



SUNDANCE

energy australia

Sundance Energy Australia Limited

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Activities Report for the Quarter Ended 30 June 2012

Highlights

Production & Revenue	<ul style="list-style-type: none">✓ Average daily production increased to 1,541 BOE, net of royalties, up 19 percent from the previous quarter and up 100 percent from comparable quarter in the prior year.✓ Quarter-over-quarter revenue increased 57 percent to \$9.4 million.✓ Oil sales averaged \$83.51 per barrel and sales of liquids-rich gas average \$4.15 per mcf.
Cash Flow & Financial Position	<ul style="list-style-type: none">✓ Cash flow from operations increased to \$6.5 M, a 38 percent increase from the comparable quarter of 2011 and slightly above expectations.✓ Cash margins improved to 66 percent.✓ Ended the quarter with \$15.3 M cash on hand.
Exploration & Development	<ul style="list-style-type: none">✓ During the quarter, a total of 26 gross (2.0 net) wells were brought on production. At quarter-end, an additional 20 gross (3.2 net) wells were drilling, being prepared for fracture stimulation or testing.✓ The Dailey 4-12/13H (S. Antelope Prospect, McKenzie County, ND - SEA WI 34.1%) reported a 30-day IP rate of 1,444 boepd.✓ The BB Belquist 150-95-10/11H1 and 11H2, (S. Antelope Prospect, McKenzie County, ND - SEA WI 8.8%) reported 30-day IP rates of 1,569 boepd and 1,779 boepd, respectively.✓ Successfully completed drilling and fracture stimulation and commenced production testing of the Leon Pecha 1-11H, Alfalfa County, OK, (SEA WI 91%).✓ Drilled Sundance's second Anadarko Basin well, the Leroy Unruh 1-8H (SEA WI 85%) and began preparing the well for fracture stimulation.✓ Drilled four Sundance-operated, 100% WI wells in the Wattenberg field of the DJ Basin during the quarter. The Lamb 42-15 and the Lamb 32-15 came on production in late June and at quarter-end the HFE 14-22 and MLD 13-22 were being prepared for fracture stimulation.✓ Added 5,500 net acres in the Anadarko Basin bringing the company's acreage position in this basin to approximately 24,000 net acres.

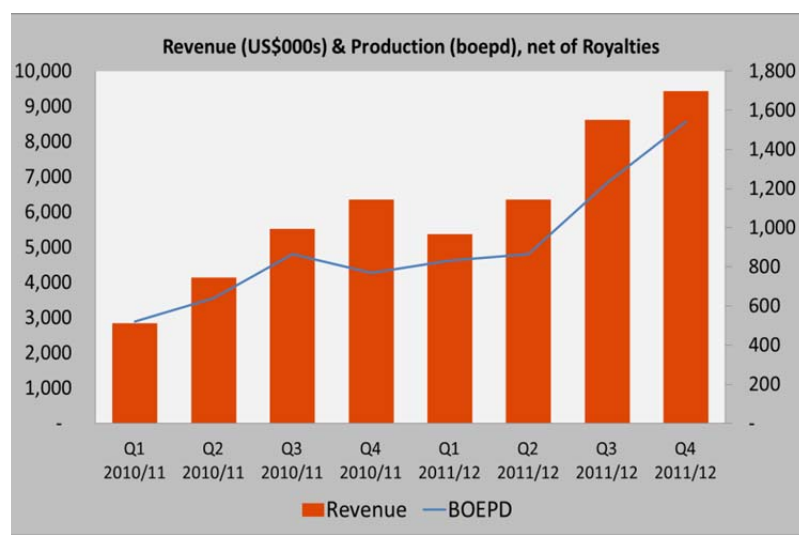
All amounts shown in this report are unaudited.

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Production & Revenue

Unaudited	Units	Three Months Ended		Twelve Months Ended	
		June 2012	June 2011	June 2012	June 2011
Production Summary, net of Royalties					
Oil Production	bbls	109,436	54,072	335,393	208,085
Natural Gas Production	mcf	184,692	95,789	541,667	286,742
Total Production	boe	140,218	70,037	425,671	255,875
Average Daily Production	boe	1,541	770	1,163	701
Sales Revenue, net of Royalties					
Oil Sales	US\$000s	8,940	5,683	27,965	17,550
Natural Gas Sales	US\$000s	486	304	1,822	1,270
Total Sales Revenue	US\$000s	9,426	5,987	29,787	18,820
Realised Product Pricing					
Oil	US\$/bbl	81.69	105.10	83.38	84.34
Effect of Hedging	US\$/bbl	1.82	(7.26)	(0.88)	(3.22)
Net Oil	US\$/bbl	83.51	97.84	82.50	81.12
Natural Gas	US\$/mcf	4.15	4.54	4.94	4.43

The Company's production and revenue continued to perform strongly during the quarter. Sundance produced a daily average of approximately 1,541 BOE, net of royalties, during the three months ended 30 June 2012, a 100 percent increase over the same period last year. Daily production averaged 1,163 BOE, net of royalties, for the year ended 30 June 2012, up 66 percent from the prior year. Oil and gas sales revenue increased to \$9.4 million for



the quarter, a 57 percent increase over the comparable period in the prior year. Year over year, revenue increased 58 percent to \$29.8 million. Realized oil price dropped from \$105.10 to \$81.69, a decrease of \$23.41 per barrel compared to the same period last year, which was partially offset by a \$9.08 per barrel increase in realized hedging effect. Comparing the annual periods, the realized price (including the effect of hedging) increased by \$1.38 per barrel to \$82.50. 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 \$4.15 per mcf, a \$2.00 premium over the average Henry Hub price. For the year, the realized price of \$4.94 per mcf reflected a \$1.79 per mcf premium.

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Production & Revenue (continued)

The Company utilizes derivative contracts to manage and protect against commodity price risk. As at 30 June 2012, there were eight contracts in place covering 9,000 barrels per month of oil production through the remainder of calendar 2012 and 7,000 barrels per month of oil production through calendar 2013. These derivative contracts include swaps and costless collars with a weighted average floor/ceiling per barrel of \$100.23/\$106.18 for 2012 and \$98.84/\$105.34 for 2013. During the quarter, the Company entered into a natural gas swap at \$3.58 per mmbtu covering 10,000 mmbtu per month for calendar 2013.

Cash Flow & Financial Position

Unaudited	Units	Three Months Ended		Twelve Months Ended	
		June 2012	June 2011	June 2012	June 2011
Cash Flows from Operations					
Receipts from product sales	US\$000s	9,857	7,533	25,248	15,878
Payments for production	US\$000s	(2,094)	(1,409)	(5,886)	(2,862)
Payments for administration	US\$000s	(1,283)	(1,420)	(5,757)	(4,226)
Cash operating income	US\$000s	6,480	4,704	13,605	8,790
Financial Position					
Cash	US\$000s	15,328	25,235	15,328	25,235
Total assets	US\$000s	128,010	84,138	128,010	84,138
Debt	US\$000s	15,000	-	15,000	-

The Company's cash flows from operations for the three months ended 30 June 2012 were \$6.5 million, an increase of \$1.8 million, or 38 percent, over the same quarter last year. For the year ended 30 June 2012, cash flows from operations were \$13.6 million, up \$4.8 million or 55 percent over the prior year. The cash margin of 66 percent for the quarter was in line with management's expectations.

During the quarter ended 30 June 2012, the borrowing base on the Company's \$100 million senior debt facility with the Bank of Oklahoma was increased from \$18.5 million to \$25 million. Only proved developed producing oil and gas reserves are considered in determining the borrowing base. The recent borrowing base increase relates to increases in the Company's proved developed producing reserves in the Williston and DJ Basins evaluated as of 31 December 2011. Reserve additions earlier in this fiscal year resulted in a borrowing base increase from \$10 million to \$18.5 million. Under the terms of the agreement, the borrowing base is evaluated at least semi-annually and, at the Company's request, can be evaluated up to two additional times during the year. During the quarter, the Company drew \$15 million against the facility to finance planned, low-risk developmental drilling in the Williston Basin and the Wattenberg Field of the DJ Basin. Cash on hand as at 30 June 2012 was \$15.3 million.

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Exploration & Development

Unaudited	Units	Three Months Ended		Twelve Months Ended	
		June 2012	June 2011	June 2012	June 2011
Capital Expenditures					
Exploration & evaluation	US\$000s	3,341	898	7,891	1,600
Development & production	US\$000s	7,662	5,331	34,311	22,430
Total capital expenditures	US\$000s	11,003	6,229	42,202	24,030

The Company's development activities are focused in the Williston Basin of North Dakota and the Wattenberg Field in the DJ Basin of Colorado. Exploration and appraisal activities are targeting the Anadarko Basin in Oklahoma and the northern Niobrara area of the DJ Basin. For the fiscal year, investments in development and production resulted in the addition of 77 gross (11.3 net) producing wells with an additional 20 gross (3.2 net) wells in progress as at 30 June 2012. At period end, Sundance owned working interests in 184 gross (22 net) producing wells, an increase of 72 percent and 106 percent, respectively, since the beginning of the fiscal year.

Williston Basin

Sundance holds a non-operated working interest in acreage and production across four prospects in the Williston Basin. A total of 24 gross (0.8 net) wells were completed during the quarter. The Daily 4-12/13H (SEA WI 34.1%) located on the Company's South Antelope Prospect began producing in March 2012 and continued to produce well with a 30-day rate of 1,444 boepd. The BB Belquist 150-95-10/11H1 and 11H2 (SEA WI 8.8%) and the Moberg 15-8 (SEA WI 3.9%) reported 7-day IP rates in excess of 2,000 boepd. Five others reported 7-day IP rates in excess of 1,000 boepd with the remainder in the 700-900 boepd range. For this fiscal year, investments in this basin have resulted in the addition of 64 gross (2.5 net) producing wells with 14 gross (0.7 net) wells in progress at quarter-end.

Denver-Julesburg Basin

Sundance continues with an active developmental drilling program in the DJ Basin. Activity this quarter focused on drilling four vertical wells (SEA WI 100%) in the Wattenberg Field of the basin. The Lamb 42-15 and the Lamb 32-15 came on production in late June with IP rates in the 100 boepd range. At quarter-end the HFE 14-22 and MLD 13-22 were being prepared for fracture stimulation and are expected to be on production in early August.

Sundance operates 11 of the 12 wells that were completed on its acreage in the DJ Basin this year. As a result of its relatively higher working interest in this basin the majority of the net wells (8.5 of the 11.3 net wells) coming onto production company-wide during fiscal 2012 are located in the DJ Basin.

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Exploration & Development


Anadarko Basin

The Anadarko Basin is the Company's newest exploration focus area. During the quarter, the Company added approximately 5,500 net acres to its holdings in the Anadarko Basin bringing the total to approximately 24,000 net acres acquired during this fiscal year. Drilling and fracture stimulation of the Company's first well in the area, the Leon Pecha #1 (SEA WI 91%), was completed during the quarter and was undergoing production testing at quarter-end. Drilling of the Leroy Unruh 1-8H (SEA WI 85%) was completed successfully during the quarter and the well was being prepared for fracture stimulation at quarter-end. Both wells are located in Alfalfa County, Oklahoma. The Company plans to continue with an active drilling program on its acreage in Alfalfa and Logan counties in Oklahoma over the coming months.

Corporate Developments

The company is intending to transition in due course to quarterly reporting of production in line with the reporting convention of its peers.

Yours sincerely,
Sundance Energy Australia Limited



Eric McCrady
CEO and Managing Director

For further advice on this release, please contact:

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Definitions

- boe – barrel of oil equivalent, using the ratio of 6 mcf of natural gas to 1 bbl of crude oil
- boepd – barrels of oil equivalent per day
- bbl – barrel of oil, the basic unit of oil sales
- mcf – thousand cubic feet of natural gas
- mmbtu – million British thermal units, the basic unit of gas sales
- M – when used with \$ equals millions
- WI – working interest
- IP rates – initial production rates

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")

30 June 2012

Consolidated statement of cash flows (in US\$)

Cash flows related to operating activities	Current quarter US\$'000	Year to date (..12... months) US\$'000
1.1 Receipts from product sales and related debtors	9,857	25,248
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration (e) GST	(3,341) (7,662) (2,094) (1,283) 3	(7,891) (34,311) (5,886) (5,757) 4
1.3 Dividends received		-
1.4 Interest and other items of a similar nature received		257
1.5 Interest and other costs of finance paid	(132)	(132)
1.6 Income tax paid	-	(142)
1.7 Other (derivatives)	199	(297)
Net Operating Cash Flows	(4,453)	(28,907)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (150)	- - (311)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	(3) - -	4,687 - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	(51)
Net investing cash flows	(153)	4,325
1.13 Total operating and investing cash flows (carried forward)	(4,606)	(24,582)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,606)	(24,582)
	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	15,000	15,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	(236)
	Net financing cash flows	15,000	14,764
	Net increase (decrease) in cash held	10,394	(9,818)
1.20	Cash at beginning of quarter/year to date	4,944	25,239
1.21	Exchange rate adjustments to item 1.20	(10)	(93)
1.22	Cash at end of quarter	15,328	15,328

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	149
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 and director fees 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	25,000	15,000
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	(14,000)
4.3 Production	(2,000)
4.4 Administration	(1,700)
Total	(21,200)

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	15,328	4,944
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	15,328	4,944

Changes in interests in mining tenements

	Tenement reference/ Basin	Nature of change (note (2))	Approx. interest at beginning of quarter	Approx. interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2	Anadarko Basin	Purchase of approximately 5,500 net acres	18,500 net acres	24,000 net acres
	Williston Basin	Purchase of approximately 450 net acres	9,050 net acres	9,500 net acres

+ See chapter 19 for defined terms.

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> 3.1 years
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
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: 31 July 2012

Print name:

Managing Director
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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