Sundance Resources Limited
and subsidiaries

ABN 19 055 719 394

Financial Report
for the Half-Year ended
31 December 2017

This document should be read in conjunction with the annual report of Sundance Resources Ltd for the year ended 30 June 2017

Sundance Resources Limited
Corporate Directory

Directors:	David Porter (Chairman & Non-Executive Director) Giulio Casello (Managing Director & Chief Executive Officer) Alan Rule (Non-Executive Director – Resigned 20 Feb 2018)
Company Secretary:	Carol Marinkovich
ABN:	19 055 719 394
Registered Office:	45 Ventnor Avenue West Perth WA 6005
Head Office:	45 Ventnor Avenue West Perth WA 6005 Tel: +61 (8) 9220 2300 Email: info@sundanceresources.com.au Internet: **www.sundanceresources.com.au**
Auditors:	**Deloitte Touche Tohmatsu** Tower 2, Brookfield Place 123 St George's Terrace Perth WA 6000 PO Box A46 Perth WA 6837 Tel: +61 (8) 9365 7000 Fax: +61 (8) 9365 7001
Share Registry:	**Computershare Investor Services Pty Ltd** Level 11 172 St George's Terrace Perth WA 6000 GPO Box D182 Perth WA 6840 Tel: +61 1300 850 505 (within Australia) +61 (3) 9415 4000 (outside Australia) Fax: +61 (8) 9323 2033

The Directors of Sundance Resources Limited submit herewith the financial report of Sundance Resources Limited and its subsidiaries (**'Consolidated Entity',** '**Company**' or **'Sundance'**) for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

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

Mr David Porter	Chairman and Non-Executive Director
Mr Giulio Casello	Managing Director and Chief Executive Officer
Mr Alan Rule	Non-Executive Director – resigned 20 February 2018

Except as set out above, all other Directors have held office for the full period of this report and remain in office as at the date of this report. The Company is actively recruiting a replacement for Mr. Alan Rule.

REVIEW OF OPERATIONS

The Project

Sundance holds a majority interest in subsidiaries Cam Iron SA ('**Cam Iron**') and Congo Iron SA ('**Congo Iron**') whose principal asset is the Mbalam-Nabeba Iron Ore Project ('**Project**'), which straddles the border of Cameroon and Congo in Central Africa.

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

The port and rail infrastructure in Cameroon is planned to be funded by the Government of Cameroon and be jointly owned by Cam Iron (2%) and the Government of Cameroon (98%).

Development Strategy

Sundance remains fully committed to the development of the Project which straddles the border of Cameroon and the Republic of Congo and is focusing on ensuring that it is ready for financing as financing conditions improve.

Port and Rail infrastructure

As previously announced in early 2016, the signing of the agreed EPC contract between the selected Chinese EPC contractor China Gezhouba Group International Engineering Co. Ltd. ("**CGGC**") and the Government of Cameroon was delayed due to the market conditions and the desire to advance financing further. Sundance and the Government of Cameroon have continued to have discussions with the contractor however, even though the contractor has continued to express confidence in Cameroon and the Project, the EPC contract remains unsigned.

Discussions in China and Cameroon have occurred recently with a CGGC and a number of alternative EPC contractors and infrastructure providers both private Chinese companies and State Owned Enterprises. This has led to the signing of an MOU between Sundance, Cam Iron and Tidfore described below.

MOU signed between Sundance, Cam Iron and Tidfore

On 22 January 2018, Sundance announced that it had signed a Memorandum of Understanding ("**MOU**") with Tidfore Heavy Equipment Group Co. Ltd ("**Tidfore**") and Cam Iron S.A. ("**Cam Iron**") a subsidiary of Sundance which has a mining permit application over the previous EP92 in Cameroon ("**Parties**")). The purpose of the MOU is to provide a framework for cooperation between the Parties and their joint venture partners in order to establish the required consortium of expertise to fund or assist in sourcing the funding to construct the infrastructure and to bring the Project into operation.

Tidfore is a private Chinese company established under the laws of the Peoples Republic of China. Tidfore is involved in supplying, manufacturing and installing high-end material handling, port and offshore engineering equipment.

Tidfore has signed a Joint Venture Framework Agreement ("**JV**") with China Civil Engineering Construction Corporation ("**CCECC**"). CCECC is a subsidiary of the state-owned enterprise China Railway Construction Corporation ("**CRCC**"). The JV defines the principle rights and obligations of both parties. In particular, Tidfore has responsibility for the port construction and CCECC for the railway construction and assisting Cam Iron and Congo Iron S.A. ("Congo Iron" a Sundance subsidiary which holds the Nabeba permit in Congo) and financial institutions to negotiate project loans and project financing.

Under the MOU, Sundance will sell 51% of its ownership in Cam Iron to Tidfore for a value to be agreed or independently valued once:

- Cam Iron obtains title to the tenure over the area covered by the previous EP92 for a minimum of three years. Currently, Cam Iron has a mining permit application lodged over this area;
- the Government of China approves the provision of Sinosure insurance in order to enable Chinese funders to consider funding the Project; and
- formal agreements have been agreed and executed.

Cameroon Government reviewing extension of Convention

On 31 July 2017, the Company announced it had reached an agreement with the Government of Cameroon ("**Government**") to initially extend the Mbalam Convention ("**Convention"**) by 6 months to 26 January 2018 with a further 6-month extension being available if Sundance could show substantial progress on funding the Project either by itself or with a credible partner.

At that time EP92 had expired as it had reached the maximum number of extensions possible under the Cameroon Mining Code. With the extension of the Mbalam Convention and with Cam Irons mining permit application over the land area covered by the previous EP92, Cam Iron believes it has priority over area for the purposes of having the mining permit granted to it.

Sundance, Tidfore and CCECC met with representatives of the Government in Cameroon in January 2018 to outline their proposal for the development of the Project. Further meetings have occurred in Cameroon in March 2018 leading to a further 6-month extension being granted to Sundance. This extension has been granted on literal reading of the extension to 26 July 2018 but the Company understands that the intent of the extension is

6 months from the approval of the extension which takes it to 14 September 2018. The Company will seek clarification on this and advise the market as soon as it can.

At the end of this period, where at the end of this non-renewable extension of 6 months, Sundance needs to demonstrate to the Government that it has a credible partner who is interested in the development of the Project has taken equity or delivering a commitment letter for the debt required for the project.

Media Allegations

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

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

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

Financial Position

Cash and cash equivalents increased during the period to $1.7 million at 31 December 2017 from $0.8 million at 30 June 2017.

Net assets of the Consolidated Entity amounted to $67.5 million (30 June 2017: $67.2 million). Mine development assets increased to $175.0 million (30 June 2017: $167.7 million) due to effects of movements in exchange rates.

At 31 December 2017, the Consolidated Entity had a net working capital deficiency of $0.1 million (30 June 2017: $0.6 million deficiency).

The total loss for the period amounted to $10.4 million compared to $9.2 million for the half-year ended 31 December 2016. Of this total loss, $7.5 million related to non-cash convertible note financing charges (2016: $7.8 million).

Total comprehensive income amounted to a loss of $3.2 million (2016: loss $14.5 million) for the half-year ended 31 December 2017, which includes an exchange loss on translation of foreign operations. This loss amounted to $7.2 million (2016: loss of $5.3 million) and is due to a movement in the Central African CFA francs against the Australian Dollar from 449.2 at 31 December 2016 to 427.5 at 31 December 2017.

Corporate

Hanlong Notes

On 23 December 2016, Sundance announced that the maturity date for the existing 2,500,000 convertible notes held by Hanlong (Africa) Mining Investment Limited ('**Hanlong**') at an issue price of A$1.00 per note with a total face value of A$2.5 million ('**Hanlong Notes**') has been extended from 31 December 2016 to 31 December 2017. The arrangements also convert outstanding cash interest due, which had been agreed to be payable at the rate of 10% per annum on a quarterly basis on the remaining Hanlong Notes, to be capitalised and added to the value of the Hanlong Notes and converted under the same terms as the remaining Hanlong Notes. At 30 June 2017, the amount of interest owing was $402,125.

Pursuant to the terms of the Convertible Note Deed Poll entered into on 6 February 2013, Hanlong issued a conversion notice to Sundance to convert 2,332,500 Hanlong Notes into fully paid ordinary shares in Sundance on 31 January 2017. The Hanlong ownership percentage following this conversion was 19.7%

Also, following the conversion, Hanlong held 167,500 Hanlong Notes at an issue price of A$1.00 per note with a total face value of $167,500 (excluding the interest component of $402,125) and a maturity date of 31 December 2017.

On 29 November 2017, Sundance Resources Limited issued Hanlong (Africa) Mining Investment Limited a conversion notice to convert 167,500 convertible notes plus outstanding interest of $429,250 into 147,345,679 fully paid ordinary shares in Sundance on the 4 December 2017, at the 5 day VWAP, with an issue price of $0.00405. There are no further notes or debt payable to Hanlong. Following the conversion on 4 December 2017 Hanlong held 19.72% of Sundance stock.

2016 Investor Group Notes

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

Following a conversion notice from Senrigan, Sundance converted 3,900 $100 2016 Investor Group convertible notes held by Senrigan into 111,428,571 fully paid ordinary shares on 26 February 2018.

Share Placement Plan:

On 21 August 2017 Sundance announced a capital raising via an underwritten Share Placement Plan (‘**Plan’**). The offering closed on 15 September 2017 to eligible shareholders and raised $1,542,250. The Plan was underwritten by Patersons Securities Limited to $1,000,000. Under this agreement the Company also agreed to provide the underwriter the right to facilitate a placement of New Shares in the company at the same issue price as under the plan. The underwriter raised a further $368,000.

In total 478,159,982 new shares (‘**New Shares’**) were issued on 25 September 2017 at a price of $0.003995 which was a 20% discount to the 5 day VWAP before the issuance of New Shares. Total proceeds of $1,910,250 (before expenses) were received.

The proceeds from the Plan will be primarily used to

- Progress discussions with potential strategic partners in China or other locations to work with the Company to develop the Project;
- Support in country costs associated with the Project; and
- Fund general corporate and other expenses

Board Changes

There have been no Board changes in this period. Mr Alan Rule resigned from the Board on 20 February 2018 and Sundance is actively pursuing a new director to replace Mr Rule.

Cameroon Customs Dispute

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

Material Business Risks

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

Mbalam Convention

On 31 July 2017, the Company announced that it reached agreement with the Cameroon Government to initially extend the Mbalam Convention long stop date by 6 months to 26 January 2018. A further 6 month extension would be given by the Cameroon Government if Sundance could show progress on funding the Project either by itself or with a creditable partner by the end of this extension period. A further non-renewable extension has been granted. On literal reading of the extension that would be to 26 July 2018 but the Company understands that the intent of the extension is 6 months from the approval of the extension which takes it to 14 September 2018. The Company will seek clarification on this and advise the market as soon as it can.

At the end of this non-renewable extension of 6 months, Sundance needs to demonstrate to the Government that a credible partner who is interested in the development of the Project has taken equity or delivered a commitment letter for the debt required for the project. Sundance's subsidiary Cam Iron has a mining permit application over the land covered by EP92. In order for the Government of Cameroon to proceed to grant the mining permit application, the conditions precedent referred to in the Mbalam Convention need to be satisfied by the end of the confirmed period.

Failure to demonstrate that a credible partner or delivering a commitment letter for the debt required for the project prior to the end of the confirmed period, if no new agreement with the Cameroon Government is reached, will result in the cessation of the Mbalam Convention which will be considered an event of default as defined in the various convertible note deeds in place which may result in the convertible notes becoming immediately due and payable at their full redemption value unless a waiver is received from the Note holders.

Following the granting of the extension and the signing of the MoU, the Company, Tidfore and CCECC will continue to work on the development of the Mbalam-Nabeba Iron Ore Project.

Working Capital Funding

At 31 December 2017, Sundance held cash of $1.6 million (2016: $0.8 million). Sundance is not currently in a position to generate income from operations and as such is reliant upon the equity and/or debt markets for additional working capital funding.

At 31 December 2017, the Consolidated Entity had a net working capital deficiency of $0.1 million (2016: $105.1 million deficiency). Refer Note 1 – Going Concern for further details.

Convertible notes

As of 31 December 2017 Sundance had convertible notes on issue with a total face value of $92.3 million and a total redemption value of $103.2 million. (See note 4 – *"Borrowings"* for further details of these convertible notes.)

The Company has agreed the extension of the maturity dates of the convertible notes with the existing note holders to 23 September 2019.

Project Funding

Sundance and/or its project partner will need to raise further capital and/or debt financing in order to advance the development of the Project. Sundance has commenced the process to achieve funding of the Mine Infrastructure by concentrating its efforts into China for the Mine Infrastructure equity and debt funding, and is seeking an equity partner to acquire a significant equity interest in the Mines. As a result of the postponement of the EPC contract signing, this process has been placed on hold but will now be reinvigorated following the signing of the MOU with Tidfore. The success and the pricing of any such sale of equity in the Mines and/or debt financing will be dependent upon the prevailing market conditions at that time. Failure to secure appropriate funding for the development of the Project will result in a delay or inability to develop the Project, the potential loss of the Project and the impairment of the carrying value of the capitalised mine development expenditure related to the Project.

EPC contract

On 13 January 2016, the Company announced to ASX that the proposed signing of the EPC contract between the Government of Cameroon and a Chinese state-owned construction company to construct the port and rail infrastructure for the Project located in Cameroon and Congo has been postponed. There is a risk that the postponement will continue indefinitely which will likely have a material impact on the Company's ability to proceed with the Project due to the material impact this will create in finding an equity partner for the mines. Any such delay will likely also materially impact the Project Funding, Mbalam Convention set out in this section.

The Company is actively working on new partners for this process and as reported previously has signed an MOU with Tidfore who have a JV arrangement with CCECC regarding the EPC contract for the port and rail.

Commodity Price

The price of iron ore can be volatile and is affected by numerous factors beyond Sundance's control such as supply and demand dynamics; and changes in global economic conditions. The decision to develop the Project, and the returns to be achieved from it, are dependent upon the future price of iron ore. The current spot iron ore price has recovered substantially and in early 2017 hit a three year high of over $US90/t CFR China during 2018 it is averaging in the mid $70/t range. The movement in China to advance its environmental agenda is resulting in improved positions for producers of high grade iron ore (>62%) with large discounts being offered on lower grade iron ore. Sundance expects that this bias will continue and is supportive of our Project which has stage 1 life of mine averaging 62.2% Fe and stage 2 producing a high grade concentrate of 66 – 68% Fe. Iron ore pricing may continue to exhibit volatility on a short to medium term basis. Sundance however notes that the Project is a mid to longer term project where long term iron ore price forecasts continue to be favourable.

Key Personnel

On 28 January 2016, the Company announced a significant reduction in employees and restructure of the Board. This may have an impact in the future since the success of the Project is dependent on securing the services of key engineering, managerial, financial, commercial, marketing and processing personnel. Loss or diminution in the services of key employees, particularly as a result of an inability to retain key employees or the ability to attract suitable replacement staff could have an adverse effect on the Company's business, financial condition, results of operations and prospects.

There has been no further changes to personnel since this decision was taken.

Foreign Jurisdiction

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

Political

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

Resource/Reserve estimates

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

Production and other operational risks

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

Litigation

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

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the *Corporations Act 2001* section 307C the auditors of the Company, Deloitte Touche Tohmatsu Ltd have provided a signed auditors independence declaration to the Directors in relation to the half-year ended 31 December 2017. The auditor's independence declaration has been included in the half-year financial report on page 9.

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

On behalf of the Directors

David Porter
Director (Chairman)

Giulio Casello
Managing Director and CEO

18 March 2018
Perth, Western Australia

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

The Board of Directors
Sundance Resources Ltd
45 Ventnor Avenue
WEST PERTH WA 6005

18 March 2018

Dear Board Members

Sundance Resources Limited

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

As lead audit partner for the review of the financial statements of Sundance Resources Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountant

SUNDANCE RESOURCES LIMITED
DIRECTORS' DECLARATION

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

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

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

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

On behalf of the Directors

David Porter

David Porter
Director (Chairman)

Giulio Casello
Managing Director and CEO

18 March 2018
Perth, Western Australia

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	31-Dec-17 $	31-Dec-16 $
CONTINUING OPERATIONS			
Other income		3,278	156,177
Gain on revaluation of derivative – Convertible Notes		-	777,500
Administration expense		(166,648)	(221,445)
Consultants expense		(147,048)	(40,092)
Employee benefits expense		(1,296,423)	(1,224,814)
Exchange rate loss		(1,234)	(734)
Legal fees		(897,117)	(15,320)
Listing and registry fees		(137,759)	(97,905)
Occupancy costs		(50,922)	(411,636)
Professional fees		(60,405)	(56,125)
Transport and logistics		-	(11,849)
Travel expenses		(83,416)	(40,990)
Finance charges	3	(7,462,385)	(7,804,227)
Other expenses		(117,932)	(193,675))
Loss from continuing operations before tax		**(10,418,011)**	**(9, 185,195)**
Income tax expense			-
Loss for the period		**(10,418,011)**	**(9, 185,195)**
Loss attributable to:			
- Owners of the parent		(9,137,234)	(7,852,743)
- Non-controlling interests		(1,280,777)	(1,332,452)
Loss for the period		**(10,418,011)**	**(9, 185,195)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		7,239,332	(5,311,438)
Income tax relating to components of other comprehensive income			-
Other comprehensive income for the period		**7,239,332**	**(5,311,438)**
Total comprehensive (loss)		**(3,178,679)**	**(14,496,633)**
Total comprehensive (loss) attributable to:			
- Owners of the parent		(3,223,425)	(13,584,617)
- Non-controlling interests		44,746	(912,016)
Net comprehensive (loss) attributable to members		**(3,178,679)**	**(14,496,633)**
Loss per share		**¢**	**¢**
From continuing operations			
- Basic (cents per share)		(0.029)	(0.087)
- Diluted (cents per share)		(0.029)	(0.087)

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	31-Dec-17 $	30-Jun-17 $
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents		1,669,838	820,033
Trade & Other Receivables		43,977	47,684
Inventory		36,527	36,510
Other Current Assets		133,219	126,843
Total Current Assets		**1,883,561**	**1,031,070**
NON-CURRENT ASSETS			
Mine Development Assets	2	174,964,776	167,715,706
Total Non-Current Assets		**174,964,776**	**167,715,706**
TOTAL ASSETS		**176,848,337**	**168,746,776**
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	4	-	569,623
Trade & Other Payables		1,896,730	992,106
Provisions		100,466	116,228
Total Current Liabilities		**1,997,196**	**1,677,957**
NON-CURRENT LIABILITIES			
Borrowings	4	107,282,292	99,847,034
Provisions		30,933	26,319
Total Non-Current Liabilities		**107,313,225**	**99,873,353**
TOTAL LIABILITIES		**109,310,421**	**101,551,310**
NET ASSETS		**67,537,916**	**67,195,466**
EQUITY			
Issued Capital	6	425,142,445	422,517,611
Reserves		67,431,183	60,621,079
Accumulated Losses		(396,063,270)	(386,926,036)
Equity attributable to the owners of the parent		**96,510,358**	**96,212,654**
Non-controlling interest		(28,972,442)	(29,017,188)
TOTAL EQUITY		**67,537,916**	**67,195,466**

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	31-Dec-17 $	31-Dec-16 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,219,705)	(2, 151,748)
Receipts from customers		35,686	-
Interest received		3,128	7,878
Interest paid		-	(2,866)
Net Cash (used in) Operating Activities		**(1,180,891)**	**(2, 146,736)**
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		-	-
Proceeds from disposal of property, plant and equipment		-	-
Mine development costs		-	-
Net Cash (used in) Investing Activities		**-**	**-**
Cash flows from Financing Activities			
Proceeds from issue of shares under share placement plan		1,910,250	-
Proceeds from issue of shares from listed options		277,048	1,886
Proceeds from convertible notes issued		-	-
Interest paid on convertible notes		-	-
Borrowing costs associated with convertible notes		(159,331)	-
Net Cash provided by Financing Activities		**2,027,967**	**1,886**
Net (Decrease)/Increase in Cash and Cash Equivalents		847,076	(2,144,850)
Cash and cash equivalents at beginning of period		820,033	2,962,118
Effect of foreign currency movements on cash and equivalents		2,729	(2,526)
Cash and Cash Equivalents at end of Period		**1,669,838**	**814,742**

SUNDANCE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Share Trans-actions with Non-Controlling Interests	Foreign Currency Translation Reserve	Convertible Note & Option Reserve	Share Based Payments Reserve	Accumulated Losses	Attributable to owners of the parent	Non-Controlling Interests	Total Equity
	$	$	$	$	$	$	$	$	$
At 1 July 2016	420,175,073	(11,160,000)	19,748,389	29,191,300	23,114,485	(382,262,452)	**98,806,795**	(25,656,689)	**73,150,106**
Loss for the period	-	-	-	-	-	(7,852,743)	**(7,852,743)**	(1,332,452)	**(9,185,195)**
Foreign currency	(1,547)	-	(5,730,327)	-	-	-	**(5,731,874)**	420,436	**(5,311,438)**
Total comprehensive loss	**(1,547)**	**-**	**(5,730,327)**	**-**	**-**	**(7,852,743)**	**(13,584,617)**	**(912,016)**	**(14,496,633)**
Issue of shares	1,850	-	-	-	-	-	1,850	-	1,850
Share based payment	-	-	-	-	28,967	-	28,967	-	28,967
At 31 December 2016	**420,175,376**	**(11,160,000)**	**14,018,062**	**29,191,300**	**23,143,452**	**(390,115,195)**	**85,252,995**	**(256,568,705)**	**58,684,290**
At 1 July 2017	**422,517,611**	**(11,160,000)**	**18,996,821**	**29,191,300**	**23,592,958**	**(386,926,036)**	**96,212,654)**	**(29,017,188)**	**67,195,466**
Loss for the period	-	-	-	-	-	(9,137,234)	**(9,137,234)**	(1,280,777)	**(10,418,011)**
Foreign currency	117	-	5,913,692	-	-	-	**5,913,809**	1,325,523	**7,239,332**
Total comprehensive loss	**117**	**-**	**5,913,692**	**-**	**-**	**(9,137,234)**	**(3,223,425)**	**44,746**	**(3,178,679)**
Equity raising costs	(159,331)	-	-	-	-	-	(159,331)	-	(159,331)
Issue of shares	596,750	-	-	-	-	-	596,750	-	596,750
Options exercised	277,048	-	-	-	-	-	277,048	-	277,048
Issue of shares under SPP	1,910,250					-	1,910,250	-	1,910,250
Share based payment	-	-	-	-	896,412	-	896,412	-	896,412
At 31 December 2017	**425,142,445**	**(11,160,000)**	**24,910,513**	**29,191,300**	**24,489,370**	**(396,063,270)**	**96,510,358**	**(28,972,442)**	**67,537,916**

The accompanying notes form part of this financial report

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

Reporting entity

Sundance Resources Limited is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2017 comprises the Company and its subsidiaries (**'Consolidated Entity'**) and the Consolidated Entity's interests in associates and jointly controlled entities.

The statutory annual financial report of the Consolidated Entity for the year ended 30 June 2017 can be downloaded from the Company's website www.sundanceresources.com.au.

Statement of compliance

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

The half-year report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Consolidated Entity as at and for the year ended 30 June 2017.

Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed by the Consolidated Entity in the consolidated financial report as at and for the year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

- *AASB 1048 Interpretation of Standards*
- *AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*
- *AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- *AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016*

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

Going concern

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

During the half year the consolidated entity incurred a net loss of $10,418,011 and incurred net cash outflows from operating activities of $1,182,529 for the period ended 31 December 2017. At 31 December 2017, the Consolidated Entity had a working capital deficiency of $0.1 million.

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

The Company received a total of $2 million after costs from the exercise of listed options and the Share Purchase Plan ("Plan"). The Plan raised $1,540,250 from eligible shareholders. Under the Plan a Top Up Placement opportunity existed for the underwriters of the Plan. This has raised a further $368,000.

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 its obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate. The ability of the Consolidated Entity to continue as a going concern is dependent on:

1) The Company satisfying the requirements of the Mbalam Convention resulting in the issuance of a mining permit or entering into a new agreement with the Government of Cameroon in respect of the Project. On 14 March 2018 a 6 month non-renewable extension has been granted by the Cameroon Government for the Mbalam Convention. This extension has been granted until 26 July 2018, being the date based on a literal reading of the written agreement with the Government of Cameroon. The Company understands that the intent of the extension is 6 months from the approval of the extension which takes it to 14 September 2018 which the company will seek clarification on as soon as it can. In order for the Government of Cameroon to proceed to grant the mining permit application, the conditions precedent referred to in the Mbalam Convention need to be satisfied.
2) The Company continuing to comply with the terms of the Convertible Notes including the requirement to continue to have rights to the project. In the event of a default the Convertible Notes would become due and payable unless waivers could be secured;
3) The Company securing additional minimum funding of $2.0 million by no later than June 2018, and subsequently approximately $1.0 million by November 2018 to provide sufficient working capital for the Consolidated Entity to continue to meet its obligations (excluding any cash outflows associated with the development of the Project subsequent to approval of project funding). The directors have reasonable grounds to believe based on the recent history of capital raisings (including the most recent raising in November 2017), that they will be able to achieve this; and
4) The continued monitoring and management by the Directors of the quantum and timing of all discretionary expenditures including exploration and development costs and wherever necessary these costs will be minimised or deferred to suit the Consolidated Entity's cash flow forecast or that the funding shortfall can be met through traditional sources of equity or debt funding.

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

Critical accounting judgements and the key sources of estimation uncertainty

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

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

Significant accounting judgements

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

Capitalised mine development assets

Capitalised mine development expenditure is recognised at cost less accumulated amortisation and any impairments. Where commercial production in an area of interest has commenced, the associated costs, together with any forecast future capital expenditure necessary to develop proved and probable reserves, are amortised over the estimated

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

In respect of the assessment of the carrying value of the capitalised mine development expenditure as at 31 December 2017 the Directors have concluded that a number of estimates and judgements are required the most critical of which relates to the ability of the Consolidated Entity to obtain the necessary funding for the project.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model or Black Scholes.

Convertible note transactions

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

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

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will remain in equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised

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

directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

The Consolidated Entity measures financial assets and liabilities at fair value on a recurring basis. Management uses significant estimates when estimating the fair value of financial instruments.

NOTE 2. MINE DEVELOPMENT

	31-Dec-17 $	30-Jun-17 $
Carrying amount at beginning of period	167,715,706	169,233,990
Effect of movements in exchange rates	7,249,070	(1,518,284)
TOTAL MINE DEVELOPMENT ASSET	**174,964,776**	167,715,706

At 31 December 2017, the Company held a 90% interest in Cam Iron S.A. which holds a 100% interest in the Project in Cameroon and an 85% interest in Congo Iron S.A. which holds a 100% interest in the Project in Congo. The mining codes in both Cameroon and Congo entitle the state to take up an equity interest in the Project.

Sundance reviews the carrying value of its assets at each balance date. During the period to 31 December 2017, the following material events occurred which were considered indicators of impairment:

- EP 92 expired on 26 July 2017, however the Company announced that it had reached agreement with the Government of Cameroon to initially extend the Mbalam Convention long stop date by 6 months to 26 January 2018. A further 6 month non-renewable extension has been granted to Sundance given its progress on funding the Project either by itself or with a creditable partner. This extension has been granted until 26 July 2018, being the date based on a literal reading of the written agreement with the Government of Cameroon. The Company understands that the intent of the extension is 6 months from the approval of the extension which takes it to 14 September 2018 which the company will seek clarification on as soon as it can; and
- as at 31 December 2017, the market capitalisation of the Consolidated Entity was below the net assets.

Consequently, an impairment assessment was undertaken on the combined Cam Iron and Congo Iron Cash Generating Unit (‘**CGU**’). The Fair Value less cost to sell is assessed as the present value of future cash flows expected to be derived less costs to sell the CGU and this falls under Level 3 of the fair value hierarchy. The Consolidated Entity used the income approach in determining the fair value. There have been no changes to the valuation technique used in previous financial years.

The following assumptions were used in determining the Fair Value less cost to sell for the CGU:

- Cashflow forecasts for the life of the CGU were derived from a life of mine model based on the following assumptions:
    - The Consolidated Entity achieving funding for the development of the Project;

NOTE 2. MINE DEVELOPMENT (CONTINUED)

- The definitive feasibility study completed in March 2011 for Stage 1 of the Project. The results of which were announced to ASX on 6 April 2011. A Reserve upgrade was announced in May 2015. Operating costs have been updated for outcomes from the Reserves upgrade in May 2015. Infrastructure EPC price and all other capex costs have been inflated to take account of cost increases through to the end of construction. The mines to be funded, owned and operated by Sundance whilst the rail and port infrastructure is funded, owned and operated by the Government of Cameroon;
- Construction and development for Stage 1 to commence in the March quarter of 2020;
- Production from Stage 1 commencing in late 2024, ramping up to annual production of 40Mtpa;
- The latest JORC code compliant reserves and resource estimates;
- The receipt of all necessary approvals for the development and operation of the Project;
- Financial commitments outlined in the Conventions with both the Government of Cameroon and the Government of Congo;
- Freight costs from Kiribi to China based on last three year average of market data;
- Tariffs in relation to freight transport to port remaining on a commercial rate based on estimated underlying cost;
- A range of forecast long term iron ore prices for the 62% Fe/dmt fines CFR price (northern China) provided by leading external economic forecasters was considered. The Consolidated Entity has used U$69/dmt (real) for the 62% Fe fines CFR price (northern China) as its long term iron ore price; and
- Revenue and cost inflation estimates of 2.5% per year.

- Discount rate of 16.5% (nominal, after tax) which is consistent with the rate used at 30 June 2017.

No impairment has been recognised in this financial report.

The Consolidated Entity considered a number of sensitivities in assessing the recoverable amount as at 31 December 2017. The Consolidated Entity does consider certain assumptions to have a more significant impact on the assessment of the recoverable value and accordingly sensitivities on these assumptions are set out below. The cashflow estimates are most sensitive to changes in iron ore prices and the discount rate. It is estimated that changes in key assumptions, if all other assumptions remain unchanged, would impact recoverable amounts as 31 December 2017 as follows:

- A decrease in the real long term benchmark 62% Fe fines CFR iron ore price from $69/dmt to US$63/dmt whilst maintaining all other assumptions would, in itself, result in a full impairment of $174.9 million.
- An increase in the discount rate from 16.5% to 22.5% whilst maintaining all other assumptions would, in itself, result in a full impairment of $174.9 million.
- A delay in the commencement of construction by 12 months, whilst maintaining all other assumptions would, in itself, result in an impairment of approximately $7.8 million.

As announced to ASX on 30 June 2015, the Government of the Republic of Cameroon (‘**Cameroon Government’**) has agreed to fund 100% of the capital requirement for the rail and port infrastructure in Cameroon via a loan from China and possibly other friendly countries. As a consequence, the Cameroon Government will own 98% of the rail and port infrastructure entities and in recognition of the capital invested to date by Sundance’s subsidiary Cam Iron and the ongoing support that Sundance will provide towards the development of the rail and port infrastructure, Cam Iron will obtain a 2% free carried interest in these entities until the date of first commercial production. Cam Iron will not be required to provide any equity or debt funding for the construction of the rail and port infrastructure. Sundance subsidiaries, Cam Iron and Congo Iron S.A., will enter into take or pay agreements incorporating a commercial tariff for each tonne transported and loaded using the infrastructure.

NOTE 2. MINE DEVELOPMENT (CONTINUED)

On 14 March 2018 a 6 month non-renewable extension has been granted by the Cameroon Government for the Mbalam Convention. This extension has been granted until 26 July 2018, being the date based on a literal reading of the written agreement with the Government of Cameroon. The Company understands that the intent of the extension is 6 months from the approval of the extension which takes it to 14 September 2018 which the company will seek clarification on as soon as it can. In order for the Government of Cameroon to proceed to grant the mining permit application, the conditions precedent referred to in the Mbalam Convention need to be satisfied.

Recoverability

As set out above, the expiry date of the Mbalam Convention is the final date for achieving the conditions precedent unless the company enters into a new agreement with the Government of Cameroon in respect of the Project.

The ability of the consolidated entity to recover the carrying value of the Project is dependent on the granting of a Mining Permit over the land previously covered by EP92 by way of satisfying the conditions precedent in the Mbalam Convention, or entering into a new agreement with the Government of Cameroon.

Sundance is seeking an equity partner to acquire a significant equity interest in the Mines. The success and the pricing of any such sale of equity in the Mines and/or debt financing will be dependent upon the prevailing market conditions at that time.

On 22 January 2018, Sundance announced that it had signed an MOU with Tidforeand Cam Iron, a subsidiary of Sundance which has a mining permit application over the previous EP92 in Cameroon. The purpose of the MOU is to provide a framework for cooperation between the parties and their joint venture partners in order to establish the required consortium of expertise to fund or assist in sourcing the funding to construct the infrastructure and to bring the Project into operation.

NOTE 3. FINANCE CHARGES

	31-Dec-17 $	31-Dec-16 $
Implied Interest Expense - Convertible Notes	(7,436,143)	(7,143,212)
Amortisation of Capitalised Borrowing Costs	(26,242)	(661,015)
	(7,462,385)	**(7,804,227)**

NOTE 4. BORROWINGS

	31-Dec-17 $	30 June 17 $
CURRENT BORROWINGS		
Convertible Note - Debt Liability	-	569,623
	-	**569,623**

	31-Dec-17 $	30 June 17 $
NON-CURRENT BORROWINGS		
Convertible Note - Debt Liability	102,057,997	94,648,981
Convertible Note - Derivative Liability	5,314,286	5,314,286
Convertible Note - Capitalised Borrowing Costs	(89,991)	(116,234)
	107,282,292	**99,847,033**
TOTAL BORROWINGS	**107,282,292**	**100,416,656**

The net proceeds received from the issue of the convertible notes have been split between the financial liability element and a derivative component, representing the residual attributable to the option to convert the financial liability into equity of the Company.

BORROWINGS OUTSTANDING

Hanlong Convertible Note:

5 million convertible notes were issued by the Company on 6 February 2013 to Hanlong (Africa) Mining Investment Ltd ('**Hanlong**') at an issue price of $1.00 per note with a total face value of $5 million. On 12 December 2014, Sundance advised that the maturity date had been extended from 31 December 2014 to 31 December 2015, and from 1 January 2015, Sundance will pay interest to Hanlong at the rate of 10% per annum on a quarterly basis on the outstanding convertible notes.

On 30 December 2015, Hanlong converted 2.5 million convertible notes into 192,307,692 fully paid Sundance shares at $0.013 per share which was based on the average daily volume weighted average price of Sundance shares traded on the ASX over the five trading days preceding the date of notice of conversion.

On 15 December 2015 Sundance advised that the maturity date for the remaining $2.5 million convertible notes had been extended from 31 December 2015 to 31 December 2016.

On 31 January 2017 Hanlong converted 2,332,500 convertible notes into fully paid ordinary Sundance shares. Following the conversion, Hanlong holds 167,500 Hanlong Notes at an issue price of A$1.00 per note with a total face value of $167,500 (excluding the interest component of $375,000) and a maturity date of 31 December 2017. From 1 January 2017, Sundance will continue to pay interest to Hanlong at the rate of 10% per annum to be capitalised and added to the value of the Hanlong Notes and converted under the same terms as the remaining notes.

Conversion may occur at any time until 31 December 2017 at the election of either Sundance or Hanlong utilising a conversion price of the average daily volume weighted average price of Sundance shares traded on the ASX over the

NOTE 4. BORROWINGS (CONTINUED)

five trading days preceding the notice of conversion. If the notes have not been converted into Sundance shares by 31 December 2017, they will be redeemed at $1.00 per note.

On 29 November 2017, Sundance Resources Limited issued Hanlong (Africa) Mining Investment Limited a conversion notice to convert 167,500 convertible notes plus outstanding interest of $429,250 into 147,345,679 fully paid ordinary shares in Sundance on the 4 December 2017, at the 5 day VWAP, with an issue price of $0.00405.

Noble Convertible Notes

On 26 October 2015, the Company announced that it had executed all of the agreements for the effective extension of the maturity date of the convertible notes due on 1 December 2015 to 23 September 2017 held by Noble.

Under the binding convertible note deed entered into by the Company and Noble (Replacement Noble Deed), the Company with ASX and any other regulatory and Shareholder approval:

(a) issued 200,000 new AUD denominated convertible notes at an issue price of $100 per note and a conversion price of $0.03 per share, to Noble valued at $20,000,000 with a maturity date of 23 September 2017 (Replacement Noble Notes); and

(b) issued 200,000,000 free options with an exercise price of $0.07 (New Noble Options).

Under the Replacement Noble Deed, the Company redeemed the Existing Noble Notes and cancelled the Existing Noble Options.

No funds were raised by the issue of the Replacement Noble Notes and New Noble Options. The redemption amount of $20,000,000 owed by Sundance to Noble under the Existing Noble Note (being 100% of face value) was set-off against the subscription amount of $20,000,000 owed by Noble in connection with the Replacement Noble Notes and New Noble Options. The redemption of the Existing Noble Note and cancellation of the Existing Noble Options in consideration for the issue of the Replacement Noble Notes and New Noble Options was a rollover of existing debt and accrued obligations, and did not increase the Company's indebtedness. The Existing Noble Deed was terminated on the 1 December 2015 with full effect.

The replacement Noble Notes and Noble Options are secured.

If the replacement Noble Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $25,156,200 (including $1,156,200 of capitalised interest accrued on the original convertible notes). No interest will accrue in respect of the replacement Noble Notes.

The Noble Options have an exercise price of $0.0695 and will lapse on the earlier of:

- 5pm (WST) on 23 September 2019;
- 40 business days after the Company achieves Financial Close; and
- if a Change of Control Event is announced prior to the expiry of the Options, the date on which the Change of Control Event is completed which:
    - in the case of limb (a) of the definition of Change of Control Event, shall be the day the takeover offer closes;
    - in the case of limb (b) of the definition of Change of Control Event, shall be the implementation date of the scheme;
    - in the case of limb (c) of the definition of Change of Control Event, shall be the date of completion of the sale; and
    - in the case of limb (d) of the definition of Change of Control Event, shall be the date of change in control.

NOTE 4. BORROWINGS (CONTINUED)

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes.

For full details of the convertible notes and options issued to Noble refer to the 2016 Notice of Annual General Meeting.

Investor Consortium Notes

Following shareholder approval, on 1 December 2015, the Company issued the following to an investor consortium made up of investment vehicles managed by Blackstone Alternative Solutions, L.L.C., the D. E. Shaw Group and Senrigan Capital (‘**Investor Consortium’**):

- convertible notes with a face value of $24 million (240,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.03 per share subject to adjustment (**‘Investor Consortium Notes’**); and
- 260 million free attaching options (**‘Investor Consortium Options’**).

The Investor Consortium Notes and Investor Consortium Options are secured.

If the Investor Consortium Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $28.8 million. No interest will accrue in respect of the Investor Consortium Notes.

The Investor Consortium Options have an exercise price of $0.0695 and will lapse on the earlier of:

- 5pm (WST) on 23 September 2019;
- 40 business days after the Company achieves Financial Close; and
- if a Change of Control Event is announced prior to the expiry of the Options, the date on which the Change of Control Event is completed which:
- in the case of limb (a) of the definition of Change of Control Event, shall be the day the takeover offer closes;

in the case of limb (b) of the definition of Change of Control Event, shall be the implementation date of the scheme;

- in the case of limb (c) of the definition of Change of Control Event, shall be the date of completion of the sale; and
- in the case of limb (d) of the definition of Change of Control Event, shall be the date of change in control.

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes.

For full details of the convertible notes and options issued to the Investor Consortium refer to the 2016 Notice of Annual General Meeting.

NOTE 4. BORROWINGS (CONTINUED)

Wafin Notes

On 23 September 2014 Sundance issued 400,000 convertible notes to Wafin Limited (**'Wafin'**) with an issue price of $100 per convertible note for a total investment of $40 million, maturing 36 months from the date of issue (23 September 2017) (**'Wafin Note'**). Wafin also received options over 260 million ordinary shares with an exercise price of 12 cents ('**Wafin Options'**).

Following shareholder approval, on 1 December 2015, the Company amended the Wafin Note and Wafin Options as follows:

- convertible notes with a face value of $40 million (400,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.03 per share subject to adjustment (**'Wafin Replacement Notes'**); and
- 260 million free attaching options (**'Wafin Replacement Options'**).

The Wafin Replacement Notes and Wafin Replacement Options are secured.

If the Wafin Replacement Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $52 million.

The Wafin Replacement Options have an exercise price of $0.0695 and will lapse on the earlier of:

- 5pm (WST) on 23 September 2019;
- 40 business days after the Company achieves Financial Close; and
- if a Change of Control Event is announced prior to the expiry of the Options, the date on which the Change of Control Event is completed which:
- in the case of limb (a) of the definition of Change of Control Event, shall be the day the takeover offer closes;
    - in the case of limb (b) of the definition of Change of Control Event, shall be the implementation date of the scheme;
    - in the case of limb (c) of the definition of Change of Control Event, shall be the date of completion of the sale; and
    - in the case of limb (d) of the definition of Change of Control Event, shall be the date of change in control.

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes.

For full details of the convertible notes and options issued to Wafin refer to the 2016 Notice of Annual General Meeting.

NOTE 4. BORROWINGS (CONTINUED)

2015 Investor Group Notes

On 9 November 2015, the Company issued the following to an investor consortium made up of investment vehicles managed by Noble, Wafin, the D. E. Shaw Group and Senrigan Capital (**'2015 Investor Consortium'**):

- convertible notes with a face value of $7 million (70,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.01 per share subject to adjustment (**'2015 Investor Consortium Notes'**)

The 2015 Investor Consortium Notes are secured.

Conversion may occur at any time between 27 October 2015 and 22 September 2017. If the 2015 Investor Consortium Notes are not converted prior to the maturity date, 23 September 2017, they must be redeemed by the Company at its redemption amount of $8.4 million. No interest will accrue in respect of the 2015 Investor Consortium Notes.

The funds raised from the issue of these convertible notes will be used for working capital and project development.

The net proceeds received from the issue of the convertible notes have been split between the financial liability element and a derivative component, representing the residual attributable to the option to convert the financial liability into equity of the Company, as follows.

	$
Proceeds of issue	7,000,000
Liability component at date of issue	(3,937,500)
Equity component	**3,062,500**

The equity component of $3,062,500 has been credited to equity (reserves).

The difference between the carrying amount of the liability component at the date of issue ($3,937,500) and the amount reported in the statement of financial position represents the effective interest rate less interest paid.

On 28 February 2017 Sundance announced that, pursuant to the terms set out in the Notice of General Meeting and Explanatory Memorandum to shareholders announced on 17 January 2017 and approved by shareholders on 17 February 2017, the maturity date of the convertible notes due on 23 September 2017 had been extended to 23 September 2019. The redemption amount was increased by 20% with no change to the face value of the existing notes.

For full details of the convertible notes issued to the 2015 Investor Consortium refer to the 2016 Notice of Annual General Meeting.

NOTE 4. BORROWINGS (CONTINUED)

2016 Investor Group Notes

On 28 February 2017, Sundance issued the following to Noble Resources International Pte Ltd (‘**Noble**’), an investment vehicle managed by Senrigan Capital Group (“**Senrigan**”) and David Porter (together the **‘2016 Investor Group’**) to be used to assist in an enhanced strategy to find a partner for the Mbalam Nabeba Iron Ore Project:

- convertible notes with a face value of $1.3 million (13,000 AUD denominated convertible notes at an issue price of $100 per note) and a conversion price of $0.0035 per share subject to adjustment (**‘2016 Investor Group Notes’**)

The 2016 Investor Consortium Notes are unsecured.

Conversion may occur at any time between 12 January 2017 and 23 September 2019. If the 2016 Investor Consortium Notes are not converted prior to the maturity date, 23 September 2019, they must be redeemed by the Company at its redemption amount of $1.56 million (120% of face value). No interest will accrue in respect of the 2016 Investor Consortium Notes.

The net proceeds received from the issue of the convertible notes have been split between the financial liability element and a derivative component, representing the residual attributable to the option to convert the financial liability into equity of the Company, as follows.

	$
Proceeds of issue	1,300,000
Liability component at date of issue	(185,714)
Derivative component	**1,114,286**

The liability component is measured at amortised cost

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

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

For full details of the convertible notes issued to the 2016 Investor Consortium refer to the 2016 Notice of Annual General Meeting.

NOTE 5. FINANCIAL INSTRUMENTS

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

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

NOTE 5. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Liabilities	31-Dec-17		30-June-2017	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Convertible note debt liability - Hanlong	-	-	569,624	542,500
Convertible note debt liability - Noble	23,043,695	23,043,695	21,766,727	21,766,727
Convertible note debt liability - Investor Consortium	26,499,515	26,499,515	24,731,935	24,731,935
Convertible note debt liability - Wafin	45,272,160	45,272,160	41,713,969	41,713,969
Convertible note debt liability – 2015 Investor Consortium	6,845,410	6,845,410	6,168,121	6,168,121
Convertible note debt liability – 2016 Investor Group	307,228	397,220	151,995	268,229

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

NOTE 6. ISSUED CAPITAL

	31-Dec-17 $	30-June-17 $
Ordinary Shares		
7,773,703,995 fully paid ordinary shares (30 June 2017: 7,102,023,617)	425,142,445	422,517,611
	425,142,445	**422,517,611**
Movements in ordinary shares	**No.**	**No.**
At the beginning of the period	7,102,023,617	6,240,762,949
Shares issued	671,680,378	861,260,668
AT THE END OF THE PERIOD	**7,773,703,995**	**7,102,023,617**

NOTE 7. SEGMENT INFORMATION

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

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

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

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

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the half financial year ended 31 December 2017:

	Revenue		Segment Loss	
	Half-year ended		Half-year ended	
	31-Dec-17 $	31-Dec-17 $	31-Dec-17 $	31-Dec-16 $
Continuing operations				
Mbalam-Nabeba Iron Ore Project	-	-	(516,622)	(918,529)
Total segments	-	-	(516,622)	(918,529)
Interest income			3,128	7,878
Unallocated expenses			(9,904,517)	(8,274,544)
Loss before tax			(10,418,011)	(9,185,195)
Income tax expense			-	-
Consolidated segment loss for the period			**(10,418,011)**	**(9,185,195)**

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

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

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

	31-Dec-17 $	30-Jun-17 $
Segment Assets		
Mbalam-Nabeba Iron Ore Project	175,154,314	168,042,985
Total segment assets	175,154,314	168,042,985
Unallocated assets	1,694,023	703,791
Total assets	**176,848,337**	**168,746,776**

NOTE 8. CONTINGENT LIABILITIES

The Consolidated Entity is aware of the following contingent liabilities as at 31 December 2017:

Hold Co Production Based Compensation

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

Use of the Quantm System on the Mbalam Rail Corridor

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

Fiscal Compliance

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

Australian Federal Police Investigation (AFP)

- In August 2016, allegations were raised by Fairfax Media relating to events that occurred in Congo between 2006 and 2008. The AFP subsequently commenced an investigation into the allegations. Sundance commissioned an independent party to make a thorough review and assessment of the exact nature of the events. The review process is ongoing and may lead to further costs being incurred by the Group.

NOTE 9. EXPENDITURE COMMITMENTS

Exploration Permit – Republic of Cameroon

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

Exploration Permits and Mining Permit – Republic of Congo

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

Mbalam Convention, Cameroon

- On 29 November 2012, Cam Iron agreed the terms of the Convention with the Republic of Cameroon. The Convention underpins the agreement between Cam Iron and the government outlining the fiscal and legal terms and conditions and commitments to be satisfied for the development and operation of the Project in Cameroon.

NOTE 9. EXPENDITURE COMMITMENTS (CONTINUED)

Nabeba Convention, Republic of Congo

- On 24 July 2014, Congo Iron agreed the terms of the Convention with the Republic of Congo. The Convention underpins the agreement between Congo Iron and the government outlining the fiscal and legal terms and conditions and commitments to be satisfied for the development and operation of the Project in the Republic of Congo.

NOTE 10. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Other than set out below, no matters or circumstances have arisen since the end of the half-year ended 31 December 2017 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:

- On 22 January 2018, Sundance announced that it had signed a binding MOU with Tidfore and Cam Iron which has a mining permit application over the previous EP92 in Cameroon. The purpose of the MOU is to provide a framework for cooperation between the parties and their joint venture partners in order to establish the required consortium of expertise to fund or assist in sourcing the funding to construct the infrastructure and to bring the Project into operation;
- On 13 February 2018, Sundance converted 6,500 $100 2016 Investor Group convertible notes held by Noble Resources into 185,714,286 fully paid ordinary shares;
- On 26 February 2018, Sundance converted 3,900 $100 2016 Investor Group convertible notes held by Senrigan into 111,428,571 fully paid ordinary shares.
- A further non-renewable extension has been granted. On literal reading of the extension that would be to 26 July 2018 but the Company understands that the intent of the extension is 6 months from the approval of the extension which takes it to 14 September 2018. The Company will seek clarification on this and advise the market as soon as it can.

NOTE 11. DIVIDENDS

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

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

Independent Auditor's Review Report to the members of Sundance Resources Limited

We have reviewed the accompanying half-year financial report of Sundance Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2017, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 internal 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sundance Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sundance Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Qualified Conclusion

The consolidated entity has mine development assets related to the Mbalam-Nabeba iron ore project which has a carrying value of $174.96 million. As set out in the recoverability section of note 2, the recoverability of the carrying value of these assets is dependent on the ability of the consolidated entity to achieve certain matters. We have been unable to obtain sufficient appropriate evidence in relation to these matters, and therefore we have been unable to determine whether the recoverable amount of these assets is at least equal to their carrying value. In the event that the carrying value of the assets exceed their recoverable amount, it would be necessary for the carrying value of these assets to be written down to their recoverable amount.

Qualified Conclusion

Based on our review, which is not an audit, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Sundance Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Relating to Going Concern

We draw attention to note 1 in the half-year financial report which indicates that the consolidated entity incurred a net loss of $10,418,011 and incurred net cash outflows from operating activities of $1,182,529 for the period ended 31 December 2017. These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not further modified in respect of this matter.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 18 March 2018