARE

	2018 $	2017 $
a) Reconciliation of earnings to profit or loss from continuing operations		
Loss from continuing operations		(7,273,369)
Less: loss attributable to non-controlling interest		2,609,785
Earnings used to calculate basic loss per share		(4,663,584)
	No.	**No.**
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share.		6,588,555,716

As the Consolidated entity is in a loss positon, the presentation of diluted earnings per share is not relevant.

NOTE 21. DIVIDENDS

No dividends have been paid or proposed during the year (2017: nil).

NOTE 22. PARENT ENTITY FINANCIAL INFORMATION

Financial Position (as at 30 June)	**2018 $**	**2017 $**
Current assets	520,254	703,791
Non-current assets	180,781,425	167,381,707
Total assets	181,301,679	168,085,498
Current liabilities	528,880	1,019,276
Non-current liabilities	113,848,228	99,873,353
Total liabilities	114,377,108	100,892,712
Net assets	66,924,571	67,192,786
Shareholders' equity		
Issued Capital	426,230,658	422,564,303
Share based payments premium reserve	29,285,703	28,111,758
Transactions with non-controlling interests reserve	13,512,500	13,512,500
Accumulated losses	(402,104,290)	(396,995,775)
Total equity	66,924,571	67,192,786
Financial Performance (for the year ended 30 June)		
Loss for the year	(5,108,517)	(8,779,605)
Total comprehensive income	(5,108,517)	(8,779,605)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of new and revised accounting standards

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, beginning on or after 1 January 2017.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the company/consolidated entity included:

Amendments to IAS 7 Disclosure Initiative
The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group's liabilities arising from financing activities consist of borrowings (note 5(c)) and certain other financial liabilities (note 5(d)). A reconciliation between the opening and closing balances of these items is provided in the relevant note. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from this additional disclosure, the application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
The Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Annual Improvements to IFRSs 2014-2016 Cycle
The Group has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group.

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

Standards and Interpretations issued but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

IFRS 9 Financial Instruments
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Group's financial assets and financial liabilities as at 30 June 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

Classification and measurement

- Loans carried at amortised cost: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9;
- All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Impairment

Financial assets measured at amortised cost will be subject to the impairment provisions of IFRS 9.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required or permitted by IFRS 9. In relation to the loans to related parties, the directors have assessed that there has been a significant increase in the credit risk of the loans to related parties from initial recognition to 30 June 2018. Accordingly, the directors expect to recognise lifetime losses for these. In general, the directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses and will increase the amount of loss allowance recognised for these items.

IFRS 16 Leases
IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 30 June 2018, the Group does not currently have any leases that qualify as non-cancellable operating lease commitments. The Group's leases are low value short-term leases that are not required to be disclosed upon the application of IFRS 16.

The directors of the Company do not anticipate that the application of IFRS 16 will have any impact on the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled sharebased payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
3. A modification of a share-based payment that changes the transaction from cash-settled to equity settled should be accounted for as follows:
   (i) the original liability is derecognised;
   (ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
   (iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to sharebased payments.

IFRIC 22 Foreign Currency Transactions and Advance Consideration
IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

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

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Sundance Resources Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for Qualified Opinion

The Group has mine development assets related to the Mbalam-Nabeba iron ore project which have a carrying value of $181.2 million. As set out in Note 6(c), the recoverability of the carrying value of these assets is dependent on the outcome of various applications and approvals relating to the project and the funding thereof and achieving financial and operating assumptions. We have been unable to obtain sufficient appropriate audit evidence in relation to these matters, and therefore we have been unable to determine whether the recoverable amount of these assets is at least equal to their carrying value. In the event that the carrying value of the assets exceeds their recoverable amount, it would be necessary for the carrying value of these assets to be written down to their recoverable amount.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss after tax of $18.6 million and had net cash used in operating activities of $2.4 million for the year ended 30 June 2018 and, as of that date, the Group's current liabilities exceeded its current assets by $0.46 million. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not further modified in respect of this matter.

Our procedures in relation to going concern included, but were not limited to:

- inquiring of management and the directors as to knowledge of events and conditions that may impact the assessment on the Group's ability to continue as a going concern;
- challenging the assumptions contained in management's forecast in relation to the Group's ability to continue as a going concern;
- comparing the cash flow forecasts with the Board approved budget; and
- assessing the adequacy of the disclosures related to going concern in Note 1.

Emphasis of Matter – Subsequent Event

We draw attention to Note 15 (c) Events Occurring After the Reporting Period which describes the change in status of the Mbalam Convention and the rights to tenure.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Convertible notes Sundance had on issue convertible notes with a face value of $92.3 million due to expire 23 September 2019. No new notes were issued during the current financial year. As at 30 June 2018, the carrying amount of the debt component of the convertible notes is $109.7 million as disclosed in Note 5 (c). Significant judgement is involved in the accounting for, and valuation of the convertible notes including: • Inputs to the valuations, including the volatility of the share price and applied discount rates.	Our procedures included, but were not limited to: • Assessing managements valuations for the convertible notes; • Assessing the independence, competence, and objectivity of managements expert used in performing the valuations; • Assessing key inputs into the valuation models and determining their continued appropriateness; and • Recalculating the movement year on year. We also assessed the appropriateness of the disclosures in Note 5 (c) of the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Corporate Directory, Chairman's Report, Mineral Resources and Ore Reserves, additional ASX disclosures and Shareholder Information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Corporate Directory, Chairman's Report, Mineral Resources and Ore Reserves, additional ASX disclosures and Shareholder Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 26 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Sundance Resources Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 16 November 2018

ADDITIONAL INFORMATION

As at 14 December 2018

NUMBER OF HOLDERS OF EQUITY SECURITIES

Ordinary Share Capital

8,375,846,952 ordinary fully paid shares on issue are held by 18,428 individual shareholders.

No ordinary shares have been partly paid. All issued ordinary shares carry one vote per share.

Options

920,000,000 unlisted options on issue. Options do not carry a right to vote.

Performance Rights

There are no performance rights on issue.

Convertible Rights

912,600 unlisted convertible notes on issue. Convertible notes do not carry a right to vote.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Distribution of Fully Paid Ordinary Shares	No of Holders	No. Of Units	% of Issued Capital
1 - 1,000	1,114	385,710	0.01
1,001 – 5,000	3,586	10,699,575	0.13
5,001 – 10,000	2,751	22,607,450	0.27
10,001 – 100,000	6,997	277,272,886	3.31
100,001 – 9,999,999,999	3,980	8,064,881,331	96.29
Total	**18,428**	**8,375,846,952**	**100.00%**

13,935 Shareholders held less than a marketable parcel (<$500) of ordinary fully paid shares based on the current market price ($0.005 – 14/12/2018).

SUBSTANTIAL SHAREHOLDERS

	Number of Shares	% of Total Ordinary Shares Issued
MR DAVID JAMES PORTER	1,661,257,272	19.83
HANLONG (AFRICA) MINING INVESTMENT LIMITED	1,532,832,350	18.30

SUNDANCE RESOURCES LTD

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

The Top 20 shareholders held 56.67% of the total issued capital.

	Ordinary Shareholders	Number of Shares	% of Total Ordinary Shares Issued
1.	MR DAVID JAMES PORTER	1,661,257,282	19.83
2.	HANLONG (AFRICA) MINING INVESTMENT LIMITED	1,532,832,350	18.30
3.	HAVELOCK RESOURCES PTY LTD	250,000,000	2.98
4.	J P MORGAN NOMINEES AUSTRALIA LIMITED	229,969,421	2.75
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	225,558,308	2.69
6.	BNP PARIBAS NOMS PTY LTD <IB AU NOMS RETAIL CLIENT DRP>	151,619,636	1.81
7.	CITICORP NOMINEES PTY LIMITED	107,013,235	1.28
8.	MAYLION PTY LIMITED	95,714,286	1.14
9.	MR CLEMENT LEUNG	64,741,354	0.77
10.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	64,600,793	0.77
11.	MS WINNIE CHI WONG	52,000,000	0.62
12.	MR JI SI LIU	50,000,000	0.60
13.	MR SERGE ASSO'O MENDOMO	50,000,000	0.60
14.	MR FRANK FAVORITO + MS HONGBING WU	43,060,486	0.51
15.	MR FRANKIE CHI CHOY MA	41,888,888	0.50
16.	MS YEN LEE	27,258,646	0.33
17.	MR WALTER JOHN SZYDLOWSKI	26,124,929	0.31
18.	AIME EMMANUEL YOKA	25,975,826	0.31
19.	MR ANDREW RICHARD COOPER	24,306,447	0.39
20.	MR COLIN JAMES BIRD	23,000,000	0.27
	Total Top 20 Holders of Ordinary Shares	**4,746,921,877**	**56.67**
	Total Remaining Holders Balance	**3,628,925,075**	**43.33**