SUNDANCE RESOURCES LIMITED

ABN 19 055 719 394

HALF-YEAR FINANCIAL REPORT

for the half-year ended 31 December 2021

This document should be read in conjunction with the annual report of Sundance Resources Limited for the year ended 30 June 2021

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

Street:	45 Ventnor Avenue 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
Postal:	GPO Box D182 PERTH WA 6840
Telephone:	+61 1300 850 505 (within Australia) +61 (3) 9415 4000 (International)
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

Contents

Directors' report

Your directors present their Half-Year Financial report on the consolidated entity, consisting of Sundance Resources Limited (**Sundance** or **the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2021.

1. Directors

The names of Directors in office at any time during or since the end of the half-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.

2. Company secretary

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

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

3. Dividends paid or recommended

There were no dividends paid or recommended during the half-year ended 31 December 2021.

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

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 2020, 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.
- The activities in the ICC London have been progressing on schedule with the Memorandum of Claim from Congo Iron and Sundance Resources due to be submitted to the selected panel of arbitrators in May 2022.
- The arbitrators will then give Congo six months to respond before progressing to a hearing which is expected in the first quarter of 2024.

Directors' report

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.
- Following the end of this reporting period 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.

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.

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 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).

Directors' report

Corporate Actions (continued):

- 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.

Summaries of the Mbalam Nabeba Iron Ore Project and the terminated Sundance Agreement with AustSino is covered in the 30 June 2021 Annual Report.

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.

4.3. Financial review

The half-year 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 Group's assessment in this regard can be found in Note 10 – *"Going Concern".*

The Consolidated Entity incurred a loss for the half-year of $202,984 (2020: $115,025 loss).

Total comprehensive income amounted to a loss of $387,775 (2020: $118,608 loss) for the half-year ended 31 December 2021, which includes an exchange loss on translation of foreign operations. This loss is due to a movement in the Central African CFA francs against the Australian Dollar from 413.2 at 31 December 2020 to 420.0 at 31 December 2021.

The net asset deficiency of the Consolidated Entity has decreased by $174,285 from 30 June 2021 to $134,561,686 at 31 December 2021.

The Group's cash and cash equivalents decreased during the period to $515,686 at 31 December 2021 from $772,933 at 30 June 2021.

The consolidated statement of cash flows indicates that payments to suppliers and employees for the half-year ended 31 December 2021 were $1,054,828 (31 December 2020: $1,391,895).

At 31 December 2021, the Consolidated Entity had a working capital net deficit of $134,074,732 (30 June 2021: $133,766,290 working capital deficit), as disclosed in Note 5 of the Capital management note.

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.

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 8 Events Subsequent To Reporting Date on page 21.

5. Auditor's independence declaration

The lead auditor's independence declaration under Section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2021 has been received and can be found on page 6 of the Half-Year Financial Report.

Directors' 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

DAVID PORTER
Chairman
Dated this Wednesday, 4 May 2022

HALL CHADWICK

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the review of the financial statements of Sundance Resources Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated Perth, Western Australia this 4th day of May 2022

Consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2021

	Note	31 Dec 2021 $	31 Dec 2020 $
Continuing operations			
Other income	1.2	954,288	352,936
Shares and cash forfeited by AustSino		-	2,150,000
Administration expense		(73,147)	(99,245)
Consultants fees expensed		(176,729)	(87,687)
Employee and director benefits expense	1.3	(448,358)	(522,559)
Legal fees		(275,260)	(133,552)
Listing and registry fees		(10,349)	(42,716)
Occupancy costs		(7,925)	(52,933)
Professional fees		(52,196)	(58,537)
Travel expenses		(1,540)	(9,108)
Impairment of investment in other entity	3.2	-	(1,400,000)
Other expenses		(111,768)	(211,624)
Loss from continuing operations before tax		(202,984)	(115,025)
Income tax		-	-
Loss from continuing operations net of tax		**(202,984)**	**(115,025)**
Loss for the period attributable to:			
Non-controlling interest		(1,096,142)	(1,108,149)
Owners of the parent		893,158	993,124
Net loss attributed to members		**(202,984)**	**(115,025)**
Other comprehensive expense, net of income tax			
Items that may be reclassified subsequently to profit or loss: Exchange differences on translating foreign operations		(184,791)	(3,583)
Other comprehensive expense for the year, net of tax		**(184,791)**	**(3,583)**
Total comprehensive expense for the year		**(387,775)**	**(118,608)**
Total comprehensive income attributable to:			
Non-controlling interest		(339,405)	(279,950)
Owners of the parent		(48,370)	161,342
Total comprehensive expense attributed to members		**(387,775)**	**(118,608)**
Earnings per share:		¢	¢
Basic and diluted (cents per share)		0.009	0.011

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 31 December 2021

	Note	31 Dec 2021 $	30 Jun 2021 $
Current assets			
Cash and cash equivalents	2.1	515,686	772,933
Trade and other receivables	2.2	53,448	211,149
Inventory		-	746
Other assets		253,513	125,656
Total current assets		**822,647**	**1,110,484**
Non-current assets			
Investments in other entity	3.2	-	-
Total non-current assets		**-**	**-**
Total assets		**822,647**	**1,110,484**
Current liabilities			
Borrowings	2.3	133,556,200	133,556,200
Trade and other payables	2.4	1,263,571	1,125,826
Provisions		77,608	194,748
Total current liabilities		**134,897,379**	**134,876,774**
Non-current liabilities			
Advance from Litigation Funder	2.3	-	250,000
Provisions		486,954	371,111
Total non-current liabilities		**486,594**	**621,111**
Total liabilities		**135,384,333**	**135,497,885**
Net assets		**(134,561,686)**	**(134,387,401)**
Equity			
Issued capital	4.1	432,049,810	432,049,810
Reserves		77,159,790	77,887,828
Accumulated losses		(581,206,799)	(582,099,957)
Non-controlling interest		(62,564,487)	(62,225,082)
Total equity		**(134,561,686)**	**(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 half-year ended 31 December 2021

	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) $	Attributable to Owners of the Parent $	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)	**(70,397,937)**	(60,972,841)	**(131,370,778)**
Loss for the year		-	-	-	-	-	-	-	993,124	**993,124**	(1,108,149)	**(115,025)**
Foreign currency translation		-	-	-	(831,782)	-	-	-	-	**(831,782)**	828,199	**(3,583)**
Total comprehensive loss for the year		**-**	**-**	**-**	**(831,782)**	**-**	**-**	**-**	**993,124**	**161,342**	**(279,950)**	**(118,608)**
Transaction with owners, directly in equity												
Forfeiture of shares		-	(1,400,000)	-	-	-	-	-	-	**-**	-	**(1,400,000)**
Balance at 31 December		**432,049,810**	**-**	**(11,160,000)**	**34,955,394**	**24,672,500**	**4,518,800**	**25,003,036**	**(581,676,135)**	**(71,636,595)**	**(61,252,791)**	**(132,889,386)**
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)	**(72,162,319)**	(62,225,082)	(134,387,401)
Loss for the year		-	-	-	-	-	-	-	893,158	**893,158**	(1,096,142)	(202,984)
Foreign currency loss		-	-	-	(941,528)	-	-	-	-	**(941,528)**	756,737	(184,791)
Total comprehensive loss for the year		**-**	**-**	**-**	**(941,528)**	**-**	**-**	**-**	**893,158**	**(48,370)**	**(339,405)**	**(387,775)**
Transaction with owners, directly in equity												
Share based payments		-	-	-	-	-	-	213,490	-	**213,490**	-	213,490
Balance at 31 December		**432,049,810**	**-**	**(11,160,000)**	**33,817,454**	**24,672,500**	**4,518,800**	**25,311,036**	**(581,206,799)**	**(71,997,199)**	**(62,564,487)**	**(134,561,686)**

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

Consolidated statement of cash flows

for the half-year ended 31 December 2021

	Note	31 Dec 2021 $	31 Dec 2020 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,054,828)	(1,391,895)
Receipts from others		31,574	1,102,484
Receipts from litigation funder		769,383	-
Interest received		24	452
Interest and borrowing costs		(2,764)	-
Net cash used in operating activities		**(256,611)**	**(288,959)**
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Net cash provided by financing activities		**-**	**-**
Net increase/(decrease) in cash held		**(256,611)**	**(288,959)**
Cash and cash equivalents at the beginning of the year		772,933	753,385
Effects of exchange rates on cash and cash equivalents		(636)	(1,398)
Cash and cash equivalents at the end of the year	2.1	**515,686**	**463,028**

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 31 December 2021

In preparing the 31 December 2021 financial statements, Sundance Resources Limited has grouped notes into sections under five key categories:

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:

Street:	45 Ventnor Avenue
	WEST PERTH WA 6005
Telephone:	+61 (0)8 9220 2300
Email:	info@sundanceresources.com.au

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.

Notes to the consolidated financial statements

for the year ended 31 December 2021

Note 1	Loss before income tax (continued)		31 Dec 2021 $	31 Dec 2020 $
1.2	**Other income from continuing operations**			
	Government assistance COVID 19	1.2.1	-	87,500
	Litigation funding	1.2.2	888,180	-
	Shares and cash forfeited		-	2,150,000
	Insurance premium refund		-	248,890
	Interest revenue		24	452
	Other income		66,084	16,094
			954,288	2,502,936

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 cash flow 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 *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.

1.2.3 *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.

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 31 December 2021

Note 1 Loss before income tax (continued)	31 Dec 2021 $	31 Dec 2020 $
1.3 Employee and director benefits:		
Share based payment	213,490	-
Salaries and wages	89,204	394,546
Non-executive Directors' fees	127,083	95,000
Superannuation	18,581	33,013
	448,358	522,559

1.3.1 *Accounting Policy – Wages and salaries, annual leave and sick leave*

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.

Note 2 Financial assets and financial liabilities	31 Dec 2021 $	31 Dec 2020 $
2.1 Cash and cash equivalents		
Cash at bank and on hand	515,686	772,933
	515,686	772,933

2.2 Trade and other receivables	31 Dec 2021 $	30 Jun 2021 $
2.2.1 *Current*		
Other receivables	53,448	211,149
	53,448	211,149

2.2.2 At reporting date, there are no receivables past their due date.

2.2.3 *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.

Notes to the consolidated financial statements

for the half-year ended 31 December 2021

Note 2 Financial assets and financial liabilities (continued)

2.3 Borrowings		31 Dec 2021 $	30 Jun 2021 $
2.3.1 *Current:*			
Convertible Note – Debt Liability	2.3.2	132,556,200	132,556,200
Loan from investor	2.3.3	1,000,000	1,000,000
		133,556,200	133,556,200

2.3.2 *Restructure of Arrangement With Noteholders*

Sundance and its Noteholders have agreed 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.

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.

2.3.3 *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.

Notes to the consolidated financial statements

for the half-year ended 31 December 2021

Note 2 Financial assets and financial liabilities (continued)

2.3 Borrowings (continued)

2.3.4 *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.

2.3.5 *Accounting Policy*

Financial liabilities

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.

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)

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.

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.

Notes to the consolidated financial statements

for the half-year ended 31 December 2021

Note 2 Financial assets and financial liabilities (continued)

2.4 Trade and other payables

		31 Dec 2021 $	30 Jun 2021 $
2.4.1 *Current:*			
Unsecured			
Trade creditors		1,002,321	626,799
Sundry payables and accruals		261,250	499,027
Total unsecured liabilities		1,263,571	1,125,826

2.4.2 *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.

2.5 Litigation Funding

		31 Dec 2021 $	30 Jun 2021 $
2.5.1 *Non-Current:*			
Unsecured			
Advance from Litigation Funder	2.3.3	-	250,000
Total unsecured liabilities		-	250,000

2.5.2 *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 half-year ended 31 December 2021

Note 3 Non-financial assets and financial liabilities

3.1 Mine development assets

	31 Dec 2021 $	30 Jun 2021 $
3.1.1 *Mbalam-Nabeba Iron Ore Project:*		
Carrying amount of asset	187,542,141	187,542,141
Project impairment	(187,542,141)	(187,542,141)
	-	-

At 31 December 2021, 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.

3.1.2 *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 half-year ended 31 December 2021

Note 3 Non-financial assets and financial liabilities (continued)

3.2 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.

Note 4 Equity

4.1 Issued capital	Note	31 Dec 2021 No.	30 Jun 2021 No.	31 Dec 2021 $	30 Jun 2021 $
Fully paid ordinary shares at no par value		9,450,021,556	9,450,021,556	432,049,810	432,049,810
4.1.1 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 period		-	-	-	-
At reporting date		9,450,021,556	9,450,021,556	432,049,810	432,049,810

4.1.2 *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 half-year.

4.1.3 *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.

4.2 Options

The total number of options on issue are as follows:

	Note	31 Dec 2021 No.	30 Jun 2021 No.	31 Dec 2021 $	30 Jun 2021 $
Unlisted options		789,333,334	789,333,334	4,518,800	4,518,800
4.2.1 Unlisted options					
At the beginning of the year		789,333,334	789,333,334	4,518,800	4,518,800
Options issued during the period		-	-	-	-
Options lapsed during the period		-	-	-	-
At reporting date		789,333,334	789,333,334	4,518,800	4,518,800

Notes to the consolidated financial statements

for the half-year ended 31 December 2021

Note 4 Equity (continued)

4.3 Performance rights

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

	Note	31 Dec 2021 No.	30 Jun 2021 No.	31 Dec 2021 $	30 Jun 2021 $
Unlisted Performance rights		200,000,000	200,000,000	213,490	308,000

4.4 Unlisted Performance rights

	Note	31 Dec 2021 No.	30 Jun 2021 No.	31 Dec 2021 $	30 Jun 2021 $
At the beginning of the year					
Performance rights issued during the period	4.4.1	200,000,000	300,000,000	213,490	462,000
Performance rights lapsed during the period	4.4.2	-	(100,000,000)	-	(154,000)
Performance rights expensed during the period		-	-	(213,490)	(94,510)
At reporting date		200,000,000	200,000,000	-	213,490

4.4.1 300,000,000 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.

4.4.2 100,000,000 unlisted performance rights lapsed on 31 December 2020 due to performance condition not satisfied.

Note 5 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 accumulated 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	31 Dec 2021 $	30 Jun 2021 $
Cash and cash equivalents	2.1	515,686	772,933
Trade and other receivables	2.2	53,448	211,149
Other current assets		253,513	125,656
Inventory		-	746
Borrowings	2.3	(133,556,200)	(133,556,200)
Trade and other payables	2.4	(1,263,571)	(1,125,826)
Provisions		(77,608)	(194,748)
Working capital position		(134,074,732)	(133,766,290)

Notes to the consolidated financial statements

for the half-year ended 31 December 2021

SECTION B. 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 6 Contingent assets and liabilities

The Consolidated Entity is aware of the following contingent assets and liabilities as at 31 December 2021:

6.1 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.

6.2 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.

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

On the 5 April 2022 announced that Sundance and Cam Iron had instructed their lawyers to apply for urgent interim measures from an Emergency Arbitrator at the ICC to restrain Cameroon from taking any action that may disturb Sundance and Cam Iron's rights with respect to the Mbalam Exploitation Permit, including by granting exploitation rights to any party other than Cam Iron. This followed certain developments that occurred in Cameroon that gave rise to grave concerns on Sundance's part regarding the Cameroon Government's intentions with respect to the Mbalam Exploitation Permit.

The Emergency Arbitrator issued an interim order dated 1 April 2022 in favour of Sundance and Cam Iron.

Note 7 Expenditure commitments

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

Notes to the consolidated financial statements

for the half-year ended 31 December 2021

Note 8 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:

8.1 Legal proceedings against AustSino and Mr Ding

On 31 March 2022 the Supreme Court of Western Australia ruled in favour of Sundance receiving pre-action discovery from AustSino and Mr Ding. As part of the 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 the misuse of confidential information and breach of fiduciary obligations by the diversion of a commercial opportunity.

8.2 Legal proceedings against Cameroon

On the 5 April 2022 announced that Sundance and Cam Iron had instructed their lawyers to apply for urgent interim measures from an Emergency Arbitrator at the ICC to restrain Cameroon from taking any action that may disturb Sundance and Cam Iron's rights with respect to the Mbalam Exploitation Permit, including by granting exploitation rights to any party other than Cam Iron. This followed certain developments that occurred in Cameroon that gave rise to grave concerns on Sundance's part regarding the Cameroon Government's intentions with respect to the Mbalam Exploitation Permit.

The Emergency Arbitrator issued an interim order dated 1 April 2022 in favour of Sundance and Cam Iron.

Notes to the consolidated financial statements

for the half-year ended 31 December 2021

SECTION C. 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 9 Operating segments

9.1 Identification of reportable segments

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

The Group has identified its operating segments based on internal reporting. The Group only has the one project to which resources are allocated and performance assessed.

9.2 Basis of accounting for purposes of reporting by operating segments

9.2.1 *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.

9.2.2 *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.

9.2.3 *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.

9.2.4 *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.

9.2.5 *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

Notes to the consolidated financial statements

for the half year ended 31 December 2021

Note 9 Operating segments (continued)

For the Half-Year to 31 December 2021	31 Dec 2021 $	31 Dec 2020 $
Segment revenue and other income	66,084	249,342
Segment expense		
Mbalam-Nabeba Iron Ore Project	(228,129)	(423,228)
Items not directly allocable to identifiable segments		
Interest income	24	452
Unallocated income	888,180	2,253,142
Unallocated expenses	(929,143)	(2,194,733)
Loss before Income Tax	(202,984)	(115,025)
Income tax	-	-
Consolidated segment loss for the period	**(202,984)**	**(115,025)**

	31 Dec 2021 $	30 Jun 2021 $
Segment Assets		
Mbalam-Nabeba Iron Ore Project	51,222	94,402
Unallocated Assets	771,425	1,016,082
Consolidated Assets	**822,647**	**1,110,484**
Segment Liabilities		
Mbalam-Nabeba Iron Ore Project	404,548	229,498
Unallocated Liabilities	134,979,785	135,268,387
Consolidated Liabilities	**135,384,333**	**135,497,885**

Notes to the consolidated financial statements

for the half-year ended 31 December 2021

NOTE 10 Statement of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated half-year 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.

10.1 Basis of preparation

10.1.1 *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 half-year financial statements and notes of Sundance Resources Limited (the Company) and controlled entities (collectively the Group). For the purposes of preparing the consolidated half-year financial statements, the Company is a for-profit entity. The Group 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 half-year 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)*.

The half-year financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual financial report of the Consolidated Entity as at and for the year ended 30 June 2021.

10.1.2 *Basis of accounting*

These half-year 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 29 April 2022 by the directors of the Company.

Notes to the consolidated financial statements

for the half-year ended 31 December 2021

NOTE 10 Statement of Significant Accounting Policies (continued)

10.1.3 *Going Concern*

The 31 December 2021 half-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 31 December 2021, the Consolidated Entity had a working capital deficiency of $134.1 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 $0.3 million for the half-year ended 31 December 2021.

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:

- 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.

Notes to the consolidated financial statements

for the half year ended 31 December 2021

NOTE 10 Statement of Significant Accounting Policies (continued)

10.2 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.

10.2.1 *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.

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.

b. *Fair value*

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).

Notes to the consolidated financial statements

for the half year ended 31 December 2021

NOTE 10 Statement of Significant Accounting Policies (continued)

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.

Refer to Note 2.3.4

10.3 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.

10.4 Adoption of New and Amended Standards

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 half-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 IAS12 – deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 7 to 27, 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 31 December 2021 and of the performance for the half-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

DAVID PORTER
Chairman
Dated this Wednesday, 4 May 2022

HALL CHADWICK

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

Conclusion

We have reviewed the accompanying half-year financial report of Sundance Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

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

a. Giving a true and fair view of the Sundance Resources Limited financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 10.1.3 in the financial report, which indicates that the Consolidated Entity incurred a net loss of $202,984 during the half year ended 31 December 2021. As stated in Note 10.1.3, these events or conditions, along with other matters as set forth in Note 10.1.3, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

HALL CHADWICK

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated Perth, Western Australia this 4th day of May 2022