



Sundance Energy Australia Limited

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Activities Report for the Quarter Ended 31 March 2012

Highlights

<p>Production & Revenue</p>	<ul style="list-style-type: none"> ✓ Average daily production increased to 1,292 BOE, up 49 percent from the comparable quarter in the prior year. ✓ Quarter-over-quarter revenue increased 57 percent to \$8.6 million. ✓ Oil sales averaged \$88.01 per barrel and sales of liquids-rich gas average \$4.81 per mcf. ✓ Production expenses averaged \$13.76 per BOE.
<p>Cash Flow & Financial Position</p>	<ul style="list-style-type: none"> ✓ Cash flow from operations increased to \$4.2M, a 130 percent increase from the comparable quarter of 2011. ✓ \$5.0M cash on hand at quarter end with no debt and \$18.5M available to be drawn under the credit facility.
<p>Exploration & Development</p>	<ul style="list-style-type: none"> ✓ Added 11,206 net acres in the Anadarko Basin in Oklahoma and Kansas bringing the Company's net acreage in the basin to 18,565. ✓ Drilling commenced on Leon Pecha 1-11H, the first Company operated horizontal Mississippian well. ✓ The Breeden 2-17H, a Sundance-operated horizontal Niobrara well, was completed and reported 24-hour production of 294 BOE. ✓ 51 gross (8.4 net) wells were brought into production since the beginning of the fiscal year. ✓ At quarter-end, an additional 22 gross (1.9 net) wells were drilling or completing.

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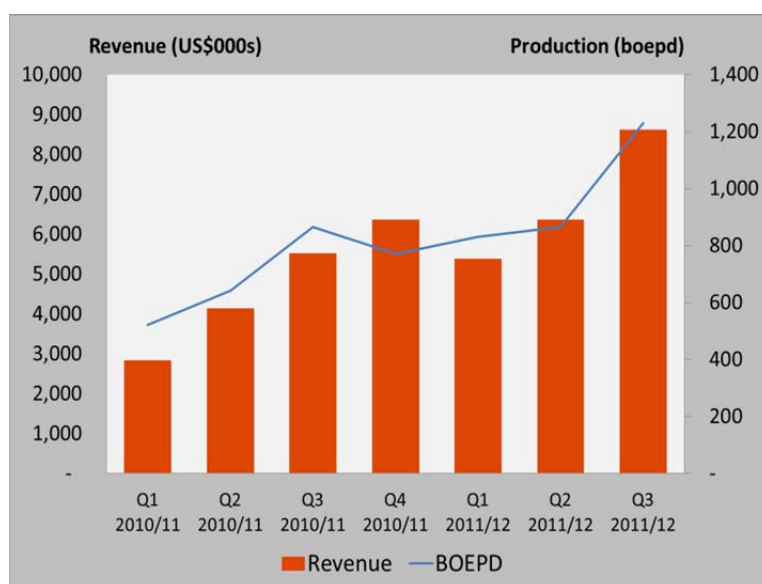
Production & Revenue

	Units	Three Months Ended		Nine Months Ended	
		March 2012	March 2011	March 2012	March 2011
Production Summary					
Oil Production	bbls	90,722	61,841	225,957	153,000
Natural Gas Production	mcf	160,911	96,652	356,975	231,016
Total Production	boe	117,540	77,950	285,453	191,503
Average Daily Production	boe	1,292	866	1,043	699
Sales Revenue					
Oil Sales	US\$000s	8,013	5,132	19,025	11,558
Natural Gas Sales	US\$000s	610	361	1,336	960
Total Sales Revenue	US\$000s	8,623	5,493	20,361	12,518
Realised Product Pricing					
Oil	US\$/bbl	88.36	82.99	84.20	75.54
Effect of Hedging	US\$/bbl	(0.35)	(1.71)	(2.20)	(1.82)
Net Oil	US\$/bbl	88.01	81.28	82.00	73.72
Natural Gas	US\$/mcf	4.81	3.74	5.30	4.16
Production Expense	US\$/boe	13.76	6.67	15.42	8.18

The Company's production and revenue continued to perform strongly during the quarter. Sundance produced a daily average of approximately 1,292 BOE during the three months ended 31 March 2012, an increase of 49 percent over the same period last year.

The Company's oil and gas sales revenue increased by \$3.1 million, or 57 percent, compared to the

three months ended 31 March 2011. This favourable variance was the result of both increased production and product pricing arising mainly out of Sundance's developmental drilling program in the Williston Basin; approximately \$2.4 million was due to increased production, while improved product pricing accounted for approximately \$700,000. The Company continues to receive a premium price for its liquids-rich natural gas production as compared to Henry Hub pricing, a US benchmark for natural gas prices. For the current quarter, the Company realized \$4.81 per mcf, a \$2.36 premium over the average Henry Hub price of \$2.45 per mcf.



Production & Revenue (cont.)

During the nine months ended 31 March 2012, the Company's oil and gas sales increased \$7.8 million to \$20.4 million. This is a 63 percent increase when compared to the nine months ended 31 March 2011, and, as with the current quarter, the increase was primarily driven by both increased production volumes and improved pricing.

The Company utilizes derivative contracts to manage and protect against commodity price risk. As at 31 March 2012, there were six contracts in place covering 4,000 barrels per month of oil production through the remainder of calendar 2012 and 4,000 barrels per month of oil production through calendar year 2013. The Company's derivative contracts include both swaps and costless collars in 2012 and 2013 with a weighted average floor price of \$97.50 and \$95.75, respectively, and ceiling price of \$110.88 and \$107.13, respectively.

Cash Flow & Financial Position

	Units	Three Months Ended		Nine Months Ended	
		March 2012	March 2011	March 2012	March 2011
Cash Flows from Operations					
Receipts from product sales	US\$000s	7,476	3,316	15,391	8,957
Payments for production	US\$000s	(1,584)	(520)	(3,792)	(2,566)
Payments for administration	US\$000s	(1,670)	(964)	(4,474)	(2,934)
Cash operating income	US\$000s	4,222	1,832	7,125	3,457
Financial Position					
Cash	US\$000s	4,944	27,392	4,944	27,392
Total assets	US\$000s	99,085	82,465	99,085	82,465
Debt	US\$000s	-	-	-	-

The Company's cash flows from operations for the three months ended 31 March 2012 were \$4.2 million, which represents an increase of \$2.4 million, or 130 percent, over the same quarter last year. For the nine months ended 31 March 2012, cash flows from operations were \$7.1 million, which represents an increase of 106 percent when compared to the same period last year.

As at 31 March 2012, the borrowing base on the Company's \$100 million senior debt facility with the Bank of Oklahoma was \$18.5 million. During the quarter ended 31 December 2011, the borrowing base was increased from \$10 million to \$18.5 million as a result of increases in the value of the Company's proved oil and gas reserves. As at 31 March 2012, and as of the date of this filing, no amounts had been drawn against the facility.



Exploration & Development

	Units	Three Months Ended		Nine Months Ended	
		March 2012	March 2011	March 2012	March 2011
Capital Expenditures					
Exploration & evaluation	US\$000s	3,358	538	5,641	1,472
Development & production	US\$000s	13,652	6,893	32,241	20,215
Total capital expenditures	US\$000s	17,010	7,430	37,882	21,687

The majority of the Company's exploration and development activities are focused in the Williston Basin in North Dakota, the Denver-Julesburg (DJ) Basin in Colorado and Wyoming and the Anadarko Basin in Oklahoma. Exploration and development expenditures for the current fiscal year total \$37.9 million. A total of 51 gross (8.4 net) wells have been brought into production so far this year and at quarter-end 22 gross (1.9 net) wells were in progress. As at 31 March 2012, the company owned working interests in 158 gross (19.1 net) producing wells.

Williston Basin

Sundance holds a non-operated working interest in acreage and production across several prospects in the Williston Basin. To date for fiscal 2012, drilling and development expenditures of \$26.9 million in this basin have resulted in the addition of 40 gross (1.7 net) producing wells with 19 gross (.9 net) wells in progress at quarter-end. A total of seven wells were completed during the quarter including the Daily 4-12/13H located on the Company's South Antelope Prospect which was completed in March 2012 with a 30-day average production rate of 1,437 BOE. Sundance has a 34.1 percent working interest and an approximate 27.3 percent net revenue interest in this well.

Denver-Julesburg Basin

Sundance has an active program in the DJ Basin which includes operated and non-operated drilling of both vertical Wattenberg and horizontal Niobrara wells. Sundance operates nine of the 10 wells that were completed on its acreage in the DJ Basin so far this year. As a result of its relatively higher working interest in this basin, the majority of the net wells coming into production company-wide during fiscal 2012 are located in the DJ Basin (6.5 net wells). Drilling and development expenditures in the DJ Basin total \$3.7 million for this fiscal year.

On 27 February 2012, the Company sold its Arriba Prospect covering approximately 46,000 net acres located in the southern DJ Basin for \$4.2 million. The Company was able to take advantage of benefits offered under Section 1031 of the US tax code whereby taxable gain on the sale can be deferred to the extent the sale proceeds are used to acquire assets similar to those divested (a "like-kind exchange"). The Company has been using proceeds from the sale to acquire acreage in the Anadarko Basin of Oklahoma. As at 31 March 2012, \$2.6 million of the proceeds remain for future acreage acquisitions.

Exploration & Development

Anadarko Basin

During the quarter ended 31 March 2012, the Company added 11,206 net acres to its holdings in the Anadarko Basin bringing its total net acreage to 18,565 in this emerging play. All of the acreage was acquired during the current fiscal year and through 31 March a total of \$4.5 million had been expended on acreage acquisitions in this basin. In late February 2012, the Company operated Leon Pecha #1 commenced drilling in Alfalfa County, Oklahoma targeting the Mississippian Lime formation. As at the date of this report, the Pecha had been successfully drilled to its total horizontal depth and was being prepared for fracture stimulation. Sundance has a 93.75 percent working interest and an approximate 80 percent net revenue interest in this well.

Yours sincerely,
Sundance Energy Australia Limited



Eric McCrady
CEO and Managing Director

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About Sundance Energy Australia Limited

Sundance Energy Australia Ltd (ASX: SEA) is an Adelaide-based, independent energy exploration Company, with a wholly owned US subsidiary, Sundance Energy, Inc., located in Colorado, USA. The Company is developing projects in the US where it is primarily focused on large, repeatable resource plays where it develops and produces oil and natural gas reserves from unconventional formations.

A comprehensive overview of the Company can be found on the Company's website at www.sundanceenergy.com.au.

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Sundance Energy Australia Limited

ABN

76 112 202 883

Quarter ended ("current quarter")

31 March 2012

Consolidated statement of cash flows (in US\$)

Cash flows related to operating activities	Current quarter US\$'000	Year to date (.9... months) US\$'000
1.1 Receipts from product sales and related debtors	7,476	15,391
1.2 Payments for (a) exploration & evaluation	(3,197)	(4,550)
(b) development	(12,003)	(26,649)
(c) production	(1,584)	(3,792)
(d) administration	(1,670)	(4,474)
(e) GST	15	1
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	257
1.5 Interest and other costs of finance paid		
1.6 Income tax paid	(1)	(142)
1.7 Other (derivatives)	(33)	(496)
	(10,980)	(24,454)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(29)	(161)
1.9 Proceeds from sale of: (a) prospects	4,180	4,690
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	(51)
	4,151	4,478
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(6,829)	(19,976)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(6,829)	(19,976)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	(4)	(236)
	Net financing cash flows	(4)	(236)
	Net increase (decrease) in cash held	(6,833)	(20,212)
1.20	Cash at beginning of quarter/year to date	11,701	25,239
1.21	Exchange rate adjustments to item 1.20	76	(83)
1.22	Cash at end of quarter	4,944	4,944

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter US\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	177
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes cash payments for salaries, Director fees and business expense reimbursements paid to Directors during the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available US\$'000	Amount used US\$'000
3.1 Loan facilities	18,500	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	US\$'000
4.1 Exploration and evaluation	(3,500)
4.2 Development	(12,500)
4.3 Production	(1,600)
4.4 Administration	(1,800)
Total	(19,400)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter US\$'000	Previous quarter US\$'000
5.1 Cash on hand and at bank	4,944	11,701
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,944	11,701

Changes in interests in mining tenements

	Tenement reference/ Basin	Nature of change (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Arriba	Sale of 46,608 net acres	46,608	0
6.2 Interests in mining tenements acquired or increased	Anadarko Williston Niobrara/DJ	Purchase of 11,206 net acres Purchase of 58 net acres Purchase of 128 net acres	7,359 9,008 16,791	18,565 9,066 16,919

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	277,098,474	277,098,474		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	7,443,333		<i>Weighted Ave Exercise Price:</i> A\$0.55	<i>Weighted Ave Remaining Term:</i> 3.4 years
7.8 Issued during quarter	2,260,000		<i>Weighted Ave. Exercise Price:</i> A\$0.95	<i>Weighted Ave. Remaining Term:</i> 6.7 years
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

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7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2012

Print name: Chief Executive Officer
Eric McCrady

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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