Sundance Resources Limited
and subsidiaries

ABN 19 055 719 394

Financial Report
for the Half-Year ended
31 December 2019

This document should be read in conjunction with the annual report of Sundance Resources Limited for the year ended 30 June 2019

SUNDANCE RESOURCES LIMITED
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
ABN:	19 055 719 394
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Share Registry:	**Computershare Investor Services Pty Ltd** Level 11 172 St George's Terrace Perth WA 6000 GPO Box D182 Perth WA 6840 Tel: +61 1300 850 505 (within Australia) +61 (3) 9415 4000 (outside Australia) Fax: +61 (8) 9323 2033

The Directors of Sundance Resources Limited submit herewith the financial report of Sundance Resources Limited and its subsidiaries (**'Consolidated Entity',** '**Company**' or **'Sundance'**) for the half-year ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

The names of the Directors who held office during or since the end of the half-year are:

Mr David Porter	Chairman and Non-Executive Director
Mr Giulio Casello	Managing Director and Chief Executive Officer
Mr Brett Fraser	Non-Executive Director

All Directors have held office for the full period of this report and remain in office as at the date of this report.

REVIEW OF OPERATIONS

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 mining permit application in the Republic of Cameroon and the mining permit in the Republic of Congo which rights comprise the Mbalam-Nabeba Iron Ore Project ('**Project**'). The Project straddles the border of Cameroon and Congo in Central Africa.

- The Project is expected to comprise:
  - The iron ore mine, processing plant and associated infrastructure to be developed on the area covered by the previous Exploration Permit 92 ('**EP92**') which had been 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**').
  - 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 Project plans to produce at least 40Mtpa from the two mines at Mbarga and Nabeba 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.

Development Strategy

Sundance, AustSino Resources Group ('**AustSino**') and the Sundance Noteholders signed an agreement on 24 September 2018 ('**Previous Agreement'** or **"Agreement"**) which was subsequently terminated then superseded by the new agreement announced on 8 July 2019 ('**New Agreement'**). The New Agreement covered the development strategy for the Project including an integrated port, rail and mine in Cameroon and Congo. Details of the New Agreement are below. As part on the implementation of this development strategy, the agreement signed between the Cameroon Government and CamIron in June 2015 ("**Transition Agreement**") in which the Cameroon Government was to fund the rail and port will need to be terminated and Sundance does not expect this to be an issue.

The development strategy is supported by a new consortium of potential Chinese partners interested in participating in the funding, construction and operation of the Project.

These potential consortium partners attended meetings held in Cameroon at the end of February 2019 and they have all signed non-binding MOUs or similar documents with AustSino. In addition, a non-binding consortium acknowledgement agreement ("**Consortium Agreement**") was signed on 28 February 2019 between the Chinese parties, Sundance and AustSino. The Chinese parties together represent a world class syndicate and are:

- Shenzhen Yantian Port Holdings Co Ltd
- China Railway Construction Corporation International Co Ltd
- Hong Kong Baofeng International Co Ltd
- Shanghai Tsingshan Mineral Co Ltd.

Details of the Consortium Agreement are included in the Sundance announcement of 8 July 2019.

Pursuant to the Consortium Agreement, the parties intend to use their reasonable endeavours to complete all necessary commercial negotiations, due diligence and legal documentation for funding and developing the Project.

Representatives of the Cameroon Government visited China during November 2019 to meet with the potential consortium partners. The potential partners expressed their support of the Project which was well received by the Cameroon Government Representatives.

Follow up meetings occurred in January 2020 in Cameroon between Sundance, AustSino and Cameroon Government representatives at which the Cameroon Government reiterated its support for the Project and the proposed transaction in which AustSino will take a controlling position in Sundance. The transaction is described in the Sundance, AustSino and Noteholder Agreements section below.

<u>Sundance, AustSino and Noteholder Agreements</u>

1. **New AustSino, Sundance and Noteholder Agreement**

   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. On 1 October 2018 Wafin also agreed to be bound by the terms of the Agreement.

   This Agreement had an end date of 30 June 2019.

   On 5 July 2019 Sundance entered into the New Agreement with AustSino and the Noteholders of the Company being Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, BSOF Master Fund L.P. Wafin Limited and David Porter (together the "**Noteholders**"). Some of the key differences between the Previous Agreement and the New Agreement are as follows:

   - The reinstatement of the Mbalam Convention is not a condition to the completion of the New Agreement.

- The cash payable by AustSino on completion of the New Agreement will reduce from $58M (payable on completion of the Previous Agreement) to $29M. Of this, $25M (previously $50M) will be paid to Noteholders and $4M (previously $8M) will be retained by Sundance.
- AustSino will own approximately 50.2% of Sundance following the completion of the New Agreement under which AustSino will receive approximately 11,153,846,154 shares issued at a price of $0.0026 per share (resulting in a change of control of Sundance).
- The number of options to be granted to the Noteholders is to be halved from 10 billion to 5 billion. The terms of those options (having an exercise price of $0.02 and expiry date of five years from the date of issue) are otherwise unchanged.

- AustSino will provide certain financial support to Sundance to part support its working capital requirements until completion of the New Agreement. Sundance may seek support from other parties. The support of AustSino was an initial $200,000 placement of ordinary shares to AustSino at an issue price of $0.00375 per share, resulting in the issue of 53,333,333 shares to AustSino ("**Initial Placement**"). The funds were received by Sundance on 8 July 2019. After the Initial Placement and within 5 business days following a request by Sundance, AustSino is required to pay $100,000 per month to Sundance in return for the issue of ordinary shares in Sundance at an issue price of $0.00375 up to an aggregate of $600,000 (including the initial $200,000) (**Financial Support Arrangement**). The total number of ordinary shares potentially to be issued by Sundance to AustSino under the Financial Support Arrangement is 160,000,000 ordinary shares. In lieu of subscribing for additional Sundance shares, AustSino may instead require that amounts paid under the Financial Support Arrangement be deducted from the $29 Million purchase price payable by AustSino on Placement Completion. Neither the Initial Placement nor any subsequent placement of shares under the Financial Support Arrangement will require Sundance shareholder approval.

Although the reinstatement of the Mbalam Convention is not a condition precedent for the completion of the New Agreement, Sundance and AustSino will continue to explore the reinstatement of the Mbalam Convention.

2. Extension of End Date for New Agreement

The End Date for the New Agreement was 31 December 2019, AustSino and Sundance agreed by a letter agreement signed on 22 October 2019 ("**Letter Agreement**") that the end date for the completion of the New Agreement be extended to 30 June 2020.

In addition to the extension it was agreed:

- The existing financial support arrangement in the Sundance Agreement will continue until completion. AustSino will continue to pay $100,000 per month to Sundance in return for the issue of ordinary shares in Sundance at an issue price of $0.0045 per share (which would comprise total payments of $1.3 million, $600K at $0.00375 per share and $700K at $0.0045 per share, if completion does not occur until 30 June 2020).
- AustSino will now pay an additional $200,000 per month to Sundance starting on 1 December 2019 in return for the issue of ordinary shares in Sundance at an issue price of $0.0045 per share. However, the shares will not be issued to AustSino unless and until completion occurs (which would comprise total additional payments of $1.4 million to Sundance if completion does not occur until 30 June 2020).

- Sundance and AustSino have agreed to release each other (and their relevant personnel) from any claims or liabilities arising under or in connection with the Second Placement Agreement or the Mbalam-Nabeba Project prior to 22 October 2019 (the date of the SDL Letter Agreement).

  These changes were conditional on:

  - written agreement of Sundance's Noteholders to the SDL Letter Agreement by 31 December 2019 (but which Sundance and AustSino expect to receive by late November 2019); and
  - AustSino and Western Australian Port Rail Construction (Shanghai) Ltd (WAPRC), being parties to an agreement dated on or about 24 September 2018 pursuant to which WAPRC will subscribe for shares in the Investor for $100 million (WAPRC Agreement), agreeing to extend the deadline for completing all conditions precedent under the WAPRC Agreement from 31 December 2019 to 30 June 2020, by 1 December 2019 (which Sundance and AustSino expect to receive by mid November 2019).

  Separately, as consideration for Sundance agreeing to extend the end date to completion of the New Agreement, AustSino has agreed to issue 107,692,308 fully paid ordinary AustSino shares to Sundance at a deemed issue price of $0.013 per share but at no cost to Sundance, after receipt of written agreement from all Noteholders of Sundance to the Letter Agreement. These shares were issued on 24 December 2019.

  On 2 December 2019 written agreement was received by Sundance from the Noteholders to extend the end date of the New Agreement to 30 June 2020. AustSino has also informed Sundance that WAPRC has also extended the WAPRC Agreement to 30 June 2020. The Letter Agreement is now unconditional.

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.

Since then a number of follow up meetings in Cameroon and China have occurred with representatives of the Cameroon Government, Sundance, AustSino and the potential project partners, all of which were received positively and progress towards the reinstatement of the Mbalam Convention was expected.

Unfortunately, the Cameroon Government has not made a decision regarding the reinstatement of the Mbalam Convention and there is some uncertainty as to when any decision will be made and the outcome of any such decision.

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 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. This belief is supported by independent Cameroon legal advice with their opinion being 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.

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 increased during the period to $0.170 million at 31 December 2019 from $0.139 million at 30 June 2019.

The Board has confidence that the Project and the assets contained within the Company still has substantial value. Taking into consideration the current accounting standards and the uncertainty that exists on reinstatement of the Mbalam Convention, how the Project will be developed, and ultimate tenure in Cameroon to be confirmed, the carrying value of the Project was fully impaired in the 30 June 2019 accounts. This is being continuously re-evaluated as further clarity is developed regarding the Mbalam Convention and the development plans that will eventuate from the New Agreement made with AustSino and non-binding Consortium Agreement with the potential project consortium.

Net assets of the Consolidated Entity amount to a $132.4 million deficiency (30 June 2019: $128.2 million deficiency). Mine development assets have been fully impaired.

At 31 December 2019, the Consolidated Entity had a net working capital deficiency of $133.7 million (30 June 2019: $128.2 million deficiency) due to the convertible notes expiring within the next period.

The total loss for the period amounted to $5.3 million compared to $196.4 million for the half-year ended 31 December 2018. Of this total loss, $5.7 million related to non-cash convertible note financing charges (2018: $8.5 million).

Total comprehensive income amounted to a loss of $5.3 million (2018: $189.2 million) for the half-year ended 31 December 2019, which includes a very small exchange gain on translation of foreign operations. This gain is due to a movement in the Central African CFA francs against the Australian Dollar from 404.4 at 31 December 2018 to 410.2 at 31 December 2019.

Corporate

Sundance Suspension

Sundance entered voluntary suspension on 7 September 2018 pending an announcement on a transaction. On 25 September 2018 the Company announced the Agreement with AustSino and the Noteholders. Sundance was then required to remain in suspension until AustSino responded to ASX's request for further information concerning AustSino's proposed transactions, including Western Australia Port Rail Construction (Shanghai) Ltd ("**WAPRC**") and its corporate capital structure, the source of funds and the new controllers of AustSino following completion of the WAPRC placement into AustSino.

Sundance and AustSino expect that the New Agreement will be completed prior to the 30 June 2020 end date with a current target date for the required Extraordinary General Meeting ("EGM") occurring sometime in April 2020.

Sundance expects that trading in its shares on ASX will remain suspended until the New Agreement is completed or it comes to an end.

Investments in Sundance

The Company issued the following Shares to AustSino under the Financial Support Arrangement clause of the New Agreement at a deemed issue price of $0.00375 per Share:

- 12 July 2019 – 53,333,333 to raise $200,000;
- 6 August 2019 – 26,666,667 to raise $100,000;
- 5 September 2019 – 26,666,667 to raise $100,000;
- 14 October 2019 – 26,666,667 to raise $100,000; and

On 5 September 2019, the Company issued 26,666,667 Shares to a sophisticated investor at $0.00375 per Share to raise $100,000. Following shareholder approval on 29 November 2019 26,666,667 options at an exercise price of $0.006 were also issued.

On 24 September 2019, the Company issued 22,666,667 Shares to a sophisticated investor at $0.00375 per Share to raise $85,000. Following shareholder approval on 29 November 2019 22,666,667 options at an exercise price of $0.006 were also issued.

The Company issued the following Shares to AustSino under the Financial Support Arrangement clause of the New Agreement and Letter Agreement at a deemed issue price of $0.0045:

- 22,222,222 shares to raise $100,000 per month for the months of December 2019, January 2020, February 2020 and March 2020. 88,888,888 shares in total.
- The Company also received $200,000 per month for December 2019, January 2020,February 2020 and March 2020. The shares for this cash consideration will only be issued if the New Agreement concludes. The number of shares which may be issued are 44,444,444 per month.

On 31 January 2020, the Company announced that 74,285,714 shares had been issued to David Porter as a result of the conversion of his convertible notes which had a face value of $260,000 at an agreed issue price of $0.0035 per share. This results in David Porter no longer being a Noteholder of Sundance and therefore not a party to the New Agreement other than as a shareholder of Sundance.

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 31 December 2019, Sundance held cash of $0.169million (30 June 2019: $0.1 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 half year end Sundance received $600,000 from placements with AustSino.

At 31 December 2019, the Consolidated Entity had a net working capital deficiency of $133.7 million (30 June 2019: $128.2 million) due to the Convertible Notes being classified as current liability.

As per the New Agreement and the Letter Agreement with AustSino Sundance will be continued to be funded at $300,000 per month till 30 June 2020 or earlier if the New Agreement concludes before then. At the conclusion of the New Agreement Sundance will also receive $29M of which Sundance will retain $4M in cash for working capital requirements. The Noteholders will receive $25M in cash plus shares and options this will result in the cancellation of the Notes leaving Sundance debt free.

If the New Agreement does not complete, then the agreement of 30 July 2018 between Sundance and its Noteholders to restructure the balance sheet remains in place but leaves a requirement for Sundance to raise further working capital to continue to operate.

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 Mbalam Convention is no longer a condition precedent of the New Agreement signed between Sundance, AustSino and the Sundance Noteholder

Completion of the New 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 New 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

Sundance also notes that the Completion 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 Existing Term Sheet 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.

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 and consistent with the Mining Code, Cam Iron retains priority over any application filed by a third party over the land that is subject of the mining permit application, pending a decision by the Minister of Mines on Cam Iron's mining permit application.

There is a risk that the Minister of Mines 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 iron price has averaged around $US90/t during 2019 and is continuing through the early parts of 2020. These prices are expected to reduce later in 2020 as production from Brazil increases following the Vale dam failures

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

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.

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.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the *Corporations Act 2001* section 307C the auditors of the Company, Bentleys have provided a signed auditors independence declaration to the Directors in relation to the half-year ended 31 December 2019. The auditor's independence declaration has been included in the half-year financial report on page 12.

Signed in accordance with a resolution of the Directors, made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

David Porter

David Porter
Director (Chairman)

Giulio Casello
Managing Director and CEO

31 March 2020
Perth, Western Australia

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the review of the financial statements of Sundance Resources Limited for the half year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 31st day of March 2020

SUNDANCE RESOURCES LIMITED
DIRECTORS' DECLARATION

The Directors of Sundance Resources Limited A.C.N. 055 719 394 declare that, in the opinion of the Directors:

a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

b) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including complying with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

David Porter
Director (Chairman)

Giulio Casello
Managing Director and CEO

31 March 2020
Perth, Western Australia

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-19 $	31-Dec-18 $
CONTINUING OPERATIONS			
Other income		346	88,444
Gain on revaluation of derivative – Convertible Notes		316,136	1,968,230
Shares acquired at nil consideration	**12**	1,400,000	-
Administration expense		(180,035)	(41,785)
Consultants expense		(81,833)	(189,038)
Employee benefits expense		(512,192)	(492,329)
Exchange rate (loss)/gain		(631)	325
Legal fees		(105,736)	(384,695)
Listing and registry fees		(35,294)	(56,082)
Occupancy costs		(58,758)	(77,307)
Professional fees		(119,149)	(114,785)
Travel expenses		(8,271)	(37,444)
Finance charges	**3**	(5,729,880)	(8,510,117)
Project impairment		-	(188,127,911)
Rail project public utility expense		(15,325)	(364,491)
Other expenses		(125,237)	(105,700)
Loss from continuing operations before tax		**(5,255,859)**	**(196,444,685)**
Income tax expense		-	-
Loss for the period		**(5,255,859)**	**(196,444,685)**
Loss attributable to:			
- Owners of the parent		(3,868,409)	(167,764,492)
- Non-controlling interests		(1,387,450)	(28,680,193)
Loss for the period		**(5,255,859)**	**(196,444,685)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(11,936)	7,223,746
Other comprehensive income for the period		**(11,936)**	**7,223,746**
Total comprehensive income		**(5,267,795)**	**(189,220,939)**
Total comprehensive income attributable to:			
- Owners of the parent		(4,197,047)	(161,810,723)
- Non-controlling interests		(1,070,748)	(27,410,216)
Total comprehensive income attributable to members		**(5,267,795)**	**(189,220,939)**
Loss per share		¢	¢
From continuing operations			
- Basic (cents per share)		(0.043)	(2.021)
- Diluted (cents per share)		(0.043)	(2.021)

The accompanying notes form part of these financial statements

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31-Dec-19 $	30-Jun-19 $
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents		169,630	139,095
Trade & Other Receivables		34,418	45,624
Inventory		204	466
Other Current Assets		101,554	164,704
Total Current Assets		**305,806**	349,889
NON-CURRENT ASSETS			
Mine Development Assets	**2**	-	-
Investment in Other Entities	**12**	1,400,000	-
Total Non-Current Assets		**1,400,000**	-
TOTAL ASSETS		**1,705,806**	349,889
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	**4**	132,868,198	127,454,455
Trade & Other Payables		987,436	925,862
Provisions		175,836	140,578
Total Current Liabilities		**134,031,470**	128,520,895
NON-CURRENT LIABILITIES			
Provisions		42,363	14,226
Total Non-Current Liabilities		**42,363**	14,226
TOTAL LIABILITIES		**134,073,833**	128,535,121
NET ASSETS		**(132,368,027)**	(128,185,232)
EQUITY			
Issued Capital	**6**	431,064,810	429,979,810
Reserves		78,329,960	78,658,598
Accumulated Losses		(582,420,058)	(578,551,649)
Equity attributable to the owners of the parent		**(73,025,288)**	(69,913,241)
Non-controlling interest		(59,342,739)	(58,271,991)
TOTAL EQUITY		**(132,368,027)**	(128,185,232)

The accompanying notes form part of these financial statements

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-19 $	31-Dec-18 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,086,646)	(1,591,194)
Receipts from customers		32,149	129,306
Net Cash (used in) Operating Activities		**(1,054,497)**	**(1,461,888)**
Cash Flows from Investing Activities			
Interest received		346	1,173
Net Cash (used in) Investing Activities		**346**	**1,173**
Cash flows from Financing Activities			
Proceeds from issue of shares		1,085,000	1,220,000
Net Cash provided by Financing Activities		**1,085,000**	**1,220,000**
Net (Decrease)/Increase in Cash and Cash Equivalents		30,849	(240,715)
Cash and cash equivalents at beginning of period		139,095	457,725
Effect of foreign currency movements on cash and equivalents		(314)	2,522
Cash and Cash Equivalents at end of Period		**169,630**	**219,532**

The accompanying notes form part of these financial statements

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued Capital $	Share Trans-actions with Non-Controlling Interests $	Foreign Currency Translation Reserve $	Convertible Note & Option Reserve $	Share Based Payments Reserve $	Accumulated Losses $	Attributable to owners of the parent $	Non-Controlling Interests $	Total Equity $
At 1 July 2018	**426,181,131**	**(11,160,000)**	**30,124,084**	**29,191,300**	**24,766,903**	**(402,790,752)**	**96,312,666**	**(29,388,095)**	**66,924,571**
Loss for the period	-	-	-	-	-	(167,764,492)	**(167,764,492)**	(28,680,193)	**(196,444,685)**
Foreign currency	(1,443)	-	5,955,212	-	-	-	**5,953,769**	1,269,977	**7,223,746**
Total comprehensive loss	**(1,443)**	**-**	**5,955,212**	**-**	**-**	**(167,764,492)**	**(161,810,723)**	**(27,410,216)**	**(189,220,939)**
Issue of shares	1,220,000	-	-	-	-	-	1,220,000	-	1,220,000
At 31 December 2018	**427,399,688**	**(11,160,000)**	**36,079,296**	**29,191,300**	**24,766,903**	**(570,555,244)**	**(64,278,057)**	**(56,798,311)**	**(121,076,368)**
At 1 July 2019	**429,979,810**	**(11,160,000)**	**35,624,262**	**29,191,300**	**25,003,036**	**(578,551,649)**	**(69,913,241)**	**(58,271,991)**	**(128,185,232)**
Loss for the period	-	-	-	-	-	(3,868,409)	**(3,868,409)**	(1,387,450)	**(5,255,859)**
Foreign currency	-	-	(328,638)	-	-	-	**(328,638)**	316,702	**(11,936)**
Total comprehensive loss	**-**	**-**	**(328,638)**	**-**	**-**	**(3,868,409)**	**(4,197,047)**	**(1,070,748)**	**(5,267,795)**
Issue of shares	**1,085,000**	**-**	**-**	**-**	**-**	**-**	**1,085,000**	**-**	**1,085,000**
At 31 December 2019	**431,064,810**	**(11,160,000)**	**35,295,624**	**29,191,300**	**25,003,036**	**(582,420,058)**	**(73,025,288)**	**(59,342,739)**	**(132,368,027)**

The accompanying notes form part of this financial report

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

Reporting entity

Sundance Resources Limited is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2019 comprises the Company and its subsidiaries (**'Consolidated Entity'**) and the Consolidated Entity's interests in associates and jointly controlled entities.

The statutory annual financial report of the Consolidated Entity for the year ended 30 June 2019 can be downloaded from the Company's website www.sundanceresources.com.au.

Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

The half-year report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual financial report of the Consolidated Entity as at and for the year ended 30 June 2019.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed by the Consolidated Entity in the consolidated financial report as at and for the year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Application of new and revised Australian Accounting Standards

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015– 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- Interpretation 23 Uncertainty over Income Tax Treatments and AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

The Group has adopted the amendments included in AASB 2008-1 for the first time in the current year. The Standard include amendments to four Standards:

- AASB 112 Income Taxes – The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.
- AASB 123 Borrowing Costs – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

- AASB 3 Business Combinations – The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.
- AASB 11 Joint Arrangements - The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its previously held interest in the joint operation.

AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement

The Group has adopted the amendments to AASB 119 Employee Benefits for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). AASB 119 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this re-measurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under AASB 119:99 with the discount rate used in the re-measurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

Interpretation 23 Uncertainty over Income Tax Treatments

The Group has adopted Interpretation 23 for the first time in the current year. Interpretation 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- Determine whether uncertain tax positions are assessed separately or as a group
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
    - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings
    - If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

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

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective (effective for annual reporting periods beginning on or after 1 January 2020):

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

Makes amendments intended to address concerns that the wording in the definition of 'material' was different in the Conceptual Framework for Financial Reporting, AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments address these concerns by:

- Replacing the term 'could influence' with 'could reasonably be expected to influence'
- Including the concept of 'obscuring information' alongside the concepts of 'omitting' and 'misstating' information in the definition of material
- Clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework
- Aligning the definition of material across Australian Accounting Standards and other publications. This Standard applies to annual reporting periods beginning on or after 1 January 2020. The directors of the Company do not anticipate that the application of this Standard will have a material impact on the Group's consolidated financial statements.

AASB 2019-1 Amendment to Australian Accounting Standards – References to the Conceptual Framework

Makes amendments to various Accounting Standards to reflect the issue of the revised Conceptual Framework for Financial Reporting. This Standard updates references to, or quotations from, previous versions of the Framework contained in many Accounting Standards.

This Amending Standard applies to for-profit sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards and other for-profit entities that elect to apply the Conceptual Framework, for annual reporting periods beginning on or after 1 January 2020. The directors of the Company do not anticipate that the application of this Standard will have a material impact on the Group's consolidated financial statements.

AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

Amends AASB 1054 Australian Additional Disclosures to add a requirement for entities that intend to be compliant with IFRS standards to disclose the information required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (specifically paragraphs 30 and 31) for the potential effect of each IFRS pronouncement that has not yet been issued by the AASB.

This Amending Standard applies to annual reporting periods beginning on or after 1 January 2020. The directors of the Company anticipate that the application of the Amending Standard will not have an impact on the Group's consolidated financial statements, as the Group already includes the disclosures required by the Amending Standard.

Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e., a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Based on the assessment by the Group, it was determined there was no impact on the Group.

The Group as lessor

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating lease.

A contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example, legal cost, costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

Based on the assessment by the Group, it was determined there was no impact on the Group. As such, the Group has not recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Group is the lessee.

There has been no significant change from prior year treatment for leases where the Group is a lessor.

Lease liabilities are measured at the present value of the remaining lease payments, where applicable. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets, where applicable for the remaining leases have been measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

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 31 December 2019, the Consolidated Entity had a working capital deficiency of $133.7 million (30 June 2019: $128.2 million). The increase in working capital deficiency is substantially due to the full unwinding of the Convertible Note debt to its face value. This liability is expected to be extinguished either through:

- the New Agreement (refer 1. below) between Sundance, AustSino and the Noteholders in which the debt will be extinguished via a cash payment of $25 million plus shares and options, or
- if the completion conditions in the New Agreement do not complete, then by the Existing Term Sheet between Sundance and the Noteholders in which the debt will convert to equity and a right to a future production royalty.

During the period the Consolidated Entity incurred a net loss of $5.3 million and incurred net cash outflows from operating activities of $1.1 million for the year ended 31 December 2019.

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 a going concern is dependent on:

1. As announced on 8 July 2019 a binding conditional new agreement ("**New Agreement**") was entered into by the Company, AustSino and Sundance Noteholders. This resulted in an initial placement ("**Initial Placement**") of $200,000 from AustSino to Sundance on 10 July 2019. The New Agreement also included a financing support package of $100,000 per month up to maximum funding of $600,000 (including the Initial Placement) ("**Financial Support**"). At the date of this report, all $600,000 has been received from AustSino.
2. It was further announced on 22 October 2019 that a Letter Agreement had been signed resulting in the New Agreement being extended to 30 June 2020. It was also agreed that Sundance would receive $300,000 per month (being $100,000 per month with 22,222,222 Sundance shares being issued monthly at a price of $0.0045/share and an additional $200,000 per month with 44,444,444 Sundance shares being issued when the New Agreement completes) commencing 1 December 2019 from AustSino until the earlier of the date the New Agreement completes or by 30 June 2020.. At the date of this report, $1,200,000 has been received from AustSino.
3. During the period ended 31 December 2019 and prior to the New Agreement replacing the previous agreement with AustSino and the Sundance Noteholders (which was announced on 25 September 2018) placements of $1,265,000 have been received from AustSino ($120,000) and other sophisticated investors ($1,145,000).
4. On 24 December 2019 as consideration for Sundance agreeing to extend the end date to completion of the New Agreement, AustSino issued 107,692,308 fully paid ordinary AustSino shares to Sundance at a deemed issue price of $0.013 per share but at no cost to Sundance. This has a current value of $1.4M
5. Once the conditions to the New Agreement are completed a Completion Placement of $29 million from AustSino to Sundance of which $25 million cash, together with a combination of shares and options in Sundance, will be used to cancel the existing convertible notes and a minimum of $3.2 million will be retained by Sundance to fund working capital and to continue project plans. The Completion Placement is dependent on the following 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 Completion Placement; and
- an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for AustSino's shareholders

In relation to the investment of 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;
- an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for Sundance's shareholders; and
- Sundance and AustSino not being insolvent at or prior to the Completion Placement.

6. If the New Agreement does not complete, then the legally binding term sheet of 30 July 2018 with Noteholders (subject to certain conditions being satisfied or waived) cancels their Convertible Notes in consideration for a combination of equity in Sundance and a capped production royalty remains in place until June 2020 allowing Sundance to raise further funds from the market whilst being debt free. 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 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.

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.

NOTE 2. MINE DEVELOPMENT

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.

	31-Dec-19 $	30-Jun-2019 $
Carrying amount at beginning of period	-	181,238,078
Effect of movements in exchange rates	-	6,304,063
Project impairment	-	(187,542,141)
TOTAL MINE DEVELOPMENT ASSET	**-**	-

At 31 December 2019, 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 Board has confidence that the Project and the assets contained within still has substantial value. Taking into consideration the current accounting standards and the uncertainty that exists on reinstatement of the Mbalam Convention, how the Project will be developed, and ultimate tenure in Cameroon to be confirmed, the carrying value of the Project was fully impaired in the 30 June 2019 accounts.

It has been decided to not change the Mine Development Asset value in these accounts.

This is being continuously re-evaluated as further clarity is developed regarding the Mbalam Convention and the development plans that will eventuate from the New Agreement made with AustSino and non-binding Consortium Agreement with the potential project consortium.

NOTE 3. FINANCE CHARGES

	31-Dec-19 $	31-Dec-18 $
Implied Interest Expense - Convertible Notes	(4,561,557)	(8,483,875)
Fair Value Movement – Convertible Notes	(1,156,200)	-
Amortisation of Capitalised Borrowing Costs	(12,123)	(26,242)
	(5,729,880)	**(8,510,117)**

NOTE 4. BORROWINGS

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.

	31-Dec-19 $	30-Jun-19 $
CURRENT BORROWINGS		
Convertible Note - Debt Liability	132,868,198	127,150,441
Convertible Note - Derivative Liability	-	316,136
Convertible Note - Capitalised Borrowing Costs	-	(12,122)
	132,868,198	127,454,455

PROPOSED CANCELLATION OF CONVERTIBLE NOTES

On 29 July 2018 Sundance signed a legally binding term sheet (“**Existing 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 had a maturity date of 23 September 2019, by which time Sundance would 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.

NOTE 4. BORROWINGS (CONTINUED)

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").

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

NEW AGREEMENT

The Term Sheet described above ("Existing Term Sheet") will continue to apply and remain binding on the Noteholders and Sundance until Cancellation Completion of the New Agreement between Sundance, AustSino and the Noteholders. This New Agreement was announced on 8 July 2019 and is described below.

Sundance and the Noteholders acknowledged and agreed that on and from the date of the New Agreement (8 July 2019), the End Date in the Existing Term Sheet will be extended to the earlier of (a) 100 days after the termination of the New Agreement, and (b) 30 June 2020.

Under the New Agreement, Sundance has agreed to issue to AustSino 11,153,846,154 ordinary shares at an issue price of A$0.0026 per Share, together with the grant of 11,153,846,154 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 2019 or another date agreed by the parties ("Placement Completion").

Placement Completion requires Sundance shareholder approval and is subject to a number of other conditions described in the Sundance ASX announcement of 8 July 2019.

The proceeds ($29M) of the Placement Completion will be used for the following:

- $25M cash will be paid to the Noteholders ("Cash Payment"); and

  The $4M balance will be used for working capital and to progress development of the Project and the transaction costs associated with the New 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 $2.5M);
  - transaction costs associated with the New Agreement, including the Independent Expert's Report, EGM and legal costs associated with the New Agreement and the Cameroon Convention (approximately $0.5M); and
  - negotiation and legal costs associated with financing packages and EPC contracts for the Project (approximately $1M).

NOTE 4. BORROWINGS (CONTINUED)

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%**

In exchange for the cancellation of the existing convertible notes in Sundance held by the Noteholders ("Convertible Notes") ("Cancellation"), and 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
- 5,000,000,000 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 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 transaction will require a number of regulatory and shareholder approvals before completion. The conditions to this transaction include completion of AustSino's own placement of shares, which in turn requires regulatory and shareholder approvals (including Chinese and FIRB approvals), and there is no guarantee that such approvals will be obtained. Failing to obtain these approvals will result in neither AustSino's placement nor the transaction proceeding.

EXTENSION OF END DATE TO NEW AGREEMENT

The End Date for the New Agreement was 31 December 2019, AustSino and Sundance agreed by a letter agreement signed on 22 October 2019 ("**Letter Agreement**") that the end date for the completion of the New Agreement be extended to 30 June 2020.

These changes were conditional on written agreement of Sundance's Noteholders which was received on 2 December 2019 this also resulted in the End Date in the Existing Term Sheet being extended to the earlier of (a) 100 days after the termination of the New Agreement, and (b) 31 December 2020.

NOTE 4. BORROWINGS (CONTINUED)

CONVERSION OF DAVID PORTERS CONVERTIBLE NOTE

On 31 January 2020 Mr. Porter converted his convertible note to shares in Sundance. Mr Porter is no longer a party to the New Agreement or the Letter Agreement. This has resulted in a reallocation of the split in redemption value for the remaining Sundance noteholders as per the table below

Noteholder	Redemption value		Cash	Shares	Options
	A$m	% of total	A$m	m	m
Wafin Limited	63.3	47.7%	11.93	954.75	2386.88
Noble Resources International Pte Ltd	31.6	23.8%	5.96	476.62	1191.55
D.E. Shaw Composite Holdings International Pte Ltd	18.8	14.2%	3.54	283.56	708.90
Senrigan Master Fund	15.5	11.7%	2.92	233.79	584.46
BSOF Master Fund L.P.	3.4	2.6%	0.64	51.28	128.21
Total	**132.6**	**100%**	**25**	**2,000**	**5,000**

NOTE 5. FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but where fair value disclosures are required)

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

Financial Liabilities	31-Dec-19		30-Jun-19	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Convertible note debt liability - Noble	29,156,200	29,156,200	27,268,512	27,268,512
Convertible note debt liability - Investor Consortium	33,600,000	33,600,000	32,526,123	32,526,123
Convertible note debt liability - Wafin	60,000,000	60,000,000	57,725,346	57,725,346
Convertible note debt liability – 2015 Investor Consortium	9,800,000	9,800,000	9,326,893	9,326,893
Convertible note debt liability – 2016 Investor Group	312,000	312,000	291,446	303,569

The fair value amounts have been reasonable estimated 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.

NOTE 6. ISSUED CAPITAL

	31-Dec-19 $	30-June-19 $
Ordinary Shares		
9,221,846,954 fully paid ordinary shares (30 June 2019: 8,945,846,952)	431,064,810	429,979,810
Movements in ordinary shares	No.	No.
At the beginning of the period	8,945,846,952	8,125,846,952
Shares issued	276,000,002	820,000,000
AT THE END OF THE PERIOD	**9,221,846,954**	**8,945,846,952**

Unlisted Options

At 31 December 2019 there were 789,333,334 (30 June 2019: 1,460,000,000) unissued ordinary shares for which options were outstanding which were subject to vesting conditions. These comprise the following:

- 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 7 April 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 7 April 2023.
- 110,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 0.60 cents per share vesting on 8 January 2019 and expiring on 8 January 2024.
- 400,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 0.60 cents per share vesting on 14 February 2019 and expiring on 13 February 2024.
- 30,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 0.60 cents per share vesting on 25 February 2019 and expiring on 21 February 2024.
- 26,666,667 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 0.60 cents per share vesting on 16 December 2019 and expiring on 28 August 2024.
- 22,666,667 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 0.60 cents per share vesting on 16 December 2019 and expiring on 29 August 2024.

Listed Options

As at 31 December 2019 there were no (30 June 2019: nil) options outstanding which entitled the holder to subscribe to ordinary shares in the parent entity.

No options expired or were exercised in the period.

NOTE 7. SEGMENT INFORMATION

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 Consolidated Entity’s reportable segment under AASB 8 is therefore the Mbalam-Nabeba Iron Ore Project.

	Revenue		Segment Loss	
	Half-year ended		Half-year ended	
	31-Dec-19 $	31-Dec-18 $	31-Dec-19 $	31-Dec-18 $
Continuing operations				
Mbalam-Nabeba Iron Ore Project	-	-	(454,540)	(484,224)
Project impairment	-	-	-	(188,127,911)
Total segments	-	-	(454,540)	(188,612,135)
Interest income			346	1,173
Unallocated income			1,400,000	-
Unallocated expenses			(6,201,665)	(7,833,723)
Loss before tax			(5,255,859)	(196,444,685)
Income tax expense			-	-
Consolidated segment loss for the period			**(5,255,859)**	**(196,444,685)**

Information regarding this segment is presented below. The accounting policies of the reportable segment are the same as the Consolidated Entity’s accounting policies.

The following is an analysis of the Consolidated Entity’s revenue and results by reportable operating segment for the half financial year ended 31 December 2019:

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

Segment losses represent the expenses of each segment without allocation of central administration costs and Director’s salaries and investment revenue. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

	31-Dec-19 $	30-Jun-19 $
Segment Assets		
Mbalam-Nabeba Iron Ore Project	-	-
Total segment assets	-	-
Unallocated assets	1,705,806	349,889
Total assets	**1,705,806**	**349,889**

NOTE 8. CONTINGENT LIABILITIES

The Consolidated Entity is aware of the following contingent liabilities as at 31 December 2019:

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 9. 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.

NOTE 10. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Other than set out below, no matters or circumstances have arisen since the end of the half-year ended 31 December 2019 which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods:

- As per the financial support clause of the New Agreement Sundance has received a further $300,000 per month in funding from AustSino for the months of January, February, and March 2020.
- On 31 January 2020 the Company announced that 74,285,714 shares had been issued to Mr. David Porter as a result of the conversion of his convertible notes which had a face value of $260,000 and an agreed issue price of $0.0035 per share.

NOTE 10. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)

- Subsequent to the end of the half year there have been considerable economic disruptions arising from the outbreak of COVID-19 virus. This amongst other impacts has resulted in full lockdowns in Cameroon and Congo and travel restrictions to China. The Group considers this to be a non-adjusting post balance sheet event. At the date of signing the financial report the Group is unable to determine what financial effects the outbreak of the virus could have on the Group in the coming financial period. No financial effects arising from the economic impacts of the virus have been included in the financial results for the half year ended 31 December 2019.

  The Group will consider a range of expenditure containment measures designed to deal with prolonged economic and logistical impacts of the COVID-19 outbreak. Measures will be implemented as is deemed necessary. Given the inherent unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities, the actual financial impact of the COVID-19 outbreak, if any, on the Group's future financial statements could be significantly different to those disclosed above depending on how the situation evolves.

NOTE 11. DIVIDENDS

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

NOTE 12. INVESTMENT IN OTHER ENTITIES

AustSino has issued 107,692,308 fully paid ordinary AustSino shares to Sundance at a deemed issue price of $0.013 per share as consideration for Sundance agreeing to extend the end date to completion of the New Agreement. These shares were issued to Sundance at no cost.

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Sundance Resources Limited

We have reviewed the accompanying financial report of Sundance Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2019 , the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the period.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Sundance Resources Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the period ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of $5,255,859 during the half year ended 31 December 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 31st day of March 2020