Sundance Resources Limited

ABN 19 055 719 394

and subsidiaries

Annual Report

2019

CONTENTS

CORPORATE DIRECTORY

Directors:	David Porter (Chairman & Non-Executive Director) Giulio Casello (Managing Director & Chief Executive Officer) Brett Fraser (Non-Executive Director)
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CHAIRMAN AND CEO'S LETTER

Dear Shareholders,

The past year has delivered considerable progress in putting the parts together to move our world-class Mbalam-Nabeba Iron Ore Project towards development. However, having said that, it has also been a very frustrating year in the sense that everything has taken much longer than we would have hoped and we greatly appreciate and acknowledge the patience of our shareholders.

We started the financial year with an agreement with AustSino and our noteholders to eliminate debt of $130 million and inject working capital into Sundance. This agreement would allow AustSino to take a controlling stake of 50.1% in Sundance and work together with potential partners in China to establish a consortium that could fund, build and operate our Project.

In February of this year, Sundance and AustSino brought together and accompanied the most significant consortium of Chinese players to have ever visited Cameroon – the world's largest construction company China Railways Corporation; the world's third-largest port owner and operator Yantian Ports; the world's largest stainless steel producer Tsingshan Steel; and the world's second-largest steel producer BaoWu. In Cameroon's capital of Yaounde, we signed a non-binding consortium agreement and presented to a number of Government ministers the best way we thought that the Project can be developed. We were warmly met and given great support that the Mbalam Convention would be reinstated following its expiry in September 2018.

Since that ground-breaking visit, the Convention has been working its way painstakingly slowly through Government due diligence processes for reinstatement. There have been many meetings between representatives of Sundance, AustSino and the Cameroon Government. The delay has been caused by a combination of changes of Government ministers, the size and complexity of the Project and the requirements to get all stakeholders on board and united behind the Project. Recently meetings have involved the Presidency in Cameroon, which has reinforced our belief in the likelihood that the Convention will be reinstated.

It is important to note, of course, that Mbalam is only half of our Project. We retain full tenure over the Nabeba deposit in the neighbouring Republic of Congo and have maintained our strong and positive relations with the Government. We acknowledge the continued support of the Congo Government.

The delays in relation to the Mbalam Convention resulted in the modification of the agreement with AustSino and the noteholders in July 2019. This agreement has now been extended into 2020 but with a significant commitment from AustSino to fund Sundance. This will increase AustSino's financial commitment from approximately $1.6 million to $3.8 million, depending on the timing of completion of the agreement.

Sundance shares have been in a trading suspension since 8 September 2018. This is an extraordinarily long time to be suspended and has created frustrations for the Board, our noteholders, our shareholders as well as AustSino's shareholders, whose own shares are also in suspension. We believe that the ASX will not allow Sundance shares to trade again until either the agreement is concluded or abandoned.

The Board of Sundance remains united and fully committed to pursuing the finalization of the agreement and funding of the Mbalam-Nabeba Iron Ore Project as it is currently the best options for the creation of shareholder value and the best chance for the people of Cameroon and Congo to realise the long-term benefits from the development of their world-class iron ore resources.

We wish to thank all our shareholders for their support over the past year. We look forward to 2020 with a sense of optimism that our and your patience will be rewarded.

David Porter

David J Porter

Giulio Casello

MINERAL RESOURCES & ORE RESERVES

MINERAL RESOURCES

The Mineral Resources Statement for the Mbalam-Nabeba Iron Ore Project as at 30 June 2019 is summarised in Tables 1 and 2 below.

HIGH GRADE HEMATITE RESOURCES

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

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

ITABIRITE HEMATITE RESOURCES

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

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

ORE RESERVES

The Ore Resources Statement for the Mbalam-Nabeba Iron Ore Project as at 30 June 2019 are summarised in Table 3 with further details of Ore Reserves released to ASX on 20 May 2015.

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

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

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

COMPETENT PERSONS STATEMENT

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

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

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

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

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

DIRECTORS' REPORT

The Directors present their report together with the financial report on the Sundance Consolidated Group, consisting of Sundance Resources Ltd ('**Company**') and the entities that it controlled during the financial year ended 30 June 2019 ('**Sundance**' or '**Group**' or "**Consolidated Entity**'), for the financial year ended 30 June 2019 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

1. DIRECTORS

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

Name & Qualifications	Age	Experience and Special Responsibilities	Other Directorships held in listed companies during the previous 3 years
Mr David Porter ***Chairman, Non-Executive Director***	70	Mr Porter is a professional geologist and Fellow of the Australasian Institute of Mining and Metallurgy with over 40 years' experience in the mining industry, including most facets of exploration and mining. For the past 16 years he has focused his activities in Africa and was the founding Chairman of Cam Iron SA and Congo Iron SA. Mr Porter was also instrumental in the development of two coal projects in the Waterberg region of South Africa which are at development stage. Prior to Mr Porter's project activities in Africa, he was Managing Director of three ASX listed exploration companies, all of which developed gold and base metal projects. Mr Porter worked for many international mining companies, with small ASX listed companies and as an independent consultant on gold, base metal, iron ore and coal projects. ***Director since 23 December 2016*** ***Appointed Chairman on 7 February 2017***	***Current Directorships:*** Blina Minerals NL ***Directorship Ceased within the past three years:*** Terrain Minerals Limited
Mr Giulio Casello ***Managing Director & Chief Executive Officer*** B.Eng, ME Mgt, MAICD	60	Mr Casello is a highly experienced executive with national and global exposure in manufacturing environments for blue chip organisations. Backed by almost 40 years of experience, he has a track record of success with operations, business development and corporate strategy. He has previously worked at Sinosteel Midwest as Chief Operating Officer, Century Aluminium Company in the United States of America where as Senior Vice President Business Development he was responsible for developing and implementing a growth plan in aluminium, alumina and critical raw material and managing new projects across the globe. He has also held a number of significant positions in Alcoa including Director of WA Operations, General Manager of Alcoa's World Chemicals and Location Manager of the Kwinana Alumina Refinery. ***Director since 8 November 2010***	***Current Directorships:*** Nil ***Directorship Ceased within the past three years:*** Nil

DIRECTORS' REPORT

Mr Brett Fraser ***Non-Executive Director*** FFIN, FCPA, BBus, FGIA	56	Mr Fraser is an experienced ASX company director; has worked in the finance and securities industry for over 30 years' and has started, owned and operated businesses across wine, health, finance, media and mining. Mr Fraser provides consultancy across sell side transactions, business acquisitions, business strategy and restructuring, initial public offers, capital raisings and corporate governance. In addition, Mr Fraser is a Fellow of Certified Practicing Accountants; Fellow of the Financial Services Institute of Australasia; Grad Dip Finance, Securities Institute of Australia; Bachelor of Business (Accounting); International Marketing Institute – AGSM Sydney and Fellow of the Governance Institute of Australia. Mr Fraser is also a former director of Drake Resources Limited, Doray Minerals Limited and Gage Roads Limited. ***Appointed Non-Executive Director on 10 April 2018***	***Current Directorships:*** Aura Energy Limited ***Directorship Ceased within the past three years:*** Drake Resources Ltd. Blina Minerals NL Empire Resources Limited

No Directors have resigned during the year.

2. COMPANY SECRETARY

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

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

3. PRINCIPAL ACTIVITIES

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

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

4. RESULTS

The operating loss after tax of the Group for the financial year was $205,800,856 (2018: $18,616,633).

5. REVIEW OF OPERATIONS

The Project

Sundance holds a majority interest in subsidiaries Cam Iron SA ('Cam Iron') and Congo Iron SA ('Congo Iron') whose principal asset is the mining permit application in the Republic of Cameroon and the mining permit in the Republic of Congo which rights comprise the Mbalam-Nabeba Iron Ore Project ('Project'). The Project straddles the border of Cameroon and Congo in Central Africa.

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

Development Strategy

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

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

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

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

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

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

Sundance, AustSino and Noteholder Agreements

During the year a number of agreements were reached between Sundance, its Noteholders and AustSino.

1. **Term Sheet with Noteholders**
   On 29 July 2018 Sundance signed a legally binding term sheet ("**Existing Term Sheet**") with Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, Wafin Limited, BSOF Master Fund L.P. and David Porter to, subject to certain conditions being satisfied or waived, cancel their Convertible Notes in consideration for a combination of equity in Sundance and a capped production royalty Restructure. This would have left the Company debt free and in a position to source partners to develop the Project.

   The Existing Term Sheet has now been suspended by the Agreement announced on 25 September 2018 and then the New Agreement announced on 8 July 2019 which described in point 4 below. The Existing Term Sheet will terminate upon completion of the New Agreement but if completion under the New Agreement does not occur then the Existing Term Sheet will remain on foot with an end date of June 2020.

   Details of Existing Term Sheet:

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

   Under the agreed deal which was announced on 30 July 2018, each Noteholder was offered an opportunity to cancel its Notes in exchange for such number of shares in Sundance that represents between 30 – 50% of the redemption value of its Notes, based on a Sundance share price of $0.004 cents. The level of equity that a Noteholder elected to receive determined the rate of the proposed production royalty, which ranged from 1.00% to 1.24% of their share of revenue from the sale of the first 517 million tonnes of ore from the Project. The calculation of value to the Noteholders was determined by reference to the long term iron ore price of US$69/t CFR China.

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

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

2. **AustSino Placement**

   On 2 August 2018, Sundance announced that it has signed a placement agreement with AustSino Resources Group Limited (ASX: ANS) ("ANS") to take a A$750,000 placement of Sundance shares. Sundance and AustSino also agreed to discuss and advance the development of the Project on an exclusive basis.

3. **AustSino, Sundance and Noteholder Agreement**

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

The issue of securities to AustSino and the Noteholders and the cancellation of the convertible notes was conditional on Wafin agreeing to the transactions contemplated by the Agreement. Further to the announcement on 25 September 2018 Sundance announced on 1 October 2018 that Wafin, had agreed to be bound by the terms of the Agreement. This satisfied the first condition of the Conditions to Second Placement Conditions described in the key terms of the Agreement.

During the year the end date of the Agreement was extended a number of times to 30 June 2019. The parties agreed that unless the Mbalam Convention could be reinstated by 30 June 2019, then the Agreement would be at an end. As at that date the Mbalam Convention had not been reinstated and Agreement came to an end.

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

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

- The reinstatement of the Mbalam Convention is not a condition to the completion of the New Agreement.
- The cash payable by AustSino on completion of the New Agreement will reduce from $58M (payable on completion of the Previous Agreement) to $29M. Of this, $25M (previously $50M) will be paid to Noteholders and $4M (previously $8M) will be retained by Sundance.
- AustSino will own approximately 50.2% of Sundance following the completion of the New Agreement under which AustSino will receive approximately 11,153,846,154 shares issued at a price of $0.0026 per share (resulting in a change of control of Sundance).
- The number of options to be granted to the Noteholders is to be halved from 10 billion to 5 billion. The terms of those options (having an exercise price of $0.02 and expiry date of five years from the date of issue) are otherwise unchanged.
- AustSino will provide certain financial support to Sundance to part support its working capital requirements until completion of the New Agreement. Sundance may seek support from other parties. The support of AustSino was an initial $200,000 placement of ordinary shares to AustSino at an issue price of $0.00375 per share, resulting in the issue of 53,333,333 shares to AustSino ("**Initial Placement**") The funds were received by Sundance on 8 July 2019. After the Initial Placement and within 5 business days following a request by Sundance, AustSino is required to pay $100,000 per month to Sundance in return for the issue of ordinary shares in Sundance at an issue price of $0.00375 up to an aggregate of $600,000 (including the initial $200,000) (**Financial Support Arrangement**). The total number of ordinary shares potentially to be issued by Sundance to AustSino under the Financial Support Arrangement is 160,000,000 ordinary shares. In lieu of subscribing for additional Sundance shares, AustSino may instead require that amounts paid under the Financial Support Arrangement be deducted from the $29 Million purchase price payable by AustSino on Placement Completion. Neither the Initial Placement nor any subsequent placement of shares under the Financial Support Arrangement will require Sundance shareholder approval.

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

Details of the New Agreement are described in Section 11 Events Occurring after the Reporting Period.

5. **Extension of End Date for New Agreement**

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

In addition to the extension it was agreed:

- The existing financial support arrangement in the Sundance Agreement will continue until completion. AustSino will continue to pay $100,000 per month to Sundance in return for the issue of ordinary shares in Sundance at an issue price of $0.0045 per share (which would comprise total payments of $1.3 million if completion does not occur until 30 June 2020).
- AustSino will now pay an additional $200,000 per month to Sundance starting on 1 December 2019 in return for the issue of ordinary shares in Sundance at an issue price of $0.0045 per share. However, the shares will not be issued to AustSino unless and until completion occurs (which would comprise total additional payments of $1.4 million to Sundance if completion does not occur until 30 June 2020).
- Sundance and AustSino have agreed to release each other (and their relevant personnel) from any claims or liabilities arising under or in connection with the Second Placement Agreement or the Mbalam-Nabeba Project prior to 22 October 2019 (the date of the SDL Letter Agreement).

These changes are conditional on:

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

Separately, as consideration for Sundance agreeing to extend the end date to completion of the Sundance Agreement, AustSino has agreed to issue approximately 107,692,308 fully paid ordinary AustSino shares to Sundance at a deemed issue price of $0.013 per share but at no cost to Sundance, by no later than 5 business days after receipt of written agreement from all Noteholders of Sundance to the SDL Letter Agreement (which Sundance and AustSino expect to receive by late November 2019).

Mbalam Convention

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

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

Despite the best and substantial efforts of Sundance the reinstatement of the Mbalam Convention has not yet been secured.

As described in Sundance's ASX announcement on 3 April 2019, a number of meetings occurred both within and outside of Cameroon between senior representatives of the Cameroon Government and representatives from Sundance and AustSino as well as potential other consortium partners which had signed a Consortium Agreement interested in participating in the funding, construction and operation of the Project

The meetings between the prospective consortium partners mentioned above, AustSino, Sundance and the Cameroon Government were positively received by the Cameroon Government, which reiterated its intention to see the Project developed as quickly as possible.

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

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

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

The Company's subsidiary Cam Iron SA's mining permit application over the land previously covered by the previous Exploration Permit EP92 remains in place resulting in Cam Irons belief that it has priority rights to be granted a mining permit over the area previously covered by EP92. This belief is supported by independent Cameroon legal advice with their opinion being that notwithstanding the expiry of the Convention, and as per the Mining Code, the mining permit application was valid and has never been determined. Although EP92 has now expired, consistent with the Mining Code, the land the subject of the mining permit application remains unavailable for third parties, pending a decision by the Minister on Cam Iron's mining permit application.

Media Allegations

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

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

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

Financial Position

Cash and cash equivalents decreased during the year to $0.1 million at 30 June 2019 from $0.5 million at 30 June 2018.

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

The consolidated statement of cash flows indicates that payments to suppliers and employees were $2.9 million (2018: $2.5 million).

The Consolidated Entity has a net asset deficiency as at 30 June 2019. Net assets of the Consolidated Entity amounted to negative $128.2 million (30 June 2018: $66.9 million). Mine development assets decreased to nil million (30 June 2018: $181.2 million) due to a decision to fully impair the asset.

At 30 June 2019, the Consolidated Entity had a net working capital deficiency of $128.2 million (2018: $0.5 million). The increase in working capital deficiency is substantially due to the movement of the Convertible Note debt from a non-current to current liability position. This liability is expected to be extinguished either through:

- the New Agreement between Sundance, AustSino and the Noteholders in which the debt will be extinguished via a cash payment of $25M, shares and options, or
- if that agreement does not conclude, then by the Existing Term Sheet between Sundance and the Noteholders in which the debt will converted to equity and a future production royalty.

Refer to Note 1 – "*Going Concern*".

The total loss for the period amounted to $205.8 million compared to $18.6 million for the year ended 30 June 2018. Of this total loss, $17.5 million related to non-cash convertible note financing charges (2018: $15.3 million) and $187.5 million in project impairment.

Total comprehensive income amounted to a loss of $199.1 million (2018: loss $5.1 million) for the year ended 30 June 2019, which includes an exchange gain on translation of foreign operations. This gain amounted to $6.7 million (2018: $13.5 million loss) and is due to a movement in the Central African CFA francs against the Australian Dollar from 416.1 at 30 June 2018 to 405.3 at 30 June 2019.

Corporate

Sundance Suspension

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

DIRECTORS' REPORT

Investment in Sundance

On 2 August 2018 Sundance announced that it has signed a placement agreement with AustSino Resources Group Limited (ASX:ANS) ("ANS") to take a A$750,000 placement of Sundance shares. Furthermore, as per the previous Agreement between Sundance and AustSino on 16 October Sundance received the Initial Placement of $250,000.

On the 10 January 2019, Sundance announced it received funding of $220,000. Sundance received $120,000 from AustSino and $100,000 from Sea Honour Limited ("Seahonour"). Sundance issued 30,000,000 fully paid ordinary shares to AustSino and 25,000,000 fully paid ordinary shares to Seahonour each at an issue price of $0.004 per share. AustSino also received 60,000,000 bonus options at an exercise price $0.006, and due to lapse 5 years after issue. Seahonour also received 50,000,000 bonus options at an exercise price of $0.006, and due to lapse 5 years after issue.

On the 15 February 2019, Sundance announced that it had received further funding from sophisticated investors to a value of $800,000. The funds were used for working capital and to progress the requirements of the Previous Agreement with AustSino and the Noteholders of Sundance.

The terms of the funding were the same as those announced on 31 December 2018. Sundance has issued 200,000,000 fully paid ordinary shares at an issue price of $0.004 per share and the investors have also received 400,000,000 bonus options (2 options per share issued) at an exercise price of $0.006, the options will lapse 5 years after issue.

On the 25 February 2019, Sundance announced a placement with a further sophisticated investor and received $60,000. Sundance issued 15,000,000 fully paid ordinary shares at an issue price of $0.004 per share. Sundance also issued 30,000,000 bonus options (2 options per share issued) at an exercise price of $0.006. The options will lapse 5 years after issue.

Cameroon Customs Dispute

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

Material Business Risks

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

Working Capital Funding

At 30 June 2019, Sundance held cash of $0.1 million (2018: $0.5 million). Sundance is not currently in a position to generate income from operations and as such is reliant upon the equity and/or debt markets for additional working capital funding. Post year end Sundance received $500,000 from placements with AustSino and received a further $185,000 as placements with sophisticated investors.

At 30 June 2019, the Consolidated Entity had a net working capital deficiency of $130.1 million (2018: $0.5 million) due mainly to convertible note borrowings being current.

The Mbalam Convention

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

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

Completion of New Agreement

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

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

Directors' Report

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

Cameroon Tenure Risk

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

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

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

Project Funding

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

Commodity Price

The price of iron ore can be volatile and is affected by numerous factors beyond Sundance's control such as supply and demand dynamics; and changes in global economic conditions. The decision to develop the Project, and the returns to be achieved from it, are dependent upon the future price of iron ore. The iron price had stabilised to average approximately $US 70/t during 2018 to early 2019. The spot iron ore price then increased significantly to near $US120/t following the curtailment of iron ore production in Brazil that was a result of the Vale dam failure. These prices are now reducing as production from Brazil is now increasing and are expected to return to levels prior to the Brazil issues in 2020.

The movement in China to advance its environmental agenda is resulting in improved positions for producers of high grade iron ore (>62%) with large discounts being offered on lower grade iron ore. Sundance expects that this bias will continue and is supportive of our Project which has stage 1 life of mine averaging 62.2% Fe and stage 2 producing a high grade concentrate of 66 – 68% Fe. Iron ore pricing may continue to exhibit volatility on a short to medium term basis. Sundance however notes that the Project is a mid to longer term project where long term iron ore price forecasts continue to be favourable.

Key Personnel

The success of the Project is dependent on securing the services of key engineering, managerial, financial, commercial, marketing and processing personnel. Loss or diminution in the services of key employees, particularly as a result of an inability to retain key employees or the ability to attract suitable replacement staff could have an adverse effect on the Company's business, financial condition, results of operations and prospects.

Foreign Jurisdiction

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

Political

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

DIRECTORS' REPORT

Resource/Reserve Estimates

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

Production and Other Operational Risks

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

Litigation

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

Details of Mining and Exploration Tenements

The Company, through its subsidiary companies, held the following exploration/mineral research permits and mining tenements at 30 June 2019:

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

(i) *Cam Iron holds 100% interest; Cam Iron is a 90%-owned subsidiary of Sundance.*
(ii) *Congo Iron holds 100% interest; Congo Iron is an 85%-owned subsidiary of Sundance.*
(iii) *The Government of Cameroon has a right to a 10% free carry interest in Cam Iron on the grant of the mining permit.*
(iv) *The Government of Congo has a right to a 10% interest in Congo Iron pursuant to the Congo Mining Code.*
(v) *Should both Governments exercise their rights for an interest in Cam Iron and Congo Iron then Sundance's interest would reduce to 81% of Cam Iron and 76.5% of Congo Iron.*
(vi) *This permit expired in August 2015. Congo Iron made application for a replacement permit covering only part of the Ibanga permit area containing the most prospective area in August 2015.*

6. DIRECTORS' MEETINGS

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

Columns A = Number of meetings attended

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

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

DIRECTORS' REPORT

Director	Directors' Meetings	
	A	B
Mr D Porter	5	7
Mr B Fraser	7	7
Mr G Casello	7	7

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

7. STATE OF AFFAIRS

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

8. LIKELY DEVELOPMENTS

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

9. ENVIRONMENTAL REGULATION

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

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

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

10. DIVIDENDS

In respect of the year ended 30 June 2019, no dividends have been paid or proposed (2018: nil).

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

New Agreement

On 5 July 2019 Sundance entered into the New Agreement with AustSino and the Noteholders of the Company being Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, BSOF Master Fund L.P. Wafin Limited and David Porter (together the "**Noteholders**"). The terms of the New Agreement are described in the section below.

Under the New Agreement which was announced on 8 July 2019, Sundance has agreed to issue to AustSino 11,153,846,154 ordinary shares at an issue price of A$0.0026 per Share, together with the grant of 11,153,846,154 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2019 or another date agreed by the parties ("**Placement Completion**").

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

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

DIRECTORS' REPORT

- $25M cash will be paid to the Noteholders ("**Cash Payment**"); and
- The balance will be used for working capital and to progress development of the Project and the transaction costs associated with the New Agreement. It is expected that this will comprise the following (including corresponding estimates of the expenses):
  - working capital, including in relation to salaries, administration and regulatory costs in Australia, Cameroon and Congo (approximately $2.5M);
  - transaction costs associated with the New Agreement, including the Independent Expert's Report, EGM and legal costs associated with the New Agreement and the Cameroon Convention (approximately $0.5M); and
  - negotiation and legal costs associated with financing packages and EPC contracts for the Project (approximately $1M).

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

- 2,000,000,000 Shares at a deemed issue price of A$0.004; and
- 5,000,000,000 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue.

Cancellation of the Convertible Notes will leave Sundance debt free.

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

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

If all the options issued to AustSino and the Noteholders are exercised before their expiry this will result in a $323M cash injection into Sundance which could be used to fund the equity requirement to build the iron ore mines.

Completion of the transactions under the New Agreement are subject to a number of conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the New Agreement, an independent expert's report is required, and approval will be sought from Sundance shareholders at an Extraordinary General Meeting ("**EGM**").

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

Further Funding

- On 8 July 2019, as per the New Agreement Sundance issued a placement to AustSino of 53,333,333 ordinary shares at an issue price of $0.00375 per share receiving $200,000. These shares were issued under Sundance's 7.1A capacity.
- As per the financial support clause of the New Agreement Sundance has issued placements to AustSino of 26,666,667 ordinary shares per month for the months of August, September and October 2019 receiving $100,000 per month. These shares were issued under Sundance's 7.1A capacity.

- On 5 September 2019 Sundance issued a placement to a sophisticated investor of 26,666,667 ordinary shares at an issue price of $0.00375 per share receiving $100,000. These shares were issued under Sundance's 7.1A capacity. Subject to shareholder approval the investor will also be granted 26,666,667 options at an exercise price of $0.006.
- On 24 September 2019 Sundance issued a placement to a sophisticated investor of 22,666,667 ordinary shares at an issue price of $0.00375 per share receiving $85,000. These shares were issued under Sundance's 7.1A capacity. Subject to shareholder approval the investor will also be granted 22,666,667 options at an exercise price of $0.006.

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

REMUNERATION REPORT

12. REMUNERATION REPORT OVERVIEW

The remuneration report, which forms part of the Directors' report, sets out information about the remuneration of Key Management Personnel ('**KMP**') of the Company for the financial year ended 30 June 2019.

12.1 NOMINATION AND REMUNERATION COMMITTEE, COMPOSITION AND ACTIVITIES

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

12.2 KMP DETAILS

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

<u>Non-Executive Directors</u>

- David Porter — Independent Non-Executive Director Chairman
- Brett Fraser — Independent Non-Executive Director

<u>Executive Director</u>

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

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

12.3 REMUNERATION POLICY

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

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

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

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

Non-Executive Directors

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

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

Non-Executive Directors are remunerated by way of fees paid; including fees paid in recognition of acting as Chair on Board committees, superannuation and, in certain circumstances, by way of shareholder approved equity issues. Issues of equity to Non-Executive Directors will only occur where the Board believes it is in the best interests of the

Company to do so, in particular where such issues may reduce the amount of cash remuneration otherwise required to be paid to attract the appropriate calibre of Directors, or in recognition of exceptional workload or circumstances.

Employees (including executive KMP)

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

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

Fixed Remuneration (base salary and superannuation)

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

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

Performance Based (at Risk) Remuneration

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

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

Use of Remuneration Consultants

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

During the reporting period no remuneration consultants were used.

12.4 RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

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

Short Term Incentive ('STI') Plan

The purpose of this plan is to:

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

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

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

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

For the 2019 financial year STI performance conditions have been set by the Board:

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

No performance rights have been granted

Long Term Incentive ('LTI') Plan

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

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

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

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

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

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

For the 2019 financial year no LTI performance conditions have been set by the Board and no performance rights have been granted.

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2019.

	30 June 2019 $	30 June 2018 $	30 June 2017 $	30 June 2016 $	30 June 2015 $
Revenue[(i)]	4,123,768	284,528	12,411,637	263,259	4,936,478
Net loss before tax	(205,800,856)	(18,616,633)	(7,273,369)	(117,316,322)	(78,308,836)
Net loss after tax	(205,800,856)	(18,616,633)	(7,273,369)	(117,316,322)	(78,308,836)
	$/share	**$/share**	**$/share**	**$/share**	**$/share**
Share price at start of year	0.004	0.004	0.003	0.02	0.08
Share price at end of year	0.004	0.004	0.004	0.003	0.02
	cents/share	**cents/share**	**cents/share**	**cents/share**	**cents/share**
Basic earnings per share	(2.06)	(0.21)	(0.07)	(2.06)	(2.53)

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

DIRECTORS' REPORT

Company Performance

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

- Non-renewable extension of the Cameroon Mbalam Convention to 14 September 2018;
- Continued engagement and support from the Governments of Cameroon and Congo;
- Putting in place an agreement ("Existing Term Sheet" with the Noteholders which will leave Sundance debt free
- Negotiating the Agreement and New Agreement with AustSino and the Noteholders
- Signing the Consortium Agreement with major players that have interest and capability to fund, construct and operate the Project.

DIRECTORS' REPORT

12.5 REMUNERATION OF KMP

2019 FY	Short-term benefits			Post-employment benefits	Total cash based remuneration	Share Based Payments				Total Remuneration	% of Remuneration Performance Related
	Salary & Fees(i)	STI Payment	Other(ii)	Superannuation		STI	Performance Rights	Options(iii)	Total Share Based Payments		
	$	$	$	$	$	$	$	$	$	$	%
Non-Executive Directors											
Mr D Porter	57,500	-	-	5,463	62,963	-	-	-	-	62,963	-
Mr B Fraser	46,000	-	-	4,370	50,370	-	-	-	-	50,370	-
Executive Director											
Mr G Casello	250,000	-	5,963	20,531	276,494	-	-	236,133	236,133	512,628	46%
	353,500	**-**	**5,963**	**30,364**	**389,827**	**-**	**-**	**236,133**	**236,133**	**625,960**	

(i) Includes statutory leave for Executive Director and other KMP. Non-Executive Directors do not receive leave entitlements.
(ii) Includes leave entitlements for Mr Casello.
(iii) Options approved by shareholders at February 2017 EGM. 0% have lapsed and 100% have vested at the date of this report. 0% have been exercised.

12.5 REMUNERATION OF KMP (CONTINUED)

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

** Part year only*

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

DIRECTORS' REPORT

12.6 SHORT TERM INCENTIVE ('STI') PAYMENTS

There were no STIs granted in the 2019 (2018: nil) calendar year.

12.7 LONG TERM INCENTIVES AND SHARE BASED PAYMENTS

Performance Rights Plan ('PRP')

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

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

Long Term Incentive Plan Performance Conditions

For the 2019 calendar year no Long Term Incentive has been agreed by the Board and no performance rights have been granted.

There were no performance rights held by KMP at the end of the financial year.

12.7 LONG TERM INCENTIVES AND SHARE BASED PAYMENTS (CONTINUED)

Employee Share Option Plan

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

Share Options

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

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

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

The number of Options issued was based upon consideration of:

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

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

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

200M options have vested, nil exercised.

DIRECTORS' REPORT

12.8 KEY TERMS OF KMP AGREEMENTS

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

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

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

12.9 KMP SHARE HOLDINGS

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

FY 2019	Opening Balance	Granted as Compensation	Received on the Exercise of Options	Purchases	Net Other Change	Closing Balance
Non-Executive Directors						
Mr D Porter	1,661,257,272	-	-	-	-	1,661,257,272
Mr B Fraser	-	-	-	-	-	-
Executive Director						
Mr G Casello	14,950,000	-	-	-	-	14,950,000

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

FY 2019	Opening Balance	Granted as Compensation	Expired During the Period	Net Other Change	Closing Balance
Non-Executive Directors					
Mr D Porter	-	-	-	-	-
Mr B Fraser	-	-	-	-	-
Executive Director					
Mr G Casello	200,000,000	-	-	-	200,000,000

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

END OF REMUNERATION REPORT WHICH HAS BEEN AUDITED

DIRECTORS' REPORT

13. SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Unissued shares under option

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

Issuing Entity	Expiry Date	Exercise Price	Number of Options	Class of Shares
Sundance Resources Limited	23 September 2019	$0.0695	50,000,000	Ordinary
Sundance Resources Limited	28 November 2019	$0.0695	210,000,000	Ordinary
Sundance Resources Limited	23 September 2019	$0.0695	200,000,000	Ordinary
Sundance Resources Limited	23 September 2019	$0.0695	260,000,000	Ordinary
Sundance Resources Limited	7 April 2022	$0.003	100,000,000	Ordinary
Sundance Resources Limited	7 April 2023	$0.006	100,000,000	Ordinary

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

Shares issued on exercise of options

During or since the end of the financial year, the Company has issued nil ordinary shares as a result of the exercise of options.

14. DIRECTORS' INTERESTS

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

15. INDEMNIFYING OFFICER OR AUDITOR

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

- has not indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor.
- has paid a premium in respect of a policy of insurance to cover legal liability and expenses for the directors and executive officers in the event of any legal action against them arising from their actions as officers of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amounts of the premium.

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

16. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been included on page 26.

In accordance with the Corporations Act 2001 section 307C the Auditors of the Company, Deloitte Touche Tohmatsu have provided a signed auditor's independence declaration to the Directors in relation to the year ended 30 June 2019. This declaration has been attached to the independent audit report to the members of the Company.

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

DIRECTORS' REPORT

17. CORPORATE GOVERNANCE STATEMENT

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

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001, in Perth, Western Australia on 30 October 2019.

On behalf of the Directors

Mr David Porter
Chairman

Mr Giulio Casello
Managing Director and Chief Executive Officer

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

30 October 2019

Dear Board Members

Auditor's Independence Declaration to Sundance Resources Limited

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

As lead audit partner for the audit of the financial report of Sundance Resources Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

SUNDANCE RESOURCES LTD

DIRECTORS' DECLARATION

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

1) In the opinion of the Directors:
   a. the attached financial statements, notes and the additional disclosures included in the Directors' Report designated as audited of the Group are in accordance with the Corporations Act 2001, including:
      i. giving a true and fair view of the financial position and performance of the Group as at 30 June 2019 and of its performance for the year ended on that date; and
      ii. complying with Accounting Standards and the Corporations Act 2001; and
   b. the financial statements and notes also comply with International Reporting Standards as disclosed in Note 1; and
   c. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

On behalf of the Directors

David Porter

Mr David Porter	**Mr Giulio Casello**
Chairman	Managing Director and Chief Executive Officer

30 October 2019
Perth, Western Australia

SUNDANCE RESOURCES LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2019 $	2018 $
CONTINUING OPERATIONS			
Other income	2	4,123,768	284,528
Administration expense	3	(145,179)	96,072
Consultants fees expensed		(314,019)	(268,765)
Employee and director benefits expense	3	(1,183,256)	(1,975,759)
Exchange rate profit (loss)		554	(1,138)
Legal fees		(443,923)	(622,942)
Listing and registry fees		(119,789)	(185,143)
Occupancy costs		(136,497)	(96,122)
Professional fees	3	(203,076)	(132,998)
Personnel travel expenses		(105,953)	(184,087)
Finance charges on Convertible Notes	3	(17,544,057)	(15,287,113)
Finance cost on issue of shares	3	(1,500,000)	-
Project impairment	7(d)	(187,542,141)	-
Rail project public utility expense	3	(503,981)	(45,577)
Other expenses	3	(183,307)	(197,589)
Loss from continuing operations before tax		(205,800,856)	(18,616,633)
Income tax expense	9	-	-
LOSS FOR THE PERIOD		**(205,800,856)**	**(18,616,633)**
Loss attributable to:			
Owners of the parent		(175,760,902)	(15,864,716)
Non-controlling interests		(30,039,954)	(2,751,917)
NET LOSS ATTRIBUTABLE TO MEMBERS		**(205,800,856)**	**(18,616,633)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
Other comprehensive income for the period		6,654,915	13,507,075
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(199,145,941)**	**(5,109,558)**
Total comprehensive income attributable to:			
Owners of the parent		(170,262,045)	(4,738,651)
Non-controlling interests		(28,883,896)	(370,907)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS		**(199,145,941)**	**(5,109,558)**
LOSS PER SHARE FROM CONTINUING OPERATIONS		**¢**	**¢**
- Basic (cents per share)	20	(2.065)	(0.21)

The accompanying notes form part of these financial statements

SUNDANCE RESOURCES LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	5(a)	139,095	457,725
Trade and other receivables	5(b)	45,624	42,610
Other current assets	6(a)	164,704	184,372
Inventory	6(b)	466	38,263
Total Current Assets		**349,889**	**722,970**
NON-CURRENT ASSETS			
Mine development assets	6(c)	-	181,238,078
Total Non-Current Assets		**-**	**181,238,078**
TOTAL ASSETS		**349,889**	**181,961,048**
CURRENT LIABILITIES			
Borrowings	5(c)	127,454,455	-
Trade payables and accruals	5(d)	925,862	1,109,854
Provisions	6(d)	140,578	78,395
Total Current Liabilities		**128,520,895**	**1,188,249**
NON-CURRENT LIABILITIES			
Borrowings	5(c)	-	113,794,262
Provisions	6(d)	14,226	53,966
Total Non-Current Liabilities		**14,226**	**113,848,228**
TOTAL LIABILITIES		**128,535,121**	**115,036,477**
NET ASSET DEFICIENCY		**(128,185,232)**	**66,924,571**
EQUITY			
Issued capital	7	429,979,810	426,181,131
Reserves		78,658,598	72,922,287
Accumulated losses		(578,551,649)	(402,790,752)
Equity attributable to owners of the Company		**(69,913,241)**	**96,312,666**
Non-controlling interests		(58,271,991)	(29,388,095)
TOTAL EQUITY		**(128,185,232)**	**66,924,571**

The accompanying notes form part of these financial statements

SUNDANCE RESOURCES LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Share Transactions with Non-Controlling Interests	Foreign Currency Translation Reserve	Issue of Convertible Notes	Option Premium Reserve	Share Based Payments Reserve	Accumulated Losses	Attributable to Owners of the Parent	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$	$	$
At 30 June 2017	**422,517,611**	**(11,160,000)**	**18,996,821**	**24,672,500**	**4,518,800**	**23,592,958**	**(386,926,036)**	**96,212,654**	**(29,017,188)**	67,195,466
Loss for the year	-	-	-	-	-	-	(15,864,716)	(15,864,716)	(2,751,917)	(18,616,633)
Foreign Currency Translation	(1,198)	-	11,127,263	-	-	-	-	11,126,065	2,381,010	13,507,075
Total comprehensive income for the year	**(1,198)**	**-**	**11,127,263**	**-**	**-**	**-**	**(15,864,716)**	**(4,738,651)**	**(370,907)**	(5,109,558)
Equity raising costs	(159,330)	-	-	-	-	-	-	(159,330)	-	(159,330)
Securities issued	1,542,250	-	-	-	-	-	-	1,542,250	-	1,542,250
Options exercised	645,048	-	-	-	-	-	-	645,048	-	645,048
Conversion of convertible notes	1,636,750	-	-	-	-	-	-	1,636,750	-	1,636,750
Share based payments	-	-	-	-	-	1,173,945	-	1,173,945	-	1,173,945
At 30 June 2018	**426,181,131**	**(11,160,000)**	**30,124,084**	**24,672,500**	**4,518,800**	**24,766,903**	**(402,790,752)**	**96,312,666**	**(29,388,095)**	66,924,571
Loss for the year	-	-	-	-	-	-	(177,676,536)	(177,676,536)	(30,039,954)	(207,716,490)
Foreign Currency Translation	(1,321)	-	5,500,178	-	-	-	-	5,498,857	1,156,058	6,654,915
Total comprehensive income for the year	**(1,321)**	**-**	**5,500,178**	**-**	**-**	**-**	**(177,676,536)**	**(172,177,679)**	**(28,883,896)**	(201,061,575)
Securities issued	3,800,000	-	-	-	-	-	-	3,800,000	-	3,800,000
Share based payments	-	-	-	-	-	236,133	-	236,133	-	236,133
At 30 June 2019	**429,979,810**	**(11,160,000)**	**35,624,262**	**24,672,500**	**4,518,800**	**25,003,036**	**(580,467,288)**	**(71,828,880)**	**(58,271,991)**	(130,100,871)

The accompanying notes form part of these financial statements

SUNDANCE RESOURCES LTD

CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers & employees		(2,902,877)	(2,482,551)
Receipts from others		499,547	73,711
Interest received		2,392	5,803
Net Cash Used in Operating Activities	8	**(2,400,938)**	**(2,403,037)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal property, plant & equipment		-	-
Net Cash Used in Investing Activities		**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital Raising Costs		-	(159,331)
Proceeds from Share issue		2,080,000	2,187,298
Net Cash Generated by Financing Activities		**2,080,000**	**2,027,967**
Net Decrease in Cash Held		**(320,938)**	**(375,070)**
Cash and cash equivalents at beginning of year		457,725	820,033
Effect of exchange rates on cash and cash equivalents		2,308	12,762
Cash and cash equivalents at end of Year	5(a)	**139,095**	**457,725**

The accompanying notes form part of these financial statements

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

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

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

45 Ventnor Avenue
West Perth WA 6005

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

The financial statements were approved by the Board of Directors (‘**Directors**’) and authorised for issue on 30 October 2019.

Statement of compliance

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

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

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

Basis of Preparation of Accounts

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

Going Concern

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

At 30 June 2019, the Consolidated Entity had a working capital deficiency of $128.2 million (2018: $0.5 million). The increase in working capital deficiency is substantially due to the movement of the Convertible Note debt from a non-current to current liability position. This liability is expected to be extinguished either through:

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

During the period the Consolidated Entity incurred a net loss of $205.8 million and incurred net cash outflows from operating activities of $2.4 million for the year ended 30 June 2019.

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

1. As announced on 8 July 2019 a binding conditional new agreement (“**New Agreement**”) was entered into by the Company, AustSino and Sundance Noteholders. This resulted in an initial placement (“**Initial Placement**”) of $200,000 from AustSino to Sundance on 10 July 2019. The New Agreement also included a financing support package of $100,000 per month up to maximum funding of $600,000 (including the Initial Placement) (“**Financial Support**”). At the date of this report $500,000 has been received from AustSino.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION (CONTINUED)

2. It was further announced on 22 October 2019 that the New Agreement was extended to 30 June 2020 and it was also agreed that Sundance would receive $300,000 per month (being $100,000 per month under the same terms and conditions of the previous agreement and an additional $200,000 per month) commencing 1 December 2019 from AustSino until the earlier of the date the New Agreement completes or by 30 June 2020.. The extension of the New Agreement is conditional on the Sundance Noteholders approving the extension by 31 December 2019 and AustSino agreeing with Western Australian Port Rail Construction (Shanghai) Ltd. (“WAPRC”) by 1 December 2019 an extension to 30 June 2020..
3. During the financial year ended 30 June 2019 and prior to the New Agreement replacing the previous agreement with AustSino and the Sundance Noteholders (which was announced on 25 September 2018) placements of $1,080,000 have been received from AustSino ($120,000) and other sophisticated investors ($960,000).
4. The Consolidated Entity also raised further equity of $185,000 from sophisticated investors during the month of September 2019.,
5. Once the conditions to the New Agreement are completed a Completion Placement of $29 million from AustSino to Sundance of which $25 million cash, together with a combination of shares and options in Sundance, will be used to cancel the existing convertible notes and a minimum of $3.2 million will be retained by Sundance to fund working capital and to continue project plans. The Completion Placement is dependent on the following Conditions Precedent being achieved or waived.

   In relation to AustSino’s investment in Sundance and the issue of shares by AustSino to fund the Completion Payment:

   - approval by AustSino’s shareholders as required for the purposes of the ASX Listing Rules and Corporations Act 2001 (Cth) (“Corporations Act”);
   - approval of any relevant legal or regulatory bodies or by any subscriber in connection with AustSino’s placement of shares to fund its subscription for the Completion Placement; and
   - an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for AustSino’s shareholders

   In relation to the investment of Sundance and the issue of securities by Sundance

   - approval of Sundance’s shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act;
   - an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for Sundance’s shareholders; and
   - Sundance and AustSino not being insolvent at or prior to the Completion Placement.
6. Completion of AustSino’s placement of shares to fund its subscription for the Completion Placement.
7. AustSino and Sundance continuing to take reasonable steps to discuss and advance the development of the Mbalam-Nabeba Iron Ore Project on an exclusive basis until 30 June 2020.
8. If the New Agreement does not complete, then the legally binding term sheet of 30 July 2018 with Noteholders (subject to certain conditions being satisfied or waived) cancels their Convertible Notes in consideration for a combination of equity in Sundance and a capped production royalty remains in place until June 2020 allowing Sundance to raise further funds from the market whilst being debt free. Which at the date of this report the directors have a reasonable belief they would be able to achieve.

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION (CONTINUED)

Critical accounting judgements and the key sources of estimation uncertainty

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

Significant accounting judgements

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

Basis of Consolidation

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

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

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

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

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

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

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

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

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

Foreign currency

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION (CONTINUED)

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

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

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

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

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

Goods and Services Tax (GST)

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

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

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

NOTE 2. OTHER INCOME

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

	2019	2018
Other income from continuing operations	**$**	**$**
Interest revenue	2,392	5,803
Fair value movement of embedded derivative in convertible notes(i)	3,883,864	272,758
Other income(ii)	237,512	5,967
TOTAL OTHER INCOME	**4,123,768**	**284,528**

(i) Refer Note 5(c) Borrowings for further details
(ii) Includes deposit on acquisition of drilling equipment

NOTES TO THE FINANCIAL STATEMENTS

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

NOTE 3. EXPENSES

This note provides an analysis of expenses by nature.

	2019 $	2018 $
Expenses from continuing operations		
Employee and director benefit expense:		
- Share based payment	236,133	1,173,945
- Salaries and wages	787,700	658,188
- Non-Executive Directors' fees	103,500	97,436
- Superannuation	55,923	46,190
	1,183,256	1,975,759
Administration expense:		
- Corporate expenses(i)	55,754	(295,713)
- General and administration expenses	95,567	113,088
- IT and communications(ii)	(6,142)	86,553
	145,179	(96,072)
Professional fees:		
- Audit, accounting and tax	177,156	120,583
- Public relations	25,920	12,415
	203,076	132,998
Convertible Note Finance:		
- Convertible note effective interest charge	17,492,001	15,235,058
- Convertible note capitalised borrowing cost amortisation charge	52,056	52,055
	17,544,057	15,287,113
Finance cost on issue of shares(iii)	*1,500,000*	-
Rail project public utility expense(iv)	(503,981)	(45,577)
Other expenses:		
- Consumables	6,572	6,439
- Insurance	159,758	166,881
- Motor vehicles	16,168	23,619
- Other	809	650
	183,307	197,589

(i) Includes reversal of withholding tax provided on convertible notes
(ii) Includes reversal of accrual for taxes on VSAT equipment not payable
(iii) As per ASX announcement of 3 April 2019, 300M fully paid ordinary shares were issued to Western Australian Port Rail Construction (Shanghai) "WAPRC" at a deemed issue price of $A0.005 per share as consideration for facilitating the extension of the end date of the Agreement to 30 June 2019.
(iv) Expenditure that continues to be incurred on the project which can no longer be capitalised.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. SEGMENT INFORMATION

4.1 Description of segments and principal activities

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

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

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

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

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

4.2 Segment revenues and results

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

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

	SEGMENT REVENUE		SEGMENT EXPENSE	
	Year Ended		Year Ended	
	30 June 2019 $	30 June 2018 $	30 June 2019 $	30 June 2018 $
Continuing Operations				
Mbalam-Nabeba Iron Ore Project	-	-	(1,045,005)	(942,496)
Impairment expense	-	-	(187,542,141)	-
Total segments	-	-	(188,587,146	(942,496)
Unallocated interest income			2,392	5,803
Unallocated expenses			(17,216,102)	(17,679,940)
Loss before tax			**(205,800,856)**	**(18,616,633)**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. SEGMENT INFORMATION (CONTINUED)

4.3 Segment assets and liabilities

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

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

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

	30 June 2019 $	30 June 2018 $
Segment assets		
Mbalam-Nabeba Iron Ore Project	-	181,440,794
Total segment assets	-	181,440,794
Unallocated assets	349,889	520,254
CONSOLIDATED ASSETS	**349,889**	**181,961,048**
Segment liabilities		
Mbalam-Nabeba Iron Ore Project	-	659,364
Total segment liabilities	-	659,364
Unallocated liabilities	128,535,121	114,377,113
CONSOLIDATED LIABILITIES	**128,535,121**	**115,036,477**

4.4 Other segment information

	Additions to non-current assets Year Ended	
	30 June 2019 $	30 June 2018 $
Mbalam-Nabeba Iron Ore Project	503,981	45,577
Unallocated	-	-
	503,981	**45,577**

Impairment losses of $187,542,141 were recognised for the year (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss and is included in the "other income" line item (Note 2).

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;
- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity
Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is

(i) contingent consideration of an acquirer in a business combination,
(ii) held for trading or
(iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

• it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not

(i) contingent consideration of an acquirer in a business combination,
(ii) held-for-trading, or
(iii) designated as at FVTPL,

are measured subsequently at amortised cost using the effective interest method.

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 (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:
(1) the carrying amount of the liability before the modification; and
(2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	Notes	2019 $	2018 $
FINANCIAL ASSETS			
Cash and cash equivalents	5(a)	139,095	457,725
Trade and other receivables	5(b)	45,624	42,610
Total Financial Assets		**184,719**	**500,335**
FINANCIAL LIABILITIES			
Borrowings	5(c)	127,454,455	113,794,262
Trade payables and accruals	5(d)	925,862	1,109,854
Total Financial Liabilities		**128,380,317**	**114,904,116**

Note 5(a) Cash and cash equivalents

	2019 $	2018 $
Cash at bank and in hand	139,095	457,725
	139,095	**457,725**

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

At 30 June 2019 the Group had no undrawn borrowing facilities (2018: nil).

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

Note 5(b) Trade and other receivables

	2019 $	2018 $
Other receivables	45,624	42,610
	45,624	**42,610**

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

Note 5(c) Borrowings

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the convertible note as a whole. This is recognised and included in equity and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other equity. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to other equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

If the embedded derivative is separated from its host contract (because it is not closely related to the host), then it must be accounted for as if it were a standalone derivative. The embedded derivative should be recognised in the statement of financial position at fair value, with changes in fair value recognised in profit or loss as they arise, unless it is designated as an effective hedging instrument in a cash flow or a net investment hedge.

	2019 $	2018 $
CURRENT BORROWINGS		
Convertible Note - Debt Liability	127,150,441	-
Convertible Note - Derivative Liability	316,136	-
Convertible Note - Capitalised Borrowing Costs	(12,122)	-
	127,454,455	**-**
NON-CURRENT BORROWINGS		
Convertible Note - Debt Liability	-	109,658,440
Convertible Note - Derivative Liability	-	4,200,000
Convertible Note - Capitalised Borrowing Costs	-	(64,178)
	-	**113,794,262**
TOTAL BORROWINGS	**127,454,455**	**113,794,262**

CURRENT BORROWINGS

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

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

PROPOSED CANCELLATION OF CONVERTIBLE NOTES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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

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

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

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

NEW AGREEMENT

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

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

Under the New Agreement, Sundance has agreed to issue to AustSino 11,153,846,154 ordinary shares at an issue price of A$0.0026 per Share, together with the grant of 11,153,846,154 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2019 or another date agreed by the parties ("Placement Completion").

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

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

- $25M cash will be paid to the Noteholders ("Cash Payment"); and
- The balance will be used for working capital and to progress development of the Project and the transaction costs associated with the New Agreement. It is expected that this will comprise the following (including corresponding estimates of the expenses):
  - working capital, including in relation to salaries, administration and regulatory costs in Australia, Cameroon and Congo (approximately $2.5M);
  - transaction costs associated with the New Agreement, including the Independent Expert's Report, EGM and legal costs associated with the New Agreement and the Cameroon Convention (approximately $0.5M); and
  - negotiation and legal costs associated with financing packages and EPC contracts for the Project (approximately $1M).

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

- 2,000,000,000 Shares at a deemed issue price of A$0.004; and
- 5,000,000,000 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue.

Cancellation of the Convertible Notes will leave Sundance debt free.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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

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

The transaction will require a number of regulatory and shareholder approvals before completion, which are expected to be satisfied before 31 December 2019. The conditions to this transaction include completion of AustSino's own placement of shares, which in turn requires regulatory and shareholder approvals (including Chinese and FIRB approvals), and there is no guarantee that such approvals will be obtained. Failing to obtain these approvals will result in neither AustSino's placement nor the transaction proceeding.

EXTENSION OF END DATE TO NEW AGREEMENT

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

These changes are conditional on written agreement of Sundance's Noteholders.

If the Noteholders agree then End Date in the Existing Term Sheet will be extended to the earlier of (a) 100 days after the termination of the New Agreement, and (b) 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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

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

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

Financial Assets / Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation Technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 Jun 19	30 Jun 18				
Noble Note: – Derivative Component	1,529 (i)	666,667(i)	Level 2	Binomial Model at 30 June 2017 Key inputs include: - Underlying share price $0.0035 - Risk free rate of 1.95% - Volatility 130% - Expected term 2.70 years - Vesting date 23 September 2019	N/A	N/A
Investor Consortium Note: – Derivative Component	1,834 (i)	800,000(i)	Level 2	Binomial Model at 30 June 2017 Key inputs include: - Underlying share price of $0.0035 - Risk free rate 1.95% - Volatility of 130% - Expected term 2.7 years - Vesting date 23 September 2019	N/A	N/A
Wafin Note: – Derivative Component	3,057 (i)	1,333,333(i)	Level 2	Binomial Model at 30 June 2017 Key inputs include: - Underlying share price of $0.0035 - Risk free rate 1.95% - Volatility of 130% - Expected term 2.7 years - Vesting date 23 September 2019	N/A	N/A
2015 Investor Consortium Note: – Derivative Component	167,774 (i)	1,400,000(i)	Level 2	Binomial Model at 30 June 2017 Key inputs include: - Underlying share price of $0.0035 - Risk free rate 1.95% - Volatility of 130% - Expected term 2.7 years - Vesting date 23 September 2019	N/A	N/A
2016 Investor Group Note: – Derivative Component	-	1,114,286(i)	Level 2	Binomial Model at 30 June 2017 Key inputs include: - Underlying share price of $0.0035 - Risk free rate 1.95% - Volatility of 130% - Expected term 2.7 years - Vesting date 23 September 2019	N/A	N/A

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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

Financial Liabilities	30 June 2019	30 June 2019	30 June 2018	30 June 2018
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Convertible note debt liability- Hanlong	-	-	-	-
Convertible note debt liability - Noble	27,268,512	27,268,512	24,369,819	24,369,819
Convertible note debt liability - Investor Consortium	32,526,123	32,526,123	28,362,545	28,362,545
Convertible note debt liability - Wafin	57,725,346	57,725,346	49,070,901	49,070,901
Convertible note debt liability – 2015 Investor Consortium	9,326,893	9,326,893	7,584,814	7,584,814
Convertible note debt liability – 2016 Investor Group	291,446	303,569	206,186	270,364

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

Note 5(d) Trade and Other Payables

	2019 $	2018 $
CURRENT		
Trade payables	158,789	31,762
Sundry payables and accrued expenses	767,073	1,078,092
	925,862	**1,109,854**

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

NOTE 6. NON-FINANCIAL ASSETS AND LIABILITIES

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Note 6(a) Other Assets

	2019 $	2018 $
Prepayments	99,063	129,960
Tax receivables	65,641	54,412
	164,704	**184,372**

Note 6(b) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

	2019 $	2018 $
Consumables and equipment (current inventory)	821,661	861,099
Provision for impairment (current inventory)	(821,195)	(822,836)
Drilling equipment and spares (non-current inventory)	2,602,715	2,535,144
Provision for impairment (non-current inventory)	(2,602,715)	(2,535,144)
	466	**38,263**

Note 6(c) Mine Development Assets

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

In respect of the assessment of the carrying value of the capitalised mine development expenditure as at 30 June 2019 the Directors have concluded that a number of estimates and judgements are required, the most critical of which relates to the ability of the Consolidated Entity to secure a mining permit in Cameroon and to obtain the necessary funding for the project. As the Company does not currently have a convention in Cameroon which creates doubt on the development plan for the Project the carrying value has been impaired in full as was the case in the Half Year ended 31 December 2018 financial statements.

	2019 $	2018 $
Mbalam-Nabeba Iron Ore Project		
Carrying amount at beginning of year	181,238,078	167,715,706
Effect of movement in exchange rates	6,304,063	13,522,372
Project impairment	(187,542,141)	-
	-	**181,238,078**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. NON FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

At 30 June 2019, the Company held a 90% interest in Cam Iron S.A. which holds a 100% interest in the Project in Cameroon and an 85% interest in Congo Iron S.A. which holds a 100% interest in the Project in Congo. The mining codes in both Cameroon and Congo entitle the state to take up an equity interest in the Project.

Sundance reviews the carrying value of its assets at each balance date. During the period to 30 June 2019, the following material events occurred which were considered indicators of impairment:

- as announced on 31 July 2017 Exploration Permit 92 ("EP92") held by Cam Iron expired on 26 July 2017 after it had reached the maximum number of extensions under the Cameroon Mining Code. Cam Iron believes and has independent Cameroon legal advice that it has priority rights to be granted a mining permit over the area previously covered by EP92 as a result of Cam Iron having lodged a valid mining permit application in 2009 during the term of EP92.
- The expiry of the Mbalam Convention on 14 September 2018
- as at 30 June 2019, the market capitalisation of the Consolidated Entity was below the net assets.

Recoverability

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

The Mbalam Convention had been extended to 14 September 2018 and has now expired. Sundance has completed all steps required of it from The Cameroon Government, as per the AX announcement of 19 March 2018, to receive a reinstatement of the Mbalam Convention. As to the date of publishing this Financial Statement the Mbalam Convention has not been reinstated.

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

Notwithstanding the end of the Mbalam Convention, Sundance's subsidiary Cam Iron SA's mining permit application over the land previously covered by Exploration Permit EP92 remains on foot giving Cam Iron priority rights in respect of its Mining Permit Application relating to that area until a decision is made on the Mining Permit Application. An affirmative decision will lead to a full mining operating permit being issued, whereas a negative decision would see the loss of rights attached to it. The Recoverable amount of the Mine Development Assets as at 30 June 2019 was determined as a single cash generating unit of the Mbalam-Nabeba Iron Ore Project which was subject to certain assumptions as disclosed in The annual financial statements. As a result of the loss of Cameroon tenure, the project has been impaired in full on the basis that the cash flow of the project are interdependent as one cash generating unit, notwithstanding valid tenure still exists in Congo. The consolidated entity continues to pursue the grant of the mining licence based on the mining permit application or entering into a new convention and consequently has not prepared a separate plan or financial model in respect of the standalone Congo asset.

Even though the Board has confidence that the Mbalam Convention will be reinstated and that the New Agreement with AustSino will bring about development of the Project it has been decided to fully impair the asset. This will be re-evaluated as further clarity is developed regarding the Mbalam Convention and the development plans that will eventuate from the agreements made with AustSino and the potential project consortium.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. NON FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

Note 6(d) Employee Benefits Provisions

	2019 $	2018 $
CURRENT		
Employee benefits provision	140,578	78,395
	140,578	78,395
NON CURRENT		
Employee benefits provision	14,226	53,966
	14,226	53,966
	154,804	**132,361**

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. EQUITY

Note 7(a) Contributed Equity

	2019 $	2018 $
8,945,846,952 fully paid ordinary shares (2018:8,125,846,952)	429,979,810	426,181,131
	429,979,810	**426,181,131**

	Number of shares	Share capital $
Balance as at 30 June 2017	**7,102,023,617**	**422,517,611**
384,133 shares issued 11 August 2017(ii)	384,133	2,305
3,174,715 shares issued 25 August 2017(ii)	3,174,715	19,048
42,610,469 shares issued 7 September 2017(ii)	42,610,469	255,663
5,400 shares issued 7 September 2017(ii)	5,400	32
386,044,838 shares issued 25 September 2017(iii)	386,044,838	1,542,250
92,115,144 shares issued 25 September 2017(iv)	92,115,144	368,000
147,345,679 shares issued 4 December 2017(i)	147,345,679	596,750
185,714,286 shares issued 13 February 2018(v)	185,714,286	650,000
111,428,571 shares issued 26 February 2018(vi)	111,428,571	390,000
100 shares issued 10 April 2018(vii)	100	-
55,000,000 shares issued 26 June 2018(viii)	55,000,000	-
Effects of movements in exchange rates	-	(1,198)
Capital raising costs	-	(159,330)
Balance as at 30 June 2018	**8,125,846,952**	**426,181,131**
55,000,000 shares issued 26 June 2018(viii)	-	220,000
187,500,000 shares issued @ $0.004 6 August 2018(ix)	187,500,000	750,000
62,500,000 shares issued @ $0.004 16 October 2018(ix)	62,500,000	250,000
25,000,000 shares issued @ $0.004 9 January 2019(x)	25,000,000	100,000
30,000,000 shares issued @ $0.004 9 January 2019(ix)	30,000,000	120,000
200,000,000 shares issued @$0.004 14 February 2019(x)	200,000,000	800,000
15,000,000 shares issued @ $0.004 22 February 2019(x)	15,000,000	60,000
300,000,000 shares issued @ $0.005 9 April 2019(xi)	300,000,000	1,500,000
Effects of movements in exchange rates	-	(1,321)
Balance as at 30 June 2019	**8,945,846,952**	**429,979,810**

Notes:

(i) Hanlong converted 2.3325 million convertible notes into shares on the 31 January 2017 and a further 167,500 convertible notes plus outstanding interest of $429,250 into shares on the 4 December 2017.
(ii) Exercise of options expiring 31 August 2017
(iii) Issue of shares under Share Purchase Plan announced 25 August 2017
(iv) Issue of shares under Top-up Placement announced 25 August 2017
(v) Noble Resources International Pte Ltd converted 6,500 convertible notes into shares
(vi) Senrigan Master Fund converted 3,900 convertible notes into shares
(vii) Issue of shares under Cleansing Prospectus
(viii) Issue of shares to senior staff under Employee Share Option Plan
(ix) Issue of shares to AustSino via a placement.
(x) Issue of shares to sophisticated investors via a placement.
(xi) Issue of shares to Western Australian Port Rail Construction (Shanghai) Ltd ("WAPRC") to further extend the end date of their agreement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. EQUITY (CONTINUED)

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

OPTIONS OVER ORDINARY SHARES

Unlisted Options

At 30 June 2019 there were 920,000,000 (2018:920,000,000) unissued ordinary shares for which options were outstanding which were subject to vesting conditions. These comprise the following:

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

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

Listed Options

As at 30 June 2019 there were no (2018: nil) options outstanding which entitled the holder to subscribe for one ordinary share in the parent entity.

PERFORMANCE RIGHTS OVER ORDINARY SHARES

At 30 June 2019 there were no (2018: nil) performance rights on issue over ordinary shares.

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

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

RESERVES

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

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

SUNDANCE RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. CASH FLOW INFORMATION

	2019 $	2018 $
Reconciliation of cash flow from operations with loss after income tax		
Loss after tax	(205,800,856)	(18,616,633)
Non-cash items in loss after tax		
Cost of share based payments	236,133	1,173,945
Extension of WAPRC agreement settled by issue of shares	1,500,000	-
Project impairment	187,542,141	-
Finance charge – convertible note	17,544,057	15,287,113
Gain on revaluation of derivative – convertible notes	(3,883,864)	(272,758)
Total foreign exchange impact on operating cash flows	348,132	1,138
Changes in assets and liabilities		
(Decrease)/Increase in accruals and provisions	(293,604)	98,945
(Decrease)/Increase in creditors	347,027	(20,579)
(Increase)/decrease in inventories	37,797	(1,753)
(Increase)/decrease in other debtors and prepayments	22,099	(52,455)
Net cash used in operating activities	**(2, 400,938)**	**(2,403,037)**
Cash and cash equivalents at the end of the year is shown in the accounts as:		
Cash and cash equivalents	139,095	457,725
Cash and cash equivalents at the end of the financial year	**139,095**	**457,725**
Non-cash investing and financing activity		
$1.5M shares issued to WAPRC	**1,500,000**	**-**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The deferred tax asset not brought to account will only be of benefit to the Group if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and the entities in the Group are able to meet the continuity of ownership and/or continuity of business tests.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the 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 end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and 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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. INCOME TAX (CONTINUED)

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

	2019 $	2018 $
The components of tax expense comprise:		
Current Income Tax		
- Current income charge (benefit)	(1,030,403)	(384,634)
Deferred Income Tax		
- Relating to origination and reversal of temporary differences	(23,435,209)	(8,183,813)
- Tax losses not brought to account	1,030,403	384,634
- Timing differences not brought to account	23,435,209	8,183,813
Income tax expense reported in the statement of comprehensive income	-	-
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Loss before tax from ordinary activities	(205,800,859)	(18,616,633)
Prima facie tax receivable on loss from ordinary activities before income tax at 30% (2016: 30%)		
– consolidated group	(61,740,258)	(5,584,990)
Add:		
Tax effect of:		
– Impairment of project & utility expense	56,094,781	7,352,458
– Share based payment expense	520,840	352,184
– Other non-allowable items	5,247,600	4,570,517
– Losses not brought to account	1,030,403	384,634
– Timing differences not brought to account	(1,153,366)	(7,074,803)
Income tax attributable to entity	**-**	**-**
Unrecognised deferred tax balances		
Unrecognised deferred tax asset – losses	47,336,202	70,295,615
Unrecognised deferred tax assets – other	1,904,224	2,380,020
Deferred tax asset not brought to account	**49,240,426**	**72,675,635**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. FINANCIAL AND CAPITAL RISK MANAGMENT

Financial risk management objectives and policies

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

Interest rate risk

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

Credit risk

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

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

Capital risk

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

The capital structure of the Group and the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves, carried forward losses and non-controlling interests. At 30 June 2019 the Group and the Company have convertible note facilities with Wafin, Hanlong, Noble, the Investor Consortium, 2015 Investor Consortium, and 2016 Investor Group.

Liquidity risk

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

Liquidity and interest rate risk tables

The tables below have been drawn up based on the undiscounted cash flows (including both interest and principal cash flows expected) using contractual maturities of financial assets and the earliest date on which the Group and the Company can be required to pay financial liabilities. Amounts for financial assets include interest earned on those assets except where it is anticipated the cash flow will occur in a different period. In addition to the below cash flows, please refer to Note 14 Expenditure Commitments.

Foreign currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

2019	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 to 12 months	Greater than 12 months	Total
Financial assets		**$**	**$**	**$**		**$**
Variable interest rate	0.40%	139,095	-	-	-	139,095
		139,095	**-**	**-**	**-**	**139,095**
Financial liabilities						
Trade Payables	0.00%	925,862	-	-	-	925,862
Derivative Liability	0.00%	-	316,136	-	-	316,136
Debt Liability	61.16%	-	132,543,633	-	-	132,543,633
		925,862	**132,859,769**	**-**	**-**	**133,785,631**
2018						
Financial assets						
Variable interest rate	0. 15%	457,725	-	-	-	457,725
Fixed interest rate	0.00%	-	-	-	-	-
		457,725	**-**	**-**	**-**	**457,725**
Financial liabilities						
Trade Payables	0.00%	1,109,854	-	-	-	1,109,854
Derivative Liability	0.00%	-	-	-	4,200,000	4,200,000
Debt Liability	47.99%	-	-	-	128,668,200	128,668,200
		1,109,854	**-**	**-**	**132,868,200**	**133,978,054**

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

	Liabilities		Assets	
	2019 $	**2018 $**	**2019 $**	**2018 $**
US Dollars (USD)	-	-	7,559	7,005
Central African Franc (XAF)	48,108	31,679	26,292	86,601

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

Fair values

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

	2019		2018	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Consolidated				
Financial Assets				
Cash and cash equivalents	139,095	139,095	457,725	457,725
Receivables	45,624	45,624	42,610	42,610
Financial Liabilities				
Payables	925,862	925,862	1,109,854	1,109,854
Convertible notes	127,138,321	127,150,443	109,594,264	109,658,442

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. CONTROLLED ENTITIES

	Principal Activity	Country of Incorporation	Proportion of ownership interest and voting power held by the Group (%)	
			2019	**2018**
Parent Entity:				
- Sundance Resources Limited	Corporate	Australia	—	—
Subsidiaries of Sundance Resources Limited:				
- Cam Iron S.A.	Iron ore exploration	Cameroon	90	90
- Sundance Minerals Pty Ltd	Holding	Australia	100	100
- Sundance Exploration Pty Ltd	Holding	Australia	100	100
- Sundance Mining Pty Ltd	Holding	Australia	100	100
- Congo Iron S.A.	Iron ore exploration	Congo	85	85
- Sangha Resources S.A.	Dormant	Congo	80	80
Subsidiaries of Cam Iron S.A.:				
- Mbarga Mine Co S.A.	Holding	Cameroon	90	90
- CI RailCo S.A.	Holding	Cameroon	90	90
- CI PortCo S.A.	Holding	Cameroon	90	90
Subsidiary of CI Rail Co S.A. and CI PortCo S.A.:				
Mineral Terminal and Rail Operations Company S.A	Dormant	Cameroon	90	90

NOTE 12. CONTINGENT LIABILITIES

The Group is aware of the following contingencies as at 30 June 2019:

Hold Co Production Based Compensation

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

Use of the Quantm System on the Mbalam Rail Corridor

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

Fiscal Compliance

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. CAPITAL AND LEASING COMMITMENTS

	2019 $	2018 $
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable minimum lease payments:		
• Not later than 12 months	-	30,596
• Between 12 months and 5 years	-	-
• Greater than 5 years	-	-
	-	**30,596**

The Company has a licence agreement to rent premises at 45 Ventnor Avenue West Perth which expired on 31st October 2018. Under the agreement, Sundance continues to occupy the premises as a periodic tenant and is required to give at least 2 months' prior written notice to vacate the premises.

Cam Iron leases office premises which is leased on a periodic basis.

Congo Iron provides one premises for a residential employee that also serves as office premises. This property is leased on a periodic basis.

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. EXPENDITURE COMMITMENTS

Exploration Permit – Republic of Cameroon

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

Exploration Permits and Mining Permit – Republic of Congo

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

NOTE 15. EVENTS OCCURING AFTER THE REPORTING PERIOD

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

A) **New Agreement**

On 5 July 2019 Sundance entered into the New Agreement with AustSino and the Noteholders of the Company being Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, BSOF Master Fund L.P. Wafin Limited and David Porter (together the "**Noteholders**"). The terms of the New Agreement are described in the section below.

Under the New Agreement, Sundance has agreed to issue to AustSino 11,153,846,154 ordinary shares at an issue price of A$0.0026 per Share, together with the grant of 11,153,846,154 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2019 or another date agreed by the parties ("**Placement Completion**").

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

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

- $25M cash will be paid to the Noteholders ("**Cash Payment**"); and
- The balance will be used for working capital and to progress development of the Project and the transaction costs associated with the New Agreement. It is expected that this will comprise the following (including corresponding estimates of the expenses):
    - working capital, including in relation to salaries, administration and regulatory costs in Australia, Cameroon and Congo (approximately $2.5M);
    - transaction costs associated with the New Agreement, including the Independent Expert's Report, EGM and legal costs associated with the New Agreement and the Cameroon Convention (approximately $0.5M); and
    - negotiation and legal costs associated with financing packages and EPC contracts for the Project (approximately $1M).

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

- 2,000,000,000 Shares at a deemed issue price of A$0.004; and
- 5,000,000,000 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue.

Cancellation of the Convertible Notes will leave Sundance debt free.

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

NOTES TO THE FINANCIAL STATEMENTS

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

Noteholders for Cancellation of the Convertible Notes.

The table below outlines the redemption value of each Noteholder's Convertible Notes and the proportion of that value to the total redemption value of the Convertible Notes.

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

If all the options issued to AustSino and the Noteholders are exercised before their expiry this will result in a $323M cash injection into Sundance which could be used to fund the equity requirement to build the iron ore mines.

Completion of the transactions under the New Agreement are subject to a number of conditions being satisfied or waived, and there is no guarantee completion will occur. Among other conditions to the New Agreement, an independent expert's report is required, and approval will be sought from Sundance shareholders at an Extraordinary General Meeting ("**EGM**").

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

NOTES TO THE FINANCIAL STATEMENTS

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

Key terms of the New Agreement

Key Term	Description
Financial support	Sundance will issue 53,333,333 ordinary shares ("**Shares**") to AustSino at an issue price of A$0.00375 per Share by 13 July 2019 ("**Initial Placement**"). After the Initial Placement and within 5 business days following a request by Sundance, AustSino is required to pay $100,000 per month to Sundance in return for the issue of ordinary shares in Sundance at an issue price of $0.00375 up to an aggregate of $600,000 (including the initial $200,000) ("**Financial Support Arrangement**"). Sundance will use the proceeds from the Financial Support Arrangement for the development of the Mbalam-Nabeba Iron Ore Project, working capital purposes and expenses and to fund the transactions contemplated under the New Agreement.
Placement Completion	AustSino will pay A$29 million to Sundance ("**Completion Payment**") and Sundance will: • issue to AustSino 11,153,846,154 Shares at an issue price of A$0.0026 per Share; and • grant AustSino 11,153,846,154 unlisted options at an exercise price of A$0.02, which have an expiry date of five years after the date of issue, are transferable to persons that do not require a disclosure document and are otherwise on terms consistent with existing Noteholder options. Sundance must use A$25 million of the Completion Payment as consideration for the cancellation of the existing convertible notes on issue to the Noteholders in Sundance ("**Convertible Notes**"), with the remaining funds to be used for development of the Mbalam-Nabeba Iron Ore Project, working capital purposes and expenses and to fund the transactions contemplated by the New Agreement.
Conditions to Placement Completion	Completion of the Placement Completion is subject to the following conditions: • Any Noteholder that is not party to the New Agreement agreeing to cancel its Convertible Notes and the other transactions involving the Noteholders as contemplated under the New Agreement on the terms contemplated by the New Agreement (this condition has been satisfied). • In relation to AustSino's investment in Sundance and the issue of shares by AustSino to fund the Completion Payment: – approval by AustSino's shareholders as required for the purposes of the ASX Listing Rules and Corporations Act 2001 (Cth) ("**Corporations Act**"); – approval of any relevant legal or regulatory bodies or by any subscriber in connection with AustSino's placement of shares to fund its subscription for the Initial Placement; and – an independent expert confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for AustSino's shareholders • Completion of AustSino's placement of shares to fund its subscription for the Placement Completion • AustSino and Sundance continuing to take reasonable steps to discuss and advance the development of the Mbalam-Nabeba Iron Ore Project on an exclusive basis • AustSino and Sundance taking all reasonable steps to discuss and advance the Mbalam-Nabeba Iron Ore Project with the Governments of the Republics of Cameroon and Congo, subject to Placement Completion • In relation to the investment in Sundance and the issue of securities by Sundance: – approval of Sundance's shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act; and – an independent expert's report confirming that the relevant transactions are fair and reasonable, or not fair but reasonable, for Sundance's shareholders • Sundance and AustSino not being insolvent at or prior to Placement Completion The parties must satisfy or waive these conditions on or before 31 December 2019 or as otherwise agreed.

NOTES TO THE FINANCIAL STATEMENTS

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

Cancellation of Convertible Notes	The Convertible Notes will be cancelled in their entirety and the corresponding note deeds will be terminated in exchange for: • the payment of A$25 million to the Noteholders; • the issue of 2,000,000,000 Shares in the capital of Sundance to the Noteholders at a deemed issue price of A$0.004 per Share; and • 5,000,000,000 unlisted options at an exercise price of A$0.02, which have an expiry date of 5 years from the date of issue, are transferable to persons that do not require a disclosure document and are otherwise on terms consistent with existing Noteholder options. With such payment and issue of securities to be pro-rated to the redemption value of the Noteholder's Convertible Notes as a proportion to the total redemption value of the Convertible Notes as set out in the body of this announcement or as otherwise agreed between the Noteholders.
Conditions to Cancellation Completion	Cancellation of the Convertible Notes (and termination of the corresponding note deeds) and the issue of Shares and options in Sundance to the Noteholders ("**Cancellation Completion**") is subject to the following conditions: • Approval of Sundance's shareholders as required for the purposes of the ASX Listing Rules and the Corporations Act • Approval of any relevant legal or regulatory bodies • Sundance not being insolvent at or prior to Cancellation Completion • No "Event of Default" (as defined in the Existing Term Sheet) defined below having occurred or continuing to subsist • AustSino complying with its obligations to provide financial support to Sundance. Cancellation Completion will occur at the same time as Placement Completion.
Existing Term Sheet	The legally binding term sheet between the Noteholders and Sundance dated 29 July 2018 ("**Existing Term Sheet**") will continue to apply and remain binding on the Noteholders and Sundance until Cancellation Completion when it will terminate. Sundance and the Noteholders acknowledge and agree that on and from the date of the New Agreement, the End Date in the Existing Term Sheet will be extended to the earlier of (a) 100 days after the termination of the New Agreement, and (b) 30 June 2020.
Board appointment right	AustSino has the right to appoint at least two directors to the board of Sundance on and from Placement Completion. Noble Resources International Pte Ltd has the right, for so long as it holds 5% of the voting power in Sundance (based on the number of voting Shares on issue in Sundance), to appoint a nominee as a non-executive director of Sundance (and remove and replace that nominee).
Lapse of existing options	On Placement Completion, the existing options held by those Noteholders under the relevant note deeds will lapse in accordance with their terms.
Representations and warranties	The New Agreement contains customary representations and warranties from each party. The Issuer also warrants that it will not issue securities before Placement Completion except in certain limited circumstances (including pursuant to the Sundance directors exercising their fiduciary duties). The Investor also warrants that it considers it is not a state owned enterprise, is a sophisticated investor for the purposes of the Corporations Act and that it is not required to receive a disclosure document for the issue of shares.
Conduct of business obligations	The New Agreement contains certain customary undertakings by Sundance restricting the conduct of its business before Placement Completion without the consent of AustSino and the Noteholders (including, without limitation, the obligation to not enter into or vary any material agreements or acquire any material assets).
Release	With effect from Cancellation Completion: • each Noteholder releases and discharges Sundance; and • Sundance releases and discharges each Noteholder, from all claims, costs and expenses that each Noteholder has, at any time had, may have or, but for the New Agreement, could or might have had, against Sundance in any way related to the Convertible Notes (including, without limitation, pursuant to the Existing Term Sheet).

NOTES TO THE FINANCIAL STATEMENTS

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

Events of default	A party will be entitled to terminate the New Agreement if one or more of the following events occurs: • Sundance using the proceeds of the Initial Payment in a manner materially inconsistent with the use contemplated in this Agreement or as otherwise agreed in writing with AustSino; • breach of material representations, warranties or covenants of Sundance or AustSino which are not remedied within 10 business days of the date that breach is notified to Sundance; • material breach of Sundance's or AustSino's obligations under the New Agreement; • insolvency of Sundance; or • insolvency of AustSino.

B) Extension of End Date of New Agreement – Letter Agreement

Sundance announced on 22 October 2019 that a letter agreement was signed in which Sundance and AustSino have agreed to extend the end date for completion of the New Agreement to 30 June 2020 ("**SDL Letter Agreement"**).

In addition to this extension:

- The existing financial support arrangement in the Sundance Agreement will continue until completion. AustSino will continue to pay $100,000 per month to Sundance in return for the issue of ordinary shares in Sundance at an issue price of $0.0045 per share (which would comprise total payments of $1.3 million if completion does not occur until 30 June 2020).
- AustSino will now pay an additional $200,000 per month to Sundance starting on 1 December 2019 in return for the issue of ordinary shares in Sundance at an issue price of $0.0045 per share. However, the shares will not be issued to AustSino unless and until completion occurs (which would comprise total additional payments of $1.4 million to Sundance if completion does not occur until 30 June 2020).
- Sundance and AustSino have agreed to release each other (and their relevant personnel) from any claims or liabilities arising under or in connection with the Second Placement Agreement or the Mbalam-Nabeba Iron Ore Project prior to 22 October 2019 (the date of the SDL Letter Agreement).

The additional funds to be received from AustSino will be used for general working capital purposes and to progress discussions regarding the Mbalam-Nabeba Iron Ore Project.

These changes are conditional on:

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

Separately, as consideration for Sundance agreeing to extend the end date to completion of the Sundance Agreement, AustSino has agreed to issue approximately 107,692,308 fully paid ordinary AustSino shares to Sundance at a deemed issue price of $0.013 per share but at no cost to Sundance, by no later than 5 business days after receipt of written agreement from all Noteholders of Sundance to the SDL Letter Agreement (which Sundance and AustSino expect to receive by late November 2019).

NOTES TO THE FINANCIAL STATEMENTS

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

Sundance and AustSino expect that the Sundance Agreement will be concluded before 30 June 2020. Sundance and AustSino also expect that trading in their shares on ASX will remain suspended until the Sundance Agreement is completed or comes to an end (and that shares in AustSino will remain suspended until the WAPRC Agreement is also competed or comes to an end).

C) <u>Further Funding</u>

- On 8 July 2019, as per the New Agreement Sundance issued a placement to AustSino of 53,333,333 ordinary shares at an issue price of $0.00375 per share receiving $200,000. These shares were issued under Sundance's 7.1A capacity.
- As per the financial support clause of the New Agreement Sundance has issued placements to AustSino of 26,666,667 ordinary shares per month for the months of August, September and October 2019 receiving $100,000 per month. These shares were issued under Sundance's 7.1A capacity.
- On 24 September 2019 Sundance issued a placement to a sophisticated investor of 22,666,667 ordinary shares at an issue price of $0.00375 per share receiving $85,000. These shares were issued under Sundance's 7.1A capacity. Subject to shareholder approval the investor will also be granted 22,666,667 options at an exercise price of $0.006.

NOTE 16. RELATED PARTY TRANSACTIONS

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

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

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

Equity Holdings

At 30 June 2019, Directors and their related entities held directly, indirectly or beneficially in the Company 1,676,207,272 ordinary shares (2018:1,676,207,272), 200,000,000 options over ordinary shares (2018: 200,000,000), and nil performance rights over ordinary shares (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. SHARE BASED PAYMENTS

Share-based Payment Transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out below.

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 number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

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

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year

Ordinary Share Based Payments

During the financial year the Group did not issue (2018: nil) any ordinary shares in Sundance Resources Ltd to Executive Management under new salary structuring arrangements.

Employee Share Based Payment Plan

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

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

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

The weighted average fair value of the performance rights outstanding at the end of the financial year is nil (2018: nil). Performance rights and options were priced using a binomial pricing model. Expected volatility is based on the historical share price volatility of other entities listed on the Australian Stock Exchange with similar profiles to Sundance.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. SHARE BASED PAYMENTS (CONTINUED)

Share Based Payments – Performance Rights

	2019		2018	
	Number of Rights	Weighted Average Fair Value of Rights	Number of Rights	Weighted Average Fair Value of Rights
Outstanding at the beginning of the year	-	-	3,956,839	$0.0962
Forfeited or expired during the year[(i)]	-	-	(3,956,839)	$0.0962
Outstanding at year-end	**-**	**-**	**-**	**-**

Notes:

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

The performance rights outstanding at 30 June 2019 had a weighted average fair value of nil (2018: nil) and a weighted average remaining contractual life of nil years (2018: nil years).

Share Based Payments – Options

	2019		2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	920,000,000	$0.056	920,000,000	$0.0699
Issued during the year	-	-	-	-
Forfeited or expired during the year	-	-	-	-
Outstanding at year-end	**920,000,000**	**$0.056**	**920,000,000**	**$0.056**
Vested and Exercisable at year-end	**920,000,000**	**$0.056**	**920,000,000**	**$0.056**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. SHARE BASED PAYMENTS (CONTINUED)

The options outstanding at 30 June 2019 had a weighted average remaining contractual life of 0.93 years (2018: 1.93 years).

Option Series	Grant Date	Grant Date Fair Value	Vesting Date	Expiry Date	Exercise Price	As at 30 June 2019 Number of Options	As at 30 June 2018 Number of Options
1	Issued 23 September 2014 (i)	$ 0.034	23-Sept-19	23-Sept-19	$ 0.1200	50,000,000	50,000,000
2	Issued 28 November 2014 (i)	$ 0.011	28-Nov-19	28-Nov-19	$ 0.1200	210,000,000	210,000,000
3	Issued 1 December 2015 (ii)	$ 0.002	23-Sept-19	23-Sept-19	$ 0.0695	200,000,000	200,000,000
4	Issued 1 December 2015 (iii)	$ 0.002	23-Sept-19	23-Sept-19	$ 0.0695	260,000,000	260,000,000
5	Issued 10 April 2017 (iv)	$ 0.009	1-Dec-2017	07-Apr-22	$ 0.0030	100,000,000	100,000,000
6	Issued 10 April 2017 (iv)	$ 0.009	1-Dec-2018	07-Apr-23	$ 0.0060	100,000,000	100,000,000
	Total					**920,000,000**	**920,000,000**

Notes:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. SHARE BASED PAYMENTS (CONTINUED)

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.

NOTE 18. KEY MANAGEMENT PERSONNEL REMUNERATION

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

	2019 $	2018 $
Short-term employee benefits	359,463	284,399
Post-employment benefits	30,364	24,527
Share-based benefits	236,133	1,171,844
	625,960	1,480,770

NOTE 19. AUDITORS REMUNERATION

	2019 $	2018 $
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial report	59,409	83,404
	59,409	83,404
Remuneration of auditor network firms of the company for:		
- auditing or reviewing the financial report of foreign subsidiaries	31,602	29,420
	31,602	**29,420**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. LOSS PER SHARE

	2019 $	2018 $
a) Reconciliation of earnings to profit or loss from continuing operations		
Loss from continuing operations	(205,800,856)	(18,616,633)
Less: loss attributable to non-controlling interest	30,039,954	2,751,917
Earnings used to calculate basic loss per share	(175,760,902)	(15,864,716)
	No.	No.
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share.	8,511,442,842	7,695,929,763

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

NOTE 21. DIVIDENDS

No dividends have been paid or proposed during the year (2018: nil).

NOTE 22. PARENT ENTITY FINANCIAL INFORMATION

Financial Position (as at 30 June)	2019 $	2018 $
Current assets	217,488	520,254
Non-current assets	(259,943)	180,781,425
Total assets	(42,455)	181,301,679
Current liabilities	128,128,551	528,880
Non-current liabilities	14,226	113,848,228
Total liabilities	128,142,777	114,377,108
Net assets	(128,185,232)	66,924,571
Shareholders' equity		
Issued Capital	430,030,658	426,230,658
Share based payments premium reserve	29,521,836	29,285,703
Transactions with non-controlling interests reserve	13,512,500	13,512,500
Accumulated losses	(601,250,226)	(402,104,290)
Total equity	(128,185,232)	66,924,571
Financial Performance (for the year ended 30 June)		
Loss for the year	(199,145,941)	(5,109,558)
Total comprehensive income	(199,145,941)	(5,109,558)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of new and revised accounting standards

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, beginning on or after 1 January 2018.

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

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. However, the Group has elected to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,

2) Impairment of financial assets, and

3) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:
- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

NOTES TO THE FINANCIAL STATEMENTS

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

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Group has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI;

(2) Lease receivables;

(3) Trade receivables and contract assets; and

(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

NOTES TO THE FINANCIAL STATEMENTS

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

IFRS 9 requires hedging gains and losses to be recognised as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 Presentation of Financial Statements and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorised as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income.

(e) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The application of IFRS 9 has had no impact on the consolidated cash flows of the Group.

Impact of application of IFRS 15 Revenue from Contracts with Customers
In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 July 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances.

As disclosed in note 1, the Groups' principle activities are associated with Project development and in the absence of any revenue from operations, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group.

Impact of initial application of other IFRS Standards and interpretations
In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 2 (amendments) ***Classification and Measurement of Share-based Payment Transactions***
The Group has adopted the amendments to IFRS 2 for the first time in the current year. The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority (typically in cash), i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

NOTES TO THE FINANCIAL STATEMENTS

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

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

   (i) the original liability is derecognised;
   (ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
   (iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately

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

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

New and revised IFRS Standards in issue but not yet effective
At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 16 Leases

General impact of application of IFRS 16 Leases
IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 July 2019.

The Group has chosen the full retrospective application of IFRS 16 in accordance with IFRS 16:C5(a). Consequently, the Group will restate the comparative information.

Impact of the new definition of a lease
The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on Lessee Accounting

Operating leases
IFRS 16 will change how the Group accounts for leases previously classified as operating leases, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Group will:

NOTES TO THE FINANCIAL STATEMENTS

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

a) Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

Finance leases
IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee. On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Impact on Lessor Accounting

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

This will require reclassification of certain sublease agreements as finance leases. As required by IFRS 9, an allowance for expected credit losses will be recognised on the finance lease receivables. The leased assets will be derecognised and finance lease asset receivables recognised. This change in accounting will change the timing of recognition of the related revenue (recognised in finance income).

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The Annual Improvements include amendments to four Standards.

IAS 12 *Income Taxes*
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 *Borrowing Costs*
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 *Business Combinations*
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its

NOTES TO THE FINANCIAL STATEMENTS

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

previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 *Joint Arrangements*
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sundance Resources Limited (the "Company') and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the annual financial report, which indicates that the consolidated entity incurred a net loss after tax of $205.8 million and incurred net cash outflows from operating activities of $2.4 million for the year ended 30 June 2019 and had a working capital deficiency of $128.2 million as at that date. These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Deloitte.

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

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

Key Audit Matters

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

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Convertible notes At 30 June 2019, Sundance had on issue convertible notes with a face value of $92.3 million and redemption value of $ 132.9 million, which were due to expire on 23 September 2019. No new notes were issued during the current financial year. In addition to the agreements made with the noteholders to convert to equity and a FOB royalty on the future production of the project, subsequent new agreements were also entered into in conjunction with the with AustSino transaction, announced on ASX on 08 July 2019, which would buy out the convertible notes and leave Sundance debt free. As at 30 June 2019, the carrying amount of the debt component of convertible notes is $127 million & derivative liability $0.32 million as disclosed in the noted 5 (c). Significant judgement is involved in the accounting for, and valuation of the convertible notes, including the volatility of the share price and applied discount rates.	**Our procedures included, but not limited to:** • Assessing Managements valuations for the convertible notes including derivative component; • Assessing if the other agreements in existence alter the treatment of the notes at 30 June 2019; • Assessing the key inputs into the valuation models and determining their continued appropriateness; and • Recalculating the movement year on year. We also assessed the appropriateness of the disclosures in note 5 (C) to the financial statements.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 21 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Sundance Resources Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 30 October 2019

ASX ADDITIONAL INFORMATION AS AT 24 OCTOBER 2019

NUMBER OF HOLDERS OF EQUITY SECURITIES

Ordinary Share Capital

9,128,513,620 ordinary fully paid shares on issue are held by 18,406 individual shareholders. No ordinary shares have been partly paid. All issued ordinary shares carry one vote per share.

Options

1,460,000,000 unlisted options on issue. Options do not carry a right to vote.

Performance Rights

There are no performance rights are on issue.

Convertible Rights

913,200 unlisted convertible notes on issue. Convertible notes do not carry a right to vote.

Distribution of Fully Paid Ordinary Shares	No of Holders	No. Of Units	% of Issued Capital
1 - 1,000	1,133	384,710	0.001
1,001 – 5,000	3,588	10,708,575	0.12
5,001 – 10,000	2,743	22,529,901	0.25
10,001 – 100,000	6,990	277,017,249	3.03
100,001 over	3,972	8,817,873,185	96.60
Total	18,406	9,128,513,620	100.00%

4,972 Shareholders held less than a marketable parcel (<$500) of ordinary fully paid shares based on the current market price ($0.0860 – 24/10/2019).

SUBSTANTIAL SHAREHOLDERS

	Number of Shares	% of Total Ordinary Shares Issued
MR DAVID JAMES PORTER	1,661,257,272	18.20
HANLONG (AFRICA) MINING INVESTMENT LIMITED	1,532,832,350	16.79

ASX ADDITIONAL INFORMATION AS AT 24 OCTOBER 2019

The Top 20 shareholders held 58.90% of the total issued capital.

	Ordinary Shareholders	Number of Shares	% of Total Ordinary Shares Issued
1.	MR DAVID JAMES PORTER	1,661,257,272	18.20
2.	HANLONG (AFRICA) MINING INVESTMENT LIMITED	1,532,832,350	16.79
3.	HAVELOCK RESOURCES PTY LTD	413,333,334	4.53
4.	EASERO LOGISTICS (HONG KONG) CO LIMITED	300,000,000	3.29
5.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	230,383,772	2.52
6.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	223,788,850	2.45
7.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAIL CLIENT DRP>	202,927,636	2.22
8.	WESTRALIA RESOURCES PTY LTD	150,000,000	1.64
9.	CITICORP NOMINEES PTY LIMITED	120,013,578	1.32
10.	MAYLION PTY LIMITED	95,714,286	1.05
11.	MR CLEMENT LEUNG	64,741,354	0.71
12.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A.C 2	64,741,354	0.71
13.	MS WINNIE CHI WONG	52,000,000	0.57
14.	MR JISI LIU	50,000,000	0.55
15.	MR SERGE E ASSO'O MENDOMO	50,000,000	0.55
16.	MR FRANK FAVORITO + MS HONGBING WU	43,060,486	0.47
17.	MR FRANKIE CHI CHOY MA	41,888,888	0.46
18.	MS YEN LEE	27,258,646	0.30
19.	POMEROL HOLDINGS SDN BHD\C	26,666,667	0.39
20.	MR WALTER JOHN SZYDLOWSKI	26,124,929	0.29
	Total Remaining Holders Balance	**3,752,082,779**	**41.10**