



SUNDANCE RESOURCES
Limited

ABN 19 055 719 394

ANNUAL REPORT

30 June 2022

Corporate directory**Current Directors**

David Porter	Non-executive Director & Chairman	
Brett Fraser	Non-executive Director	
Giulio Casello	Non-executive Director	(Appointed 15 July, 2021)

Company Secretary

Brett Fraser (Appointed 15 October, 2021)

Registered Office

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WEST PERTH WA 6005

Telephone: +61 (8) 9220 2300

Email: info@sundanceresources.com.au

Website: www.sundanceresources.com.au

Share Registry

Computershare Investor Services Pty Ltd

Street: Level 11, 172 St George's Terrace
PERTH WA 6000

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Facsimile: +61 (8) 9323 2033

Website: <https://www.computershare.com.au>

Auditor

Hall Chadwick WA Audit Pty Ltd

Street: 283 Rokeby Road
Subiaco WA 6008

Telephone: +61 (8) 9426 0666



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Review of operations

OVERVIEW

Congo Action:

- ▶ It was announced by Sundance on 16 December 2020 and confirmed by a further announcement on 21 December 2020 that the Congo by a Presidential decree on 30 November 2020 had expropriated the Nabeba Mining Permit and had issued it to an unknown company - Sangha Mining Development Sasu ("Sangha Mining"). This expropriation is considered illegal and against the terms of the legally binding Nabeba mining convention ("Nabeba Convention") which had been passed into Congolese law in 2018.
- ▶ Sundance issued to Congo a Notice of Dispute and a Notice of Expropriation on 16 December 2020. Sundance is claiming damages of \$US8.76B. Sundance is being represented by magic circle law firm Clifford Chance.
- ▶ Due to the expropriation resulting in the loss of a key asset Sundance requested that the delisting be brought forward to 21 December 2021.
- ▶ Under the terms of the Nabeba Convention Sundance gave Congo 60 days' notice before commencing arbitration. After some initial positive feedback this was extended by a further 30 days. On 13 March 2021 Congo signed an operating Agreement with Sangha Mining for the Nabeba deposit and two other nearby deposits (Avima and Badondo) that it had removed from their owners and also given to Sangha Mining on the same day – 30 November 2020.
- ▶ Furthermore, a Convention was issued to Sangha in March 2021, in an extraordinary short period of time.
- ▶ In response to this Sundance announced on 25 March 2021 that it had commenced arbitration against Congo under the rules of the ICC in London.
- ▶ On 27 May 2022, a Memorial of Claim ("Memorial") was filed at the ICC. The Memorial included:
 - factual background to the Project and the dispute;
 - a detailed statement of the legal basis for each claim brought against Congo;
 - a number of witness statements; and
 - reports from several independent experts covering the value of the Mbalam Nabeba Iron Ore Project and demonstrating damages ranging from \$US1.5B to \$US5.7B, depending on the iron ore price used.

The first hearing, which follows other procedural requirements, is not expected until Q1 2024. Congo has until November 2022 to respond to the Memorial.



Cameroon Action:

- ▶ Sundance and its subsidiary Cam Iron issued a Notice of Dispute with the Government of the Republic of Cameroon (“Cameroon”) as announced on 16 December 2021 to reinforce its legal rights to have a mining permit via a Presidential implementation decree issued to Cam Iron.
- ▶ Negotiations with Cameroon were progressing but following a visit to Cameroon by the Minister of Mines, Congo Pierre Oba and reporting on meetings that he had with senior Cameroon officials and the President of Cameroon Sundance and Cam Iron decided to commence international arbitration via ICC (Paris) against Cameroon. This was announced on 2 June 2021.
- ▶ Constructive discussions had since continued with Cameroon resulting in Sundance delaying the arbitration proceedings.
- ▶ In March 2022 Sundance was made aware that Cameroon, via the Presidency, was looking to issue the Mbalam permit to a government or other private entity
- ▶ Sundance initiated an emergency injunction via the ICC to prohibit Cameroon taking action on the permit.
- ▶ An interim binding order was issued by the Emergency Arbitrator on 1 April 2022 which refrains Cameroon from issuing the Mbalam exploitation permit to any party other than Cam Iron till either the full arbitration against Cameroon is completed or a full body of arbitrators reconsiders this position.
- ▶ On 16 June 2022, Cameroon filed a request to annul the Emergency Arbitrator’s interim order of 1 April 2022 (“Request”). This Request was heard by the Emergency Arbitrator on 5 July 2022 in front of legal representatives of Sundance/Cam Iron and Cameroon. On 20 July 2022, the Emergency Arbitrator issued his decision, in which he declared that “... insofar as the Cameroon Request is admissible, it is without merit and accordingly [the Emergency Arbitrator] denies the Request in its entirety”
- ▶ On 5 September 2022 Sundance announced that Cameroon had issued a Presidential decree on 17 August 2022 which issued an exploitation permit over the Mbalam iron ore tenement to an entity named Cameroon Mining Company SARL. This decree is in direct contradiction to the orders issued by the ICC Emergency Arbitrator.
- ▶ Sundance will continue to pursue the arbitration against Cameroon with increased vigour.

AustSino Action:

- ▶ Sundance announced on 11 October 2021 that following a period of investigation, it had applied for Pre Action Discovery against AustSino and its Executive Chairman Mr Ding in the Supreme Court of Western Australia.
- ▶ Since that time AustSino has signed an MOU and been issued a contract by Cameroon to build a railway and port in Cameroon together with its partner Bestway. Bestway is the sole owner of Sangha which was the recipient of the illegally expropriated permits in Congo following a number of delays and discussions our application for Pre Action Discovery was heard in the Supreme Court on 15 March 2022. On Thursday, 31 March 2022, the Supreme Court ruled in favour of Sundance receiving pre-action discovery from AustSino and Mr Ding of, in substance, the categories of documents requested by Sundance. As part of this ruling, the Supreme Court agreed with Sundance that the Company had presented evidence that established that it may have various causes of action against AustSino and Mr Ding, including misuse of confidential information and breach of fiduciary obligations by the diversion of a commercial opportunity.
- ▶ AustSino appealed this decision on 6 May 2022 but discontinued its appeal on 26 May 2022 before a hearing was due to be held. Therefore, the Pre-Action Discovery orders remain in force. There have been several delays in obtaining documents from AustSino and Mr Ding but at the date of this annual report non-confidential documents from AustSino have been received. A confidentiality regime has been negotiated with AustSino and Mr Ding and some of the confidential documents are currently being reviewed.



Corporate Actions:

- ▶ The planned legal activities can take a number of years and be expensive. Sundance was pleased to announce on 3 May 2021 that it had signed a binding Capital Provision Agreement (“CPA”) with Burford Asia Investments Pte Ltd (“Burford”) to provide Sundance non-recourse funding to cover the legal fees and other costs of arbitration against Congo and if needed Cameroon. Together with the obligation in the CPA to provide operating funding for Sundance during the proceedings and the \$1M funding announced on 12 April 2021 Sundance is in an excellent position to fight for justice.
- ▶ On 15 July 2021 Sundance announced that following a review of its leadership and management structure which resulted in Giulio Casello leaving his position as CEO and Managing Director of Sundance and returning as a Non-Executive Director of Sundance and entered into a consultancy agreement with Sundance.
- ▶ Sundance announced on 10 August 2021 that it had reached an agreement with Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International, Ltd, Wafin Limited and BSOF Master Fund L.P. (together the “Noteholders”) to restructure the company's existing debt (Convertible Notes to a redemption value of \$132.6M) (“Noteholder Waterfall Deed”) and security arrangements.
- ▶ Under the new arrangements, the Noteholders have agreed to indefinitely forbear on their Convertible Notes for the duration of the proceedings which are currently underway against the Governments of the Republic of the Congo and the Republic of Cameroon. If Sundance is successful in any of these proceedings and receives an award of damages, the Noteholders will be entitled to receive an agreed portion of any damages recovered as compensation for agreeing to the forbearance of their Convertible Notes. Any amounts due to the Noteholders under the new arrangements will be paid after Burford has recovered its entitlements as the litigation funder under the Capital Provision Agreement (as announced by the Company on 3 May 2021).
- ▶ After these payments are made to the litigation funder and the Noteholders, Sundance will be able to use the net proceeds of any damages awarded in the arbitration proceedings in its absolute discretion.
- ▶ Sundance Company Secretary, Carol Marinkovich resigned from that position and was replaced by Sundance Non-Executive Director, Brett Fraser on 15 October 2021.
- ▶ On 22 December 2021, Sundance issued 200,000,000 shares to Mr Fraser to reflect his performance on the Board, increased responsibility of the Company Secretary role and what is a fair compensation for Mr Fraser due to the current situation the Company finds itself in.
- ▶ On 22 December 2021, the Performance Rights which were vested as part of Mr Casello’s Deed of Termination and Settlement dated 15 July 2021, were converted to 200,000,000 shares.
- ▶ On 4 January 2022, Sundance issued 100,000,000 shares to Comprador under agreement in relation to negotiations with noteholders and restructuring noteholder debt to equity.

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.

Investigations into these events by the Australian Federal Police are ongoing and expected to take some time to conclude. Sundance is co-operating fully with the Australian Federal Police.

Cameroon Customs Dispute

Sundance, through its subsidiary Cam Iron SA (“Cam Iron”), became aware in 2017 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 that Cam Iron should have been aware of the discrepancies. The impact of these discrepancies on Cam Iron is uncertain and the company has had no further contact from customs officials.



Directors' report

Your directors present their report on the consolidated entity, consisting of Sundance Resources Limited (**Sundance** or **the Company**) and its controlled entities (collectively **the Group**), for the financial year ended 30 June 2022.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

-  Mr David Porter *Non-executive Director & Chairman*
 -  Mr Brett Fraser *Non-executive Director*
 -  Mr Giulio Casello *Non-executive Director (Appointed 15 July, 2021)*
- (the Board)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors, including details of the qualifications of Directors, please refer to paragraph 5 "Information relating to the directors" of this Directors' Report.

2. Company secretary

The following person held the position of Company Secretary at the end of the financial year:

-  Mr Brett Fraser *(Appointed 15 October, 2021)*

3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2022.

4. Operating and financial review

4.1. Nature of operations principal activities

The principal activity of the Group during the course of the financial year has been advancing legal proceedings in the International Chamber of Commerce in London and Paris. This is a result of the illegal expropriation of the Group's Nabeba iron ore permit in the Republic of the Congo and the litigation that is now ongoing against the Governments of both Congo and Cameroon.

4.2. Operations review

Refer to the Review of operations on page 1.

4.3. Financial review

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the year of \$164,711 (2021: \$1,607,868 loss).

The net asset deficiency of the Group have increased by \$53,482 from 30 June 2021 to \$134,440,883 at 30 June 2022.

As at 30 June 2022, the Group's cash and cash equivalents decreased from 30 June 2021 by \$367,799 to \$405,134 at 30 June 2022 and had a working capital deficit of \$133,957,934 (2021: \$133,766,290 working capital deficit), as disclosed in Note 7 of the Capital management note.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Company's assessment in this regard can be found in note 19 Statement of Significant Accounting Policies: Going Concern on page 46.



Directors' report

4.4. Significant changes in the state of affairs

- ▶ Sundance announced on the 15 July 2021 that the Board had completed a review of its leadership and management structure resulting in the Company's long-serving Chief Executive Officer, Giulio Casello, becoming a Non-Executive Director of the Company and entering into a consultancy agreement with the Group. This allows Sundance to benefit from Mr Casello's experience and knowledge of the Company and its legal proceedings as Sundance focuses on its litigation proceedings against the governments of Congo and Cameroon. The role of Chief Executive Officer no longer being required with responsibilities absorbed by the Board of Directors.
- ▶ On the 11 August 2021 Sundance announced that it had reached an agreement with Senrigan Master Fund, Noble Resources International Pte Ltd, D. E. Shaw Composite Holdings International Ltd, Wafin Limited and BSOF Master Fund L.P. (together, the "Noteholders") to restructure the Company's existing debt and security arrangements. Under the new arrangements, the Noteholders have agreed to indefinitely forbear on their Convertible Notes for the duration of the proceedings, which are currently underway against the Governments of the Republic of the Congo and the Republic of Cameroon.

In addition, if Sundance is successful in any of these proceedings and receives an award of damages, the Noteholders will be entitled to receive an agreed portion of any damages recovered:

- as compensation for their forbearance of their Convertible Notes, and
- in repayment of the redemption amounts owing under the Convertible Notes.

Any amounts due to the Noteholders under the new arrangements will be paid after Burford has recovered its entitlements as the litigation funder under the Capital Provision Agreement.

After these payments are made to the litigation funder and the Noteholders, Sundance will be able to use the balance of any damages awarded in the arbitration proceedings in its absolute discretion and in the interests of all shareholders.

- ▶ On 11 October 2021, Sundance announced that it had applied to the Supreme Court of Western Australia for pre-action discovery against AustSino and Mr Ding. As Sundance explained in that announcement, the Company has taken this step because Sundance's Board of Directors has serious concerns regarding the conduct of AustSino and Mr Ding in the period leading up to and following the unlawful expropriation of Sundance's iron ore assets by Congo in late November 2020.

On 2 November 2021, the Supreme Court issued programming orders for the pre-action discovery process, including deadlines for the filing of responsive affidavits and submissions by AustSino and Mr Ding. Sundance is pleased with these orders, which contemplate a one-day hearing of Sundance's pre-action discovery application at a time after 28 January 2022. This hearing occurred on 15 March 2022.

- ▶ Sundance Company Secretary, Carol Marinkovich resigned from her position and was replaced by Sundance Non-Executive Director, Brett Fraser on 15 October 2021.
- ▶ On 21 July 2022, Sundance provided the following update on legal proceedings against Congo, Cameroon and AustSino:
 - A Memorial of Claim has been filed at the International Chamber of Commerce ("ICC") in respect to the proceeding against the Republic of Congo.
 - The Republic of Cameroon has failed in its appeal against the interim order by the Emergency Arbitrator at the ICC. The interim order, which restrains the Republic of Cameroon from granting exploitation rights over the Mbalam iron ore deposit to any party except Sundance's subsidiary, Cam Iron, remains in force.
 - AustSino has withdrawn its appeal against the orders issued by the Supreme Court of Western Australia that grant pre-action discovery against AustSino and its Executive Chairman, Mr Chun Ming Ding.

There were no other significant changes to the state of affairs of the Group.

4.5. Events subsequent to reporting date

There are no significant after balance date events that are not covered in this Directors' Report section 4.2 Operations review above or within the financial statements at Note 11 Events Subsequent To Reporting Date on page 38.

4.6. Future developments, prospects and business strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.



Directors' report

4.7. Environmental regulations

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

The Group is committed to achieving a high standard of environmental performance. The Board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

5. Information relating to the directors

 Mr David Porter	<ul style="list-style-type: none"> ▶ Chairman (Non-Executive) Independent
Qualifications	▶ MSc(Geo), BSc (Hon)
Experience	▶ 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 18 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.
Interest in Shares and Options	1,735,542,986 ordinary shares in Sundance Resources Limited. No options held in Sundance Resources Limited.
Directorships held in other listed entities	▶ Mr Porter does not currently hold directorships in any other listed entities.
 Mr Brett Fraser	<ul style="list-style-type: none"> ▶ Director (Non-Executive) Independent
Qualifications	▶ FFIN, FCPA, BBus, FGIA
Experience	▶ 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 Practising 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.
Interest in Shares and Options	▶ 200,000,000 ordinary shares held in Sundance Resources Limited. No options held in Sundance Resources Limited.
Directorships held in other listed entities	▶ Mr Fraser is a Non-Executive Director of Firefinch Ltd (ASX:FFX)
 Mr Giulio Casello	<ul style="list-style-type: none"> ▶ Director (Non-Executive)
Qualifications	▶ B.Eng, ME Mgt, MAICD



Directors' report

- Experience ▶ Mr Casello is a highly experienced executive with national and global exposure in manufacturing environments for blue chip organisations. Backed by 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.
- Interest in Shares and Options ▶ 214,950,000 ordinary shares in Sundance Resources Limited.
200,000,000 options in Sundance Resources Limited.
No performance rights in Sundance Resources Limited.
- Directorships held in other listed entities ▶ Mr Casello does not currently hold directorships in any other listed entities.

6. Meetings of directors and committees

During the financial year eight meeting of Directors (including committees of Directors) were held. Attendances by each Director during the year are stated in the following table.

	DIRECTORS' MEETINGS		AUDIT COMMITTEE		NOMINATION & REMUNERATION COMMITTEE		FINANCE & OPERATIONS COMMITTEE	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
David Porter	19	19	<i>At the date of this report, the full Board of Directors consider all matters of nomination and remuneration, audit, and finance and operations. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of separate committees.</i>					
Brett Fraser	19	19						
Giulio Casello	19	19						

7. Indemnifying officers or auditor

7.1. Indemnification

The Company indemnifies each of its Directors, officers and company secretary to the maximum extent permitted by the *Corporations Act 2001* from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a director or officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the *Corporations Act 2001*. The Company must also use its best endeavours to insure a Director or officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

7.2. Insurance premiums

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

8. Options

8.1. Unissued shares under option

At the date of this report, the unissued ordinary shares of Sundance Resources Limited under option (listed and unlisted) are as follows:



Directors' report

Date of Vesting	Date of Expiry	Exercise Price	Number under Option
1 December 2018	1 December 2023	\$0.006	100,000,000
8 January 2019	8 January 2024	\$0.006	110,000,000
14 February 2019	13 February 2024	\$0.006	400,000,000
25 February 2019	21 February 2024	\$0.006	30,000,000
16 December 2019	28 August 2024	\$0.006	26,666,667
16 December 2019	29 August 2024	\$0.006	22,666,667
			689,333,334

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

8.2. Shares issued on exercise of options

No ordinary shares were issued by the Company as a result of the exercise of options during or since the end of the financial year.

9. Non-audit services

During the year, Hall Chadwick WA Audit Pty Ltd (Hall Chadwick), the Company's auditor, did not perform any services other than their statutory audits. Details of remuneration paid to the auditor can be found within the financial statements at Note 13 Auditors' Remuneration on page 39.

In the event that non-audit services are provided by Hall Chadwick, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the *Corporations Act 2001*. These procedures include:

-  non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
-  ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

10. Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

11. Auditor's independence declaration

The lead auditor's independence declaration under Section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2022 has been received and can be found on page 10 of the annual report.



Directors' report

This Report of the Directors is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).



DAVID PORTER

Chairman

Dated this Wednesday, 9 November 2022



To the Board of Directors

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

As lead audit Director for the audit of the financial statements of Sundance Resources Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully,

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark DeLaurentis

MARK DELAURENTIS CA
Director

Dated Perth, Western Australia this 9th day of November 2022

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2022

	Note	2022 \$	2021 \$
<i>Continuing operations</i>			
Other income	1.2	1,555,277	2,589,133
Administration expense	1.3	(155,050)	(180,509)
Consultants fees expensed		(299,146)	(341,779)
Employee and director benefits expense	1.4	(691,944)	(1,274,444)
Legal fees		(281,620)	(592,024)
Listing and registry fees		(32,735)	(62,498)
Occupancy costs		(13,661)	(85,616)
Professional fees	1.5	(86,467)	(70,720)
Travel expenses		(1,506)	(12,551)
Impairment of investment in other entity	4.6	-	(1,400,000)
Other expenses	1.6	(157,859)	(176,860)
Loss from continuing operations before tax		(164,711)	(1,607,868)
Income tax	2	-	-
Loss from continuing operations net of tax		(164,711)	(1,607,868)
<i>Loss for the period attributable to:</i>			
Non-controlling interest		(2,395,793)	(2,177,170)
Owners of the parent		2,231,082	569,302
Net loss attributed to members		(164,711)	(1,607,868)
<i>Other comprehensive expense, net of income tax</i>			
<ul style="list-style-type: none"> Items that may be reclassified subsequently to profit or loss: Exchange differences on translating foreign operations 		(117,261)	(103,265)
Other comprehensive expense for the year, net of tax		(117,261)	(103,265)
Total comprehensive expense for the year		(281,972)	(1,711,133)
<i>Total comprehensive income attributable to:</i>			
<ul style="list-style-type: none"> Non-controlling interest Owners of the parent 		(37,884)	(1,252,241)
		(244,088)	(458,892)
Total comprehensive expense attributed to members		(281,972)	(1,711,133)
<i>Earnings per share:</i>			
Basic and diluted (cents per share)	15	¢ 0.023	¢ 0.006

The consolidated statement of profit or loss and other comprehensive expense is to be read in conjunction with the accompanying notes.



Consolidated statement of financial position

as at 30 June 2022

	Note	2022 \$	2021 \$
<i>Current assets</i>			
Cash and cash equivalents	3.1	405,134	772,933
Trade and other receivables	3.2	695,700	211,149
Inventory	4.3	-	746
Other assets	4.2	86,502	125,656
Total current assets		1,187,336	1,110,484
<i>Non-current assets</i>			
Investments in other entity	4.6	-	-
Total non-current assets		-	-
Total assets		1,187,336	1,110,484
<i>Current liabilities</i>			
Borrowings	3.4	133,556,200	133,556,200
Trade and other payables	3.5	1,509,280	1,125,826
Provisions	4.5	79,790	194,748
Total current liabilities		135,145,270	134,876,774
<i>Non-current liabilities</i>			
Advance from Litigation Funder	3.6	-	250,000
Provisions	4.5	482,948	371,111
Total non-current liabilities		482,948	621,111
Total liabilities		135,628,218	135,497,885
Net assets		(134,440,883)	(134,387,401)
<i>Equity</i>			
Issued capital	5.1	432,064,810	432,049,810
Reserves		75,625,148	77,887,828
Accumulated losses		(579,868,875)	(582,099,957)
Non-controlling interest		(62,262,966)	(62,225,082)
Total equity		(134,440,883)	(134,387,401)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.



Consolidated statement of changes in equity

for the year ended 30 June 2022

Note	Issued Capital	Other Equity	Share Transactions With Non-Controlling Interests	Foreign Exchange Translation Reserve	Issue of Convertible Notes	Options Premium Reserve	Share Based Payments Reserve	Accumulated Profit/(Losses)	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	432,049,810	1,400,000	(11,160,000)	35,787,176	24,672,500	4,518,800	25,003,036	(582,669,259)	(60,972,841)	(131,370,778)
Loss for the year	-	-	-	-	-	-	-	569,302	(2,177,170)	(1,607,868)
Foreign currency loss	-	-	-	(1,028,194)	-	-	-	-	924,929	(103,265)
Total comprehensive income for the year	-	-	-	(1,028,194)	-	-	-	569,302	(1,252,241)	(1,711,133)
Transaction with owners, directly in equity										
Impairment of investment in other entity	-	(1,400,000)	-	-	-	-	-	-	-	(1,400,000)
Share based payments	-	-	-	-	-	-	94,510	-	-	94,510
Balance at 30 June 2021	432,049,810	-	(11,160,000)	34,758,982	24,672,500	4,518,800	25,097,546	(582,099,957)	(62,225,082)	(134,387,401)
Balance at 1 July 2021	432,049,810	-	(11,160,000)	34,758,982	24,672,500	4,518,800	25,097,546	(582,099,957)	(62,225,082)	(134,387,401)
Loss for the year	-	-	-	-	-	-	-	2,231,082	(2,395,793)	(164,711)
Foreign currency loss	-	-	-	(2,475,170)	-	-	-	-	2,357,909	(117,261)
Total comprehensive income for the year	-	-	-	(2,475,170)	-	-	-	2,231,082	(37,884)	(281,972)
Transaction with owners, directly in equity										
Securities issued	15,000	-	-	-	-	-	-	-	-	15,000
Share based payments	-	-	-	-	-	-	213,490	-	-	213,490
Balance at 30 June 2022	432,064,810	-	(11,160,000)	32,283,812	24,672,500	4,518,800	25,311,036	(579,868,875)	(62,262,966)	(134,440,883)

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.



Consolidated statement of cash flows

for the year ended 30 June 2022

Note	2022 \$	2021 \$
<i>Cash flows from operating activities</i>		
Payments to suppliers and employees	(1,134,118)	(2,418,034)
Receipts from others	38,993	1,097,104
Receipts from litigation funder	728,470	-
Interest received	45	474
Interest and borrowing costs	(3,159)	(2)
Net cash used in operating activities	(369,769)	(1,320,458)
<i>Cash flows from investing activities</i>		
Proceed from disposal of property, plant & equipment	4,733	91,555
Net cash (used in)/provided by investing activities	4,733	91,555
<i>Cash flows from financing activities</i>		
Loan proceeds from investor	-	1,000,000
Advance from litigation funder	-	250,000
Net cash provided by financing activities	-	1,250,000
Net increase/(decrease) in cash held	(365,036)	21,097
Cash and cash equivalents at the beginning of the year	772,933	753,385
Effects of exchange rates on cash and cash equivalents	(2,763)	(1,549)
Cash and cash equivalents at the end of the year	405,134	772,933

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the year ended 30 June 2022

In preparing the 2022 financial statements, Sundance Resources Limited has grouped notes into sections under five key categories:

 Section A: How the numbers are calculated	16
 Section B: Risk	32
 Section C: Group structure.....	36
 Section D: Unrecognised items	37

Significant accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-significant are not included in the financial statements.

The presentation of the notes to the financial statements has changed from the prior year and is supported by the IASB's Disclosure Initiative. As part of this project, the AASB made amendments to AASB 101 *Presentation of Financial Statements* which have provided preparers with more flexibility in presenting the information in their financial reports.

The financial report is presented in Australian dollars, except where otherwise stated.

The registered office and principal place of business of the Company is:

Address:

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WEST PERTH WA 6005

Telephone: +61 (0)8 9220 2300

Email: info@sundanceresources.com.au



Notes to the consolidated financial statements

for the year ended 30 June 2022

SECTION A. HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction
- (b) analysis and sub-totals, including segment information
- (c) information about estimates and judgements made in relation to particular items.

Note 1 Loss before income tax

The following significant revenue and expense items are relevant in explaining the financial performance:

1.1 Pass-through arrangement

Within the loss from continuing operations there is a netting off of revenue and expenditure under a pass-through arrangement. Costs that are reasonably incurred by Sundance in order to expedite the successful litigation of the governments of Congo and Cameroon are recovered from Burford under the funding agreement.

Clifford Chance has been engaged by Sundance to represent them in legal proceedings. Costs incurred by Clifford Chance are invoiced to Sundance and paid directly by Burford. Due to the commercial sensitivity of these cases the total amount of legal fees under this pass-through arrangement have not been disclosed.

1.2 Other income from continuing operations

		2022	2021
		\$	\$
 Government assistance COVID 19	1.2.1	-	100,000
 Shares and cash forfeited	1.2.2	-	2,150,000
 Litigation funding	1.2.3	1,492,226	-
 Insurance premium refund		-	243,496
 Sale of fixed assets		4,733	91,555
 Interest revenue		45	474
 Other income		58,273	3,608
		1,555,277	2,589,133

1.2.1 Covid 19 government assistance

The Group benefited from the government's temporary Cash Flow Boost support package designed to assist businesses manage cashflow challenges and help retain employees during the economic downturn associated with COVID-19. Eligible businesses who employed staff received cash flow boosts delivered as credits via the activity statement system (not as direct payments to the business). The cash flow boost payments were made in two stages. The initial cash flow boost was based on the amount of the Company's PAYG withholding for the period April to June 2020. Eligible businesses that withheld tax on their employees' salary and wages received a credit equal to 100% of the amount withheld to a maximum payment of \$50,000. The second payments were made for the July to September 2020 quarter. Eligible businesses received an additional payment equal to the total that they had been paid in the first round of payments to a maximum of \$50,000, regardless of the amount of PAYG tax actually paid to the Australian Taxation Office (ATO).

1.2.2 AustSino shares forfeited

AustSino provided \$2.15m in funding to Sundance which was repayment in cash or equity on the condition that the Sundance Agreement completed by 30 November 2020. The issue price of the shares was \$0.0045 per share and was held pending in an equity reserve. Since the agreement did not complete this funding has now been recognised as revenue for Sundance.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 1 Loss before income tax (continued)**1.2.3 Litigation funding**

Non-recourse funding provided by Burford to cover legal fees and other costs of arbitration.

Initial advance of \$250,000 received in June 2021 from Burford was recognised in the Annual Financial Report for the year ended 30 June 2021 as a non-current liability. In August 2021 Sundance subsequently reached an agreement with the note holders to restructure the company's existing debt and security arrangements. Following execution of this agreement the repayment of this funding became non-recourse in nature and treated as income.

1.2.4 Accounting Policy – 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.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note	1	Loss before income tax (continued)	2022 \$	2021 \$
1.3		Administration expenses:		
		Corporate costs	36,011	56,240
		General administration costs	64,236	60,598
		IT and communications	54,803	63,671
			155,050	180,509
1.4		Employee and director benefits:		
		Share based payment	228,490	94,510
		Salaries and wages	168,957	581,778
		Non-executive Directors' fees	257,083	190,000
		Redundancy	-	350,000
		Superannuation	37,414	58,156
			691,944	1,274,444
1.4.1		<i>Accounting Policy – Wages and salaries, annual leave and sick leave</i>		
		Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.		
1.5		Professional fees:		
		Audit, accounting and tax	83,304	45,163
		Public relations	3,163	25,557
			86,467	70,720
1.6		Other expenses:		
		Consumables	6,581	14,411
		Insurance	148,119	152,550
		Motor vehicles	-	9,897
		Interest paid	3,159	2
			157,859	176,860



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note	2	Income tax	Note	2022 \$	2021 \$
2.1		Components of tax expense comprise:			
		<i>Current income tax</i>			
		☞ Current income charge (benefit)		(272,802)	(591,284)
		<i>Deferred income tax</i>			
		☞ Relating to origination and reversal of temporary differences		(16,710,822)	(279,231)
		☞ Tax losses not brought to account		272,802	591,284
		☞ Timing differences not brought to account		16,710,822	279,231
		Income tax expense reported in the Statement of Comprehensive Income			-
2.2		Reconciliation of income tax expense to prima facie tax payable			
		The prima facie tax payable/(benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
		Loss before income tax		(164,708)	(1,607,868)
		Prima facie tax payable on loss from ordinary activities before income tax at 25% (2021: 30%)		(41,177)	(482,360)
		Add / (Less) Tax effect of:			
		☞ Impairment of project & utility expense		-	-
		☞ Share based payment expense		57,123	28,353
		☞ Other non-allowable items		187	225
		☞ Losses not brought to account		272,802	591,284
		☞ Timing differences not brought to account		(366,006)	413,106
		☞ Non-assessable income		77,071	(550,608)
		Income tax attributed to entity		-	-
2.3		Unrecognised deferred tax balances			
		☞ Unrecognised deferred tax asset – losses		45,649,260	47,688,158
		☞ Unrecognised deferred tax assets – other		1,415,877	1,878,549
		Deferred tax asset not brought to account		47,065,137	49,566,707



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note	2	Income tax (continued)	2022	2021
			\$	\$

2.4 Key estimates – Taxation

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Group's tax losses have the ability to be carried forward indefinitely for offset against future taxable profits of the Group. The recoupment of available tax losses as at 30 June 2022 are contingent upon the Group satisfying the following conditions:

- ▶ deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;
- ▶ the conditions for deductibility imposed by tax legislation continuing to be complied with and the company meeting either its continuity of ownership test or in the absence of satisfying that test the company can satisfy the same business test; and
- ▶ there being no changes in tax legislation which would adversely affect the Group from realising the benefits from the losses.

In the event that the Group fails to satisfy these conditions above or the Commissioner of Taxation challenges the Group's ability to utilise its losses, the Group may be liable for future income tax on assessable income derived by the company.

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates consider both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

2.5 Accounting Policy

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 3 Financial assets and financial liabilities			
3.1	Cash and cash equivalents	2022 \$	2021 \$
	Cash at bank and on hand	405,134	772,933
		405,134	772,933
3.1.1	The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 6 Financial risk management.		
3.1.2	Cash Flow Information	2022 \$	2021 \$
a.	<i>Reconciliation of cash flow from operations to (loss)/profit after income tax</i>		
	Operating loss after income tax	(164,711)	(1,607,868)
	<i>Non-cash flows in loss from ordinary activities:</i>		
	📄 Share-based payments	228,490	94,510
	📄 Cost of shares to secure extension to binding agreement	-	(1,400,000)
	📄 Loss on disposal of fixed assets	(4,733)	(91,555)
	📄 Impairment of investment in other entities	-	1,400,000
	📄 Total foreign exchange impact on operating cash flows	(114,495)	(101,716)
	<i>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:</i>		
	📄 Decrease/(increase) in debtors & prepayments	(442,000)	(176,240)
	📄 Decrease/(increase) in inventories	746	310
	📄 (Increase)/decrease in accruals & provisions	362,426	78,007
	📄 Increase/(decrease) in payables	(235,492)	484,094
	Cash flow from operations	(369,769)	(1,320,458)
3.1.3	Accounting Policy		
	For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.		
3.2	Trade and other receivables	2022 \$	2021 \$
3.2.1	Current		
	Other receivables	695,700	211,149
		695,700	211,149
3.2.2	At reporting date, there are no receivables past their due date.		



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 3 Financial assets and financial liabilities (continued)

3.2 Trade and other receivables (continued)

3.2.3 Accounting Policy

Trade receivables are generally due for settlement within 30 days. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Allowance for expected credit losses of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

3.3 Financial Assets

3.3.1 Accounting policies - Investments and other financial assets

a. Classification

The Group classifies its financial assets in the following measurement categories:

- ▶ those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- ▶ those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c. Classification

The Group classifies its financial assets in the following measurement categories:

- ▶ those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- ▶ those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 3 Financial assets and financial liabilities (continued)

3.3 Financial Assets (continued)

3.3.2 Accounting policies - Investments and other financial assets (continued)

d. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

e. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- ▶ Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- ▶ FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- ▶ FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

ii. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 3 Financial assets and financial liabilities (continued)

3.3 Financial Assets (continued)

3.3.2 Accounting policies - Investments and other financial assets (continued)

iii. Foreign exchange gains and losses

The carrying amount of financial assets and financial liabilities that are denominated in a foreign currency are determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- ▶ for financial assets and financial liabilities measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- ▶ for those financial assets and financial liabilities 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.
- ▶ 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 and financial liabilities 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.

f. Impairment

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3.4 Borrowings

3.4.1 Current:

		2022 \$	2021 \$
Convertible Note – Debt Liability	3.4.2	132,556,200	132,556,200
Loan from investor	3.4.3	1,000,000	1,000,000
		133,556,200	133,556,200

3.4.2 Restructure of Arrangement With Noteholders

Sundance and its Noteholders have agreed in principle a method in which the Convertible Notes will be converted to a waterfall payment system based on litigation proceeds.

Under the new arrangements, the Noteholders have agreed to indefinitely forbear on their Convertible Notes for the duration of the proceedings, which are currently underway against the Governments of the Republic of the Congo and the Republic of Cameroon.

In addition, if Sundance is successful in any of these proceedings and receives an award of damages, the Noteholders will be entitled to receive an agreed portion of any damages recovered

- ▶ as compensation for their forbearance of their Convertible Notes, and
- ▶ in repayment of the redemption amounts owing under the Convertible Notes.

Essentially, the agreed portion of damages to which the Noteholders are entitled corresponds to the amount of damages awarded to Sundance, with Sundance's recovery increasing as the amount of damages awarded in any of the proceedings increases.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 3 Financial assets and financial liabilities (continued)

3.4 Borrowings (continued)

Any amounts due to the Noteholders under the new arrangements will be paid after Burford has recovered its entitlements as the litigation funder under the Capital Provision Agreement.

After these payments are made to the litigation funder and the Noteholders, Sundance will be able to use the balance of any damages awarded in the arbitration proceedings in its absolute discretion and in the interests of all shareholders.

In the event that the Noteholders, after receiving independent legal advice, believe that the proceedings will not result in a threshold amount of payment to the Noteholders the Noteholders may, but are not obligated to, reinstate the Convertible Notes.

The liabilities recognised approximate fair value given the current circumstances at this point in time and will be reviewed if the success of litigation increases.

3.4.3 Loan from Investor

Short term loan funding facility received from existing noteholder Senrigan to ensure that Sundance had adequate working capital. This facility had the option of paying the loan back (with 15% interest) within 12 months of signing the term sheet or if not repaid would revert to the same terms as the CPA with Burford. The loan was not repaid and became a non-recourse loan upon signing the CPA on 10 August 2021.

As part of the revised arrangements Senrigan is entitled to receive an amount equal to the funds drawn down under the facility if Sundance is successful in receiving damages from legal proceedings.

3.4.4 Fair Values

Settlement liabilities have been fair valued at the current carrying amount. The arrangements under the litigation funding agreement and waterfall agreement outline the right to receive funds from proceeds arising from legal proceedings. At this point in time the outcome of the legal action is uncertain and the likelihood of recovering funds from the governments of Congo and Cameroon is unknown. The liabilities recognised approximate fair value given the current circumstances at this point in time and will be reviewed if the success of litigation increases.

3.4.5 Accounting Policy

Financial liabilities

a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

b. Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 3 Financial assets and financial liabilities (continued)

3.4 Borrowings (continued)

c. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

d. Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

3.5 Trade and other payables

3.5.1 Current:

Unsecured

Trade creditors

649,728

626,799

Sundry payables and accruals

859,552

499,027

Total unsecured liabilities

1,509,280

1,125,826

3.5.2 Accounting Policy

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are classified as financial liabilities. Financial liabilities are measured at amortised cost using the effective interest method.

3.6 Litigation Funding

3.6.1 Non-Current:

Unsecured

Advance from Litigation Funder

-

250,000

Total unsecured liabilities

-

250,000

3.6.2 Funding Arrangement

Non-recourse funding provided by Burford to cover legal fees and other costs of arbitration.

Initial advance of \$250,000 received in June 2021 from Burford was recognised in the Annual Financial Report for the year ended 30 June 2021 as a non-current liability. In August 2021 Sundance subsequently reached an agreement with the note holders to restructure the company's existing debt and security arrangements. Following execution of this agreement the repayment of this funding became non-recourse in nature and treated as income.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 4 Non-financial assets and financial liabilities (continued)

4.1 Other Significant Accounting Policies related to Non-Financial Assets and Liabilities

4.1.1 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

4.2 Other Current Assets

4.2.1 Current:

Prepayments

GST & VAT receivables

	2022 \$	2021 \$
Prepayments	9,805	37,400
GST & VAT receivables	76,697	88,256
	86,502	125,656

4.3 Inventory

4.3.1 Current:

Consumables and equipment

Provision for impairment

	2022 \$	2021 \$
Consumables and equipment	11,279	12,519
Provision for impairment	(11,279)	(11,773)
	-	746

4.3.2 Non-Current:

Drilling equipment and spares

Provision for impairment

Drilling equipment and spares	-	-
Provision for impairment	-	-
	-	-

4.3.3 Accounting Policy

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.

4.4 Mine development assets

4.4.1 Mbalam-Nabebe Iron Ore Project:

Carrying amount of asset

Project impairment

	2022 \$	2021 \$
Carrying amount of asset	187,542,141	187,542,141
Project impairment	(187,542,141)	(187,542,141)
	-	-

At 30 June 2022, 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 mine development assets were fully impaired in 2020 following the expiry of the Mbalam Convention. With expropriation of the Congo asset by the Government of Congo, the assets will continue to be fully impaired.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 4 Non-financial assets and financial liabilities (continued)

4.4 Mine development assets (continued)

4.4.2 Accounting Policy

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. 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.

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

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

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.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 4 Non-financial assets and financial liabilities (continued)		
	2022	2021
	\$	\$
4.5 Provisions		
4.5.1 Current:		
Employee benefits provision	79,790	194,748
	79,790	194,748
4.5.2 Non-Current:		
Employee benefits provision	482,948	371,111
	482,948	371,111

4.5.3 Accounting Policy

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.

4.6 Investment in other entity

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

These shares were issued on 24 December 2019.

The investment has now been fully impaired.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 5 Equity					
5.1 Issued capital	Note	2022 No.	2021 No.	2022 \$	2021 \$
Fully paid ordinary shares at no par value		9,950,021,556	9,450,021,556	432,064,810	432,049,810
5.1.1 Ordinary shares					
At the beginning of the year		9,450,021,556	9,450,021,556	432,049,810	432,049,810
Shares issued during the year		500,000,000	-	15,000	-
At reporting date		9,950,021,556	9,450,021,556	432,064,810	432,049,810

5.1.2 Terms and Conditions

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called otherwise each shareholder has one vote on a show of hands.

No dividends have been paid or proposed during the financial year.

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

5.2 Options

The total number of options on issue are as follows:

	Note	2022 No.	2021 No.	2022 \$	2021 \$
Unlisted options		689,333,334	789,333,334	4,136,000	4,436,000
5.2.1 Unlisted options					
At the beginning of the year		789,333,334	789,333,334	4,436,000	4,436,000
Options issued during the year		-	-	-	-
Options lapsed during the year		(100,000,000)	-	(300,000)	-
At reporting date		689,333,334	789,333,334	4,136,000	4,436,000



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 5 Equity (continued)

5.3 Performance rights

The total number of performance rights on issue over ordinary shares are as follows:

	Note	2022 No.	2021 No.	2022 \$	2021 \$
Unlisted Performance rights		-	200,000,000	-	213,490
5.3.1 Unlisted Performance rights					
At the beginning of the year		200,000,000	-	213,490	-
Performance rights issued during the year:					
15 September 2020	5.3.2	-	300,000,000	-	462,000
Performance rights lapsed during the year:					
31 December 2020	5.3.3	-	(100,000,000)	-	(154,000)
Performance rights expensed during the period		-	-	(213,490)	(94,510)
Performance rights converted to shares during the period	5.3.4	(200,000,000)	-	-	-
At reporting date		-	200,000,000	-	213,490

5.3.2 300,000,000 unlisted performance rights issued for nil consideration under the SDL Performance Rights Plan approved by shareholders on 29 November 2017. Performance rights were approved by shareholders at the EGM on 29 July 2020 and expire on 15 September 2023.

5.3.3 100,000,000 unlisted performance rights lapsed on 31 December 2020 due to performance condition not satisfied.

5.3.4 200,000,000 unlisted performance rights vested on 15 July 2021 on termination of employment.



Notes to the consolidated financial statements

for the year ended 30 June 2022

SECTION B. RISK

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

Note 6 Financial risk management

6.1 Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks and accounts payable. The Group does not speculate in the trading of derivative instruments.

Risk management has focused on limiting liabilities to a level which could be extinguished by sale of assets if necessary.

The Group's activities expose it to a variety of financial risks; credit risk, capital risk, foreign currency risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Board as a whole and reviewed on a regular basis.

	Note	Floating Interest Rate \$	Non- interest bearing \$	2022 Total \$	Floating Interest Rate \$	Non- interest bearing \$	2021 Total \$
Financial Assets							
▶ Cash and cash equivalents	3.1	405,134	-	405,134	772,933	-	772,933
▶ Trade and other receivables	3.2	-	695,700	695,700	-	211,149	211,149
Total Financial Assets		405,134	695,700	1,100,834	772,933	211,149	984,082
Financial Liabilities							
Financial liabilities at amortised cost							
▶ Trade and other payables	3.5	-	1,509,280	1,509,280	-	1,125,826	1,125,826
▶ Borrowings	3.4	-	133,556,200	133,556,200	-	133,556,200	133,556,200
▶ Advance from Litigation Funder	3.6	-	-	-	-	250,000	250,000
Total Financial Liabilities		-	135,065,480	135,065,480	-	134,932,026	134,932,026
Net Financial Assets/(Liabilities)		405,134	(134,369,780)	(133,964,646)	772,933	(134,720,877)	(133,947,944)

6.2 Specific Financial Risk Exposures and Management

6.2.1 Market risk

a. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Neither the Group nor the Company have any interest bearing liabilities subject to interest rate fluctuations.

Interest rate risk is not material to the Group.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 6 Financial risk management (continued)

6.2.2 Credit risk

Exposure to credit risk relating to financial assets arises largely from cash at bank.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The objective of the Group is to minimise the risk of loss from credit risk. 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.

6.2.3 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 2022 the Group and the Company have convertible note facilities with Wafin, Noble, the Investor Consortium, and 2015 Investor Consortium.

6.2.4 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.

6.2.5 Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The objective of the consolidated entity is to maintain sufficient liquidity to meet commitments under normal and stressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities.

The Group did not have access to any undrawn borrowing facilities at the reporting date.

All liabilities are current and will be repaid in normal trading terms

a. Contractual Maturities

The following are the contractual maturities of financial assets and liabilities of the Group:



Notes to the consolidated financial statements
for the year ended 30 June 2022

Note 6 Financial risk management (continued)

	Within 1 Year		Greater Than 1 Year		Total			
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	Weighted Average Effective Interest Rate %	Weighted Average Effective Interest Rate %	\$	\$
Financial liabilities due for payment								
Trade and other payables	1,509,280	1,125,826	-	-	0.00%	0.00%	1,509,280	1,125,826
Debt liability	132,556,200	132,556,200	-	-	64.50%	64.50%	132,556,200	132,556,200
Loan from investor	1,000,000	1,000,000	-	-	0.00%	0.00%	1,000,000	1,000,000
Advance from Litigation Funder	-	-	-	250,000	0.00%	0.00%	-	250,000
Total contractual outflows	135,065,480	134,682,026	-	250,000			135,065,480	134,932,026
Financial assets								
Cash and cash equivalents	405,134	772,933	-	-	0.01%	0.01%	405,134	772,933
Trade and other receivables	695,700	211,149	-	-	0.00%	0.00%	695,700	211,149
Total anticipated inflows	1,100,834	984,082	-	-			1,100,834	984,082
Net (outflow)/inflow on financial instruments	(133,964,646)	(133,697,944)	-	(250,000)			(133,964,646)	(133,947,944)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

6.2.6 Net fair value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary assets and financial liabilities approximates their carrying values.

a. Fair value hierarchy

AASB 13 Fair Value Measurement: Disclosures requires disclosure of the fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

All financial assets are classified as Level 1 and their value has been calculated in line with accounting policy Note 19.5 Fair Value.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 7 Capital management

Management controls the capital of the Group. Their objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. The capital structure of the consolidated entity consists of equity attributable to equity holders of the parent comprising issued capital, reserves and accumulative losses.

Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The Group is not subject to any externally imposed capital requirements.

The working capital position of the Group is as follows:

	Note	2022 \$	2021 \$
Cash and cash equivalents	3.1	405,134	772,933
Trade and other receivables	3.2	695,700	211,149
Other current assets	4.2	86,502	125,656
Inventory	4.3	-	746
Borrowings	3.4	(133,556,200)	(133,556,200)
Trade and other payables	3.5	(1,509,280)	(1,125,826)
Provisions	4.5	(79,790)	(194,748)
Working capital position		(133,957,934)	(133,766,290)



Notes to the consolidated financial statements

for the year ended 30 June 2022

SECTION C. GROUP STRUCTURE

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

- changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation
- transactions with non-controlling interests, and
- interests in joint operations.

A list of significant subsidiaries is provided in Note 8.

Note 8 Interest in subsidiaries

8.1 Information about principal subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interest held equals the voting rights held by the Group. Investments in subsidiaries are accounted for at fair value. Each subsidiaries' country of incorporation is also its principal place of business:

	Country of Incorporation	Class of Shares	Percentage Owned 2022	Percentage Owned 2021
<i>Subsidiaries of Sundance Resources Limited</i>				
✦ Cam Iron S.A.	Cameroon	Ordinary	90	90
✦ Sundance Minerals Pty Ltd	Australia	Ordinary	100	100
✦ Sundance Exploration Pty Ltd	Australia	Ordinary	100	100
✦ Sundance Mining Pty Ltd	Australia	Ordinary	100	100
✦ Congo Iron S.A.	Congo	Ordinary	85	85
✦ Sangha Resources S.A.	Congo	Ordinary	80	80
<i>Subsidiaries of Cam Iron S.A.</i>				
✦ Mbarga Mine Co S.A.	Cameroon	Ordinary	90	90
✦ CI RailCo S.A.	Cameroon	Ordinary	90	90
✦ CI PortCo S.A.	Cameroon	Ordinary	90	90
<i>Subsidiaries of CI RailCo S.A. and CI PortCo S.A.</i>				
✦ Mineral Terminal and Rail Operations Company S.A.	Cameroon	Ordinary	90	90

- Investments in subsidiaries are accounted for at fair value.

8.1.2 Accounting Policy – Principles of Consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.



Notes to the consolidated financial statements

for the year ended 30 June 2022

SECTION D. UNRECOGNISED ITEMS

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 9 Contingent assets and liabilities

The Consolidated Entity is aware of the following contingent assets and liabilities as at 30 June 2022:

9.1 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.

9.2 Legal services

On or around August 2017, Sundance engaged Clayton Utz to provide legal advice to the company and some of its former and current directors in relation to the investigation by the Australian Federal Police into allegations of Sundance's involvement in foreign bribery and corruption in respect of the Group's African operations during the period 2006 to 2008. A portion of the debt in relation to legal services payable to Clayton Utz remains unpaid. Clayton Utz has agreed to forbear from calling on the debt conditional upon Sundance being successful in its action against the Republic of Congo, either by way of negotiated settlement, award or judgement.

9.3 Republic of Congo, Republic of Cameroon and AustSino legal proceedings

On 16 December 2020 Sundance issued Notices of Dispute and Expropriation against the Government of Congo and a Notice of Dispute against the Government of Cameroon.

Congo proceedings

Under the Notice of Dispute and Expropriation against the Government of Congo, Sundance has sought US\$8.76 billion in compensation for the illegal expropriation of its assets, and damages for various breaches of the Mining Convention (signed with Sundance and ratified under Congolese Law in 2014). The matter has been referred to arbitration at the ICC in London.

Cameroon proceedings

The Notice of Dispute against the Government of Cameroon has been referred to the ICC in Paris and is primarily concerned with Cameroon's failure to implement the exploitation permit that was deemed to have been awarded to Cam Iron in respect of the Mbalam tenement in 2010. Sundance and Cam Iron are seeking various remedies in these proceedings, including an order of specific performance to compel Cameroon to issue a presidential decree to formalise and give full effect to the Mbalam exploitation permit.

Sundance has signed a binding Capital Provision Agreement with Burford to provide Sundance with non-recourse funding to cover legal fees and other costs of arbitration. The terms of the CPA remain commercial in confidence.

Sundance is confident that with the funding from Burford and the legal support from Clifford Chance, the Group will be successful in its actions against the governments of Congo and Cameroon. However, it's anticipated that these actions may take several years to conclude and the likelihood of obtaining compensation from these governments is unknown and heavily contingent on a successful verdict from the ICC arbitration.

AustSino proceedings

On 11 October 2021, Sundance applied to the Supreme Court for preaction discovery against AustSino and Mr Ding. The company took this step because Sundance's Board of Directors had (and continues to have) serious concerns regarding the conduct of AustSino and Mr Ding in the period leading up to and following the unlawful expropriation of Sundance's iron ore assets by Congo in late 2020. On Thursday, 31 March 2022, the Supreme Court ruled in favour of Sundance receiving pre-action discovery from AustSino and Mr Ding of, in substance, the categories of documents requested by Sundance. As part of this ruling, the Supreme Court agreed with Sundance that the Company had presented evidence that established that it may have various causes of action against AustSino and Mr Ding, including misuse of confidential information and breach of fiduciary obligations by the diversion of a commercial opportunity.

The Directors believe that as legal proceedings are in the early stages there is significant uncertainty regarding the outcome of these matters.



Note 10 Expenditure commitments

With the expiry of EP92 and the expropriation of the Congo mining permit no further minimum expenditure is required.

Note 11 Events subsequent to reporting date

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

11.1.1 Update on legal proceedings against Congo, Cameroon and AustSino

On the 21 July 2022 Sundance provided the following update on legal proceedings against Congo, Cameroon and AustSino:

- ▶ A Memorial of Claim has been filed at the International Chamber of Commerce (“ICC”) in respect to the proceeding against the Republic of Congo.
- ▶ The Republic of Cameroon has failed in its appeal against the interim order by the Emergency Arbitrator at the ICC. The interim order, which restrains the Republic of Cameroon from granting exploitation rights over the Mbalam iron ore deposit to any party except Sundance's subsidiary, Cam Iron, remains in force.
- ▶ AustSino has withdrawn its appeal against the orders issued by the Supreme Court of Western Australia that grant pre-action discovery against AustSino and its Executive Chairman, Mr Chun Ming Ding.

It was further announced on 5 September 2022 that an exploitation permit over the Mbalam tenements had been issued to a company called Cameroon Mining Company SARL in direct contradiction to the ICC Emergency Arbitrators orders.



Notes to the consolidated financial statements

for the year ended 30 June 2022

SECTION E. OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 12 Key management personnel compensation	2022 \$	2021 \$
Short-term employee benefits	413,079	559,476
Post-employment benefits	27,167	39,744
Share-based payments	225,490	94,510
	665,736	693,729

Note 13 Related party transactions

13.1 KMP and 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:

- Where any proposed transaction is at arm's length and on normal commercial terms and conditions no more favourable than those available to other parties; and
- Where it is believed that the Director-Related entity is the best equipped to undertake the work after taking into account: experience, expertise, knowledge of the Group, and value for money.

13.2 Equity holdings

Directors and their related entities held directly, indirectly or beneficially in the Company the following:

	2022 \$	2021 \$
Ordinary shares	2,150,492,986	1,750,492,986
Options	200,000,000	200,000,000
Performance rights	-	200,000,000

There are no other related party transactions other than those payments to Directors as Board members.

Note 14 Auditors' remuneration	2022 \$	2021 \$
Remuneration of the auditors of the Group for:		
Auditing or reviewing the financial report for the Company	38,005	38,000
Auditing or reviewing the financial report of foreign subsidiaries	28,481	30,860
	66,486	68,860



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note	15	Earnings per share (EPS)	Note	2022 \$	2021 \$
15.1		Reconciliation of earnings to profit or loss			
		(Loss) / profit for the year		(164,711)	(1,607,868)
		Less: loss attributable to non-controlling equity interest		2,395,793	2,177,170
		(Loss) / profit used in the calculation of basic and diluted EPS		2,231,082	569,302
				2022 No.	2021 No.
15.2		Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		9,706,733,885	9,450,021,556
				2022 ¢	2021 ¢
15.3		Earnings per share			
		Basic EPS (cents per share)	15.5.1	0.023	0.006

15.4 The Group does not report diluted earnings per share where options would not result in the issue of ordinary shares for less than the average market price during the period (out of the money).

In addition, the Group does not report diluted earnings per share on annual losses generated by the Group. At the end of the financial year, the Group has 689,333,334 (2021: 1,089,333,334) unissued shares under options out of the money and which are anti-dilutive.

15.5 Accounting Policy**15.5.1 Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

15.5.2 Diluted earnings per share

Potential shares as a result of options outstanding at the end of the year are not dilutive and therefore have not been included in the calculation of diluted earnings per share.

Note 16 Share-based payments**16.1 Employee share-based payment plans**

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 Board. The performance criteria reward executives and senior management to the extent of the Group's and the individuals' achievement judged against achievement of corporate and operational objectives. The performance conditions are derived from the following performance areas: achieving funding (equity and debt) commitment for Stage 1 of the Project; delivery of Total Shareholder Returns ('TSR') over a three or four year period; and increasing the Net Present Value ('NPV') of the Project.



Notes to the consolidated financial statements

for the year ended 30 June 2021

Note 16 Share-based payments (continued)

16.1 Employee share-based payment plans (continued)

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 Board. 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 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 Plan was adopted in order to ensure that the Company has appropriate mechanisms to continue to attract and retain the services of employees of a high calibre.

16.2 Movement in share-based payment arrangements during the year - Options

A summary of the movements of all company options issued as share-based payments is as follows:

	2022		2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	789,333,334	\$0.006	789,333,334	\$0.006
Issued during the year	-	-	-	-
Forfeited or expired during the year	(100,000,000)	\$0.003	-	-
Outstanding at year-end	689,333,334	\$0.006	789,333,334	\$0.006
Exercisable at year-end	689,333,334	\$0.006	789,333,334	\$0.006
<i>Total Company options on issue</i>	689,333,334	\$0.006	789,333,334	\$0.006

- No share-based payment options were exercised during the year.
- The weighted average remaining contractual life of share-based payment options outstanding at year end was 1.52 years (2021: 2.3 years). The weighted average exercise price of outstanding shares at the end of the reporting period was \$0.006 (2021: \$0.006).
- The fair value of the options granted to directors, employees and consultants is deemed to represent the value of the services received over the vesting period.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 16 Share-based payments (continued)

16.3 Movement in share-based payment arrangements during the year – Performance rights

A summary of the movements of all company options issued as share-based payments is as follows:

	2022		2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	200,000,000	\$0.00154	-	-
Issued during the year	-	-	300,000,000	\$0.00154
Forfeited or expired during the year	-	-	(100,000,000)	\$0.00154
Converted to shares during the year	(200,000,000)	\$0.00154	-	-
Outstanding at year-end	-	-	200,000,000	\$0.00154
Exercisable at year-end	-	-	200,000,000	\$0.00154
<i>Total Company performance rights on issue</i>	-	-	200,000,000	\$0.00154

- The performance rights issued during the year were issued under the SDL Performance Rights Plan approved by shareholders on 29 November 2017. Performance rights were approved by shareholders at the EGM on 29 July 2020.
- The weighted average remaining contractual life of share-based payment performance rights outstanding at year end was nil years (2021: 2.08 years). The weighted average exercise price of outstanding shares at the end of the reporting period was nil (2021: \$0.00154).
- The fair value of the performance rights granted to directors, employees and consultants is deemed to represent the value of the services received over the vesting period.

16.4 Fair value of performance rights granted during the prior year

The fair value of the performance rights granted were calculated using the Monte Carlo Model, applying the following inputs:

Grant date:	29 July 2020
Grant date share price:	\$0.0016
Number of performance rights issued:	300,000,000
Term (years):	3
Expected share price volatility:	171.50%
Risk-free interest rate:	0.25%
Value per performance right	\$0.00154

The estimated life of the performance rights has been used for valuation purposes. The minimum life of the performance rights is the length of any vesting period. The maximum life is based on the expiry date.

As Sundance has been delisted from quotation on the ASX since 21 December 2020, for the purposes of valuation, a future estimated volatility has been used in the pricing model.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 16 Share-based payments (continued)

16.4.1 Accounting policy

The grant-date fair value of equity-settled share-based payment arrangements granted to holders of equity-based instruments (including employees) are generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. In determining the fair value of share-based payments granted, a key estimate and judgement is the volatility input assumed within the pricing model.

16.4.2 Key estimate

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Monte Carlo pricing model, using the assumptions detailed above.

Note 17 Operating segments

17.1 Identification of reportable segments

The Group historically operated predominantly in the mining industry. This comprised the evaluation and de-risking of its Mbalam-Nabeba iron ore project in the Republic of Cameroon and the Republic of Congo.

Since the end of 2020, the Group has been advancing legal proceedings in the International Chamber of Commerce in London and Paris against the Governments of both Congo and Cameroon. This is a result of the illegal expropriation of the Group's Nabeba iron ore permit in the Republic of the Congo, and to reinforce Cam Iron's legal rights to have a mining permit issued in the Republic of Cameroon.

The Group continues to allocate resources to its iron ore project and has identified its operating segments based on internal reporting.

17.2 Basis of accounting for purposes of reporting by operating segments

17.2.1 Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

17.2.2 Inter-segment transactions

Inter-segment transactions are priced at cost within the Group.

Inter-segment loans payable and receivable are recognised at the consideration received/to be received net of transaction costs. All such transactions are eliminated on consolidation of the Group's financial statements.



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note 17 Operating segments (continued)**17.2.3 Segment assets**

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

17.2.4 Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

17.2.5 Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- ▶ Revenue and expenditures related to head office and corporate activities
- ▶ Impairment of assets and other non-recurring items of revenue or expense
- ▶ Current and deferred tax assets and liabilities
- ▶ Convertible note borrowings

For the Year to 30 June 2022	2022 \$	2021 \$
Segment revenue and other income	63,006	335,525
Segment loss		
Mbalam-Nabeba Iron Ore Project	(365,618)	(610,925)
<i>Items not directly allocable to identifiable segments</i>		
▶ Interest income	45	474
▶ Unallocated income	1,492,226	2,253,134
▶ Unallocated expenses	(1,354,370)	(3,586,076)
Loss before Income Tax	(164,711)	(1,607,868)
▶ Income tax		-
Consolidated segment loss for the period	(164,711)	(1,607,868)
Segment Assets		
Mbalam-Nabeba Iron Ore Project	27,110	94,402
▶ Unallocated Assets	1,160,225	1,016,082
Consolidated Assets	1,187,335	1,110,484
Segment Liabilities		
Mbalam-Nabeba Iron Ore Project	339,211	229,498
▶ Unallocated Liabilities	135,289,007	135,268,387
Consolidated Liabilities	135,628,218	135,497,885



Notes to the consolidated financial statements

for the year ended 30 June 2022

Note	18	Parent entity disclosures	2022 \$	2021 \$
18.1		Financial Position of Sundance Resources Limited		
		Current assets	1,160,225	1,016,082
		Non-current assets	(312,101)	(135,096)
		Total assets	848,124	880,986
		Current liabilities	134,939,007	133,647,276
		Non-current liabilities	350,000	1,621,111
		Total liabilities	135,289,007	135,268,387
		Net assets	(134,440,883)	(134,387,401)
		Equity		
		Issued capital	432,115,658	432,100,658
		Share based payments premium reserve	29,829,836	29,616,346
		Transactions with non-controlling interests reserve	13,512,500	13,512,500
		Accumulated losses	(609,898,877)	(609,616,905)
		Total equity	(134,440,883)	(134,387,401)
18.2		Financial assets of Sundance Resources Limited		
		Loans to subsidiaries	383,466,311	383,217,770
		Loans to subsidiaries written off	(886,018)	(886,018)
		Less: Provision for impairment on loans to subsidiaries	(382,892,396)	(382,466,848)
		Interest receivable on loans to subsidiaries	244,340,877	224,636,359
		Less: Provision for impairment of interest on loans to subsidiaries	(244,340,877)	(224,636,359)
		Net carrying value	(312,101)	(135,096)
18.3		Financial Performance of Sundance Resources Limited		
		Loss for the year	(281,969)	(1,711,133)
		Total comprehensive loss	(281,969)	(1,711,133)

18.4 Guarantees entered into by Sundance Resources Limited

There are no guarantees entered into by Sundance Resources Limited for the debts of its subsidiaries as at 30 June 2022 (2021: none).

18.5 Contingent liabilities of Sundance Resources Limited

Refer to Note 9.2 for details regarding contingent liabilities as at 30 June 2022.

18.6 Commitments of Sundance Resources Limited

There are no commitments as at 30 June 2022.



Notes to the consolidated financial statements

for the year ended 30 June 2022

NOTE 19 Statement of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

19.1 Basis of preparation

19.1.1 Reporting Entity

Sundance Resources Limited is an unlisted public company limited by shares, domiciled and incorporated in Australia. The Company's registered office is at 45 Ventnor Avenue, West Perth, Western Australia. These are the consolidated financial statements and notes of Sundance Resources Limited (the Company) and controlled entities (collectively the Group). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is primarily involved in advancing legal proceedings in the International Chamber of Commerce in London and Paris against the Governments of Congo and Cameroon over the illegal expropriation of the Group's Nabeba iron ore permit in the Republic of the Congo.

The separate financial statements of Sundance Resources Limited, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001 (Cth)*.

19.1.2 Basis of accounting

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AAS Board) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the *Corporations Act 2001 (Cth)*.

Australian Accounting Standards (AASBs) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The financial statements were authorised for issue on 9 November 2022 by the directors of the Company.

19.1.3 Going Concern

The 30 June 2022 full year financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realization of assets and extinguishment of liabilities in the ordinary course of business.

At 30 June 2022, the Consolidated Entity had a working capital deficiency of \$134.0 million (30 June 2021: \$133.8 million).

During the period the Consolidated Entity incurred a net loss of \$0.2 million and incurred net cash outflows from operating activities of \$0.4 million for the financial year ended 30 June 2022.

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 based on:



Notes to the consolidated financial statements

for the year ended 30 June 2022

19 Statement of Significant Accounting Policies (continued)

- ▶ As announced on 3 May 2021 a conditional binding agreement Capital Provision Agreement (“CPA”) was entered into by the Company and Burford. This agreement will result in \$250,000 per quarter being available to Sundance for working capital purposes for at least the next three years. All funds received from Burford are non-recourse and will continue unless the CPA is terminated due to legal advice being received that the proceedings are no longer commercially viable.
- ▶ Following the execution of the Noteholder Waterfall Deed and the modification to the Security Trust and Intercreditor Deed on 9 August 2021 the CPA became unconditional and the Convertible Notes have been forborne indefinitely unless the CPA is terminated. It was also announced on 12 April 2021 that a legally binding term sheet was signed with an investor for \$1 million. The funds have been received and are being used to advance the litigation and provide working capital. In the event that the Noteholders, after receiving independent legal advice, believe that the proceedings will not result in a threshold amount of payment to the Noteholders the Noteholders may, but are not obligated to, reinstate the Convertible Notes.
- ▶ Litigation costs for the proceedings against the governments of Cameroon and Congo are being funded under the CPA with Burford.

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.

19.1.4 Comparative Figures

Where required by AASBs comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

19.2 Foreign currency transactions and balances

19.2.1 Functional and presentation currency

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

19.2.2 Transaction and balances

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

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

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

19.2.3 Group companies and foreign operations

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



Notes to the consolidated financial statements

for the year ended 30 June 2022

19 Statement of Significant Accounting Policies (continued)

19.2.3 Group companies and foreign operations (continued)

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

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

19.3 Value Added Tax (VAT)

Value Added Tax (VAT) is the generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (Goods and Services Tax or GST); Congo (VAT); and in Cameroon (VAT), hereafter collectively referred to as GST.

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

19.4 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

The judgements, estimates and assumptions applied in the half-year financial statements, including the key sources of estimated uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2021.

19.4.1 Critical Accounting Estimates and Judgements

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Legal proceedings

The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the half-year financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.



Notes to the consolidated financial statements

for the year ended 30 June 2022

19 Statement of Significant Accounting Policies (continued)

The Group is currently involved a number of legal disputes. The amounts recognised in the financial statements and disclosures made represent the director's best estimate of the Group's liability having taken legal advice into consideration. Uncertainties relate to whether claims will be settled out of court or if not whether the Group is successful in court proceedings currently underway. Because of the nature of disputes, the directors have not disclosed certain information on the basis that they believe that this would be prejudicial to the Group's position.

19.4.2 Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This amongst other impacts has resulted in full lockdowns in Cameroon and Congo and travel restrictions to China. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

19.5 Fair Value

19.5.1 Fair Value of Assets and Liabilities

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Refer to Note 3.4.4



Notes to the consolidated financial statements

for the year ended 30 June 2022

19 Statement of Significant Accounting Policies (continued)

19.6 New and Amended Standards Adopted by the Group

The Group has adopted all Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

There are no new or amended accounting standards issued during the period that require changes to accounting policies or impact the financial statements.

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:

-  *Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current*
-  *Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies*
-  *Amendments to IFRS 3 – References to the Conceptual Framework*
-  *Amendments to IAS 8 – Definition of Accounting Estimates*
-  *Amendments to IAS 12 – deferred Tax related to Assets and Liabilities arising from a Single Transaction*
-  *Annual Improvements to IFRS Standards 2018-2020 Cycle – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments.*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

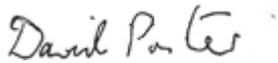


Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 11 to 50, are in accordance with the *Corporations Act 2001* (Cth) and:
 - (a) comply with Accounting Standards;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in notes to the financial statements; and
 - (c) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Company and the Group.
 - (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



DAVID PORTER

Chairman

Dated this Wednesday, 9 November 2022



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNDANCE RESOURCES LIMITED

Opinion

We have audited the financial report of Sundance Resources Limited (“the Company”) and its subsidiaries (“the Consolidated Entity”), which comprises the consolidated statement of financial position as at 30 June 2022, 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 the directors’ declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity’s financial position as at 30 June 2022 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 19.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 Consolidated Entity 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 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 19.1.3 in the financial report which indicates that the Consolidated Entity incurred a net loss of \$0.2 million during the year ended 30 June 2022. As stated in Note 19.1.3, these events or conditions, along with other matters as set forth in Note 19.1.3, 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 this respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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.

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 Note 19, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability 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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity 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.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS ^{CA}
Director

Dated Perth, Western Australia this 9th day of November 2022