ANNUAL REPORT 2010

SUNDANCE RESOURCES

CORPORATE DIRECTORY

Directors
George Jones (Chairman)
Guilio Casello (Managing Director, from 8 November 2010)
Michael Blakiston
Barry Eldridge
Fiona Harris
Robin Marshall

Company Secretary
Neil Hackett

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SUNDANCE RESOURCES

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- Landmark MOU's signed with CRCC China - Africa Construction Limited to scope the rail development and China Habour Engineering Company to scope the port development.
- Definition of Maiden Inferred Resource of 200Mt @ 63.1% Fe for the Nabeba Deposit.
- 93% increase in the High Grade DSO resource inventory to 415Mt @ 61.6% Fe, sufficient for 10 years production of premium +62% Fe product.
- Environmental Certification in Cameroon by the Ministry of Environment and Nature Protection (MENEP) received 25 June 2010.

Corporate

- Establishment of a world-class Board comprising people with experience in all aspects of project development, financing, operations and corporate governance.
- $90 million capital raising completed in December 2009, including $5 million via a Share Purchase Plan.

"The Company is exceptionally well placed to realise its vision to become a leading global iron ore producer."

George Jones, Chairman

Dear Shareholders

It is with a mixture of deep sadness, great pride and tremendous anticipation that I present Sundance Resources' 2010 Annual Report – sadness for the tragic loss we have all suffered this year; pride that we have been able to steer the Company through this difficult time and begin the rebuilding process; and anticipation that we are now closer to realising Sundance's vision of developing its world-class iron ore project in West Africa.

Once again I extend my deepest sympathies to the families, friends and colleagues of the people, including the entire former Board of this Company and two of its key executives, who were tragically lost in the air-crash in West Africa on 19 June.

I described these men – Geoff Wedlock, Don Lewis, Craig Oliver, Ken Talbot, John Jones and John Carr-Gregg – as men of loyalty, courage, duty and honour. These "Men of Mining" were leaders in their field and I feel honoured to be part of a new team at Sundance which will have the opportunity to realise their vision and continue their hard work and achievements. We will strive to ensure that their legacy lives on through the development of a project that will transform the lives of many in West Africa and ultimately reward shareholders handsomely.

I have no doubt that the disastrous events of this year have strengthened the resolve of everyone associated with this Company to move forward with courage and determination.

I would like to take this opportunity to personally thank all the staff, employees and consultants at Sundance, both in Perth and West Africa, for their extraordinary strength during this difficult time. In particular, I would like to thank our Chief Financial Officer, Peter Canterbury, who has stepped up to the plate as Acting CEO to lead the Company through this period.

I would also like to thank – Adam Rankine-Wilson, Michael Blakiston, Barry Eldridge and Fiona Harris – for answering the call in Sundance's hour of need and providing invaluable assistance and support to me in reconstituting the Board and beginning the task of rebuilding the Company. Adam Rankine-Wilson has since resigned from the Board and I thank him for his invaluable contribution. The Board has been further strengthened with the recent appointment of Robin Marshall.

Corporate Review

In a short space of time, we have been able to assemble a world-class Board comprising people with experience in all aspects of project development, financing, operations and corporate governance – including a wealth of expertise in the iron ore sector.

I have worked with most of these people before – notably with Barry Eldridge and Fiona Harris at Portman Limited – and I know them to be people of great skill, experience, integrity and commitment.

I have every confidence that Sundance will be very well served by its new Board in the months and years ahead and that we have the right mix of people with the skills, experience and capability to bring the Mbalam Project into production.

We recently announced the appointment of Giulio Casello as the Managing Director of Sundance. I strongly believe Giulio has the knowledge and leadership qualities needed to drive Sundance and the Mbalam Project.

After the recent tragic events, we have limited Board travel arrangements so that no more than two Directors may travel together in an aircraft, regardless of circumstance.

At the beginning of July, Michael Blakiston and I travelled to the Republic of Congo to meet with Senior Government officials including General Pierre Oba, the Minister of Mines, Mineral Industries and Geology. Then at the end of July, Michael Blakiston, Peter Canterbury and I travelled to the Republic of Cameroon to hold meetings with Prime Minister Philemon Yang and Senior Government Ministers including Badel Ndanga Ndinga, the Minister of Mines.

We thanked both Governments for their exceptional efforts and support following the air-crash and assured them that the Mbalam Project remains well on track, that there is a new Board in place and the that new Board has a strong determination to see this project developed as soon as possible.

It has become very clear to me that the recent tragic events have underlined and even strengthened the close relationship that exists between Sundance and the Governments of the Republic of Congo and the Republic of Cameroon.

In memory of those who lost their lives in the Congo on June 19, 2010

Geoff Wedlock

Don Lewis

Ken Talbot

Craig Oliver

John Jones

John Carr-Gregg

They share our strong desire to see Sundance write this new chapter in its history and deliver the Mbalam Project as quickly as possible, recognising that this Project will bring country-transforming economic and social benefits to the people of both countries.

The Mbalam Project already comprises one of the world's largest iron ore resources outside the control of the existing group of large-scale producers. As such, it is a Project which is also of tremendous strategic value and interest to the global steel industry. Accordingly, the funding and development opportunity it presents is attracting interest from some of the largest and most powerful steel-making and raw materials groups in the world.

I am very pleased to be able to assure shareholders that Sundance is in excellent shape to take advantage of these opportunities, corporately, operationally and financially. While overshadowed by the tragic events of June 2010, the 2010 financial year was a period of significant progress for the Company, thanks in no small measure to the incredible energy and hard work of Don Lewis and his team.

Resources and Project Development

Key achievements during the year included further additions to our resource inventory of high-grade direct shipping ore (or "DSO") with the announcement of a maiden JORC resource of 200 million tonnes grading 63.1% Fe for the Nabeba Deposit in the Congo. This supplements existing DSO resources at the Mbarga deposit in neighbouring Cameroon, increasing our total inventory of high-grade DSO to 415 million tonnes grading 61.6% Fe.

This is sufficient to support a DSO operation for the first 10 years of production at the targeted rate of 35 million tonnes a year before we start processing the much larger itabirite hematite resource of 2.3 billion tonnes. This is of great strategic importance to the Project as it maximises cash flow during the early years of production from mining high-grade ore at a very low strip ratio.

The Definitive Feasibility Study, which is based on a 35Mtpa project spanning an estimated 25-year project life, progressed extremely well during the year. The current parameters indicate that the Project will have very robust financials, with an estimated capital payback period of less than four years and an Internal Rate of Return of more than 25%, based on forecast capital expenditure of around US$3.3 billion and on what we believe are conservative long-term iron ore prices.

Drilling re-commenced at the Project on 19 July and we have four drill rigs currently working around the clock to upgrade part of the resource to Reserve status to underpin the Feasibility Study and grow the resource base further.

In September, we signed MOU's with two major Chinese groups to scope the development of key rail and port infrastructure to support the Mbalam Project development. These agreements, which build on the excellent technical work carried out by Sundance over the past three years, are breakthrough, potentially project-making developments.

The development of a 505km railway line and world-class deepwater bulk materials port on the Cameroon coastline are crucial to the Project's success. By teaming up with China Harbour Engineering Company (for the port) and CRCC China-Africa Construction Limited (for the rail), these key items of infrastructure stand to secure the necessary technical and financial support to facilitate their development.

These are two of China's largest, most powerful and most successful construction and infrastructure groups and their involvement with Sundance represents a huge vote of confidence and a major step forward for the funding and development of the Mbalam Project. These initiatives have been warmly welcomed by the market, providing strong evidence that a delivery solution for the Project is both achievable and imminent.

I am also pleased to report that our discussions with strategic partners are also well advanced and we are currently actively negotiating on several fronts to secure both off-take contracts and project finance with steel mills and other parties for the Mbalam Project. We are on track to have these foundation agreements in place before the end of calendar 2010, which hopefully will enable us to start construction on schedule in mid-2011.

Government Relations and Approvals

I have already touched on the very strong relationship we have forged with the Governments of both countries spanned by the Mbalam Project. In June 2010, we achieved a key regulatory milestone with the granting of Environmental approval for the Project by the Cameroon Government. This represented a very important step forward and a significant de-risking of the Project for investors.

In August, we submitted the final draft Convention for the Mbalam Project in French and English to the Government of the Republic of Cameroon. This document forms the basis for the final negotiations and is a cornerstone agreement setting out the legal, fiscal, land, labour, financial and social conditions under which Sundance will progress and operate the Project.

At the time of writing to you, we were expecting to commence final negotiations on the Mbalam Convention in October 2010 and were hopeful of finalising the agreement by the end of December 2010, clearing the way for development to proceed.

We have started discussions on the requirements of a Convention with the Government of the Republic of Congo concerning the development of the Project within the Congo. I have met with officials of the Cameroon and Congolese Governments in recent times and have been most impressed by the strong level of support for the project.

Summary and Outlook

As we move into a new era in Sundance's history, I would like to assure shareholders that the Company is exceptionally well placed to realize its vision to become a leading global iron ore producer.

With a resource base capable of positioning Sundance as a top-10 iron ore producer globally – and major industry groups, particularly in China, needing to ensure long-term security and diversity of supply – the compelling logic for developing the Mbalam Project has never been stronger.

Add to this the fact that Sundance is poised to achieve first-mover advantage in a regional iron ore province which we believe has one of the more significant endowments of iron ore in the world and you can understand why we are extremely motivated about the future for this Company.

Let me note in conclusion that the road will not be without its significant challenges and there is plenty of hard work ahead and items to be dealt with systematically and at the appropriate time.

I feel confident that as we de-risk the Mbalam Project and progress steadily towards production, shareholders and investors will support the initiatives outlined and assist us in shaping the Company for the future.

I thank you for your continued support and look forward to sharing with you the challenges and rewards that lie ahead.

We move forward with confidence and with strength – conscious of where we have come from and determined about the future.

George Jones
Chairman

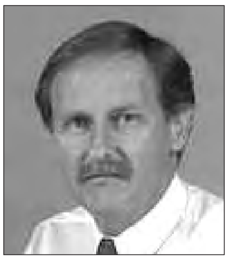
Mr George F Jones *Chairman (Non-Executive)*
Mr George Jones was, until 31 August 2009, Chairman of Sundance and has a comprehensive understanding of the Company and its assets. Mr Jones has more than 35 years experience in the mining, banking and finance industries and has been a Director of a number of private and publicly-listed companies, including Gindalbie Metals Ltd, where he is currently Chairman.

Mr Giulio Casello *Managing Director (appointed 8 November 2010)*
Mr Giulio Casello is a highly experienced executive with national and global exposure in manufacturing environments for blue chip organisations. Backed by almost 30 years of experience, he has a track record of success with operations, business development and corporate strategy. He joins the company from his role as Chief Operating Officer for iron ore miner Sinosteel Midwest Century where he lead its development from an exploration company to a producer. He previously worked at Century Aluminum Company in the United States, where as Senior Vice President, Business Development he was responsible for developing and implementing a growth plan in aluminium, alumina and critical raw materials (carbon, bauxite, energy) and managing new projects across the globe. He has also held a number of significant positions in Alcoa spanning across 20 years, including Director of WA Operations, General Manager Alcoa World Chemicals and Kwinana Alumina Refinery Location Manager.

Mr Michael Blakiston *Non-Executive Director*
Mr Michael Blakiston is a solicitor with substantial legal experience in the resources sector. He is a partner of the corporate and resource law firm, Blakiston & Crabb and has over 29 years experience. Mr Blakiston holds Bachelor of Jurisprudence and Bachelor of Laws degrees from the University of Western Australia. Mr Blakiston has extensive commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry. Blakiston & Crabb are currently engaged by Sundance Resources to provide ongoing legal advice. Mr Blakiston has played a leading role in the negotiation and formulation of a number of key agreements relating to the Sundance's Mbalam Iron Ore Project, and is currently involved in the negotiation of the Convention Agreements with the Congolese and Cameroon Governments.

Mr Barry Eldridge *Non-Executive Director*
Mr Barry Eldridge has over 40 years industry experience both in Australia and overseas. Following a 20 year career in the coal industry in Queensland and New South Wales, Mr Eldridge moved to Western Australia in 1988 where he has been involved in a number of management roles in the mining industry. Most notable of these have been Project Manager for the Super Pit in Kalgoorlie, Project Manager for the development of Kanowna Belle gold mine, Managing Director of Forrestania Gold NL, Project Director for Rio Tinto's West Angelas iron ore development, Director – Major Projects for North Ltd, Managing Director of Griffin Coal Pty Ltd, Managing Director, CEO of Portman Ltd and Chairman of SNC-Lavalin Australia Pty Ltd. He is currently a Director of Cliffs Natural Resources and Chairman of Mondo Minerals Limited.

Ms Fiona Harris *Non-Executive Director*
Ms Fiona Harris has extensive experience as a Non-Executive Director over the past 15 years with iron ore companies, Portman Mining Ltd and Territory Resources Ltd, Alinta Limited, Burswood Limited, Evans & Tate and various other organisations. Ms Harris is currently a member of the Australian Institute of Company Directors (AICD) National Board (and a former Western Australian State President of AICD), a Non-Executive Director of listed mining companies Territory Resources Limited, Altona Mining Limited, Aurora Oil and Gas Limited and several private companies. Ms Harris was previously a Partner in Chartered Accountants, KPMG, specialising in financial services and superannuation, capital raising, due diligence, IPO's, capital structuring of transactions and litigation support.



Mr Robin Marshall *Non-Executive Director*
Mr Robin Marshall is an experienced mining executive with an impressive track record of international experience in the development and management of major resource projects. Mr Marshall has held senior and executive positions with several global mining groups including Project Director for Vale Inco at its world-class Goro Nickel Project, Vice-President - Assets Development Projects for BHP Billiton Iron Ore, Project Manager for North Limited, Project Director with Iron Ore Company of Canada, Manager Projects For Forrestania and Project Services for Western Mining Corporation and Project Manager for Nedpac (Signet Engineering). Mr Marshall has also spent a number of years in Africa in Senior Positions in both project and operational areas.

CHIEF EXECUTIVE OFFICER'S REPORT

Sundance is focused on the development of a global iron ore business within a highly prospective emerging iron ore province in West Africa. By developing of the Mbalam Iron Ore Project, Sundance will not only unlock the potential of its world-class iron ore deposits in the Republic of Cameroon and the neighbouring Republic of Congo in West Africa but also provide the infrastructure required to bring this province to the global iron ore market.

Peter Canterbury, Acting CEO

2010 Operational Achievements

"Sundance has remained focused on achieving key strategic milestones in the development of the Mbalam Project and has positioned itself to deliver these cornerstone elements of the Project. Our highly experienced team has shown tremendous dedication to achieving these milestones and, as a result of their significant achievements during the year, we are now very well positioned to complete the Definitive Feasibility Study ("DFS") and commence construction at Mbalam within the next year – a remarkable achievement..."

- Landmark Memorandums of Understanding signed with CRCC China – Africa Construction Limited for scoping the rail development and China Habour Engineering Company ("CHEC") for scoping the port development.
- Definition of a Maiden Inferred Resource of 200Mt @ 63.1% Fe for the Nabeba Deposit in the Republic of Congo following highly successful drilling programs and resource modelling completed during the year, enabling Sundance to achieve the overall Exploration Target of 315-465Mt[1] for the Mbalam Project.
- 93% increase in the High Grade DSO Resource inventory for the Mbalam Project to 415.4Mt @ 61.6% Fe following the Nabeba resource estimate. Project DSO Resources now sufficient for a minimum 10 years of production of premium +62% Fe product, suitable for High Grade sinter feed.
- Environmental Certification of the Mbalam Project in Cameroon by the Ministry of Environment and Nature Protection (MENEP) received on 25 June 2010, following community consultation and public review processes.
- Project Development Convention submitted to the Government of Cameroon following a review of the convention by an international legal firm with substantial convention experience in Francophone Africa.
- Application for Declaration of Public Utility (DUP) for mine and rail submitted in April 2010 and awaiting formal declaration along together with the DUP for the Port, which has already been awarded as part of Kribi Multi User Port facility.

Overview

Sundance has put in place a highly experienced project team to complete the DFS and commence development of our flagship Mbalam Project; in addition, we have a wonderful group of committed and hard-working people who work for Sundance and our subsidiary companies, Cam Iron and Congo Iron, in the Republic of Cameroon and the Republic of Congo, and a highly dedicated team of corporate and head office staff in Perth.

I would like to take this opportunity to personally thank all the members of our team for their efforts during the year. The development of our exceptional team is in no doubt a direct result of the strong and inspirational leadership of Don Lewis our CEO, who along with the other directors of Sundance, our tireless Company Secretary John Carr-Gregg, colleagues and friends who tragically lost their lives in the Congo aircraft tragedy in June 2010.

Our team has shown immense strength at this time of tremendous emotional stress which has impacted on everyone involved with Sundance. Their support and commitment has been nothing short of exceptional, and I would like to take this opportunity to acknowledge each and every one of them.

The tragic events of June 2010 touched everyone in the mining industry, both in Australia and internationally, and within the communities of the Cameroon and the Congo. On behalf of the management team, staff and consultants who work for Sundance and our subsidiary companies, I would like to extend my sincerest thanks for the many expressions of condolence and support which we received from people across the world in the days and weeks after our sad loss.

Finally, I would like to express my deepest sympathies to the families, friends and colleagues of those who were lost on that terrible day. I can assure them that the management and project development team at Sundance will leave no stone unturned in driving this project forward in honour of their memories.

The passion, energy and enthusiasm which were synonymous with Don Lewis have not diminished for a moment, and we

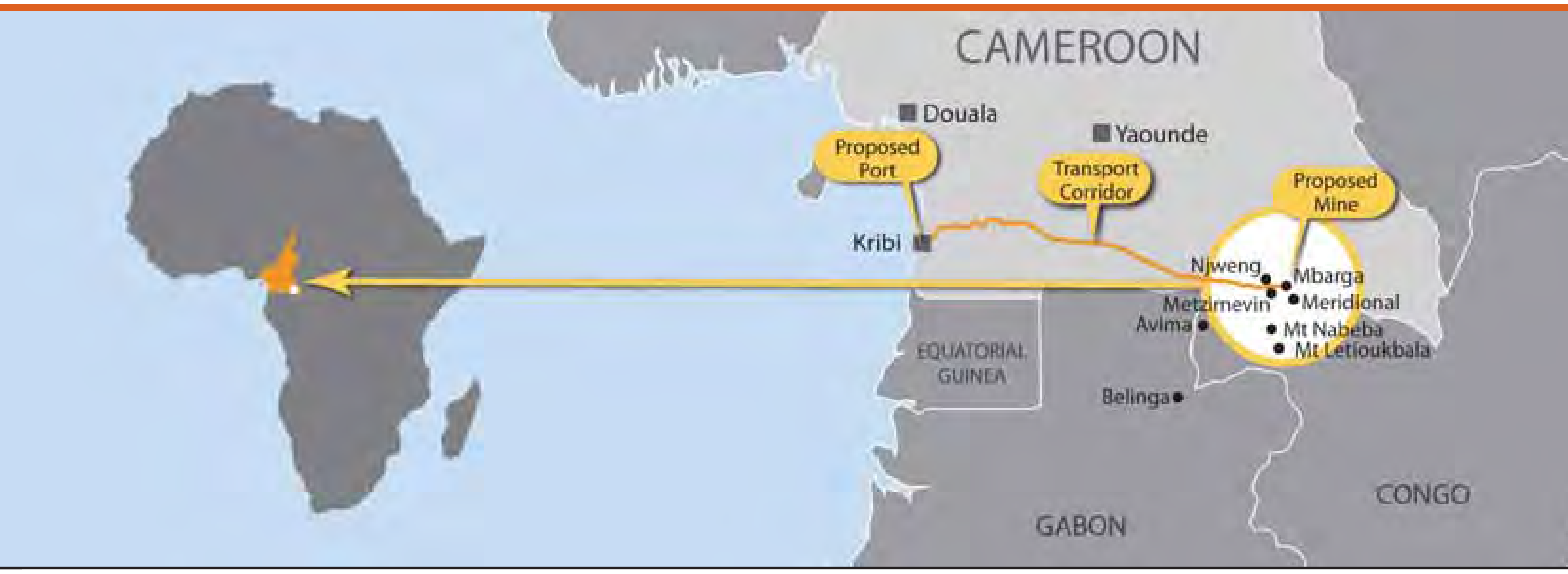


FIGURE 1 – LOCATION OF THE MBALAM IRON ORE PROJECT

remain extremely confident and positive about the future. It is a testament to Don that we have such an exceptional team and I am extremely proud to be a part of this team.

I am also extremely grateful to the newly constituted Sundance Board for their support, strength and guidance during this difficult period. I would particularly like to thank Mr George Jones, our Chairman, for the inspiring role he has played since the tragedy in June. George has provided me with strong counsel and guidance whilst I have undertaken the position of Acting CEO.

The reconstituted Board comprises a group of people with very strong experience in all aspects of project development, financing, operations and corporate governance, who are extremely well qualified to lead the Company forward as we move into the most important phase of our history – the funding and development of the Mbalam Project.

During 2010, Sundance has taken major steps towards de-risking the Project. As a result of these achievements, we are now well placed to put in place key foundation agreements for off-take, strategic partnerships and project finance.

Despite the tragedy which has overshadowed 2010, the Company has been able to either achieve or make substantial progress towards achieving all of its key strategic objectives – and is now very well placed for the future.

Year in Review

The foundations for the Company's achievements in 2010 were based on aggressively targeting the following key strategic objectives set by the Board:

- Definition of a JORC-Code compliant High Grade hematite resource to support 10 years of High Grade sinter feed production;
- Completion of a Definitive Feasibility Study based on integrated development of a 35Mtpa iron ore operation, processing HG Hematite for the first 10 years followed by 15+ years of Itabirite concentrate/pellet production;
- Completion of the Environmental and Social Assessment (ESA) of the Project and obtaining all Environmental Approvals;
- Establishment of the terms of a Project Convention with the Cameroon Government to underpin project financing and development;
- Positioning the Mbalam Project as a "first mover" project within the emerging West African iron ore province to support the introduction of strategic partners for product off-take, construction and financing; and
- Maintenance of a strong balance sheet and cash position.

Mbalam Iron Ore Project

Overview

The Mbalam Iron Ore Project is based around a group of large-scale iron ore deposits located approximately 485km east of the coastal city of Kribi in south-west of Cameroon *(see Figure 1 – Location Map)*. These deposits were first investigated in work funded by the United Nations Development Programme between 1976 and 1984.

The Mbalam Project comprises Exploration Permit 92 ("EP92") located in the East Province of the Republic of Cameroon, and Mining Research Permit 362 ("MRP362") and Mining Research Permit 363 ("MRP363"), located in the Sangha Province of the Republic of Congo *(see Figures 1 and 2)*.

EP92 is owned by Cam Iron SA, a company incorporated in the Republic of Cameroon. Cam Iron SA is a 90%-owned subsidiary of Sundance. MRP362 and MRP363 are owned by Congo Iron SA, a company incorporated in the Republic of Congo. Congo Iron SA is an 85%-owned subsidiary of Sundance. These three permits cover a total landholding of 1,740km^2 *(see Figure 2 – Permit Map)*.

Since commencing drilling at Mbalam in June 2007, Sundance has established a world-class resource base at the Mbalam Project, capable of positioning Sundance as a top-10 iron ore producer globally. The Mbalam Project now comprises one of the world's largest iron ore resources outside of the control of the three large-scale producers.

Sundance commenced a DFS in January 2010 based on an integrated development of the Mbarga deposits located within EP92 in Cameroon and the Nabeba Deposit located within

MRP362 in the Congo. This forms part of Sundance's larger regional development strategy, with Nabeba located only 42km south of Mbarga and able to be readily connected to the Company's rail and port infrastructure in Cameroon.

Exploration and Resource Development

Exploration at the Mbalam Project during the 2010 financial year focused mainly on resource definition and metallurgical testwork drilling in Cameroon and Congo, with key activities including:

- Commissioning of Sundance's fourth drilling rig, SDL RC2, (a second RC rig) at the Mbarga South Deposit in Cameroon;
- Continuation of diamond drilling at the flagship Mbarga Deposit in Cameroon to collect core samples for metallurgical testwork and process design;
- Resource definition drilling at the Nabeba Deposit in the Congo and the announcement of the Maiden JORC-Code compliant Inferred high-grade High Grade resource for Nabeba; and
- Application for, and granting of an extension of EP92 Exploration Permit for a further two-year period from 29 September 2010 to 28 September 2012.

The principal objective of the 2010 exploration program was to deliver the overall Project Exploration Target for High Grade Hematite of 315 to 465 million tonnes at 55% to 65% Fe (including the existing 215 million tonne JORC-Code compliant Mineral Resource defined on EP92), sufficient to support the first 10 years of DSO production.

High Grade Hematite Resources

Strategic Objective: Definition of a JORC-Code compliant High Grade hematite resource to support 10 years of High Grade sinter feed production

Status: Achieved

Drilling results and geological modelling completed during the year enabled Sundance to upgrade the Nabeba Deposit from an Exploration Target to a Maiden JORC-Code compliant Inferred Resource, which was announced in early June 2010.

Modelling defined an **Inferred Resource of 200.2 million tonnes at 63.1%** Fe over the Nabeba North Ridge. The Resource model is based on Ultratrace assay results received from the first 23 drill holes and site Niton XRF assay from the balance of the drill holes.

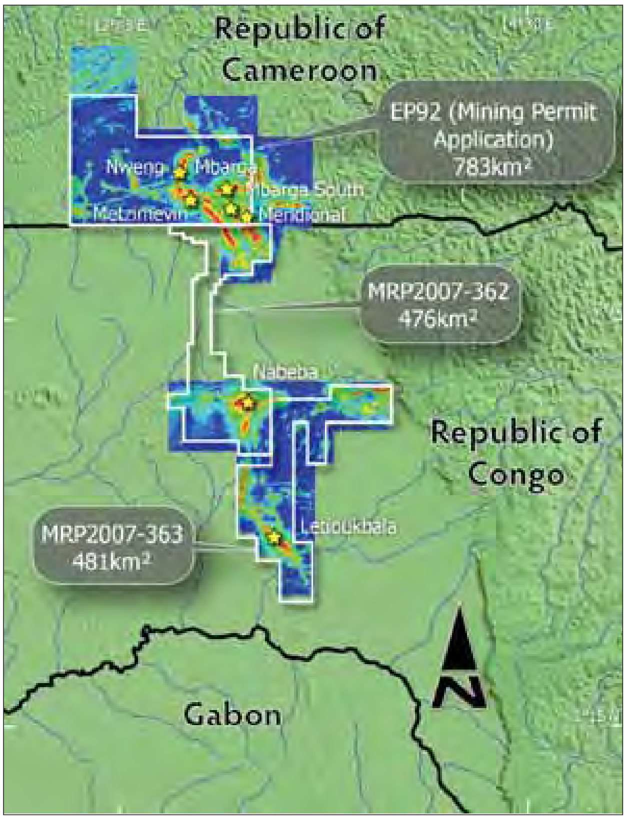


FIGURE 2 – EXPLORATION PERMITS AND KEY DEPOSITS CONTROLLED BY SUNDANCE (ALSO SHOWING RESULTS FROM AEROMAGNETIC SURVEY WORK UNDERTAKEN BY SUNDANCE)

A total of 51 holes have been completed at Nabeba since the start of drilling in January 2010 for a total of 5,396 metres drilled, comprising 15 diamond core holes and 36 RC holes. The drill hole locations are shown below in Figure 3.

Drilling results to date show a significant depth of High Grade Hematite over a 1-2km strike length on the northern ridge of the Deposit as shown in Figure 4. The Fe grades are in excess of 60% in most of the significant intersections.

Sundance expects to upgrade the Nabeba Resource over the coming months as drilling extends to the prospective South Ridge of the deposit. Recent surface sampling has also identified High Grade hematite outcrop on the hill immediately south-east of the North Ridge (*see Figure 3*). The Company also holds extensive landholdings with additional potential exploration targets including the Letioukbala Prospect on Research Permit 363 in the Congo (*see Figure 2*).

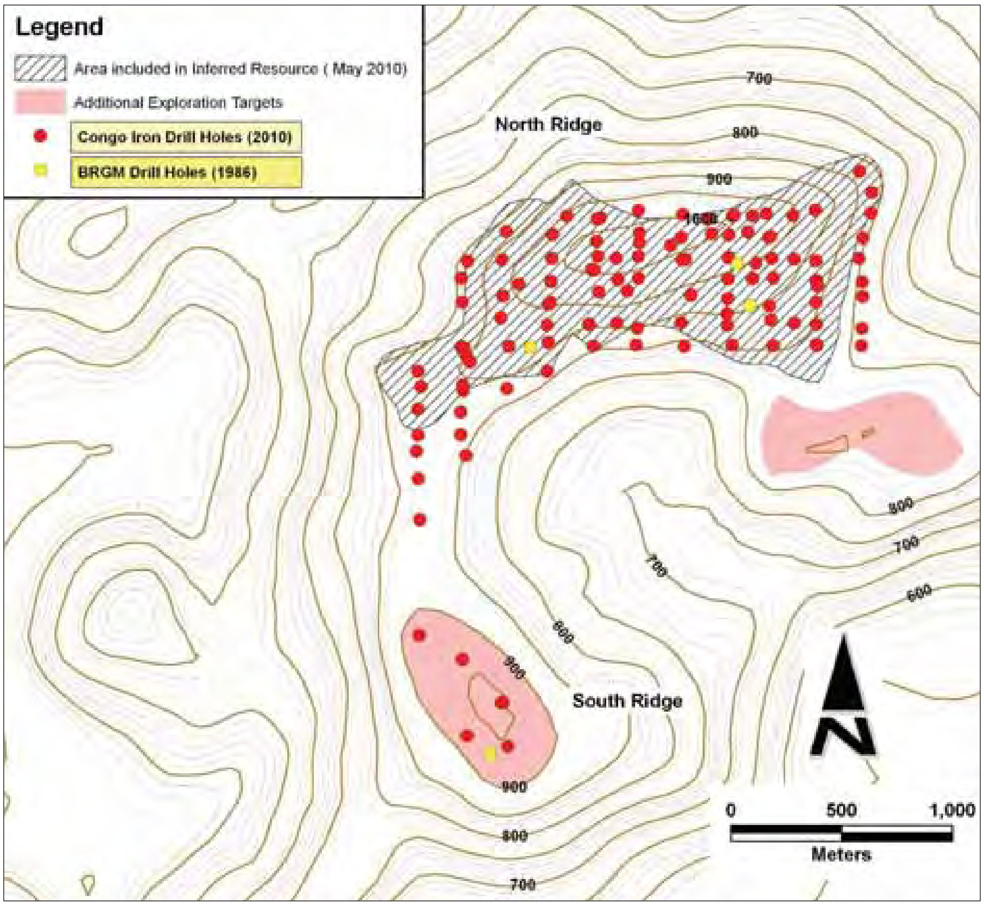


FIGURE 3: DRILLHOLE LOCATION PLAN, NABEBA DEPOSIT (INCLUDING 4 DRILL HOLES REPORTED BY BRGM, 1986)

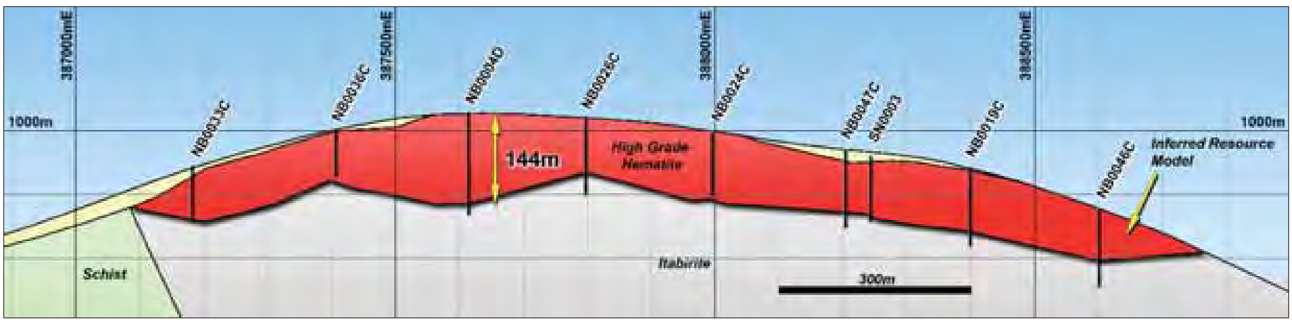


FIGURE 4: OBLIQUE SECTION THROUGH NABEBA LOOKING NORTH-WEST SHOWING THICKNESS OF UP TO 144 M OF HIGH GRADE HEMATITE

The Maiden Inferred Resource for the Nabeba Deposit has increased the High Grade DSO resources for the overall Mbalam Project to 415 million tonnes @ 61.6% Fe, as set out in Table 2 below.

This represents a 93% increase over the previously reported Indicated and Inferred Resource of High Grade Hematite within EP92 in Cameroon, which totalled 215 million tonnes @ 60.2% Fe.

All resources at the Mbarga South and Metzimevin Deposits are classified as Inferred because of the density of drilling to date. Drilling will aim to progressively convert to Indicated Resources. Regional mapping and geophysical interpretation is continuing to generate potential High Grade Hematite targets for future drilling.

The upgraded Project DSO Resource is now sufficient to support a minimum 10 years of production of premium +62% Fe product, achieving one of the Company's key strategic objectives.

Itabirite Hematite Resources

The JORC-Code compliant Itabirite Hematite Resource at the Mbarga Deposit remains unchanged and is estimated to contain a total of 2,325 million tonnes of Itabirite at an average grade of 38.0% Fe (see Table 3).

The Indicated Resource of Itabirite Hematite at Mbarga is already sufficient to provide the beneficiation feed required for proposed production of high quality Direct Reduction grade and Blast Furnace grade iron concentrate during the first 25 years of Project operations (including initial production of

TABLE 2 – SUMMARY OF INDICATED AND INFERRED RESOURCES OF HIGH-GRADE HEMATITE

Deposit	**Resource Category**	**Tonnage (MT)**	**Grade**				
			Fe (%)	**SiO_2 (%)**	**Al_2O_3 (%)**	**P (%)**	**LOI (%)**
Nabeba	Inferred	200.2	63.1	2.5	3.4	0.09	3.2
Mbarga	Indicated	168.7	60.5	9.5	2.1	0.08	1.4
	Inferred	10.4	57.5	13.0	2.7	0.06	1.6
Mbarga South	Inferred	21.8	58.8	9.4	3.0	0.06	2.9
Metzimevin	Inferred	14.3	61.8	10.3	3.6	0.09	1.8
Total Indicated & Inferred Resource		**415.4**	**61.6**	**6.3**	**2.8**	**0.08**	**2.4**

TABLE 3 – SUMMARY OF INDICATED AND INFERRED RESOURCES OF ITABIRITE HEMATITE

Deposit	**Resource Category**	**Tonnage (MT)**	**Grade**				
			Fe (%)	**SiO_2 (%)**	**Al_2O_3 (%)**	**P (%)**	**LOI (%)**
Mbarga	Indicated	1,431	38.0	44.5	0.44	0.04	0.32
	Inferred	894	38.0	44.1	0.54	0.05	0.43
Total Indicated & Inferred Resource		**2,325**	**38.0**	**44.4**	**0.48**	**0.04**	**0.36**

FIGURE 5: DRILLING AT THE NABEBA DEPOSIT IN JUNE 2010

High Grade DSO-quality product). Consequently, no further exploration is planned in the short term to increase the Itabirite Resource tonnage.

Ongoing Drilling

Four drilling rigs are currently operating on site. Two rigs (one Diamond and one RC) are working on Resource Definition drilling at the Nabeba Deposit with the third rig (a Diamond rig) undertaking metallurgical sample drilling on EP92.

A fourth rig was purchased in March 2010 to enable the Company to complete definition of DFS Ore Reserves.

Drilling was suspended on 19 June 2010 as a result of the tragic plane crash. Drilling operations recommenced in July 2010.

So far this year, 21 diamond drill holes (predominantly PQ diameter) have been drilled at the Mbarga Deposit as part of the 2010 exploration program to:

- collect High Grade Hematite core samples for metallurgical testing; and
- advance Resource Definition at the eastern extent of the Mbarga Deposit.

A total of 1,415 metres has been drilled at Mbarga with selected core samples from these holes transported to Australia for metallurgical testing.

Figure 6 shows the location of holes drilled on EP92 in the 2010 exploration program, together with the location of holes previously drilled up to the end of 2009.

Where drill core has been available, Field Niton XRF analysis from drilling on EP92 in the 2010 exploration program has indicated the presence of significant intersections of high grade hematite which are comparable to previous results from the Mbarga Deposit.

The Niton instrument provides reasonable accuracy in respect of Fe grades and has been calibrated from previous drill results collected on site but all samples must be sent off site for full quantitative analysis ahead of interpretation and resource modelling.

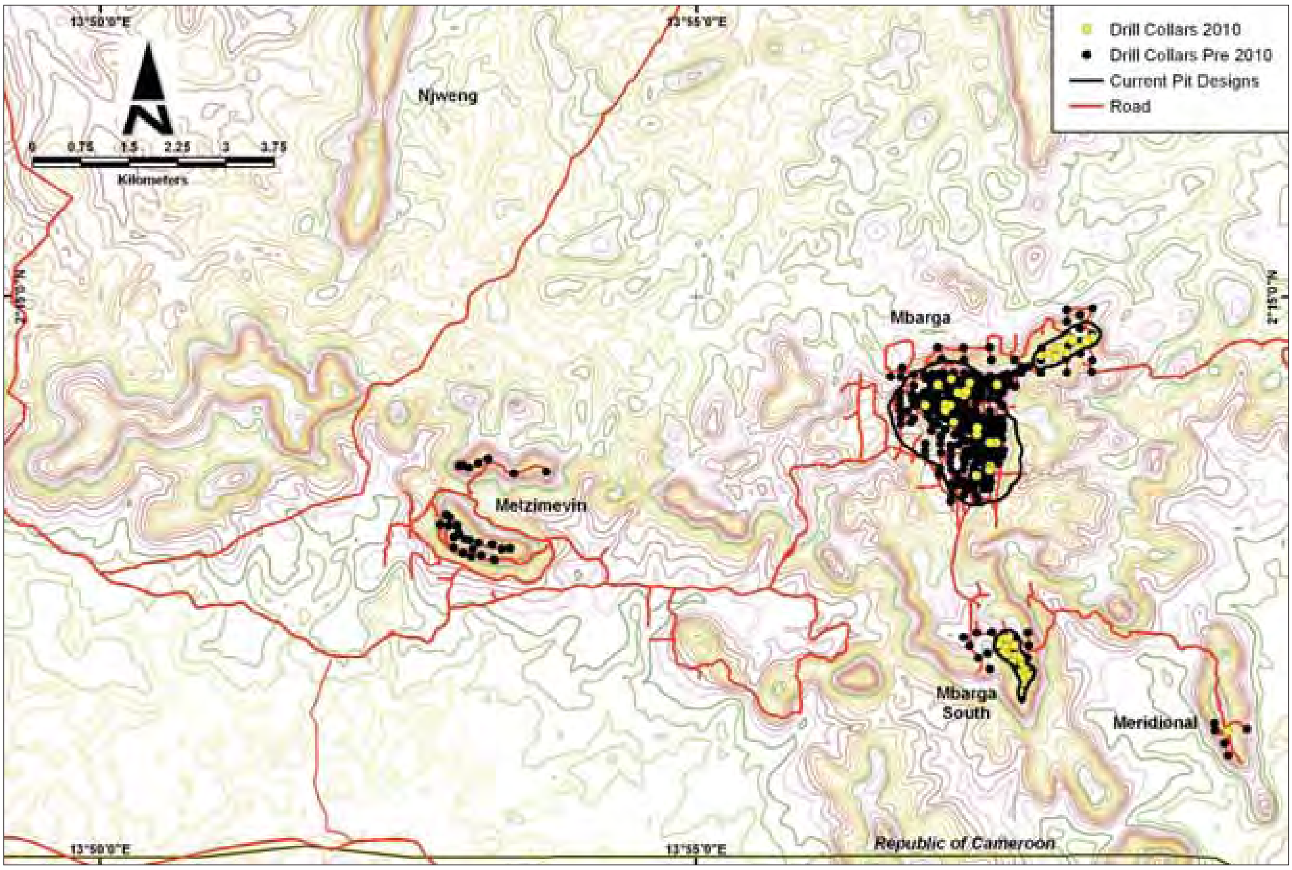


FIGURE 6: LOCATION OF DRILL HOLES COMPLETED ON EP92

Definitive Feasibility Study

Strategic Objective: Completion of a Definitive Feasibility Study based on integrated development of a 35Mtpa iron ore operation, processing HG Hematite for the first 10 years followed by 15+ years of Itabirite concentrate/pellet production

Status: Substantial progress

Work commenced on the Mbalam DFS in January 2010 based on an integrated development strategy encompassing the iron ore deposits controlled by Sundance in Cameroon and the Congo. The DFS remains on track with the total DSO resource defined for the Project sufficient for at least the first 10 years of DSO production. The existing 2,325 million tonne Itabirite Hematite Resource will support ongoing production of pellet feed concentrate (and pellets) for the balance of the initial 25 year mining term.

The Project development strategy provides for production of a DSO-quality sinter fines product for at least the first 10 years of Project operations based on blending of material sourced from the Mbarga, Mbarga South, Metzimevin and Nabeba deposits.

This strategy is aimed at export of highest margin product during the term of financing of the Project infrastructure. Longer term production will then be based on beneficiation of the Itabirite Hematite from the Mbarga Deposit to produce both Blast Furnace and Direct Reduction grade pellet feed concentrates.

Key milestones achieved during the year as part of the DFS included:

- The appointment of key personnel on the study team including the Study Director, General Manager Process & Plant, Principal Metallurgist and Project Services Manager;
- Final definition of the metallurgical testwork program including preparation of testwork standards, methodologies and selection of suitable laboratories;
- Commencement of testwork on core samples transported from Cameroon and Congo, including gravity-based upgrading of Transitional Hematite, targeting delivery of a premium quality (+62% Fe) blended product;
- Commencement of design optimisation studies for mine, rail and port including completion of site geotechnical investigations along the rail corridor and at the port site;
- Preparation of consultant work scopes for mine design, port design, shipping analysis and operations modelling;

- Preliminary engineering design for the rail and material take offs for cost estimating;
- Commencement of port marine study by Sogreah Marine Consultants and commencement of port design criteria;
- The commencement of preliminary mine planning work to evaluate blending and product quality strategies; and
- The completion of optimisation studies on process plant siting options for the Stage 1 DSO project.

The DFS is targeted for completion by Q1 2011 ready for start-up of construction in mid 2011.

Based on the Pre-Feasibility Study carried out in January 2008, the estimated CAPEX for the DSO phase is around US$3.3 billion while operating costs are estimated at a very low US$19.65 per tonne, providing an estimated operating margin of US$43 per tonne.

These figures are being updated in the DFS with final project financials and economic parameters to be released as part of the final DFS.

The key to the project's attractive economics is the very low cost DSO mining phase, which is based on a 10-year mining period of high grade hematite ore with very low strip ratios of approximately 0.3 to 1.0. There is excellent potential to extend the 10-year High Grade DSO production phase, which would further strengthen the already attractive financials.

Resource and Mine Planning for High Grade Hematite

Key mine planning work conducted during the year included:

- Re-design of the High Grade Mbarga Pit to include Transitional and Surficial domains;
- Completion of the preliminary pit sequencing schedule;
- Commencement of the geo-metallurgical model; and
- Appointment of an independent Mining Consultant.

The re-design and sequencing work has confirmed the low strip ratio of the High Grade Mbarga pit (~0.3) and the capacity of the Mbarga Deposit to supply a blended ore feed stream in support of the High Grade development strategy. This assumes conventional crushing and screening plant for DSO-quality Supergene material and the inclusion of a gravity based upgrade module for the Transitional material.

Process Strategy for High Grade Hematite

New drill hole assay data from the Nabeba Deposit received during the year indicates that the hematite is likely to have low silica content, with a moderate to high alumina content.

The Company's blending strategy has remained unchanged – namely, to blend direct shipping and treated ore from Nabeba with direct shipping ore and upgraded transitional material from EP92 with the objective of producing a premium DSO-quality sinter fines product, as shown in Table 4 below.

Testwork on the Transitional Hematite from the Mbarga Deposit, indicates that this material is amenable to low cost upgrading such that the silica content of the blended product from EP92 is significantly reduced.

Testwork is continuing to refine the process flowsheet and to enable metallurgical domain characterisation.

Process Strategy for Itabirite Hematite

Beneficiation of the Itabirite Resource through conventional grinding and reverse flotation will produce a combination of DR (direct reduction) grade concentrate grading 68% Fe and BF grade concentrate grading 65% Fe depending on target grind size. This will commence as near surface High Grade Hematite is depleted after Year 10 of operations.

Scoping assessment for the potential development of a 4 to 8 million tonne per year pellet plant near the Lolabe port site will be completed as part of the current Feasibility Study. This would be based on DR grade concentrate feed derived from the Mbarga Deposit.

TABLE 4 – TARGET HIGH GRADE SINTER FINES PRODUCT SPECIFICATION

Production	Fe (%)	Si02 (%)	Al203 (%)	P (%)	LOI (%)
35 Mtpa	>62.0	<5.5	<2.5	<0.08	2.0

FIGURE 8: LOCATION OF GEOTECHNICAL DRILL HOLES

FIGURE 7: AUGER DRILLING ALONG THE RAIL ROUTE

Infrastructure – Rail

Infrastructure planning continued during the year with completion of the optimisation of the preferred rail route, the Mid-Northern Rail Route. This work was completed on schedule by Calibre Rail in August 2010.

Fugro Survey completed aerial LIDAR surveys over the Rail Corridor. This survey mapped route optimisation alternatives identified along the corridor in modelling work completed by Calibre Rail in late 2009. The survey also extended into the Congo providing detailed topographic mapping over the Nabeba Deposit and the transport route between Nabeba and Mbalam.

Ground-based geotechnical investigations were completed in the June 2010 Quarter along the entire rail route from mine to port with auger drilling of deeper cut areas (*see Figure 7*) and hand digging of test pits for geotechnical logging of shallower cut areas. International geotechnical specialist, Knight Piesold, is managing these geotechnical investigations.

Infrastructure – Port

The design of the proposed deepwater iron ore export facility is currently being updated to reflect the results of the offshore geotechnical drilling program completed at the Lolabe port site in March 2010. This design is based on accommodating 200,000 DWT Cape Class or 300,000 DWT "Chinamax" sized ships with single berth capacity for 35Mtpa.

Figure 8 shows the location of geotechnical test holes drilled by Cam Iron SA along the proposed shipping channel,and ship-loader jetty together with four drill holes completed by the Cameroon Government. All drilling was completed using the Skate 3 jack up rig (*see Figure 9*).

FIGURE 9: SKATE 3 JACK-UP DRILL RIG

Sustainability

The development of the Mbalam Project will deliver significant economic, environmental and social benefits to the Cameroon and the Republic of Congo. The Project will have a direct financial benefit to the Cameroon and Republic of Congo over the life of the mine. It will provide employment for over 1,000 people and provide many direct and indirect business opportunities.

It will be the first mining project of scale in Cameroon and will support the development of key regional infrastructure including a deepwater port at Lolabe, an access corridor from the port to the mine at Mbalam. Skills development associated with the Project is expected to be a catalyst for further industrial development in the country.

From an environmental perspective, much of the forest along the proposed infrastructure corridor from mine to port has already been logged and is subject to high hunting pressure. This has severely depleted wildlife populations and the forest resources of indigenous people.

Sundance will establish a sustainability fund during operations to assist in the building of community skills and infrastructure capacity and develop sustainable forest management practices to conserve wildlife and support indigenous communities.

These programs will be implemented in partnership with Government and key Non-Government Organisations.

"The Mbalam Project will lift many people out of poverty…"

Environment and Community

Care and respect for the environment and communities in which Sundance operates is a core value of the Company.

The Mbalam exploration program continued to operate in compliance with the conditions of the Summary Environmental and Social Impact Assessment ("ESIA") approved by the Cameroon Minister for the Environment in 2007.

As a result of the enforcement of a no-hunting or bush meat policy on-site, the Project is functioning as an effective hunting barrier with wildlife densities in the vicinity of the Project increasing in comparison to regional forests where hunting pressure is higher.

The relationship with the local community remains strong and regular meetings were held during the year as part of the companies project ESIA. This involved significant consultation with local village chiefs and the local Baka community and they remain very supportive of the Project in anticipation of the next phase of development.

An Environmental and Social Assessment ("ESA") was completed for the exploration drilling program at the Nabeba Deposit in the Republic of Congo during the year and the terms of reference for the Project ESA have been submitted to the Congolese Ministry of Environment in September 2010.

Sundance established a representative office in Brazzaville, the capital of the Republic of Congo, to support the exploration programs proposed for MRP362 and MRP363. An in-country representative was appointed in Brazzaville to assist with the corporate administration of Congo Iron and to interface with the Congo Government.

Health and Safety

While the geographically isolated nature of Sundance's activities presents a challenge, the maintenance of a safe and healthy working environment with high standards of performance and compliance in respect of Health and Safety is a priority of the Board.

Sundance therefore continued to implement and develop its Health and Safety management system during the year both at its established site in Cameroon but also at the new exploration camp facilities at Yangadou in the Republic of Congo. This management system covers our operations in Perth, Yaounde, Brazzaville and on site and includes our operating subsidiaries in Cameroon and Congo.

The medical and emergency response capacity in Cameroon and Congo are firmly established with expatriate Medical Safety and Security specialists having permanent presence on site at Mbalam and Yangadou. There was a significant improvement in emergency response capacity during the year as a result of the increase in project activities on site. This capacity was tested during the tragic plane crash on 19 June 2010 and the first class response of this plan was a testament to the comprehensive nature of this emergency response capability on site.

The Company's subsidiaries have a Local Employment Policy and workforce health continued to be a primary focus during the year. Health services were also provided to the local community, particularly to sick children, but the focus was on facilitating improved medical capacity within the community to avoid dependence on the Mbalam Project.

Corporate Governance and Risk Management

The Board of Sundance is committed to achieving high standards of corporate governance and risk management and recognises that effective management of this area is vital in terms of the creation, maintenance and growth of sustainable value for shareholders.

The Board's approach in relation to risk management, with the assistance of the Audit and Risk Management Committee, is to ensure that there are adequate processes and policies in place to assess, identify and mitigate risk.

Among the risk management achievements of the Company during the period under review were:

- review of the Company's insurance policies and a restructuring and enhancement of the Company's portfolio of insurance policies; and
- continued training and monitoring of the Company's Anti-Corruption Policy to ensure compliance with applicable law.

A comprehensive review of the Company's corporate governance policies is in the process of being carried out by the new Board.

Strategic and Corporate Activities

Government Agreements and Approvals

Strategic Objective: Completion of the Environmental and Social Assessment (ESA) of the Project and obtaining all Environmental Approvals

Status: Achieved in Cameroon, Commenced in Congo

Project Environmental and Social Assessment – Cameroon

The Mbalam Project received environmental approval from the Ministry of Environment and Nature Protection (MINEP) of the Cameroon on 25 June 2010 based on the Terms of Reference for the Environmental and Social Assessment (ESA) approved by the Minister for the Environment in June 2008.

MINEP have requested easily achievable upgrades to the ESA documentation which will be completed in the next few months but the issued Certificate of Environmental Conformity represents unconditional approval.

The ESA, which is based on extensive environmental and social baseline studies and intensive stakeholder consultation completed last year, assumes 35Mtpa production over a minimum mine life of 20 years with start-up production of DSO-quality product from High Grade hematite ore feed followed by high quality pellet feed concentrate production from Itabirite ore feed.

The ESA takes into consideration all mining, transport and port activities proposed by Cam Iron in Cameroon including both rail and slurry pipeline product transport options from mine to port.

The upgrade of the ESA will require the collection of additional data, inclusion of final engineering design and detailed Project implementation plans. Implementation plans for proposed offset programmes will also need to be finalised but the ESA is no longer on Project critical path.

A Declaration of Public Utility by the Lands Ministry for Project Land along the rail corridor was submitted in April 2010. Once awarded, this declaration will authorise the compulsory acquisition of Project land.

Project Environmental and Social Assessment – Congo

The Terms of Reference for the Congo Environmental and Social Assessment have been submitted to the Congo Environment Ministry in August and the baseline study programme has commenced. This will enable completion and submission of the Congo ESA by the end of the year with approval expected in the first quarter of 2011.

Mbalam Convention

Strategic Objective: Establishment of the terms of a Project Convention with the Cameroon Government to underpin project financing and development

Status: Final Negotiations Commenced

Cameroon Government

A draft Mbalam Convention was submitted to the Republic of Cameroon in May 2010 and following review by an international legal firm with substantial experience in development conventions in Francophone Africa, was submitted formally to the Minister of Mines on 18 June 2010.

On 18 June 2010 the previous Board met with the Minister of Mines and a Senior Delegation from the Presidency to discuss the regional development activities of the company and to commence the arrangements for the final negotiations on the Mbalam Convention with the Republic of Cameroon.

The Mbalam Convention is based on the Framework Agreement signed in 2008, which provided the platform for negotiation and agreement of the Mbalam Convention and the subsequent granting of a mining permit and other statutory approvals. This agreement addressed many of the key issues that will be dealt with in the Mbalam Convention – which is the final agreement required to secure the grant of a Mining Permit.

The Government recognises that fiscal incentives, to be finalised in the Mbalam Convention and ratified by Parliament, are critical to the success of the Project. The Framework Agreement established the mechanism for the Government to grant these additional incentives (to be determined in the Project Feasibility Study) to ensure that the returns from Mbalam Project are internationally competitive with similar, large-scale iron ore export projects elsewhere in the world.

Congo Government

On 26 April 2010, Sundance Resources through its subsidiary Congo Iron submitted an application for Renewal of its tenements Nabeba-Bamegod and Ibanga, MRP362 and MRP 363. Subsequent meetings with His Excellency, the Minister for Mines, Mineral Industry and Geology, Mr Pierre Oba were held to discuss the progress made and future work, in particular drilling and the planned start of construction.

The submitted applications for renewal of its two Mining Research Permits, MRP362 and MRP363 will request a Renewal for a period of two years. The renewal applications provide for a 50% reduction in the surface area of each permit in accordance with the Mining Code of the Republic of Congo.

The renewals will allow Congo Iron to:

- Increase the confidence of the JORC-Code compliant Inferred Mineral Resources for the Nabeba Deposit to Indicated Resource and a subsequent conversion into Reserves;
- Complete feasibility study for development of the Nabeba Deposit in conjunction with the Mbalam Deposit in preparation for a final Decision to Mine; and
- Evaluate further prospects identified near the northern boundary of MRP362 and at Mt Letioukbala on MRP363 with the aim to extend the life of the proposed mining operation on the permits.

Whilst the formal renewals have not at this date been signed the Minister of Mines has provided a letter of confirmation of the extension of our existing legal tenure.

Strategic Partners / Investors

Strategic Objective: Position Mbalam as the "first mover" project in this West African iron ore province and target potential strategic partners for product off-take, construction and financing

Status: Well Advanced with Strategic Partner Discussions Nearing Completion

Sundance expects that the Mbalam Project, and its supporting infrastructure, will act as a catalyst for development of regional iron projects in Cameroon, Congo and Gabon. The development of these projects will depend, at least in part, on their ability to meet China's rapidly growing demand for high quality iron ore.

MOU on Rail Development

Subsequent to the end of the financial year, on 7 September 2010 Sundance announced that it had entered into a Memorandum of Understanding with CRCC China-Africa Construction Limited ("CAC") to establish the scope, cost and delivery programme for the railway track and rolling stock needed to support the Mbalam Project.

CRCC is the second largest State-owned construction enterprise in the People's Republic of China. CRCC is engaged in the businesses of construction contracting, surveying, design, consultation and logistics. It is currently China's largest construction contractor and is dual-listed on both the Hong Kong and Shanghai stock exchanges. CRCC is one of the largest multiple construction companies in the world, currently listed among the top 500 enterprises worldwide with over 200 projects in 35 countries, many of them in Africa.

The MOU's key agreement binds the Parties to work together to establish:

- Scope, cost and programme for delivery of track and rolling stock sufficient to support planned output of 35Mtpa of iron ore from Sundance's proposed Cameroon and Congo Mines ("Mine Rail Project"); and
- Terms of EPC Contract under which CAC would deliver the Mine Rail Project.

At the conclusion of that work the Parties may enter into a Delivery Contract for the Mine Rail Project. Neither Party is bound to enter into the Delivery Contract if it is not prudent to do so.

The MOU recognizes that the Mine Rail Project will be integral with the Mine Project itself and the Lolabe Port Development Project. The MOU also recognizes that the Rail, Mine and Port Projects are subject to a range of conditions precedent including government approvals, funding and title requirements for the rail corridor and other assets.

MOU on Port Development

Soon after the Rail MOU, Sundance announced the signing of a second MOU with China Harbour Engineering Company Ltd ("CHEC") to establish the scope, cost and delivery programme for the proposed bulk materials port at Lolabe in Cameroon to support development of the Mbalam Project.

CHEC is a world renowned international contractor. It is a subsidiary of China Communications Construction Company Limited ("CCCC"). CHEC has 31 overseas branches and offices.

The MOU's key agreement commits the Parties to work together to establish:

- Scope, cost and programme for delivery of the Lolabe Port Project sufficient to support planned output of 35Mtpa. of iron ore from Sundance's proposed Cameroon and Congo Mines ("Port Project"); and
- Terms of an EPC Contract under which CHEC would deliver the Port Project.

At the conclusion of that work the Parties may enter into a Delivery Contract for the Port Project. Neither Party is bound to enter into the Delivery Contract if it is not prudent to do so.

The MOU recognizes that the Lolabe Port Project will be integral with the Mine Project itself and the Mine Rail Project. The MOU also recognizes that the Port, Rail and Mine Projects are subject to a range of conditions precedent including government approvals, funding and title requirements for the rail corridor and other assets.

Strategic Partner and Funding Negotiations

Discussions with potential strategic partners progressed on several fronts during the year, including with respect to potential off-take contracts and project finance. These discussions included meetings with major steel mills to discuss sales contracts and potential joint venture arrangements.

These discussions are well advanced and Sundance aims to have all of these foundation agreements in place before the end of this calendar year to enable construction to commence by the middle of next year.

The Sundance iron ore project has a number of strategic and competitive advantages. With a resource base capable of positioning Sundance as a top-10 iron ore producer globally, the Mbalam Project offers major industry groups the opportunity to secure long-term security and diversity of supply, as well as to reduce their reliance on the "big three" global miners.

This combined with the fact that Sundance will achieve first-mover advantage in a regional iron ore province which we believe has one of the world's largest endowments of iron ore strengthens the overall investment proposition.

Timeline to Final Investment Decision

A number of significant milestones have already been achieved in 2010, including Presentation of the Mbalam Convention and securing key environmental and other approvals.

A number of key milestones are expected over the coming months, including:

- Issue of a Mining Permit;
- Appropriation of Cameroon land to be completed by the Government;
- Completion of definitive engineering and reserve definition drilling;
- Signing of the Mbalam Convention and ratification by Parliament;
- Finalisation off-take contracts; and
- Securing project financing terms.

This will pave the way for a Final Investment Decision in the first half of 2011, which will enable the Company to place long-lead time orders and commence early works construction by mid 2011.

Strategic Objective: Maintain a strong balance sheet and cash position
Status: Achieved

In late 2009, Sundance completed a share placement comprising 566,666,667 shares at A$0.15 per share to international institutional investors to raise A$85 million. The funds were raised to:

- complete the Definitive Feasibility Study of the Mbalam Project, including mine, process, transport and port infrastructure;
- undertake drilling to define further High Grade mineralisation on the Company's portfolio of exploration landholdings; and
- provide general working capital.

Appointment of Directors and Business Continuity

Following the tragic air crash which claimed the lives of the Board of Sundance – Geoff Wedlock, Don Lewis, Ken Talbot, Craig Oliver, John Jones and John Carr-Gregg – I assumed the role of Acting Chief Executive Officer on 20 June 2010.

The Company requested that the ASX put the Company's securities into a trading halt prior to the opening of trade on Monday 21 June 2010 and subsequently into voluntary suspension on Wednesday 23 June 2010.

Former Sundance Chairman Mr George Jones, commercial lawyer Mr Michael Blakiston and investment banker Mr Adam Rankine-Wilson subsequently declared themselves de facto Directors to form the Board of the Company along with highly experienced mining industry leader Mr Barry Eldridge and former KPMG partner and highly experienced professional Director, Ms Fiona Harris.

The declaration of de facto Directors followed consultation with major shareholders and Australian Securities and Investment Commission (ASIC), and fulfilled a key requirement of the ASX Listing Rules and Sundance Constitution. This enabled the Company to apply to lift the voluntary suspension of its shares ahead of an Extraordinary General Meeting (EGM) of shareholders to elect the Directors on 16 August 2010.

Following consultation with major shareholders and updating the market on the Company's business continuity plans, and strategic direction, the Company applied for the lifting of the voluntary suspension of shares and this was granted by the ASX on 19 July 2010.

Peter Canterbury
Acting CEO

Forward Looking Statements

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the iron ore mining industry, expectations regarding iron ore prices, production, cash costs and other operating results, growth prospects and the outlook of SDL's operations including the likely commencement of commercial operations of the Mbalam Project and its liquidity and capital resources and expenditure, contain or comprise certain forward-looking statements regarding SDL's exploration operations, economic performance and financial condition. Although SDL believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in iron ore prices and exchange rates and business and operational risk management. For a discussion of such factors, refer to SDL's most recent annual report and half year report. SDL undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

Competent Persons Statement

The information in this release that relates to Exploration Results 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 consultant to the Company and has sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Longley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Widenbar is a consultant to the Company and has sufficient experience which is relevant to the style of mineralisation and type of Deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Widenbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Resources reported on Exploration Permit 92, Cameroon (Mbarga, South Mbarga and Metzimevin)

The estimated quantity and grade of DSO quality supergene mineralisation and underlying itabirite-style mineralisation has been restricted to the area currently covered by drilling on a 100m x 50m pattern for the Indicated Resource at the Mbarga Deposit and 200m x 100m pattern for the Inferred Resource at the Mbarga, Mbarga South and Metzimevin Deposits. This is represented by an area approximately 3km (east-west) x 3km (north-south) on the Mbarga Deposit; by an area approximately 1.5km (east-west) and 1.0km (north-south) on the Mbarga South Deposit and 1.2km (east-west) x 0.3km (north-south) on the Metzimevin Deposit. Grade has been estimated by Ordinary Kriging on composited sample results. Cut-off grades for High Grade Hematite for the Mbarga Deposit are broken down as follows: Surficial: >50% Fe and <10% Al203; Supergene: No cut-off; Transitional: >51% Fe; Phosphorus: >53% Fe and <0.3% P; Hypogene: >52% Fe. Mbarga South is quoted at >50% Fe cut-off and Metzimevin is quoted at >56% Fe cut-off. A nominal 34% Fe cut-off value for the Mbarga Itabirite hematite is used.

A digital terrain surface (based on highly accurate topographic data), has been used to limit extrapolation of the mineralisation to the topography of the relevant deposits. A number of mineralisation and waste domains have been modelled as either a digital terrain surface or as wireframes and used to constrain the grade interpolation.

The resource modelling has used 20m x 10m x 10m blocks with sub-blocks to honour the constraining surfaces. Collar surveys used DGPS surveying. Down-hole surveys were determined using either deviation or gyro survey data. Down-hole geophysical logging including density, gamma, resistivity and caliper logs have been used in the evaluation.

The Itabirite mineralisation has a very strong correlation of density to Fe grade and therefore a Fe regression formula has been applied. The regression formula has been derived by analysis of data from geophysical downhole logging and assaying with a range of densities adopted from 3-4t/m3 depending on the iron grade. A density of 3.6t/m3 has been used for the majority of the near-surface High Grade Hematite and a value of2.6 t/m3 applied to the overlying Surficial Zone. The underlying Transitional Zone has density values assigned via the Itabirite Fe grade regression formula, with a nominal 10% reduction applied to the resultant value to ensure the value is conservative.

Core and sample recovery has been recorded during logging. All drill hole data is stored in an acQuire database and imported data is fully validated. Assaying QA/QC was undertaken using field duplicates, laboratory replicates and internal standards with comprehensive reporting on laboratory precision and accuracy. Three metallurgical test work programs have supported the assay grades and density values of the major mineral types.

Resources reported on Reasearch Permit 362, Congo (Nabeba North Ridge Deposit)

The estimated quantity and grade of near surface, high grade mineralisation for the Inferred Resource has been restricted to an area currently covered by drilling on predominately a 200m x 200m pattern on the northern ridge of the horseshoe-shaped Nabeba Deposit. Sundance has completed 38 holes at Nabeba for a total of 3,400m of which 40% has been PQ/HQ core and 60% RC (Reverse circulation) drilling with face-sampling hammers.

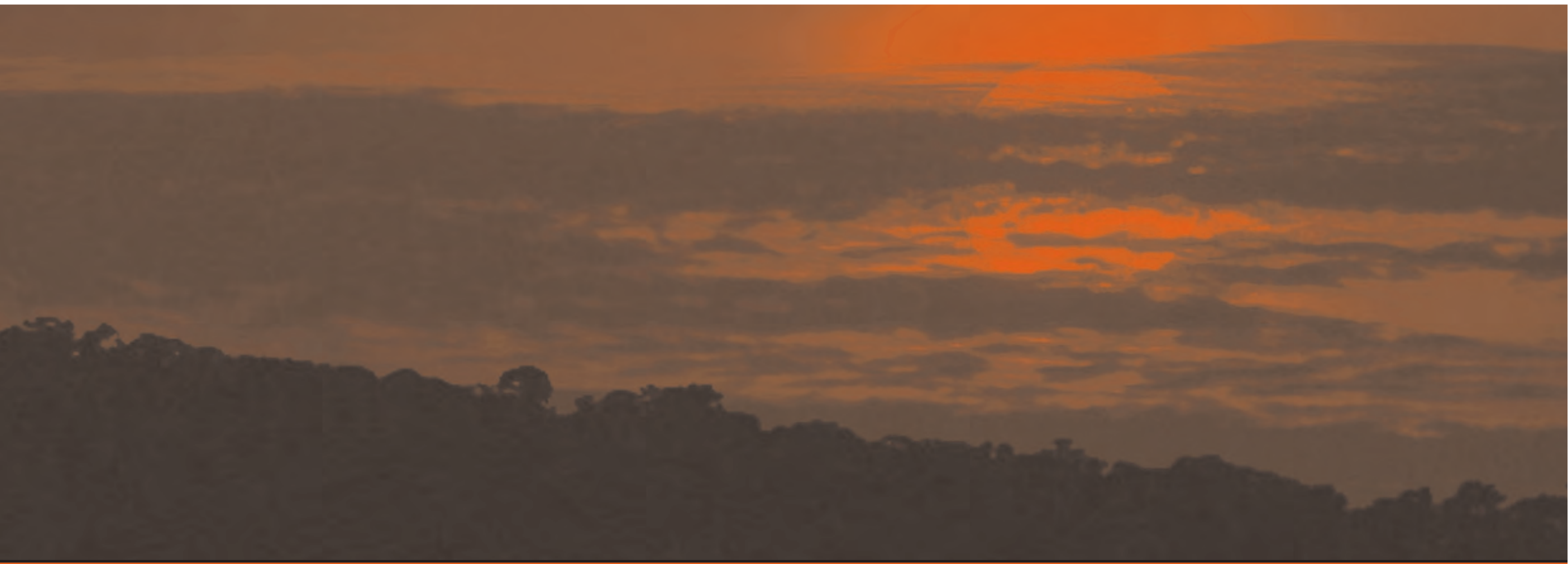
The geological model is represented by an area approximately 2.5km (east-west) x 1km (north-south). Grade has been estimated by IDS method (inverse-distance squared) on composited sample results. The mineralisation and grade interpolation of drill results has been constrained by a 3-D wireframe which encompasses all of the near-surface contiguous high grade material and as such, no cut-off grades for high grade have been required or applied. At the time of modelling, analytical results for 32 of the 38 holes had been received of which 62% were full XRF analyses from Ultratrace Laboratories (Perth, Western Australia) and the remaining 38% were Thermo Niton XRF (Fe only) results from the Sundance Site laboratory.

A digital terrain surface (based on a recent aeromagnetic survey) has been used to limit extrapolation of the mineralisation to the topography of the Nabeba hill. The resource modelling has used 25m x 25m x 5m blocks with sub-blocks to honour the constraining surfaces. Collar surveys used handheld GPS surveying. A global density of 2.65t/m3 has been used for all of the near-surface High Grade Hematite based on results from an assessment of physical density measurements of current drill core.

At this stage of assessment core and sample recovery has been recorded during logging. All drill hole data is stored in an acQuire database and imported data is fully validated. Assaying QA/QC was undertaken using field duplicates, laboratory replicates and standards with comprehensive reporting on laboratory precision and accuracy.

While the Company is optimistic that it will report additional resources in the future, any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource for these Exploration Targets and it is uncertain if further exploration will result in determination of a Mineral Resource.

The map boundaries shown are indicative and should not be used for legal purposes. All areas are approximate and maps do not reflect all topographical features.



ANNUAL FINANCIAL REPORT 2010

SUNDANCE
RESOURCES
LIMITED

ABN 19 055 719 394

and subsidiaries

The directors present their report together with the financial report of Sundance Resources Limited ("Sundance" or "the Company") and of the Consolidated Entity, being the Company and its subsidiaries, for the financial year ended 30 June 2010 and the auditor's report thereon.

1. DIRECTORS

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

Name & Qualifications	Age	Experience and Special Responsibilities	Other Directorships held in the previous 3 years
Mr George F Jones B.Bus, FCIS, FAICD Chairman (Non-Executive)	65	Mr George Jones was, until 31 August 2009, Chairman of Sundance and has a comprehensive understanding of the Company and its assets. Mr Jones has more than 35 years experience in the mining, banking and finance industries and has been a Director of a number of private and publicly-listed companies, including Gindalbie Metals Ltd, where he is currently Chairman. Resigned 31 August 2009 Declared as de facto director 2 July 2010 Elected as director 16 August 2010	Gindalbie Metals Limited* Mundo Minerals Limited
Mr Michael Blakiston B.Juris LLB Non-Executive Director	52	Mr Michael Blakiston is a solicitor with substantial legal experience in the resources sector. He is a partner of the corporate and resource law firm, Blakiston & Crabb and has over 29 years experience. Mr Blakiston holds Bachelor of Jurisprudence and Bachelor of Laws degrees from the University of Western Australia. Mr Blakiston has extensive commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry. Blakiston & Crabb are currently engaged by Sundance Resources to provide ongoing legal advice. Mr Blakiston has played a leading role in the negotiation and formulation of a number of key agreements relating to the Sundance's Mbalam Iron Ore Project, and is currently involved in the negotiation of the Convention Agreements with the Congolese and Cameroon Governments. Declared as de facto director 2 July 2010 Elected as director 16 August 2010	Platinum Australia Limited* Vulcan Resources Limited Axiom Properties Limited Aurora Oil and Gas Limited* Rox Resources Limited*
Mr Barry Eldridge Non-Executive Director	64	Mr Barry Eldridge has over 40 years industry experience, both in Australia and overseas. Following a 20 year career in the coal industry in Queensland and New South Wales, Mr Eldridge moved to Western Australia in 1988 where he has been involved in a number of management roles in the mining industry. Most notable of these have been Project Manager for the Super Pit in Kalgoorlie, Project Manager for the development of Kanowna Belle gold mine, Managing Director of Forrestania Gold NL, Project Director for Rio Tinto's West Angelas iron ore development, Director – Major Projects for North Ltd, Managing Director of Griffin Coal Pty Ltd, Managing Director, CEO of Portman Ltd and Chairman of SNC-Lavalin Australia Pty Ltd. Declared as de facto director 2 July 2010 Elected as director 16 August 2010	Mundo Minerals Limited* Vulcan Resources Limited Millenium Minerals Limited Cliffs Natural Resources Limited*

Name & Qualifications	Age	Experience and Special Responsibilities	Other Directorships held in the previous 3 years
Ms Fiona Harris BCom, FCA, FAICD Non-Executive Director	49	Ms Fiona Harris has extensive experience as a Non-Executive Director over the past 15 years with iron ore companies, Portman Mining Ltd and Territory Resources Ltd, Alinta Limited, Burswood Limited, Evans & Tate and various other organisations. Ms Harris is currently a member of the Australian Institute of Company Directors (AICD) National Board (and a former Western Australian State President of AICD), a Non-Executive Director of listed mining companies Territory Resources Limited, Altona Mining Limited and several private companies. Ms Harris was previously a partner in Chartered Accountants, KPMG, specialising in financial services and superannuation, capital raising, due diligence, IPO's, capital structuring of transactions and litigation support. Declared as de facto director 12 July 2010 Elected as director 16 August 2010	Territory Resources Limited * Altona Mining Limited * Vulcan Resources Limited WASO Holdings Limited
Mr Rankine-Wilson Non-Executive Director	48	Mr Rankine-Wilson is a Director of Azure Capital. Prior to joining Azure, he was a founding Director and the Executive Chairman of Capital Investment Partners. Previously, Mr Rankine-Wilson worked as Managing Director for Grange Resources Limited. He has extensive experience in mining and investment industries, including participating in the negotiation and consummation of numerous significant business acquisitions, as well as being responsible for the associated finance raising and due diligence enquiries and processes. Mr Rankine-Wilson was central to the original agreement that saw Sundance Resources acquire the Mbalam Iron Ore Project and retains extensive in-country government and key stakeholder relationships. Declared as de facto director 2 July 2010 Elected as director 16 August 2010	
Mr Geoff Wedlock Non-Executive Director Chairman (Non-Executive)	62	Extensive experience in resources project management and development, particularly in the iron ore industry. Appointed as Chairman 31 August 2009 Deceased 19 June 2010	Gindalbie Metals Limited Golden West Resources Limited Gladiator Resources Limited Jupiter Mines Limited
Mr Donald P Lewis B.E (Hons), M.Eng (Calif); MIE (Aust) Managing Director	48	Chief Executive Officer ("CEO") Civil engineer with extensive experience in resource project development, construction and financing Deceased 19 June 2010	
Mr Ken Talbot B.E, M.E, ASIA, FAICD, FAUSIMM Non-Executive Director	60	Mining engineer with extensive experience in resource project development and operations, particularly in carbon steel materials sector. Deceased 19 June 2010	Macarthur Coal Limited

Name & Qualifications	Age	Experience and Special Responsibilities	Other Directorships held in the previous 3 years
Mr Craig Oliver ACA, MBA Non-Executive Director	46	Extensive corporate, project development and operational experience in iron ore, coal and nickel. Deceased 19 June 2010	Western Areas NL De Grey Mining Limited
Mr John Jones Non-Executive Director	56	Extensive experience in the Australia contract mining industry Appointed 4 May 2010 Deceased 19 June 2010	

*denotes current roles

2. COMPANY SECRETARY

Neil Hackett joined Sundance as Acting Company Secretary on 19 June 2010 and was appointed Company Secretary on 2 July 2010. Mr Hackett is a professionally qualified ASX200 Senior Executive and Company Secretary with 18 years practical experience with diversified industrials, financial services, mineral explorers and the ASIC. Mr Hackett holds a Bachelor of Economics, is a Fellow of the Financial Services Institute of Australia, an Affiliate of Chartered Secretaries of Australia and a Graduate of the Australian Institute of Company Directors.

John Carr-Gregg was Company Secretary prior to this. Mr Carr-Gregg had an extensive corporate and legal background in the international resources industry. Mr Carr-Gregg died in the Congo aircraft tragedy on 19 June 2010.

3. PRINCIPAL ACTIVITIES

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

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

4. RESULTS

The operating loss after tax of the Consolidated Entity for the financial year was $10,754,551 (2009: $14,313,262).

5. REVIEW OF OPERATIONS

The Consolidated Entity focused on iron ore exploration and development activities in the Republic of Cameroon and the Republic of Congo throughout the financial year ended 30 June 2010.

6. DIRECTORS' MEETINGS

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

Director	Directors Meetings		Audit & Risk Management Committee Meetings		Nomination & Remuneration Committee Meetings	
	A	B	A	B	A	B
Mr G Jones (declared de facto director 2 July 2010) *	1	1	—	—	—	—
Mr M Blakiston (declared de facto director 2 July 2010) *	—	—	—	—	—	—
Mr B Eldridge (declared de facto director 2 July 2010) *	—	—	—	—	—	—
Ms F Harris (declared de facto director 12 July 2010) *	—	—	—	—	—	—
Mr A Rankine-Wilson (declared de facto director 2 July 2010) *	—	—	—	—	—	—
Mr D Lewis (deceased 19 June 2010)	6	6	—	—	2	2
Mr K Talbot (deceased 19 June 2010)	6	6	—	—	—	—
Mr G Wedlock (deceased 19 June 2010)	6	6	2	2	2	2
Mr C Oliver (deceased 19 June 2010)	6	6	2	2	2	2
Mr J Jones (deceased 19 June 2010)	1	1	—	—	—	—

* Elected at the General Meeting of shareholders held on 16 August 2010

A - Number of meetings attended.

B - Number of meetings held while the director held office

7. STATE OF AFFAIRS

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

On 31 August 2009 the Company issued 10 million ordinary shares at $0.10 per share, pursuant to the exercise of 10 million options expiring 4 January 2012.

The Company raised a total of A$4.7 million (before expenses) via a Share Purchase Plan which closed on 7 December 2009. This was subscribed to by 1,063 shareholders.

The Company completed an A$85 million (before expenses) share placement to international institutional investors on 22 December 2009 at $0.15 per share.

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

8. LIKELY DEVELOPMENTS

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

9. ENVIRONMENTAL REGULATION

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

Cam Iron SA received environmental approval to progress the Project on 25 June 2010 with the receipt of a Certificate of Conformity from the Ministry of Environment and Nature Protection (MINEP). This approval followed a two month public review of the Environmental and Social Assessment ("ESA") administered by MINEP. The approval was unconditional but upgrades to the Environmental and Social Assessment documentation are required to be completed prior to the commencement of operations. These upgrades are expected to be complete by the end of October 2010.

The Terms of Reference for an ESA for the exploitation stage of the Nabeba Permit were submitted to the Environment Ministry in August 2010. The baseline study programme and preparation of the ESA documentation is expected to be complete by the end of 2010 with approval expected in Quarter 1 of 2011.

10. DIVIDENDS

In respect of the year ended 30 June 2010, no dividends have been paid or proposed (2009: nil).

11. EVENTS SUBSEQUENT TO REPORTING DATE

Strategic Advisors supervised the company's operations from the date of the death of all the directors on 19 June 2010 until 2 July 2010. On 2 July 2010, after consultation with the Australian Securities Exchange ("ASX") and ASIC, the Strategic Advisors declared themselves de facto directors. Additional independent non-executive directors were invited to act as de facto directors to the board on 2 and 12 July 2010. Subsequently all directors were formally elected and all actions of the de facto directors during the intervening period following the Congo aircraft tragedy, were ratified by shareholders at an Extraordinary General Meeting ("EGM") of shareholders held on 16 August 2010.The appointment of a new CEO will be announced once agreement is reached between the parties.

The Terms of Reference for an ESA for the exploitation stage of the Nabeba Permit were submitted to the Environment Ministry in August 2010. The baseline study programme and preparation of the ESA documentation is expected to be completed by the end of 2010 with approval expected in Quarter 1 of 2011.

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

12. REMUNERATION REPORT (AUDITED)

The remuneration report, which forms part of the directors' report, sets out information about the remuneration of Sundance Resources Limited directors and senior management for the financial year ended 30 June 2010. The prescribed details for each person covered by this report are detailed below under the following headings:

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

12.1 Director and senior management details

The directors and key management personnel of the Company and the Consolidated Entity at any time during the reporting period are listed below. Unless otherwise indicated directors and key management personnel were appointed for the entire period:

Non-executive directors

George Jones	Chairman (resigned 31 August 2009, declared de facto director 2 July 2010, elected 16 August 2010)
Mr Michael Blakiston	Director (declared de facto director 2 July 2010, elected 16 August 2010)
Mr Barry Eldridge	Director (declared de facto director 2 July 2010, elected 16 August 2010)
Ms Fiona Harris	Director (declared de facto director 12 July 2010, elected 16 August 2010)
Mr Adam Rankine-Wilson	Director (declared de facto director 2 July 2010, elected 16 August 2010)
Mr Geoff Wedlock	Chairman (deceased 19 June 2010)
Mr Ken Talbot	Director (deceased 19 June 2010)
Mr Craig Oliver	Director (deceased 19 June 2010)
Mr John Jones	Director (appointed 4 May 2010) (deceased 19 June 2010)

Executive directors

Mr Donald Lewis	Managing Director & CEO (deceased 19 June 2010)

Executive officers

Mr Peter Canterbury	Chief Financial Officer ("CFO") & Acting CEO
Mrs Nicola Gill	CFO (Temporary)
Mr Terry Quaife	Study Director
Mr Paul DeNardi	General Manager – Finance & Commercial
Mr Robin Longley	General Manager - Geology
Mr Roger Bogne	CEO – Cam Iron S.A.
Mr Neil Hackett	Company Secretary (appointed 2 July 2010)
Mr John Carr-Gregg	Company Secretary (deceased 19 June 2010)

12.2 Remuneration policy

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

The Nomination & Remuneration Committee has drafted a Remuneration Policy which it plans to submit for Board approval in the near future. This Policy will provide a more structured approach to remuneration. For the financial year ended 30 June 2010, the following summary reflects the Company's approach to remuneration.

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

The employment conditions of all key management personnel are formalised in contracts of employment. All of the executives are employees of the Consolidated Entity, with the exception of Mr R Longley who is employed under a consultancy agreement.

Non-Executive Directors' fees

Fees and payments to non-executive directors reflect the responsibilities of the directors.

Senior Management Salary

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

12.3 Relationship between remuneration policy and Company performance

The Company did not have a formal cash incentive or bonus scheme for the year ended 30 June 2010.

An Employee Share Option Plan ("ESOP") had been approved by both the directors and shareholders of the Company in November 2007. For further details on the plan, refer to 12.6 of the remuneration report.

There is no Board policy in relation to limiting the recipient's exposure to risk in relation to securities, however the current Board is undertaking a review of the Share Trading Policy and the draft Remuneration Policy currently under consideration includes such a limitation.

The tables below set out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the five years to June 2010:

	30 June 2010 $	30 June 2009 $	30 June 2008 $	30 June 2007 $	30 June 2006 $
Revenue	2,530,200	1,474,177	4,533,689	978,425	1,181,980
Net loss before tax	(10,754,551)	(14,313,262)	(8,818,320)	(9,317,989)	(1,704,664)
Net loss after tax	(10,754,551)	(14,313,262)	(8,818,320)	(9,317,989)	(1,704,664)

	30 June 2010 $	30 June 2009 $	30 June 2008 $	30 June 2007 $	30 June 2006 $
Share price at start of year	0.16	0.33	0.46	0.08	0.01
Share price at end of year	0.13	0.16	0.33	0.46	0.08
Basic earnings per share	(0.40)	(0.71)	(0.47)	(0.68)	(0.27)
Diluted earnings per share	(0.40)	(0.71)	(0.47)	(0.68)	(0.27)

12.4 Remuneration of directors and senior management

2010	Short-term benefits			Post-employment benefits	Share based payments		
	Salary & fees $	Bonus (i) $	Other (ii) $	Super-annuation $	Options & rights (iii) (iv) $	Total $	% of compensation for the year consisting of options
Non-executive directors							
Mr G Jones	36,400	—	1,485	3,600	—	41,485	—
Mr M Blakiston	—	—	—	—	—	—	—
Mr A Rankine-Wilson	—	—	—	—	—	—	—
Mr B Eldridge	—	—	—	—	—	—	—
Ms F Harris	—	—	—	—	—	—	—
Mr G Wedlock	210,000	—	—	—	—	210,000	—
Mr K Talbot	60,000	—	—	—	—	60,000	—
Mr C Oliver	67,500	—	—	—	—	67,500	—
Mr J Jones	10,000	—	—	—	—	10,000	—
Executive directors							
Mr D Lewis	663,000	100,000	12,465	12,000	249,207	1,036,672	24.04%
Other key management personnel							
Mr R Longley	399,996	—	7,965	—	36,803	444,764	8.34%
Mr P Canterbury	256,249	10,000	11,400	23,062	25,922	326,633	7.94%
Mrs N Gill	—	—	—	—	—	—	—
Mr N Hackett	—	—	—	—	—	—	—
Mr J Carr-Gregg	248,771	50,000	—	31,995	194,133	524,899	36.98%
Mr P DeNardi	143,730	—	4,579	12,936	26,256	187,501	14.00%
Mr T Quaife	129,375	—	3,345	11,644	26,002	170,366	15.26%
Mr R Bogne	136,758	—	24,458	—	25,922	187,138	13.85%
						3,266,958	

(i) Mr D Lewis, Mr P Canterbury and Mr J Carr-Gregg were all awarded a cash bonus on 31 December 2009. The Nomination and Remuneration Committee awarded the bonus based on achievement against the agreed work program.

(ii) Includes parking for Australian based personnel and housing and other allowances for Mr R Bogne.

(iii) Employees were granted options under the employee share option plan on 10 February 2010. Further details of the options granted are contained in section 12.5 of the remuneration report.

(iv) Upon the death of Mr D Lewis and Mr J Carr-Gregg the accounting treatment for share based payments was accelerated such that any outstanding expense was accounted for to 30 June 2010, instead of being expensed over the vesting period.

12.4 Remuneration of directors and senior management (continued)

2009	Short-term benefits			Post-employment benefits	Share based payments		
	Salary & fees $	Bonus $	Other (i) $	Super-annuation $	Options & rights $	Total $	% of compensation for the year consisting of options
Non-executive directors							
Mr G Jones	240,000	—	13,446	—	—	253,446	—
Mr J Saunders	25,000	—	—	—	—	25,000	—
Mr A Pismiris	30,000	—	—	—	—	30,000	—
Mr G Wedlock	60,000	—	—	—	—	60,000	—
Mr K Talbot	60,000	—	—	—	—	60,000	—
Mr C Oliver	60,000	—	—	—	—	60,000	—
Executive directors							
Mr D Lewis	544,000	—	15,906	—	—	559,906	—
Other key management personnel							
Mr P Canterbury	248,333	—	14,802	22,350	—	285,485	—
Mr R Longley	395,833	—	14,802	—	33,523	444,158	7.55%
Mr D Morgan	270,000	—	14,802	30,000	171,327	486,129	35.24%
Mr J Carr-Gregg	226,156	—	7,465	20,354	48,919	302,894	16.15%
Mr R Bogne	137,600	—	64,000	—	—	201,600	—
						2,768,618	

(i) includes parking for Australian based personnel and housing and other allowances for Mr R Bogne.

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

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

Bonuses

A number of discretionary cash performance bonuses were granted to key management personnel during the reporting period. The process for awarding cash bonuses is discussed at 12.6 of the remuneration report.

Employee Share Option Plan

An ESOP has been approved by both the directors and shareholders of the Company. For further information on the plan, refer to 12.6 on the remuneration report.

12.5 Bonuses and share-based payments granted as compensation for the current financial year (continued)

During the financial year, the following share-based payment arrangements were in existence.

Option series	Grant date	Expiry date	Grant date fair value	Vesting date
(3) Issued 8 January 2007	08/01/07	03/01/12	$0.090	01/12/07
(4) Issued 8 January 2007	08/01/07	04/01/12	$0.090	01/12/07
(5) Issued 30 January 2007	30/01/07	04/01/12	$0.090	30/01/08
(6) Issued 12 April 2007	12/04/07	05/01/12	$0.170	01/05/08
(7) Issued 30 August 2007	30/08/07	08/10/12	$0.231	08/10/08
(8) Issued 30 August 2007	30/08/07	08/11/12	$0.241	08/10/09
(9) Issued 15 September 2007	15/09/07	08/11/12	$0.343	08/11/08
(10) Issued 15 September 2007	15/09/07	08/11/12	$0.302	08/11/09
(11) Issued 14 January 2008	14/01/08	18/02/13	$0.118	18/12/09
(12) Issued 14 January 2008	14/01/08	18/02/13	$0.108	18/12/10
(13) Issued 10 March 2008	10/03/08	10/03/13	$0.058	10/03/09
(14) Issued 9 April 2009	10/10/08	31/03/13	$0.029	31/03/09
(15) Issued 9 April 2009	10/10/08	31/03/13	$0.035	31/03/10
(16) Issued 9 April 2009	10/10/08	31/03/13	$0.037	31/03/11
(25) Issued 10 February 2010	10/02/10	30/01/12	$0.046	30/01/11
(26) Issued 10 February 2010	10/02/10	30/01/12	$0.049	30/01/11
(27) Issued 10 February 2010	10/02/10	28/01/12	$0.046	28/01/11
(28) Issued 10 February 2010	10/02/10	30/01/13	$0.060	30/01/12
(29) Issued 10 February 2010	10/02/10	30/01/13	$0.066	30/01/12
(30) Issued 10 February 2010	10/02/10	28/01/13	$0.060	28/01/12
(31) Issued 10 February 2010	10/02/10	28/01/12	$0.038	28/01/11
(32) Issued 10 February 2010	10/02/10	30/01/12	$0.038	30/01/11
(33) Issued 10 February 2010	10/02/10	28/01/13	$0.057	28/01/12
(34) Issued 10 February 2010	10/02/10	30/01/13	$0.057	30/01/12
(35) Issued 10 February 2010	10/02/10	28/01/14	$0.070	28/01/13
(36) Issued 10 February 2010	10/02/10	30/01/14	$0.070	30/01/13
(37) Issued 10 February 2010	10/02/10	30/01/14	$0.071	30/01/13
(38) Issued 10 February 2010	10/02/10	31/03/13	$0.029	10/02/10

12.5 Bonuses and share-based payments granted as compensation for the current financial year (continued)

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

Name	Option series	No. vested	No. granted	% of grant vested	% of grant forfeited	% of compensation consisting of options
Directors of Sundance Resources Limited						
Mr D Lewis	Issued 10 February 2010	—	4,020,000	—	—	24.04%
Other key management personnel						
Mr P Canterbury	Issued 10 February 2010	—	2,010,000	—	—	7.94%
Mr R Longley	Issued 10 February 2010	—	2,676,666	—	—	8.34%
Mr T Quaife	Issued 10 February 2010	—	2,010,000	—	—	15.26%
Mr P DeNardi	Issued 10 February 2010	—	2,000,000	—	—	14.00%
Mr R Bogne	Issued 10 February 2010	—	2,010,000	—	—	13.85%
Mr J Carr-Gregg	Issued 10 February 2010	—	2,010,000	—	—	36.98%

All options are granted for nil consideration.

During the year, the following directors and senior management exercised options that were granted to them, as part of their compensation. Each option converts into one ordinary share of Sundance Resources Limited.

Name	No. of options	No. of ordinary exercised shares of Sundance Resources Limited issued	Amount paid $	Amount unpaid $
Mr G Jones	10,000,000	10,000,000	1,000,000	—

12.5 Bonuses and share-based payments granted as compensation for the current financial year (continued)

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

Name	Value of options granted at the grant date (i) $	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse (ii) (iii) $
Directors of Sundance Resources Limited			
Mr D Lewis (iv)	249,207	—	—
Mr G Jones (iii)	—	850,000	—
Other key management personnel			
Mr P Canterbury	117,331	—	—
Mr R Longley	136,735	—	—
Mr T Quaife	117,331	—	—
Mr P DeNardi	94,993	—	—
Mr R Bogne	117,331	—	—
Mr J Carr-Gregg (iv)	117,331	—	—

(i) The value of options granted during the period is recognised in compensation over the vesting period in accordance with Australian accounting standards.

(ii) The value of options lapsing during the period due to the failure to satisfy a vesting condition is determined assuming the vesting condition has been satisfied.

(iii) Upon resignation on 31 August 2009, 20 million options held by G Jones lapsed. These options had an exercise price of $0.20 and were out of the money at the date of lapsing.

(iv) Subject to shareholder approval the options granted to Mr Lewis and Mr Carr-Gregg will have all conditions waived with the exception of the date of expiry. Refer to 12.6 of the remuneration report for further details.

12.6 Key terms of employment contracts

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

Remuneration of Executives

Remuneration for executives is comprised of:

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

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

Fixed Remuneration

Base Salary

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

Superannuation

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

Variable Remuneration

Cash Bonus

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

Employee Share Options

An ESOP has been approved by both the directors and shareholders of the Company during the Annual General Meeting ("AGM) held in November 2007. Under this plan, these options vest progressively over a three year period and vesting is subject to continuing employment. The objective of this plan is to recognise the ability and efforts of the employees of the Company who have contributed to the success of the Company; provide an incentive to the employees to achieve the long term objectives of the Company and improve the performance of the Company; attract persons of experience and ability to the Company and foster and promote loyalty between the Company and its employees. The award of options is aligned to the overall strategic objectives of the Company and are awarded by the Nomination and Remuneration Committee based on the recommendation of the CEO.

Subject to receipt of shareholder approval, the Board proposes to exercise its discretion pursuant to clause 14.2(b) of the ESOP in relation to the options issued to Mr Lewis and Mr Carr-Gregg on 10 February 2010 ("the Options"). This includes:

(a) waiving all of the conditions to vesting other than the date of vesting; and

(b) determine that the period for the purposes of clause 14.2(b)(ii) of the ESOP is a period ending on the expiry date of the Options.

ASX Listing Rule 6.23.3 provides that a change which has the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise cannot be made. The proposed removal of the vesting conditions other than the vesting date attaching to the Options will have the effect of increasing the exercise period of the Options.

ASX Listing Rule 6.23.4 allows variation to option terms which are not otherwise permitted by ASX Listing Rule 6.23.3, provided shareholder approval is obtained. ASX has confirmed that the proposed variations are acceptable to ASX subject to the Company receiving Shareholder approval, and has granted the Company a waiver of ASX Listing Rule 6.23.3.

The Board of Directors considers it appropriate for the estates of Mr Lewis and Mr Carr-Gregg to retain the Options previously issued to Mr Lewis and Mr Carr-Gregg and to permit those Options to be exercisable. The accounting treatment for share based payments was accelerated such that any outstanding expense was accounted for to 30 June 2010, instead of being expensed over the vesting period.

This matter will be voted upon at the AGM of shareholders to be held during November 2010.

Non-Executive Directors' Remuneration

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

From time to time the Board may ask shareholders to consider issuing long term incentives in the form of options or share rights to non-executive directors in a manner which aligns this element of remuneration with the creation of shareholder wealth.

The Company has taken into account the guidelines for non-executive director remuneration as set out in Box 8.2 of the ASX Corporate Governance *Council's Corporate Governance Principles and Recommendations (2nd Edition* **"Principles"**). Paragraph 2 of those guidelines provides that non-executive directors should not receive options or bonus payments. The Company considers the issue of options or share rights to non-executive directors may be appropriate as the quantum of cash fees that the Group believes it is prudent to pay in the current circumstances where the Company is still in the development phase of its operations may not always represent an adequate reward for the significant risk and effort undertaken by the non-executive directors in the exceptional circumstances under which they agreed to act.

Provision of such incentives will also assist the Company to attract and retain non-executive directors of the requisite level of experience and qualifications to progress the development of the Company during this important phase of its development.

In accordance with the Principles, non-executive director's remuneration is not linked to individual performance targets no do non-executive directors receive bonus payments.

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

Executive Service Agreements

Remuneration and other terms of employment for the executives disclosed in this Remuneration Report are contained in service agreements. The terms of the executive service agreements are as follows:

Executive	Date Agreement Commenced	Term of Agreement	Fixed Remuneration (per annum) (a)	Payment of termination benefit on termination by employer (other than for gross misconduct)	Notice required on termination
Mr D Lewis *CEO*	01/01/2010	Permanent	$614,866	6 months	3 months
Mr **P Canterbury** *CFO (Acting CEO)*	01/05/2007	Permanent	$300,991	2 months	2 months
Mrs **N Gill** *CFO – Temporary*	21/07/2010	3 months	$315,199	1 month plus 17.5% completion bonus	1 month
Mr **R Longley** *General Manager - Geology*	30/01/2010	2 years	$414,866	2 months	2 months
Mr **T Quaife** *Study Director*	15/02/2010	Permanent	$390,916	2 months	2 months
Mr **P DeNardi** *General Manager - Finance & Commercial*	11/01/2010	Permanent	$345,136	2 months	2 months
Mr **N Hackett** *Company Secretary*	02/07/10	3 months	$200 p.h.	4 weeks	4 weeks
Mr **J Carr-Gregg** *Company Secretary*	14/07/2008	Permanent	$330,000	6 weeks	6 weeks
Mr **R Bogne** *CEO - Cam Iron SA*	01/03/2010	1 Year	$281,463	2 months	1 month

(a) Fixed remuneration is inclusive of superannuation, annual leave and parking.

13. SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Unissued shares under option

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

Issuing Entity	Expiry Date	Exercise Price	Number of Options	Class of Shares
Sundance Resources Ltd	3 January 2012	$0.200	20,000,000	Ordinary
Sundance Resources Ltd	4 January 2012	$0.100	12,000,000	Ordinary
Sundance Resources Ltd	5 January 2012	$0.150	2,000,000	Ordinary
Sundance Resources Ltd	8 October 2012	$0.400	2,000,000	Ordinary
Sundance Resources Ltd	18 February 2013	$0.500	500,000	Ordinary
Sundance Resources Ltd	18 February 2013	$0.700	500,000	Ordinary
Sundance Resources Ltd	10 March 2013	$0.450	1,000,000	Ordinary
Sundance Resources Ltd	31 March 2013	$0.350	6,601,666	Ordinary
Sundance Resources Ltd	1 June 2013	$0.350	2,000,000	Ordinary
Sundance Resources Ltd	28 January 2012	$0.200	670,000	Ordinary
Sundance Resources Ltd	30 January 2012	$0.200	8,040,000	Ordinary
Sundance Resources Ltd	28 January 2013	$0.225	670,000	Ordinary
Sundance Resources Ltd	30 January 2013	$0.225	8,040,000	Ordinary
Sundance Resources Ltd	28 January 2012	$0.250	1,000,000	Ordinary
Sundance Resources Ltd	28 January 2013	$0.250	1,000,000	Ordinary
Sundance Resources Ltd	30 January 2012	$0.250	250,000	Ordinary
Sundance Resources Ltd	30 January 2013	$0.250	250,000	Ordinary
Sundance Resources Ltd	28 January 2014	$0.250	670,000	Ordinary
Sundance Resources Ltd	30 January 2014	$0.250	8,290,000	Ordinary

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

Shares issued on exercise of options

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

Issuing Entity	Number of Shares	Amount paid on each share	Class of Shares
Sundance Resources Ltd	10,000,000	$0.10	Ordinary

14. DIRECTORS' INTERESTS

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

Director	Ordinary shares	Option over ordinary shares
Mr G. Jones	15,062,500	—
Mr M. Blakiston	—	—
Mr B. Eldridge	—	—
Ms F. Harris	—	—
Mr A. Rankine-Wilson	13,107,546	—

15. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors' and senior management is set out in the remuneration report of this directors' report and in Note 7 to the financial statements.

During and since the end of the financial year an aggregate of 14,726,666 share options were granted to the following directors and to the five highest remunerated officers of the Company as part of their remuneration:

Directors and senior management	Number of options granted	Issuing entity	Number of ordinary shares under option
Mr D. Lewis	4,020,000	Sundance Resources Limited	4,020,000
Mr R. Longley	2,676,666	Sundance Resources Limited	2,676,666
Mr P. Canterbury	2,010,000	Sundance Resources Limited	2,010,000
Mr J. Carr-Gregg	2,010,000	Sundance Resources Limited	2,010,000
Mr D. Morgan	2,010,000	Sundance Resources Limited	2,010,000
Mr P. DeNardi	2,000,000	Sundance Resources Limited	2,000,000

End of audited Remuneration Report.

16. INDEMNIFYING OFFICER OR AUDITOR

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

- has not indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor.
- has paid a premium of $60,688 for a policy of insurance to cover legal liability and expenses for the directors and executive officers in the event of any legal action against them arising from their actions as officers of the Company.

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

17. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been included on page 42.

In accordance with the Corporations Act 2001 section 307C the auditors of the Company, Deloitte Touché Tohmatsu have provided a signed auditor's independence declaration to the directors in relation to the year ended 30 June 2010. 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 Touché Tohmatsu, details of which are outlined in Note 8 to the financial statements. The directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298 (2) of the Corporations Act 2001, in Perth, Western Australia on 29 September 2010.

On behalf of the Directors

G. Jones
Director

CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

Introduction

On 19 June 2010 all the Directors of the Company died in the Congo aircraft tragedy. Strategic advisors supervised the Company's operations until 2 July 2010 when, after consultation with key stakeholders, the ASX and ASIC, the strategic advisors declared themselves de facto directors. Additional independent non-executive directors were invited to act as de facto directors on the 2 and 12 July 2010. Subsequently all directors were formally elected and all actions of the de facto directors during the intervening period following the Congo aircraft tragedy, were ratified by shareholders at an EGM held on 16 August 2010.

Since 2 July 2010 the directors have commenced a comprehensive review of the Corporate Governance Policies and Practices of the Company, and are currently in the process of implementing recommendations from that review.

The Board is also searching for a new CEO to operate as Managing Director and lead the management of the Company.

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

The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company has set out in this report whether it considers that its adopted practices are appropriate to it, or whether it is intended to amend the current practices. At the end of this statement a table is included detailing the recommendations which the Company does not currently follow.

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

Principle 1: Laying Solid Foundations for Management and Oversight

Role and Responsibilities of the Board

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

The Board:

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

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

Letters of appointment have been introduced and will be provided to all Directors. These letters will set out the expectations of them in their role.

Performance evaluation of Executives

The Board intends to introduce short term and long term incentive plans for senior management that will have associated Key Performance Indicators and require an annual performance assessment of Executives.

Principle 2: Structuring the Board to Add Value

Composition of the Board

The names of the directors of the Company and their qualifications are set out in the section headed Directors' Report.

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

The recommendations of best practice are that a majority of the directors and in particular the chairperson should be independent. An Independent Director is one who:

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

Of the current board members, Mr Barry Eldridge and Ms Fiona Harris meet these criteria. Prior to 2008, Mr George Jones occupied the position of Executive Chairman of the Company, becoming a Non-Executive Chairman in 2008 and 2009 and resigning completely from this position in 31 August 2009.

Since taking on the role of de facto director in July 2010 it has been necessary for all directors, and in particular Mr Jones, to devote significant amounts of time to the activities of the Company. This is likely to continue at least until a new Managing Director has commenced and been appropriately inducted.

Since his re-appointment as chairman of Sundance Resources Ltd Mr Jones has relinquished his directorship roles within the Talbot Group Holdings, a substantial shareholder of Sundance Resources Limited. The severance of this relationship also contributes to Mr Jones categorisation as independent.

Nevertheless, and despite the heavy workload, Mr Jones considers himself to be an independent Non-Executive Chairman, and but for the effluxion of time he would meet the criteria set out in the ASX Corporate Governance Council Recommendations.

It is the intention of the current board to appoint additional directors that will assist in moving towards a majority of independent non-executive directors over time.

Chairperson & CEO

Prior to the Congo airline tragedy on 19 June 2010 the Company had appointed an Independent Non-Executive Director as Chairperson. Since 2 July 2010 the Company has operated with a Non- Executive Chairperson who had occupied the position of Executive Chairman prior to 2008. Despite this, the Chairman considers himself to be an Independent Non-Executive Chairman, and but for the effluxion of time he would meet the criteria set out in the ASX CGC Recommendations.

The Company has at all times maintained a separation between the Chairman and CEO roles, with Mr Peter Canterbury taking on the role of Acting CEO after the Congo airline tragedy.

Board Committees

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

Nomination Committee

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

A majority of the Committee members and the Chairman are independent non-executive directors.

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

Board Performance Assessment

Historically the Board has had an annual process of self assessment of its collective and individual performance. Given the changes to the Board since July 2010, the Board did not undertake this process in the current year, but will consider such a process for future years.

Independent Advice

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

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

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

Principle 3: Promotion of Ethical and Responsible Decision-Making

The Company has adopted a Code of Conduct, a copy of which is available on the Company's website.

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

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

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

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

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

The current Board is in the process of reviewing this Share Trading Policy.

Principle 4: Safeguarding Integrity in Financial Reporting

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

The Committee has at least 3 members, consists only of non-executive directors, has a majority of independent non-executive directors, and the Chairman is an independent non-executive director who is not the Chairman of the Board.

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

External auditors

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

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

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

Principle 5: Making Timely and Balanced Disclosure

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

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

The company secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Principle 6: Respecting the Rights of Shareholders

The Board's fundamental responsibility to shareholders is to work towards meeting the Company's objectives so as to add value for them.

The Board's policy is to seek to inform shareholders of all major developments affecting the Company by:

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

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

Principle 7: Recognising and Managing Risk

The current Board is in the process of drafting a formal Risk Management Policy and associated procedures so as to formalise the process of managing material business risks of the Company. A copy of the Policy will be placed on the Company's website.

The Policy will require management to design and implement the risk management processes and systems to identify and manage the Company's material business risks and report to the Board on whether those risks are being managed effectively.

The Board is regularly briefed and involved in discussions in relation to many of the material business risks facing the Company. Management will be requested to formalise aspects of this process over the coming year.

The identification of areas of significant business risk and arrangements to manage such risks is the responsibility of the Board and senior executives.

The CEO and the CFO re required to make a declaration in accordance with section 295A of the Corporations Act that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards, and to provide assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks. For the year ended 30 June 2010 the declarations have been made by the Acting CEO and the CFO.

Principle 8: Remunerate Fairly and Responsibly

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

The Committee has at least three members and the majority of the Committee members and the Chairman are independent non-executive directors.

The Committee is responsible for the review and recommendation to the Board of the Remuneration Policy for the Company. The current Board has drafted a Remuneration Policy for recommendation to the Board.

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

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

Table of Departures and Explanations (from the Recommendations of the ASX Corporate Governance Council)

Recommendation Reference	Departure	Explanation
1.1	There was no formalisation and disclosure of separate functions between the Board and management during the reporting period.	A formal Delegation of Authority Policy outlining Matters Retained to the Board has now been adopted.
2.1	As at 18 June 2010 the majority of the Board were independent, however since the Congo airline tragedy three of the current five person board would not meet the strict definition of Independence under the Recommendations.	The individuals who undertook the role of Strategic Advisors and then declared themselves de facto directors were clearly the most appropriate persons to do so at the time of the Congo airline tragedy, given their extensive knowledge of the Company and its operations. These individuals then moved to appoint two independent non-executive directors to also act as de facto directors. Subsequently, all were formally elected by shareholders. The appointment of an additional independent non-executive director is currently underway.
2.1	The current non-executive Chairman would not meet the strict definition of independence contained in the Recommendations, due to his previous role as an Executive Chairman prior to 2008.	The Board considers the current Chairman to be the most appropriate person to lead the Board and, but for the effluxion of time, he would be considered an independent Chairman.
7.1 and 7.2	A formal Risk Management Policy has not been adopted and Management has not reported to the Board as to the effectiveness of the Company's management of its material business risks.	The Board is regularly briefed on material business risks. Risk is a standing item on the Board's Agenda and is discussed at each board meeting. The Board will require management to formalise its risk management processes and is in the process of approving risk policies and procedures.

Deloitte.

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

29 September 2010

Dear Chairperson

Sundance Resources Limited

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

As lead audit partner for the audit of the financial statements of Sundance Resources Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants

The directors declare that:

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

(b) in the directors' opinion the attached financial statements, notes thereto and the additional disclosures included in the directors' report designated as audited are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and the Consolidated Entity;

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

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

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

On behalf of the Directors

G. Jones
Director

29 September 2010
Perth, Western Australia

	Note	2010 $	2009 $
CONTINUING OPERATIONS			
Other income	3	2,530,200	1,474,177
Consulting fees		(985,791)	(456,218)
Depreciation and amortisation	4	(2,508,242)	(2,761,117)
Donations and charities		(1,780)	(3,714)
Doubtful debts		(11,834)	(19,177)
Due diligence		(51,565)	(49,958)
Employee benefits expense	4	(5,008,220)	(6,953,580)
Exchange rate losses	4	(39,328)	(1,612,319)
Impairment expense	4	(638,230)	—
Legal fees	4	(395,390)	(551,808)
Listing and registry fees	4	(406,321)	(232,770)
Travel expenses	4	(861,420)	(748,448)
Other expenses	4	(2,376,630)	(2,398,330)
Loss from continuing operations before tax		(10,754,551)	(14,313,262)
Income tax expense	6	—	—
LOSS FOR THE YEAR		(10,754,551)	(14,313,262)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations		(19,250,656)	2,289,438
Income tax relating to components of other comprehensive income		—	—
Other comprehensive income for the year		(19,250,656)	2,289,438
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(30,005,207)	(12,023,824)
Loss attributable to:			
Owners of the Company		(9,877,180)	(13,660,140)
Non-controlling interests		(877,371)	(653,122)
NET LOSS ATTRIBUTABLE TO MEMBERS		(10,754,551)	(14,313,262)
Total comprehensive income attributable to:			
Owners of the Company		(27,914,574)	(11,825,239)
Non-controlling interests		(2,090,633)	(198,585)
NET COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS		(30,005,207)	(12,023,824)
EARNINGS PER SHARE			
From continuing operations			
– Basic (cents per share)	10	(0.40)	(0.71)
– Diluted (cents per share)	10	(0.40)	(0.71)

The accompanying notes form part of these financial statements

	Note	2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents	11	76,762,275	20,384,940
Trade and other receivables	12	2,291,175	2,543,869
Inventory	13	2,603,114	1,214,606
Other current assets	14	418,955	254,773
Total Current Assets		82,075,519	24,398,188
NON-CURRENT ASSETS			
Property, plant and equipment	15	6,895,147	6,383,003
Exploration and evaluation assets	16	97,920,829	93,510,918
Intangibles	17	331,486	415,586
Total Non-Current Assets		105,147,462	100,309,507
Total Assets		187,222,981	124,707,695
CURRENT LIABILITIES			
Trade and other payables	19	7,657,285	2,172,918
Total Current Liabilities		7,657,285	2,172,918
NON-CURRENT LIABILITIES			
Total Non-Current Liabilities		—	—
Total Liabilities		7,657,285	2,172,918
Net Assets		179,565,696	122,534,777
EQUITY			
Issued capital	20	290,568,003	204,494,938
Reserves	21	(5,148,216)	11,926,117
Accumulated losses		(103,406,046)	(93,528,867)
Equity attributable to owners of the Company		182,013,740	122,892,188
Non-controlling interests		(2,448,044)	(357,411)
Total Equity		179,565,696	122,534,777

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Share capital $	Foreign currency translation reserve $	Share based payments reserve $	Retained earnings $	Attributable to owners of the parent $	Non-controlling interest $	Total $
Balance at 1 July 2008	187,059,817	19,009	9,771,375	(79,868,727)	116,981,474	(158,826)	116,822,648
Loss for the year	—	—	—	(13,660,140)	(13,660,140)	(653,122)	(14,313,262)
Other comprehensive income for the year	—	1,834,901	—	—	1,834,901	454,537	2,289,438
Total comprehensive income for the year	—	1,834,901	—	(13,660,140)	(11,825,239)	(198,585)	(12,023,824)
Securities issued	17,406,753	—	—	—	17,406,753	—	17,406,753
Equity raising costs	(456,632)	—	—	—	(456,632)	—	(456,632)
Cost of share based payment	485,000	—	300,832	—	785,832	—	785,832
At 30 June 2009	204,494,938	1,853,910	10,072,207	(93,528,867)	122,892,188	(357,411)	122,534,777
Loss for the year	—	—	—	(9,877,180)	(9,877,180)	(877,371)	(10,754,551)
Other comprehensive income for the year	—	(18,037,394)	—	—	(18,037,394)	(1,213,262)	(19,250,656)
Total comprehensive income for the year	—	(18,037,394)	—	(9,877,180)	(27,914,574)	(2,090,633)	(30,005,207)
Securities issued	90,692,864	—	—	—	90,692,864	—	90,692,864
Equity raising costs	(4,619,799)	—	—	—	(4,619,799)	—	(4,619,799)
Cost of share based payments	—	—	963,061	—	963,061	—	963,061
At 30 June 2010	290,568,003	(16,183,484)	11,035,268	(103,406,047)	182,013,740	(2,448,044)	179,565,696

The accompanying notes form part of these financial statements

SUNDANCE RESOURCES

	Note	2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers & employees		(7,487,902)	(13,273,011)
Interest received		2,114,203	1,977,868
Net Cash used in Operating Activities	24	(5,373,699)	(11,295,143)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(4,222,562)	(1,836,894)
Exploration expenditure		(19,900,595)	(30,342,468)
Other		—	(179,806)
Net Cash used in Investing Activities		(23,704,639)	(32,359,168)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues		90,692,865	17,406,753
Share issue expenses		(4,619,799)	(456,632)
Net Cash generated by Financing Activities		86,073,066	16,950,121
Net Increase/(Decrease) in Cash Held		56,576,209	(26,704,190)
Cash and cash equivalents at beginning of year		20,384,940	47,031,353
Effect of exchange rates on cash and cash equivalents		(198,874)	57,777
Cash and cash equivalents at end of Year	11	76,762,275	20,384,940

The accompanying notes form part of these financial statements

Note 1. GENERAL INFORMATION

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

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

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

The Company's principal activities are the exploration for iron ore in the Republic of Cameroon and Republic of Congo.

Note 2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The financial report includes the separate consolidated financial statements of the Consolidated Entity.

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

The financial statements were authorised for issue by the directors on 29 September 2010.

Going concern

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

The Directors continue the ongoing and active management of the expenditure incurred by the Consolidated Entity and the Company to protect the current cash levels. The cash flow forecast indicates that that there is sufficient cash resources available to fund the planned activities and commitments of the entities for at least the next twelve months. In the unlikely event that unbudgeted costs are incurred, the Consolidated Entity and the Company do have various alternatives available including the ability to reduce discretionary expenditure whilst additional finance is sought through either debt financing or capital raising arrangements.

The Directors have reviewed the Consolidated Entity's and the Company's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances. Should the Consolidated Entity and Company be unable to continue as going concerns, they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Consolidated Entity and Company be unable to continue as going concerns.

Basis of preparation of accounts

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

Critical accounting judgements and the key sources of estimation uncertainty

In the application of the Consolidated Entity's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods. Refer to Note 2(m) for further details.

Accounting Policies

a) Basis of consolidation

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

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

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

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

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

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

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

b) Foreign currency

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

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of the transaction to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of the translation to A-IFRS ('Australian equivalents to International Financial Reporting Standards') is treated as an Australian dollar denominated asset.

c) *Goods and Services Tax (GST)*

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

(ii) for receivables and payables which are recognised inclusive of GST.

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

d) *Revenue recognition*

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

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

e) *Share-based payments*

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes or binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions have been determined can be found in Note 25.

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

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

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

f) *Income tax*

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

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

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

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

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

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

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

g) Cash and cash equivalents

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

h) Financial assets

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

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

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

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

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

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

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

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

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

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

i) Property, plant and equipment

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

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

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

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

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

j) Intangible assets

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

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

Capitalised development	5 years
Patents	10 – 20 years
Trademarks	20 years
Licences	20 years

k) Impairment of long-lived assets excluding goodwill

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

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

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

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

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

l) Employee benefits

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

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

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

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

m) Critical accounting estimates and judgements

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

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

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed in Note 25 Share Based Payments.

n) Exploration and evaluation expenditure

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

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

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

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

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

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

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

o) Inventories

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

p) Financial liabilities and equity instruments issued by the Group

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.

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, cancelled or they expire.

Adoption of new and revised accounting standards

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

Standard	Effective for the annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2010	30 June 2011
• AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions	1 January 2010	30 June 2011
• AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	1 February 2010	30 June 2011
• AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
• AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
• AASB 2009-14 Amendments to Australian Interpretation – Prepayments of Minimum Funding Requirement	1 January 2011	30 June 2012
• Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	30 June 2011

The following new and revised Standards and Interpretations have been adopted in these financial statements and have had no effect on the amounts reported but have resulted in changes to the Group's presentation of or disclosure in its financial statements.

Standard/Interpretations	Effective for the annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further Amendments to the Australian Accounting Standards arising from AASB101'	1 January 2009	30 June 2010
• AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	1 January 2009	30 June 2010
• AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments'	1 January 2009 (and that ends on or after 30 April 2009)	30 June 2010
• Amendments to AASB 107 Statement of Cash Flows	1 January 2010	30 June 2010

The following new and revised Standards and Interpretations have been adopted in these financial statements, but have had no effect on the amounts reported.

Standard	Effective for the annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2008-1 'Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
• AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 January 2009	30 June 2010
• AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 July 2009	30 June 2010
• AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate'	1 January 2009	30 June 2010
• AASB 2009-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 July 2009	30 June 2010
• AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2010	30 June 2011
• AASB 2009-6 'Amendments to Australian Accounting Standards'	1 January 2009	30 June 2010
• AASB 2009-7 'Amendments to Australian Accounting Standards'	1 July 2009	30 June 2010

	2010 $	2009 $
Note 3. OTHER INCOME		
Other income from continuing operations		
OTHER INCOME		
Interest revenue	2,522,700	1,472,994
Other income	7,500	1,183
Total Other Income	2,530,200	1,474,177
Note 4. EXPENSES		
Expenses from continuing operations		
Depreciation and amortisation expense:		
Depreciation of property, plant & equipment	2,490,795	2,737,557
Amortisation of intangible assets	17,447	23,560
	2,508,242	2,761,117
Employee benefit expense:		
– Share based payment	845,265	300,832
– Post employment benefits	—	176,194
– Other	4,162,955	6,476,554
	5,008,220	6,953,580
Exchange rate losses	39,328	1,612,319
Impairment expense	638,230	—
Legal fees	395,390	551,808
Listing & registry fees	406,321	232,770
Travel	861,420	748,448
Other expenses:		
– Administration	408,289	240,296
– Consumables	341,972	(527,566)
– Corporate	110,294	106,189
– Hire of plant & equipment	31,000	55,267
– Insurance	133,965	158,920
– Interest expense - other persons	—	41
– Loss on disposal of plant & equipment	62,269	125,313
– Motor vehicles	99,490	212,889
– Occupancy costs	603,861	1,401,912
– Other	274,193	105,092
– Public relations	64,717	208,352
– Telephone & internet	246,580	311,625
	2,376,630	2,398,330

Note 5. SEGMENT INFORMATION

5.1 Adoption of ASSB 8 Operating Segments

The Consolidated Entity has adopted AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

5.2 Products and services from which reportable segments derive their revenues

The Groups reportable segments under AASB 8 are as follows:
- Republic of Cameroon
- Republic of Congo

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of AASB 8. The accounting policies of the new reportable segments are the same as the Group's accounting policies as described in Note 2.

5.3 Segment revenues and results

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

	Segment Revenue Year Ended		Segment Loss Year Ended	
	30 June 2010 $	30 June 2009 $	30 June 2010 $	30 June 2009 $
Continuing operations				
– Republic of Cameroon	—	—	(4,915,842)	(5,602,734)
– Republic of Congo	—	—	(922,615)	—
Total segments	—	—	(5,838,457)	(5,602,734)
Interest income			2,522,700	1,472,994
Unallocated expenses			(7,438,793)	(10,183,522)
Profit/(loss) before tax			(10,754,551)	(14,313,262)
Consolidated segment revenue and loss for the period	—	—	(10,754,551)	(14,313,262)

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

Segment profit represents the profit earned by 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:

5.4 Segment assets and liabilities

	2010 $	2009 $
Segment assets		
– Republic of Cameroon	102,538,818	103,930,134
– Republic of Congo	7,847,162	1,071,559
Total segment assets	110,385,980	105,001,693
Unallocated assets	76,837,001	19,706,002
Consolidated assets	187,222,981	124,707,695
Segment liabilities		
– Republic of Cameroon	5,031,128	1,212,793
– Republic of Congo	304,342	—
Total segment liabilities	5,335,470	1,212,793
Unallocated liabilities	2,321,815	960,125
Consolidated liabilities	7,657,285	2,172,918

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

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

5.5 Other segment information

	Depreciation and amortisation Year Ended		Additions to non-current assets Year Ended	
	30 June 2010 $	30 June 2009 $	30 June 2010 $	30 June 2009 $
Republic of Cameroon	2,178,495	2,586,693	18,518,219	26,140,326
Republic of Congo	190,121	—	7,985,418	713,176
Other	139,626	174,424	80,820	75,680
	2,508,242	2,761,117	26,584,457	26,929,182

In addition to the depreciation and amortisation reported above, impairment losses of $638,230 (2009: Nil) were recognised in respect of exploration and evaluation assets. These impairment losses were attributable to the following reportable segments.

	Year Ended 30 June 2010 $	Year Ended 30 June 2009 $
Republic of Cameroon	253,355	—
Republic of Congo	384,875	—
	638,230	—

5.6 Geographical Information

The Group operates in three principal geographical areas – Australia (country of domicile), Republic of Cameroon and Republic of Congo.

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

	Revenue from external customers		Non-current assets	
	30 June 2010 $	30 June 2009 $	30 June 2010 $	30 June 2009 $
Republic of Cameroon	—	—	97,455,131	99,078,340
Republic of Congo	—	—	7,602,240	1,071,559
Other	—	—	90,091	159,608
	—	—	105,147,462	100,309,507

	2010 $	2009 $
Note 6. INCOME TAX		
The components of tax expense comprise:		
Current Income Tax		
– Current income charge	(3,381,056)	(4,420,233)
Deferred Income Tax		
– Relating to origination and reversal of temporary differences	126,452	(18,103)
– Timing differences not brought to account	3,254,604	4,438,336
Income tax expense reported in the statement of comprehensive income	—	—
The prima facie tax on loss from ordinary activities is reconciled to the income tax as follows:		
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2009: 30%) – consolidated group	(3,226,365)	(4,293,979)
Add: Tax effect of:		
– Tax rate difference for foreign operations	(746,467)	(886,146)
– other non allowable items	1,043,658	741,789
– unbooked tax losses recouped in the current year	(325,430)	—
– timing differences not brought to account	3,254,604	4,438,336
Income tax attributable to entity	—	—
Unrecognised deferred tax balances		
Unrecognised deferred tax asset - losses	18,145,132	14,764,076
Unrecognised deferred tax asset - other	1,465,241	380,473
Deferred tax asset not brought to account	19,610,373	15,144,549

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

Note 7. KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2010 $	2009 $
Short-term employee benefits	2,587,476	2,442,145
Post-employment benefits	95,237	72,704
Share-based payment	584,245	253,769
	3,266,958	2,768,618

Details of key management personnel

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

Non-executive directors

Mr George Jones	Chairman (resigned 31 August 2009, declared de facto director 2 July 2010, elected 16 August 2010)
Mr Michael Blakiston	Director (declared de facto director 2 July 2010, elected 16 August 2010)
Mr Barry Eldridge	Director (declared de facto director 2 July 2010, elected 16 August 2010)
Ms Fiona Harris	Director (declared de facto director 12 July 2010, elected 16 August 2010)
Mr Adam Rankine-Wilson	Director (declared de facto director 2 July 2010, elected 16 August 2010)
Mr Geoff Wedlock	Chairman (deceased 19 June 2010)
Ken Talbot	Director (deceased 19 June 2010)
Mr Craig Oliver	Director (deceased 19 June 2010)
Mr John Jones	Director (appointed 4 May 2010) (deceased 19 June 2010)

Executive directors

Mr Donald Lewis	Managing Director & CEO (deceased 19 June 2010)

Executive officers

Mr Peter Canterbury	CFO & Acting CEO
Mrs Nicola Gill	CFO (Temporary) (appointed 21 July 2010)
Mr Terry Quaife	Study Director (appointed 15 February 2010)
Mr Paul DeNardi	General Manager – Finance & Commercial (appointed 11 January 2010)
Mr Robin Longley	General Manager – Geology
Mr Roger Bogne	CEO – Cam Iron S.A.
Mr Neil Hackett	Company Secretary (appointed 2 July 2010)
Mr John Carr-Gregg	Company Secretary (deceased 19 June 2010)

Fully paid ordinary shares of Sundance Resources Limited

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.
2010					
Mr G Jones	15,062,500	—	10,000,000	(10,000,000)	15,062,500
Mr M Blakiston	—	—	—	—	—
Mr B Eldridge	—	—	—	—	—
Ms F Harris	—	—	—	—	—
Mr A Rankine-Wilson (i)	—	—	—	13,107,546	13,107,546
Mr G Wedlock (ii)	75,000	—	—	(75,000)	—
Mr K Talbot (ii)	434,107,142	—	—	(434,107,142)	—
Mr C Oliver	—	—	—	—	—
Mr J Jones	—	—	—	—	—
Mr D Lewis (ii)	1,312,500	—	—	(1,312,500)	—
Mr R Longley	—	—	—	—	—
Mr P Canterbury	462,500	—	—	—	462,500
Mrs N Gill	—	—	—	—	—
Mr N Hackett	—	—	—	—	—
Mr J Carr-Gregg	—	—	—	—	—
Mr P DeNardi	—	—	—	500,000	500,000
Mr T Quaife	—	—	—	—	—
Mr R Bogne	7,000,000	—	—	(2,000,000)	5,000,000
2009					
Mr G Jones	15,000,000	—	—	62,500	15,062,500
Mr G Wedlock	—	—	—	75,000	75,000
Mr D Lewis	1,250,000	—	—	62,500	1,312,500
Mr K Talbot	371,580,826	—	—	62,526,316	434,107,142
Mr P Canterbury	400,000	—	—	62,500	462,500
Mr D Morgan	50,000	—	—	62,500	112,500
Mr R Bogne	12,770,000	—	—	(5,770,000)	7,000,000
Mr A Pismiris	12,333,333	—	—	(12,333,333)	—
Mr J Saunders	1,475,000	—	—	(1,475,000)	—

(i) Net change other refers to shares on hand at date of appointment, being 2 July 2010.

(ii) Net change other includes shares on hand at deceased date, being 19 June 2010.

Share options of Sundance Resources Limited

	Balance at 1 July No.	Granted as compen-sation No.	Exercised No.	Forfeited No.	Balance at 30 June No.	Balance vested at 30 June No.	Vested and exerciseable No.	Vested and not exerciseable No.	Vested during the year
2010									
Mr G Jones	30,000,000	—	(10,000,000)	(20,000,000)	—	—	—	—	—
Mr M Blakiston	—	—	—	—	—	—	—	—	—
Mr B Eldridge	—	—	—	—	—	—	—	—	—
Ms F Harris	—	—	—	—	—	—	—	—	—
Mr A Rankine-Wilson	—	—	—	—	—	—	—	—	—
Mr G Wedlock	—	—	—	—	—	—	—	—	—
Mr K Talbot	—	—	—	—	—	—	—	—	—
Mr C Oliver	—	—	—	—	—	—	—	—	—
Mr J Jones	—	—	—	—	—	—	—	—	—
Mr D Lewis	30,000,000	4,020,000	—	—	34,020,000	30,000,000	30,000,000	—	—
Mr R Longley	3,000,000	2,676,666	—	—	5,676,666	2,666,667	2,666,667	—	333,333
Mr P Canterbury	2,000,000	2,010,000	—	—	4,010,000	2,000,000	2,000,000	—	—
Mrs N Gill	—	—	—	—	—	—	—	—	—
Mr J Carr-Gregg	1,635,000	2,010,000	—	—	3,645,000	1,090,000	1,090,000	—	545,000
Mr P DeNardi	—	2,000,000	—	—	2,000,000	—	—	—	—
Mr T Quaife	—	2,010,000	—	—	2,010,000	—	—	—	—
Mr R Bogne	—	2,010,000	—	—	2,010,000	—	—	—	—
2009									
Mr G Jones	30,000,000	—	—	—	30,000,000	30,000,000	30,000,000	—	—
Mr D Lewis	30,000,000	—	—	—	30,000,000	30,000,000	30,000,000	—	—
Mr R Longley	2,000,000	1,000,000	—	—	3,000,000	2,333,334	2,333,334	—	333,334
Mr P Canterbury	2,000,000	—	—	—	2,000,000	2,000,000	2,000,000	—	—
Mr D Morgan	2,000,000	—	—	—	2,000,000	1,000,000	1,000,000	—	1,000,000
Mr J Carr-Gregg	—	1,635,000	—	—	1,635,000	545,000	545,000	—	545,000

	2010 $	2009 $
Note 8. AUDITORS REMUNERATION		
Remuneration of the auditor of the Company for:		
– auditing or reviewing the financial report	55,440	53,375
– taxation services	20,048	24,594
– other services (*)	243,891	36,467
	319,379	114,436
(*) other services include financial modelling consultancy services and other ad-hoc advisory.		
Remuneration of other auditors of subsidiaries for:		
– auditing or reviewing the financial report of foreign subsidiaries	49,170	27,629
	368,549	142,065

Deloitte Touché Tohmatsu perform the audit of the Company and its subsidiaries.

Note 9. DIVIDENDS

No dividends have been paid or proposed during the year.

	Consolidated Entity	
	2010 $	2009 $
Note 10. EARNINGS PER SHARE		
a. Reconciliation of earnings to profit or loss from continuing operations		
Loss from continuing operations	(10,754,551)	(14,313,262)
Loss attributable to non-controlling interest	877,371	653,122
Earnings used to calculate basic & dilutive EPS	(9,877,180)	(13,660,140)
	No.	**No.**
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS and diluted EPS.	2,445,738,861	1,917,696,165

During the year ended 30 June 2010, 30,551,666 options to subscribe for ordinary shares were issued, 10,000,000 options were exercised, 20,605,000 options were forfeited, leaving 75,481,666 outstanding at 30 June 2010 (Note 20).

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

	2010 $	2009 $
Note 11. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	2,779,268	2,965,519
Short-term bank deposits	73,983,007	17,419,421
	76,762,275	20,384,940
The effective interest rate on short-term deposits was 4.99% (2009: 4.78%) these deposits have an average maturity of 83 days.		
Note 12. TRADE AND OTHER RECEIVABLES		
CURRENT		
GST/VAT	1,809,695	2,470,886
Other receivables	481,480	72,983
	2,291,175	2,543,869
Other receivables are comprised entirely of accrued interest on short-term deposits. These deposits have an average maturity of 83 days.		
Note 13. INVENTORY		
CURRENT		
Consumables	2,603,114	1,214,606
	2,603,114	1,214,606
Inventories are carried at lower of cost and net realisable value. The cost of inventories recognised as an expense during the period in respect of continuing operations was $nil (2009: $nil). Inventory is held for use entirely in the exploration and evaluation operations. All inventory consumed is capitalised as exploration and evaluation expenditure. Inventories are expected to be consumed within 12 months		
Note 14. OTHER CURRENT ASSETS		
CURRENT		
Prepayments	323,617	112,351
Other current assets	95,338	142,422
	418,955	254,773

	2010 $	2009 $
Note 15. PROPERTY, PLANT AND EQUIPMENT		
Cost or valuation	12,004,191	10,126,289
Accumulated depreciation	(5,109,044)	(3,743,286)
	6,895,147	6,383,003
Buildings	1,761,751	2,142,530
Plant and equipment	5,133,396	4,240,473
Leasehold improvements	—	—
	6,895,147	6,383,003

	Buildings $	Leasehold Improvements $	Plant and Equipment $	Total $
Cost				
Balance at 1 July 2008	1,166,256	168,861	7,333,520	8,668,637
Effect of movement in exchange rates	77,982	—	464,589	542,571
Additions	1,058,315	—	374,623	1,432,938
Disposals	—	(168,861)	(348,996)	(517,857)
Balance at 30 June 2009	2,302,553	—	7,823,736	10,126,289
Additions	169,874	—	4,179,813	4,349,687
Effect of movement in exchange rates	(469,776)	—	(1,504,148)	(1,973,924)
Disposals	—	—	(497,861)	(497,861)
Balance at 30 June 2010	2,002,651	—	10,001,540	12,004,191
Accumulated depreciation and impairment				
Balance at 1 July 2008	—	(735)	(1,235,363)	(1,236,098)
Effect of movement in exchange rates	—	—	(74,638)	(74,638)
Eliminated on disposal	—	18,058	310,509	328,567
Depreciation expense	(160,023)	(17,323)	(2,583,771)	(2,761,117)
Balance at 30 June 2009	(160,023)	—	(3,583,263)	(3,743,286)
Effect of movement in exchange rates	41,575	—	775,536	817,111
Eliminated on disposal	—	—	307,926	307,926
Depreciation expense	(122,452)	—	(2,368,343)	(2,490,795)
Balance at 30 June 2010	(240,900)	—	(4,868,144)	(5,109,044)

	2010 $	2009 $
Note 16. EXPLORATION AND EVALUATION ASSETS		
Mbalam Iron Ore Project		
Carrying amount at beginning of year	92,689,119	64,271,181
Effect of movement in exchange rates	(17,240,176)	4,306,169
Additions	15,993,657	24,111,769
Impairment	(253,355)	—
	91,189,245	92,689,119
Nabeba Iron Ore Project		
Carrying amount at beginning of year	821,799	101,898
Effect of movement in exchange rates	(152,855)	6,725
Additions	6,454,875	713,176
Impairment	(392,235)	—
	6,731,584	821,799
	97,920,829	93,510,918

At 30 June 2010, the Company held a 90% interest in Cam Iron S.A. in Cameroon. Cam Iron S.A. holds a 100% interest in the Mbalam Iron Ore Project in Cameroon. The Mbalam Iron Ore Project has not yet reached the stage of assessing the existence of economically recoverable reserves, the outcome of which will ultimately affect the carrying value of this investment.

At 30 June 2010, the Company held an 85% interest in Congo Iron S.A. in Congo. Congo Iron S.A. holds a 100% interest in the Congo Iron Ore Project in Congo. The Congo Iron Ore Project has not yet reached the stage of assessing the existence of economically recoverable reserves, the outcome of which will ultimately affect the carrying value of this investment

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

	2010 $	2009 $
Note 17. INTANGIBLES		
Cost	374,811	449,087
Accumulated amortisation	(43,325)	(33,501)
	331,486	415,586

	Patents $	Licences $	Total $
Cost			
Balance at 1 July 2008	245,721	—	245,721
Effect of movement in exchange rates	16,430	—	16,430
Additions	168,442	18,494	186,936
Balance at 30 June 2009	430,593	18,494	449,087
Effect of movement in exchange rates	(96,885)	(3,439)	(100,324)
Additions	26,048	—	26,048
Balance at 30 June 2010	359,756	15,055	374,811
Accumulated amortisation			
Balance at 1 July 2008	(9,277)	—	(9,277)
Effect of movement in exchange rates	(664)	—	(664)
Amortisation	(23,560)	—	(23,560)
Balance at 30 June 2009	(33,501)	—	(33,501)
Effect of movement in exchange rates	7,653	—	7,653
Amortisation	(16,723)	(754)	(17,477)
Balance at 30 June 2010	(42,571)	(754)	(43,325)

Intangibles include patents (constitution fees) and licences.

	Principal Activity	Country of Incorporation	Percentage Owned (%) 2010	2009
Note 18. CONTROLLED ENTITIES				
Parent Entity:				
– Sundance Resources Limited	Corporate	Australia	—	—
Subsidiaries of Sundance Resources Limited:				
– Cam Iron S.A.	Iron ore exploration	Cameroon	90	90
– Sundance Minerals Pty Ltd	Holding	Australia	100	100
– Sundance Exploration Pty Ltd	Holding	Australia	100	100
– Sundance Mining Pty Ltd	Holding	Australia	100	100
– Congo Iron SA	Iron ore exploration	Congo	85	85

	2010 $	2009 $
Note 19. TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	6,394,350	2,138,335
Sundry payables and accrued expenses	1,262,935	34,583
	7,657,285	2,172,918
Sundry creditors are non-interest bearing and generally on 30 day terms.		
Note 20. ISSUED CAPITAL		
2,709,995,932 fully paid ordinary shares		
(2009: 2,102,042,808)	290,568,003	204,494,938
	290,568,003	204,494,938

	Number of shares	Share capital $
MOVEMENTS IN ISSUED CAPITAL		
Balance at 1 July 2008	1,880,915,241	187,059,817
Shares issued 5 December 2008	17,111,317	1,605,453
Shares issued 23 January 2009	5,000,000	485,000
Shares issued 5 May 2009	134,516,250	10,761,300
Shares issued 7 May 2009	62,500,000	5,000,000
Shares issued 28 May 2009	2,000,000	40,000
Capital raising costs	—	(456,632)
Balance at 30 June 2009	2,102,042,808	204,494,938
Shares issued 31 August 2009	10,000,000	1,000,000
Shares issued 19 November 2009	315,511,294	47,326,685
Shares issued 23 November 2009	1,295,127	194,260
Shares issued 7 December 2009	31,286,457	4,692,900
Shares issued 22 December 2009	248,891,386	37,333,699
Shares issued 31 December 2009	968,860	145,320
Capital raising costs	—	(4,619,799)
At the end of the financial year	2,709,995,932	290,568,003

At 30 June 2010 there were 75,481,666 unissued ordinary shares for which options were outstanding. These comprise the following:

- 12,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 10 cents per share and expire on 4 January 2012;
- 2,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 15 cents per share and expire on 5 January 2012;
- 20,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 20 cents per share and expire on 3 January 2012;
- 2,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 40 cents per share and expire on 8 October 2012;
- 500,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 50 cents per share and expire on 18 February 2013;
- 500,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 70 cents per share and expire on 18 February 2013;
- 1,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 45 cents per share and expire on 10 March 2013;
- 6,601,666 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 35 cents per share and expire on 31 March 2013;
- 2,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 35 cents per share and expire on 1 June 2013;
- 670,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 20 cents per share and expire on 28 January 2012;
- 8,040,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 20 cents per share and expire on 30 January 2012;
- 670,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 22.5 cents per share and expire on 28 January 2013;
- 8,040,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 22.5 cents per share and expire on 30 January 2013;
- 1,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share and expire on 28 January 2012;
- 1,000,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share and expire on 28 January 2013;
- 250,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share and expire on 30 January 2012;
- 250,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share and expire on 30 January 2013;
- 670,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share and expire on 28 January 2014; and
- 8,290,000 options which entitle the holder to subscribe for one ordinary share in the Parent Entity for 25 cents per share and expire on 30 January 2014.

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.

	2010 $	2009 $
NOTE 21. RESERVES		
Option premium reserve	11,035,267	10,072,207
Foreign currency translation reserve (i)	(16,183,484)	1,853,910
	(5,148,216)	11,926,117
(i) Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.		
MOVEMENTS IN OPTION PREMIUM RESERVE		
At the beginning of the financial year	10,072,207	9,771,375
Options Expensed (Issued in 2007/08) (*)	41,391	177,433
Options Expensed (Issued in 2008/09) (*)	123,591	123,399
2,000,000 options issued 31 August 2009	117,796	—
7,035,000 options issued 10 February 2010	139,406	—
1,340,000 options issued 10 February 2010	65,660	—
670,000 options issued 10 February 2010	12,129	—
7,035,000 options issued 10 February 2010	110,430	—
1,340,000 options issued 10 February 2010	87,848	—
670,000 options issued 10 February 2010	7,851	—
1,000,000 options issued 10 February 2010	15,142	—
250,000 options issued 10 February 2010	3,776	—
1,000,000 options issued 10 February 2010	11,114	—
250,000 options issued 10 February 2010	2,764	—
670,000 options issued 10 February 2010	6,023	—
7,285,000 options issued 10 February 2010	103,036	—
1,340,000 options issued 10 February 2010	95,699	—
666,666 options issued 10 February 2010	19,404	—
At the end of the financial year	11,035,267	10,072,207

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

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

	2010 $	2009 $
NOTE 22. CAPITAL AND LEASING COMMITMENTS		
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	458,383	390,346
– Between 12 months and 5 years	—	153,304
– Greater than 5 years	—	—
	458,383	543,650

The Company's premises at Level 35, Exchange Plaza are sub leased from third parties. This lease expires on 31 January 2011.

The Company's previous premises are sub leased from third parties. This lease expires on 19 December 2010.

The office premises lease of Cam Iron S.A. extends for a period of 12 months to 31 July 2011.

Cam Iron S.A. provides residential premises for two employees. One lease expires in December 2010 and the other in October 2011.

Note 23. CONTINGENT LIABILITIES

The group is aware of the following contingent liabilities as at 30 June 2010.

Congo Aircraft Tragedy

On 19 June 2010 all directors of the Company died in the Congo aircraft tragedy. As a consequence of this, the Company has incurred expenditure in relation to the search and rescue effort, the repatriation of the deceased and the ongoing management of the incident. The Company had insurance in place covering the incident.

Absolute Analogue & David Porter v Sundance

The Company has an ongoing dispute with Absolute Analogue & David Porter. The claim is for unpaid invoices totalling $129,977. As at 30 June 2009 the full value of invoices received from Absolute Analogue have been recorded in trade creditors of the Company. An offer of settlement has been made in respect of the unpaid invoices for a total of $81,545, plus interest. This offer of settlement was not accepted.

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

The Company has filed its formal defence in this matter. Mediation was held in June 2010 and was not successful in resolving the litigation. The matter is now being progressed through to trial.

	2010 $	2009 $
NOTE 24. CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with loss after income tax		
Profit/(loss) after tax	(10,754,551)	(14,313,262)
Non-cash flows in loss		
Cost of share based payment	963,061	300,832
Loss on sale of plant and equipment	62,269	125,313
Depreciation of plant and equipment	2,508,242	2,761,117
Impairment expense	638,230	—
Changes in assets and liabilities		
Increase/(decrease) in trade creditors	2,509,044	(569,511)
Decrease/(increase) in inventories	(1,388,506)	(667,061)
Decrease/(increase) in other debtors and prepayments	88,512	1,067,429
Net cash used in operating activities	(5,373,699)	(11,295,143)
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the year is shown in the accounts as:		
Cash and cash equivalents	76,762,275	20,384,940
Cash and cash equivalents at the end of the financial year	76,762,275	20,384,940

NOTE 25. SHARE BASED PAYMENTS

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

Option series	Number	Grant Date	Expiry Date	Exercise price $	Fair value at grant date $
(1) Issued 1 December 2005	2,000,000	01/12/05	31/05/10	0.020	0.0180
(3) Issued 8 January 2007	50,000,000	08/01/07	03/01/12	0.200	0.0259
(4) Issued 8 January 2007	30,000,000	08/01/07	04/01/12	0.100	0.0418
(5) Issued 30 January 2007	2,000,000	30/01/07	04/01/12	0.100	0.0397
(6) Issued 12 April 2007	2,000,000	12/04/07	05/01/12	0.150	0.0777
(7) Issued 30 August 2007	1,000,000	30/08/07	08/10/12	0.400	0.2312
(8) Issued 30 August 2007	1,000,000	30/08/07	08/11/12	0.400	0.2410
(9) Issued 15 September 2007	1,000,000	15/09/07	08/11/12	0.500	0.3431
(10) Issued 15 September 2007	1,000,000	15/09/07	08/11/12	0.700	0.3023
(11) Issued 14 January 2008	1,000,000	14/01/08	18/02/13	0.500	0.1180
(12) Issued 14 January 2008	1,000,000	14/01/08	18/02/13	0.700	0.1077
(13) Issued 10 March 2008	1,000,000	10/03/08	10/03/13	0.450	0.0584
(14) Issued 9 April 2009	2,178,334	10/10/08	31/03/13	0.350	0.0290
(15) Issued 9 April 2009	2,178,333	10/10/08	31/03/13	0.350	0.0350
(16) Issued 9 April 2009	2,178,333	10/10/08	31/03/13	0.350	0.0370
(17) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0732
(18) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0765
(19) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0796
(20) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0827
(21) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0856
(22) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0884
(23) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0912
(24) Issued 31 August 2009	250,000	31/08/09	01/06/13	0.350	0.0938
(25) Issued 10 February 2010	7,035,000	10/02/10	30/01/12	0.200	0.0460
(26) Issued 10 February 2010	1,340,000	10/02/10	30/01/12	0.200	0.0490
(27) Issued 10 February 2010	670,000	10/02/10	28/01/12	0.200	0.0460
(28) Issued 10 February 2010	7,035,000	10/02/10	30/01/13	0.225	0.0600
(29) Issued 10 February 2010	1,340,000	10/02/10	30/01/13	0.225	0.0660
(30) Issued 10 February 2010	670,000	10/02/10	28/01/13	0.225	0.0600
(31) Issued 10 February 2010	1,000,000	10/02/10	28/01/12	0.250	0.0380
(32) Issued 10 February 2010	250,000	10/02/10	30/01/12	0.250	0.0380
(33) Issued 10 February 2010	1,000,000	10/02/10	28/01/13	0.250	0.0570
(34) Issued 10 February 2010	250,000	10/02/10	30/01/13	0.250	0.0570
(35) Issued 10 February 2010	670,000	10/02/10	28/01/14	0.250	0.0700
(36) Issued 10 February 2010	7,285,000	10/02/10	30/01/14	0.250	0.0700
(37) Issued 10 February 2010	1,340,000	10/02/10	30/01/14	0.250	0.0710
(38) Issued 10 February 2010	666,666	10/02/10	31/03/13	0.350	0.0290

Employee share option plan

The Consolidated Entity has an ownership-based compensation scheme for executives and senior employees. Each employee share option converts into one ordinary share of Sundance Resources Limited on exercise. No amounts are paid or payable by the recipient on the receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted 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 operation objectives.

The weighted average fair value of the share options granted during the financial year is $0.0576 (2009: $0.0337). Options were priced using a binomial option pricing model. Expected volatility is based on the historical share price volatility of other entities listed on the Australian Stock Exchange with similar profiles to Sundance Resources Limited.

Inputs into the option pricing model:

Option series	Grant date share price $	Exercise price $	Expected volatility	Risk free interest rate	Vesting Date
(17) Issued 31 August 2009	0.19	0.350	100.00%	4.66%	31/12/09
(18) Issued 31 August 2009	0.19	0.350	100.00%	4.71%	31/03/10
(19) Issued 31 August 2009	0.19	0.350	100.00%	4.75%	30/06/10
(20) Issued 31 August 2009	0.19	0.350	100.00%	4.80%	30/09/10
(21) Issued 31 August 2009	0.19	0.350	100.00%	4.85%	31/12/10
(22) Issued 31 August 2009	0.19	0.350	100.00%	4.90%	31/03/11
(23) Issued 31 August 2009	0.19	0.350	100.00%	4.95%	30/06/11
(24) Issued 31 August 2009	0.19	0.350	100.00%	5.00%	30/09/11
(25) Issued 10 February 2010	0.13	0.200	98.70%	4.36%	30/01/11
(26) Issued 10 February 2010	0.13	0.200	95.80%	4.45%	30/01/11
(27) Issued 10 February 2010	0.13	0.200	98.70%	4.36%	28/01/11
(28) Issued 10 February 2010	0.13	0.225	97.80%	4.68%	30/01/12
(29) Issued 10 February 2010	0.13	0.225	100.30%	4.76%	30/01/12
(30) Issued 10 February 2010	0.13	0.225	98.10%	4.68%	28/01/12
(31) Issued 10 February 2010	0.13	0.250	98.70%	4.36%	28/01/11
(32) Issued 10 February 2010	0.13	0.250	98.70%	4.36%	30/01/11
(33) Issued 10 February 2010	0.13	0.250	98.10%	4.68%	28/01/12
(34) Issued 10 February 2010	0.13	0.250	97.80%	4.68%	30/01/12
(35) Issued 10 February 2010	0.13	0.250	95.90%	4.94%	28/01/13
(36) Issued 10 February 2010	0.13	0.250	95.90%	4.94%	30/01/13
(37) Issued 10 February 2010	0.13	0.250	94.40%	4.99%	30/01/13
(38) Issued 10 February 2010	0.13	0.350	97.00%	4.40%	10/02/10

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

	2010		2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	75,535,000	$0.18	93,000,000	$0.18
Granted	32,551,666	$0.23	6,535,000	$0.35
Forfeited	(22,605,000)	$0.20	(22,000,000)	$0.20
Exercised	(10,000,000)	$0.10	(2,000,000)	$0.02
Outstanding at year-end	75,481,666	$0.22	75,535,000	$0.20
Exercisable at year-end	43,373,333	$0.21	68,678,334	$0.18

Exercised during the financial year

There were 10,000,000 options exercised during the year ended 30 June 2010. These options had a weighted average share price of $0.130 at exercise date.

Option series	Number exercised	Exercise date	Share price at exercise date $
2010			
(4) Issued 8 January 2007	10,000,000	31/08/09	0.18
2009			
(1) Issued 1 December 2005	2,000,000	28/05/09	0.13

Balance at end of financial year

The options outstanding at 30 June 2010 had a weighted average exercise price of $0.22 (2009: $0.20) and a weighted average remaining contractual life of 2.15 years (2009: 2.68 years). Exercise prices range from $0.10 to $0.70 in respect of options outstanding at 30 June 2010.

NOTE 26. EVENTS AFTER BALANCE SHEET

Strategic Advisors supervised the company's operations from the date of the death of all the directors on 19 June 2010 until 2 July 2010. On 2 July 2010, after consultation with the ASX and ASIC, the Strategic Advisors declared themselves de facto directors. Additional independent non-executive directors were invited to act as de facto directors to the board on 2 and 12 July 2010. Subsequently all directors were formally elected and all actions of the de facto directors during the intervening period following the Congo aircraft tragedy, were ratified by shareholders at an EGM held on 16 August 2010.

Currently, Sundance are in the process of appointing a new CEO. The appointment of a new CEO will be announced once agreement is reached between the parties.

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

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

NOTE 27. RELATED PARTY TRANSACTIONS

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

JBP Nominees Pty Ltd received benefits from the Company for services performed by Mr George Jones, a director of the Company. Full details of the remuneration received are disclosed in Note 7 Key Management Personnel Compensation.

Piedmont Nominees Pty Ltd received benefits from the Company for services performed by Mr Donald Lewis, a director of the Company. Full details of the remuneration received are disclosed in Note 7 Key Management Personnel Compensation.

Triglow Nominees Pty Ltd received benefits from the Company for services performed by Mr Geoff Wedlock, a director of the Company. Full details of the remuneration received are disclosed in Note 7 Key Management Personnel Compensation.

Longley Mining Consultants Pty Ltd received benefits from the Company for services performed by Mr Robin Longley, an executive of the Company. Full details of the remuneration received are disclosed in Note 7 Key Management Personnel Compensation.

Keypalm Pty Ltd received $25,806 for consulting services provided by Mr Geoff Wedlock, a director of the Company (2009: $120,000).

All directors are now being paid directly as individuals, rather than through nominated corporate entities.

At 30 June 2010, directors and their related entities held directly, indirectly or beneficially 28,170,046 ordinary shares in the Company and nil options over ordinary shares in the Company.

At 30 June 2009, directors and their related entities held directly, indirectly or beneficially 452,056,616 ordinary shares in the Company and 60,000,000 options over ordinary shares in the Company.

NOTE 28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

Credit risk

The Group and the Company's maximum exposures to credit risk, without taking account of the value of any collateral obtained at balance date, in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet. Credit risk on unrecognised financial instruments refers to the potential financial loss to the Group or the Company that may result from counter parties failing to meet their contractual obligations. The Group and the Company manage their counterparty credit risk by limiting their transactions to counterparties of sound credit worthiness and by ensuring a diversified number of counterparties, avoiding undue exposure to any single counterparty. Neither the Group nor the Company faced any significant credit exposures at balance date (other than intercompany balances).

Foreign currency risk

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

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

	Liabilities		Assets	
	2010 $	2009 $	2010 $	2009 $
Euro (EUR)	—	—	865	—
US Dollars (USD)	779,435	306,936	2,038	273,560
Central African Franc (XAF)	4,985,232	1,212,796	3,363,972	3,441,452
South African Rand (ZAR)	11,193	—	—	—

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

AUD Movement	**EUR Impact**		**USD Impact**		**XAF Impact**		**ZAR Impact**	
	2010 $	**2009 $**	**2010 $**	**2009 $**	**2010 $**	**2009 $**	**2010 $**	**2009 $**
10% Increase	86	—	(77,740)	(3,338)	(162,126)	222,866	1,119	—
10% Decrease	(86)	—	77,740	3,338	162,126	(222,866)	(1,119)	—

Capital risk

The Group and Company manage their capital to ensure the Group and the Company will be able to continue as a going concern while maximising the development outcomes from its exploration expenditure. The Group's and the Company's overall strategy remains unchanged from 2009.

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

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

Interest rate risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The Group and the Company are exposed to interest rate risk as entities in the Group deposit funds at both short-term fixed and floating rates of interest. Neither the Group nor the Company have any interest bearing liabilities.

The Group and the Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

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

Liquidity risk

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

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

Liquidity and interest rate risk tables

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

	Weighted average effective interest rate %	Less than 1 month $	1 to 3 months $	Total $
2010				
Financial assets				
Variable interest rate instruments - Parent	3.25%	1,761,424	—	1,761,424
Variable interest rate instruments - Subsidiary	—	1,017,845	—	1,017,845
Fixed interest rate instruments - Parent	4.99%	44,198,379	29,784,627	73,983,006
		46,977,648	29,784,627	76,762,275
Financial liabilities				
Trade Payables	—	7,657,285	—	7,657,285
2009				
Financial assets				
Variable interest rate instruments - Parent	3.02%	1,896,120	—	1,896,120
Variable interest rate instruments - Subsidiary	—	1,069,399	—	1,069,399
Fixed interest rate instruments - Parent	3.53%	4,486,359	12,933,062	17,419,421
		7,451,878	12,933,062	20,384,940
Financial liabilities				
Trade Payables	—	2,172,918	—	2,172,918

Fair values

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

	2010		2009	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Consolidated				
Cash and cash equivalents	76,762,275	76,762,275	20,384,940	20,384,940
Receivables	2,710,130	2,710,130	2,798,642	2,798,642
Payables	7,657,285	7,657,285	2,172,918	2,172,918

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 nature to maturity. Receivables and payables are carried at amounts approximating fair value.

The fair values of other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value. For other assets and other liabilities the fair value approximates their carrying value.

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

The Group does not consider any necessity to has considered the tiered approach for measuring financial instruments, given none of the instruments are reported using a fair value measurement.

Note 29. EXPENDITURE COMMITMENTS (*)

The Cameroon Ministry of Mines required total minimum exploration expenditure under Exploration Permit No.92 of XAF 12,000,000,000 (approximately A$30 million) over the 3 year term, which commenced on 29 September 2005. This was exceeded when the 3 year term expired on 28 September 2008. The Cameroon Ministry of Mines granted a 2 year permit extension from 29 September 2008, requiring a total minimum exploration expenditure of XAF 4,000,000,000 (approximately $10 million). This expenditure requirement has already been met. The Cameroon Ministry of Mines has granted a further 2 year permit extension from 29 September 2010. The expenditure requirements of Exploration Permit No.92 are denoted in Central African CFA franc (XAF).

The Cameroon Ministry of Mines requires total minimum exploration expenditure under Exploration Permit No.143 of XAF 400,000,000 (approximately A$1 million) over the 3 year term, which commenced on 10 April 2008. The expenditure requirements of Exploration Permit No.143 are denoted in Central African CFA franc (XAF). This permit was relinquished during July 2010 and has been impaired in full.

The Congo Ministry of Mines requires commitment to a program of work under Decree No 2008-362 over the 3 year term of Mineral Research Permits 362 and 363, which commenced on 2 August 2007. An application was lodged with the Congo Ministry of Mines in June 2010 for a 2 year permit extension. The Company has received a letter of confirmation from the Congo Ministry of Mines confirming right of tenure over the permits.

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

	30 June 2010 $	30 June 2009 $
Note 30. PARENT ENTITY FINANCIAL INFORMATION		
Financial Position		
Current assets	76,679,068	19,546,393
Non-current assets	149,904,811	120,612,255
Total assets	226,583,879	140,158,648
Current liabilities	2,321,815	960,123
Non-current liabilities	—	—
Total liabilities	2,321,815	960,123
Net assets	224,262,064	139,198,525
Shareholders' equity		
Contributed equity	290,568,003	204,494,938
Option premium reserve	10,917,471	10,072,207
Retained earnings	(77,223,410)	(75,368,620)
Total equity	224,262,064	139,198,525

	Year ended 30 June 2010 $	Year ended 30 June 2009 $
Financial Performance		
Loss for the year	(1,854,790)	(3,888,005)
Total comprehensive income	(1,854,790)	(3,888,005)

Contingent Liabilities

The parent entity is aware of the following contingent liabilities as at 30 June 2010.

Congo Aircraft Tragedy

On 19 June 2010 all directors of the Company died in the Congo aircraft tragedy. As a consequence of this, the Company has incurred expenditure in relation to the search and rescue effort, the repatriation of the deceased and the ongoing management of the incident. The Company had insurance in place covering the incident.

Absolute Analogue & David Porter v Sundance

The Company has an ongoing dispute with Absolute Analogue & David Porter. The claim is for unpaid invoices totalling $129,977. As at 30 June 2009 the full value of invoices received from Absolute Analogue have been recorded in trade creditors of the Company. An offer of settlement has been made in respect of the unpaid invoices for a total of $81,545, plus interest. This offer of settlement was not accepted.

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

The Company has filed its formal defence in this matter. Mediation was held in June 2010 and was not successful in resolving the litigation. The matter is now being programmed through to trial.

Deloitte.

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

Report on the Financial Report

We have audited the accompanying financial report of Sundance Resources Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 44 to 81.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes of the consolidated entity, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Deloitte.

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

(a) the financial report of Sundance Resources Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 36 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Sundance Resources Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants
Perth, 29 September 2010

Number of Holders of Equity Securities

Ordinary share capital
2,709,995,932 fully paid ordinary shares are held by 19,093 individual shareholders. No ordinary shares have been partly paid. All issued ordinary shares carry one vote per share.

Options
75,481,666 options are held by 21 individual option holders

Distribution of Holders of Equity Securities

	Fully Paid Ordinary Shares	Options
1 – 1,000	928	—
1,001 – 5,000	3,957	—
5,001 – 10,000	3,264	—
10,001 – 100,000	8,613	—
100,001 and over	2,331	21
	19,093	21
Holding less than a marketable parcel	2,093	—

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

	Number of Shares	Percentage of Total
Talbot Group Investments Pty Ltd	433,791,352	16.01%
HSBC Custody Nominees (Australia) Limited	306,379,855	11.31%
National Nominees Limited	151,900,898	5.61%
J P Morgan Nominees Australia Limited	143,359,115	5.29%
J P Morgan Nominees Australia Limited	85,970,196	3.17%
Brispot Nominees Pty Ltd	76,510,329	2.82%
Osson Pty Ltd	50,000,000	1.85%
Citicorp Nominees Pty Limited	42,333,049	1.56%
ANZ Nominees Limited	41,905,685	1.55%
HSBC Custody Nominees (Australia) Limited – GSCO ECA	38,850,253	1.43%
Bond Street Custodians Limited	18,067,614	0.67%
Connemara Investments Pty Ltd	15,062,500	0.56%
HSBC Custody Nominees (Australia) Limited	12,507,077	0.46%
Comsec Nominees Pty Limited	12,213,485	0.45%
Australian Reward Investment Alliance	9,306,849	0.34%
ACP Investments Pty Ltd	9,000,000	0.33%
RBC Dexia Investor Services Australia Nominees Pty Limited	8,900,000	0.33%
Bayonet Investments Pty Ltd	8,789,125	0.32%
AMP Life Limited	8,123,111	0.30%
Miss Yu Chuan Chen	7,428,857	0.27%
	1,480,399,350	54.63%

SUBSTANTIAL SHAREHOLDERS

	Fully Paid Ordinary Shares
Ordinary Shareholders	**Number**
Talbot Group Investments Pty Ltd	433,791,352
UBS AG and its related bodies corporate	168,079,757
	601,871,109