
SUNDANCE
energy
IDENTIFY ACQUIRE DEVELOP PRODUCE
ANNUAL REPORT 2012

Contents

Forward-Looking Statements

This Annual Report includes forward-looking statements. These statements relate to Sundance's expectations, beliefs, intentions or strategies regarding the future. These statements can be identified by the use of words like "anticipate", "believe", "intend", "estimate", "expect", "may", "plan", "project", "will", "should", "seek" and similar words or expressions containing same. The forward-looking statements reflect the Company's views and assumptions with respect to future events as of the date of this presentation and are subject to a variety of unpredictable risks, uncertainties, and other unknowns. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, many of which are beyond our ability to control or predict. Given these uncertainties, no one should place undue reliance on any forward-looking statements attributable to Sundance, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this report sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Competent Persons Statement

This report contains information on Sundance Energy's reserves and resources which has been reviewed by Brian Disney, a Colorado licensed Professional Engineer, who is qualified in accordance with ASX Listing Rule 5.11 and has consented to the inclusion of this information in the form and context in which it appears.

Abbreviations & Definitions

1P Reserves—proved reserves which have at least a 90% probability that the quantities actually recovered will equal or exceed the estimate

2P Reserves—proved plus probable reserves which have at least a 50% probability that the quantities actually recovered will equal or exceed the estimate

3P Reserves—proved plus probable plus possible reserves which have at least a 10% probability that the quantities actually recovered will equal or exceed the estimate

Enterprise Value or EV—market capitalisation less cash plus debt

PV10—discounted cash flows of the Company's reserves using a 10% discount factor

Bbl—one barrel of oil

BCF—one billion cubic feet of natural gas

BOE—a barrel of oil equivalent, using the ratio of six Mcf of natural gas to one Bbl of crude oil

BOEPD—barrels of oil equivalent per day

Constant Case—the reserve report case using first of month average pricing for the trailing 12 months held constant throughout the life of the reserves

MBOE—a thousand barrels of oil equivalent

MBbl—a thousand barrels of crude oil

Mcf—one thousand cubic feet of natural gas

MMcf—one million cubic feet of natural gas

M—when used with $ equals millions

Net Acres—gross acres multiplied by the Company's working interest

Net Wells—gross wells multiplied by the Company's working interest

PDP—proved developed producing reserves

PDNP—proved developed nonproducing reserves

PUD—proved undeveloped reserves

ROCE—return on capital employed defined as earnings before interest and taxes divided by assets minus current liabilities

One barrel of oil is the energy equivalent of six Mcf of natural gas.

All oil and gas quantity and revenue amounts presented in this report are net of royalties.

All currency amounts presented in this report are shown in US dollars except price per share amounts which are presented in Australian dollars.

Corporate Overview And Strategy

Sundance Energy Australia Limited (ASX: SEA) is a US onshore oil and gas company focused on the acquisition and development of large, repeatable resource plays. The Company has a well-located portfolio in premier US oil and gas basins with current operational activities focused in the Greater Anadarko, Denver-Julesburg ("DJ") and Williston Basins.

The Company utilises its leading US-based technical team to appraise, develop, produce and grow its portfolio of assets. Sundance has a low-risk growth model designed to drive shareholder returns by delivering repeatable results with high success rates. The Company's strategy focuses on generating cash flow from its existing production base, acquiring and developing high-interest, Sundance-operated projects designed to accelerate growth, exploring for additional resources within existing basins and pursuing strategic merger and acquisition opportunities.

FY 2012 Highlights

- ***Expanded our premier acreage position by acquiring over 23,000 net acres in the Greater Anadarko Basin.***
- ***Drilled and completed 77 gross (11.3 net) wells which increased our producing well count to 184 gross (22 net) wells. At yearend, 20 gross (4.6 net) wells were in progress.***
- ***Increased daily oil and gas production by 62 percent from the prior year to 1,163 boepd.***
- ***Reported net income of $6.0M and oil and gas revenue of $29.8M, an increase of 64% from the prior year.***
- ***Increased 3P constant case reserves to 50.1 mmboe with PV10 of $445.5M an increase of 95% and 105%, respectively, from the prior yearend.***
- ***Ended the year in a strong financial position with a cash balance of $15.3M and a $100M senior debt facility in place.***
- ***Subsequent to yearend, entered into an agreement for the sale of our South Antelope prospect in the Williston Basin for $172.4M in cash.***

Chairman's Letter

Dear Fellow Shareholders,

The past year was one of important change and significant progress for Sundance Energy. We appointed a new and highly talented Managing Director, underwent renewal at the Board level and refined our portfolio of projects through asset divestment and an active development program. This active management of our projects enables Sundance to maximise its return on invested capital and deliver significant shareholder value over the long term.

Focused Strategy

The Company is focused on the exploration, development and production of large, repeatable resource plays in North America. Our strategic vision is to develop those assets where we are operator and have high working interests thereby allowing us to control the pace of growth of our projects and the allocation of our capital resources.

In line with this strategy, Sundance divested non-core assets including the Arriba prospect and, subsequent to yearend, entered into an agreement for the sale of our interest in the South Antelope field. The Company has a proven track record of generating and monetising significant value from its projects. Arriba and South Antelope were projects which no longer fit our growth strategy and their sale delivered the Company net proceeds of over US $175 million. These funds will be channelled into our existing portfolio of high-interest, Sundance operated projects, along with potential acquisition opportunities that fit our strict investment parameters.

Appointment of Managing Director

We were pleased to announce the appointment of Eric McCrady to the Board of Directors as our Managing Director. Eric continues in his role as CEO and he previously served as Sundance's Chief Financial Officer. He brings a strong mix of Company knowledge, financial acumen and transactional experience. I believe Eric's promotion strongly complements the talent of our broader team which has been strengthened during the year with a number of key appointments. Importantly, I believe Eric's suitability for his new position has been aptly demonstrated with his leading role in the formulation and implementation of the Company's strategy.

Board Renewal

As announced in January 2012, the Company engaged an Independent Review of our Board composition, structure and administrative policies. Concurrent with the Independent Review, Reg Nelson resigned from his position to concentrate on his many other corporate and personal responsibilities. Reg made a substantial contribution to the growth of Sundance and I would like to thank him for his dedicated service to the Company.

With the focus on our US-based assets, one of the key recommendations from the Independent Review was that the Board should include one or more independent directors with extensive US oil and gas industry experience. While we conduct a formal search for a new US Director, the Board has approved the interim appointment of Neville Martin, who has previously served as an Alternate Director on the Sundance Board. Neville continues to act as a valuable Board member and brings a wealth of corporate and legal experience.

During the year, Paul Franks transitioned from an Executive Director of the Company to continue his senior executive role as Vice President of Operations. Post 30 June 2012, Alexander 'Kip' Hunter resigned as an Executive Director in order to return to his private law practice. I would like to thank Paul and Kip for their long and significant contribution to the Company.

A key principle of best practice Corporate Governance is to have an effective Board composition which includes a majority of independent, Non-Executive Directors. I believe the Company's Board renewal over the past year reflects our commitment to robust corporate governance.

Inclusion to S&P 300 Index

It was pleasing to note Sundance's inclusion in the S&P/ASX 300 Index following the S&P September 2012 quarterly review. This inclusion is an important milestone for the Company demonstrating the ongoing growth and maturity of the business.

Finally, I wish to thank my fellow Board members, management team and all our staff at Sundance for their dedication and efforts in building the Company. I am confident that 2013 will be a year of further substantial achievement for the Company and I look forward to sharing in this exciting time with each of you.

Yours sincerely,

Mike Hannell.

Mike Hannell
Chairman

Dear Fellow Shareholders,

Rampant spending and a sense of entitlement have resulted in high debt levels in developed economies. These high debt levels have stifled real economic growth and incentivized central banks and governments to adopt inflationary policies aimed at reducing the effective cost of debt service. This is exemplified in the US where nominal GDP growth of 3.9% over the past decade dwarfs real GDP growth of 1.8% and, while reducing the effective value of national debt, continues to worsen the standard of living.

These economic conditions are not new. The developed world has been dealing with serious structural challenges for the past decade, yet markets react to every snippet of news as changing the course of economies or as catastrophic to life and death. Has Europe's fundamental economic position changed, the US fiscal cliff been accelerated or deferred, or has the lifestyle of an ordinary person materially changed over the past 12 months? The answer is no, yet during that same period financial markets have experienced extreme swings in value that are unsupported by real changes in fundamental economic conditions.

Periods of volatility create opportunity. Our approach this past year has been to, despite this increased volatility, keep our foot on the accelerator and take calculated risks to materially grow the Company both for today and tomorrow.

We aggressively deployed our balance sheet to drive growth in production, profitability and Company operated reserves instead of sitting on hordes of cash for the sake of financial stability and comfort. This decision was driven in part because we did not view financial market volatility as the start of a real recession because fundamentals did not appear changed. We were therefore comfortable taking risk to grow the business even when popular media, investors and advisors were telling us that risk was off. We did, however, employ prudent risk mitigation techniques to protect some of the potential downside. As we sit here today peering into the future, the world again appears fraught with much of the same risks but it is our jobs as managers to figure a way to invest and grow through the cycles.

To fund this aggressive growth beyond our cash flow we used conforming senior debt. We did this because senior debt provides reasonably certain access to low cost capital when equity market volatility made capital availability uncertain and cost prohibitive. We have and will continue to employ a low leverage model, internally limiting ourselves to a debt to capital ratio of 40% and debt to EBITDA ratio of 1.5 to 1. These conservative leverage metrics give us adequate flexibility in the repayment or refinancing of the debt at its maturity. Our strategy of using cash flow and senior debt to fund our growth as opposed to tapping equity markets was fortunate because when equity markets did dry up, we needed capital and would have paid the price were it not for the flexibility provided by our credit facility.

In early 2012 we announced our intent to divest the Goliath project to accelerate our shift to higher interest, Company operated prospects. As we began marketing the asset for sale oil prices dropped 25%, decreasing prices offered for the asset. Since we were not in a position of needing to sell to fund our development and leasing program, we postponed the sale to await improvement in market values. In the meantime, we have continued to invest in, and add value to, the Goliath project.

Finally, we have elected to not only use capital for investment in tangible assets and growth, but to hire the best people possible to manage not just our current assets but those we will acquire in the future. This has resulted in the assembly of a very strong, experienced team with the ability to execute capital efficient growth. During this volatile year, our team has grown production to 1,163 boepd, reported net income of $6.0M, increased the PV10 of constant case proved reserves by 125%, and aggressively entered the Wattenberg and new Mississippian/Woodford play. We accomplished this without having raised equity in almost 2 years.

While headline numbers are flashy, long-term performance comes from capital efficient growth and that requires more analysis than just a review of top line numbers. During fiscal 2012 we drew $15M from our credit facility instead of issuing new shares. If we convert the ending debt balance to shares at the yearend share price, that would equate to 26.8M additional shares outstanding or 303.9M total shares outstanding. That means we produced 0.0014 boe for each debt adjusted share during FY2012 compared to 0.0009 boe in FY2011, an increase of 56%. While we expect to further improve this metric in the coming years, the growth behind the headline production increase demonstrates capital efficiency.

Capital efficient top line growth is important, but it is equally important to generate good returns on capital we are entrusted with investing. While we earned $6.0M in net income, only $4.2M was from recurring operations and the rest from one time asset sales. That means that whilst our headline return on capital employed (ROCE) was 10.3%, ROCE from continuing operations was 7.3%, an increase of

356 percentage points over ROCE from continuing operations from the prior year of 1.6%. Our medium term target is to achieve double digit ROCE and we have not made enough progress in this area. We anticipate improving ROCE by continuing our push towards the development of high working interest Company operated assets and accelerated growth through the re-investment of the proceeds from non-core asset sales.

The oil and gas business is unique in that the majority of a Company's assets are not on the balance sheet but measured as Proved Reserves, defined as reserves that the Company has a 90% or greater chance of achieving. To tie in the theme of capital efficiency, we commonly look at PV/I, or growth in the PV10 of proved reserves divided by capital expenditures made to generate that PV10 growth. In this area, more than any other, we outperformed in fiscal 2012. Net investment of $54.5M generated PV10 growth of $96.9M or a PV/I of 1.78. That means that for every dollar we invested, we got back $1.78 that will continue to earn us a 10% rate of return over time, putting us near the top of our peer group.

Lastly, subsequent to fiscal yearend we announced the divestiture of the South Antelope prospect which caps off a transformational year and sets the stage to improve upon that growth in the coming year. It is rare for a company with strong production, cash flow, and reserves to have the opportunity to reinvest, as I write this, approximately 75% of its market capitalization in new growth projects. We have proven our ability to generate organic growth, and will continue to grow organically, but the proceeds from this sale give us a unique opportunity to pursue a wide range of merger and acquisition opportunities with the potential to rapidly change the Company's portfolio and growth profile.

We have been evaluating opportunities to enter an additional basin that has proven developmental drilling coupled with the ability to unlock additional value through operations and exploration. A likely acquisition target will have existing production and significant development opportunities to grow production, cash flow and reserves. Over the next six to nine months, organic growth will remain important but we will be actively seeking a step change in the Company's growth trajectory via acquisition. During this next phase of growth, we will rely as always on our hardworking, dedicated team that has led us through this extraordinary year.

From employees to Board Members, investors to brokers, analysts to consultants, each has played an important role in the Company's growth. In particular, our employees have worked long, hard hours in a fast paced, dynamic environment. Many have sacrificed time with their families and for themselves above and beyond what would be expected in many companies. I want to personally thank each and every one for their hard work, creativity and sacrifice in building the company — the milestones achieved this year are a result of your efforts.

Yours sincerely,

Eric McCrady
Managing Director & CEO

Financial Overview

Continuation of Sundance's active drilling program yielded another year of revenue and production increases. For the year, the Company reported oil production of 338 MBbls and natural gas production of 520 MMcf. Total production of 424 MBOE represents an increase of 62 percent from the prior year. Daily production increased to 1,163 boepd from daily production of 719 boepd last year.

Oil and gas sales revenue increased to $29.8M, up 64 percent from the prior year. Year over year, oil increased to $82.82/Bbl from $82.19/Bbl. After taking into account the effect of hedging, the Company's realised price per barrel increased to $81.94/Bbl up slightly from last year's realised price of $80.27/Bbl. Due to the liquids-rich nature of its natural gas production, Sundance continues to receive a premium price compared to Henry Hub, the benchmark for US natural gas production. Natural gas sales averaged $4.92/Mcf for the year, up 10 percent from a realised price of $4.48/Mcf in the prior year.

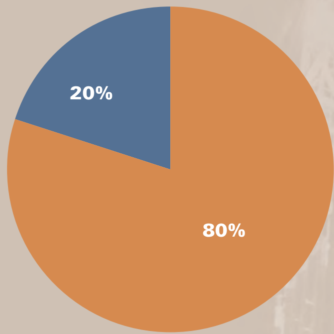
Sundance reported profit before income tax for the year of $10.2M which was comprised of a profit from operations of $7.2M and a gain of $3.0M from the sale of the Company's Arriba and PEL 100 Prospects. In the prior year, the Company reported profit before income tax of $11.8M comprised of a profit from operations of $0.9M and a gain on property sales of $10.9M. This 700 percent increase in profit from operations was driven primarily by increased production and revenue from the Company's successful drilling and development program.

The decrease in cash balances from $25.2M to $15.3M was primarily a result of exploration and development expenditures of $40.5M offset by cash flow from operations of $11.8M, proceeds from oil and gas asset sales of $4.7M and borrowings under the Company's senior line of credit of $15M.

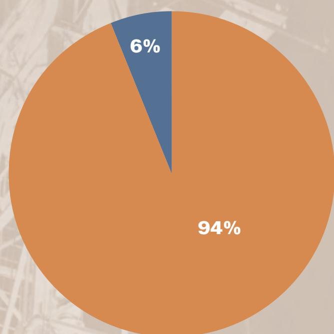
FINANCIAL SUMMARY

(US$000s except per unit prices)	**2012**	**2011**
Income Statement		
Oil and gas sales	29,787	18,176
Total revenue	33,054	29,428
Net profit after tax	6,012	7,029
EBITDAX	16,264	9,762
Balance Sheet		
Cash	15,328	25,244
Total assets	130,661	84,080
Debt	15,000	—
Shareholders' Equity	74,204	67,467
Cash Flow		
Net cash provided by operating activities	11,832	8,908
Net cash used in investing activities	(36,149)	(13,465)
Net cash provided by financing activities	14,734	18,869
Production and Commodity Prices		
Oil production, MBbls	338	208
Natural gas production, MMcf	520	328
Production, boepd	1,163	719
Oil price per barrel	$ 81.94	$ 80.27
Natural gas price per mcf	$ 4.92	$ 4.48

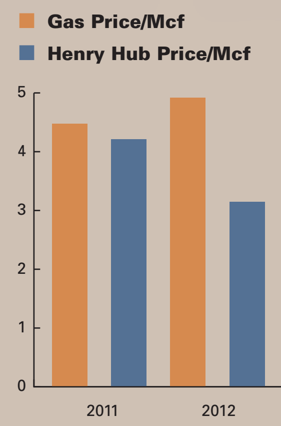
2012 Production Ratio



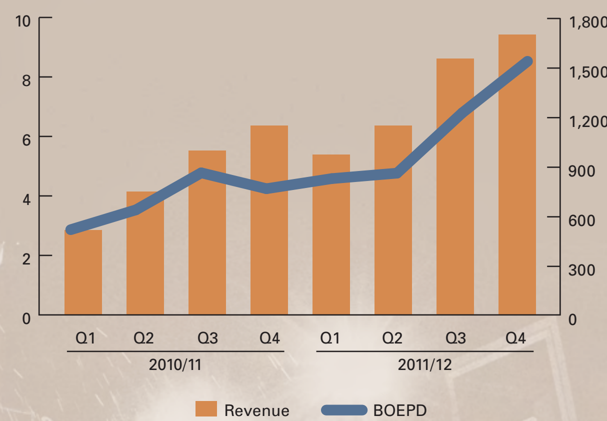
2012 Revenue Ratio



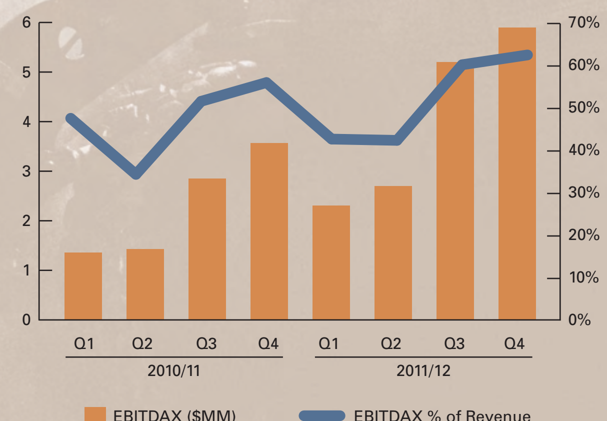
OIL
GAS



Revenue ($MM) & Production (BOEPD)



EBITDAX Trend



Operations Report

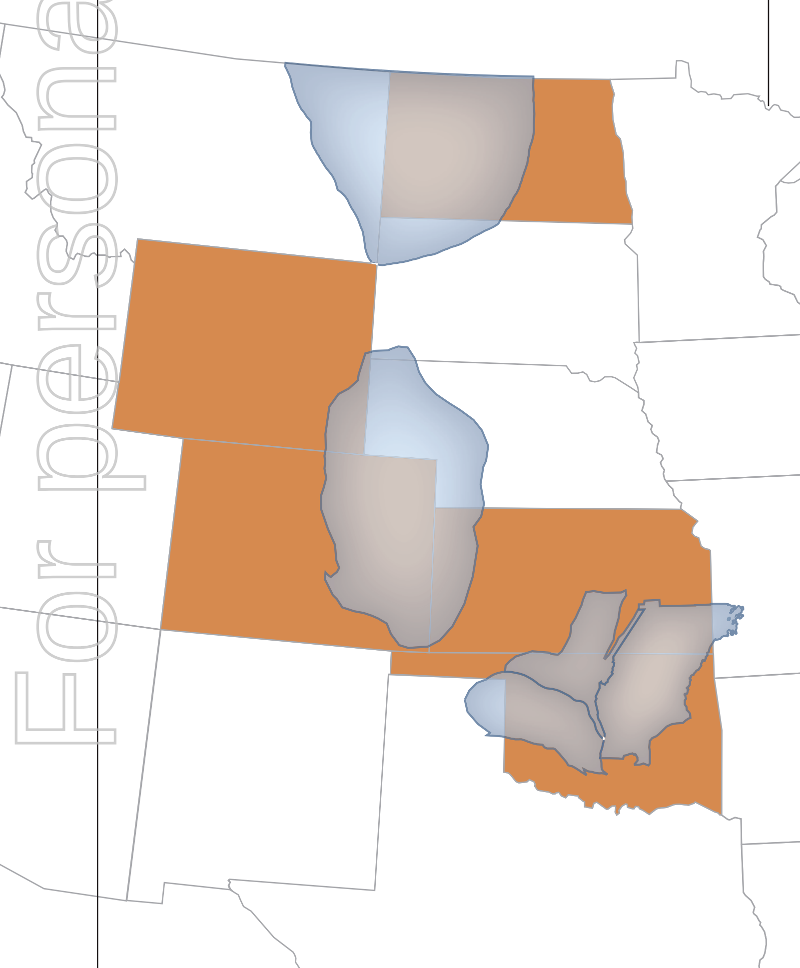
All of Sundance's exploration, development and production assets and activities are located on-shore in the US. Current activities are focused on the Williston Basin in North Dakota, Denver-Julesburg (DJ) in Colorado and Wyoming and Greater Anadarko Basin in Oklahoma and Kansas.

During the year ended 30 June 2012, the Company drilled and completed a total of 77 gross (11.3 net) wells and at yearend 20 gross (4.6 net) wells were in progress. At yearend, Sundance owned an interest in 184 gross (22 net) producing wells, an increase of 106 percent in net producing wells from last yearend. During the year a total of 24,500 net acres were added with the majority being added in the Anadarko Basin, the Company's most recent exploration focus area. Expenditures for acreage acquisitions and drilling and completing wells totalled $59.2M for the year.

Production for the year totalled 424 MBOE or 1,163 boepd, a 62 percent increase from last year. This increase is as a result of the Company's successful drilling program in the Williston and DJ Basins during FY 2012.

Proved reserves increased 67 percent to 10.2 MMBOE and 3P reserves increased 95 percent to 50.1 MMBOE as set forth in the 30 June 2012 constant price case reserve report prepared by Netherland Sewell and Associates, Inc. Oil and natural gas prices used in this case were based on a first of the month average price for the trailing 12 months of $95.67 per barrel for oil and $3.15 per mcf for natural gas, adjusted for quality, regional and transportation differentials. The PV10 of proved reserves increased 125 percent to $174.4M and the PV10 of 3P reserves increased 105 percent to $445.5M. Oil made up 79 percent of proved and 69 percent of 3P reserve quantities at period end.

Subsequent to yearend, the Company entered into an agreement for the sale of its interest in producing wells and undeveloped acreage in the South Antelope field for a total cash purchase price of $172.4 million. The South Antelope field accounted for approximately 27 percent of 3P reserve quantities and 47 percent of daily production at yearend.



WELLS AND PRODUCTION

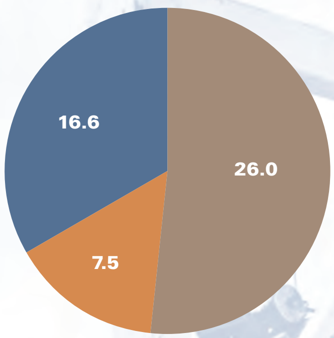
As at 30 June 2012 unless otherwise noted	**Total**
Wells Drilled and Completed - FY 2012	
Gross	77
Net	11.3
Well in Progress	
Gross	20
Net	4.6
Producing Wells	
Gross	184
Net	22.0
Production - FY2012 (boepd)	1,163

CAPITAL INVESTED AND RESERVES

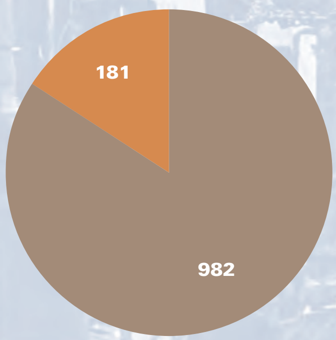
As at 30 June 2012 unless otherwise noted	**Total**
Capital Invested - FY 2012	
Exploration and Evaluation	$ 8,670
Development and Production	$ 50,520
Net Acres	52,853
Proved Reserves - Constant Case	
MBOE	10,155
PV10 ($000s)	$174,418
Percent Oil	79%
3P Reserves - Constant Case	
MBOE	50,138
PV10 ($000s)	$445,540
Percent Oil	69%

WILLISTON BASIN   DJ BASIN   ANADARKO BASIN

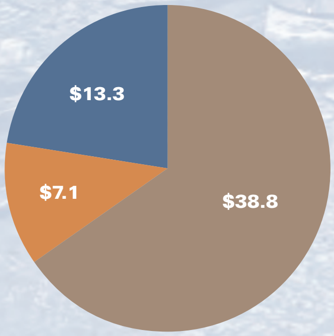
3P Reserves — 50.1 MMBOE



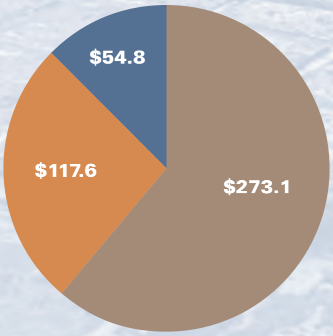
FY 2012 Daily Production
1,163 BOEPD



2012 Exploration and Development
Capital — $59.2M



PV10 of 3P Reserves
$445.5M



Williston Basin

Sundance holds non-operated working interests in acreage and production across its South Antelope, Phoenix and Goliath prospects in the Williston Basin. The Williston Basin has been, and remains, one of the most prolific oil producing basins in the US.

This was a key exploration and development area for the Company in FY 2012 and Sundance has a very active vertical and horizontal well drilling program in place. Drilling primarily targets the Bakken and Three Forks shale formations which have been considered the most important oil discovery in the US since Alaska's North Slope.

Wells are drilled on both 640 acre and 1,280 acre spacing units with the majority currently drilling on 1,280 acre spacing. Vertical depths range from 9,000 to 10,500 feet with horizontal laterals extending between 4,500 and 9,000 feet. After drilling, the wells are fracture stimulated with up to 30 fracture stages to maximise oil recovery and economic returns.

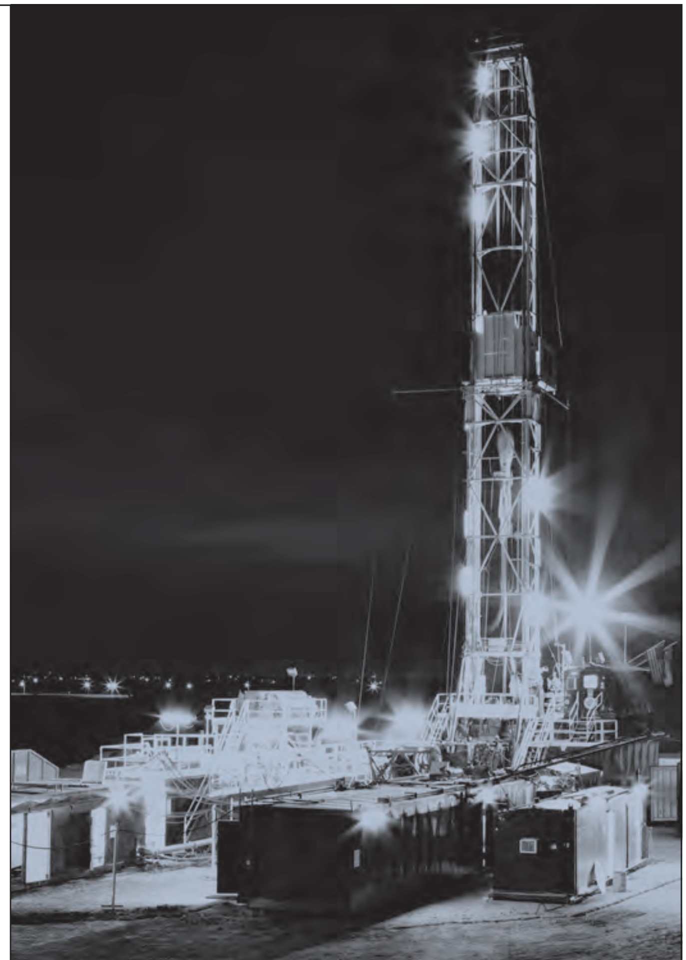
Sundance's Phoenix prospect is located in McKenzie County, North Dakota and is situated on the American Indian Reservation of the Mandan, Hidatsa and Arikara Nation (the "Three Affiliated Tribes"). EOG is the primary operator of this field with Sundance owning approximately 1,500 net acres and an average working interest of approximately 9.1 percent. A total of 7 gross (0.3 net) wells were drilled and completed during the year and an additional 5 gross (0.2 net) wells were in progress at yearend. As at 30 June 2012, the Company owned an interest in 23 gross (2.0 net) producing wells on the Phoenix prospect and 3P reserves totalled 6,506 MBOE.

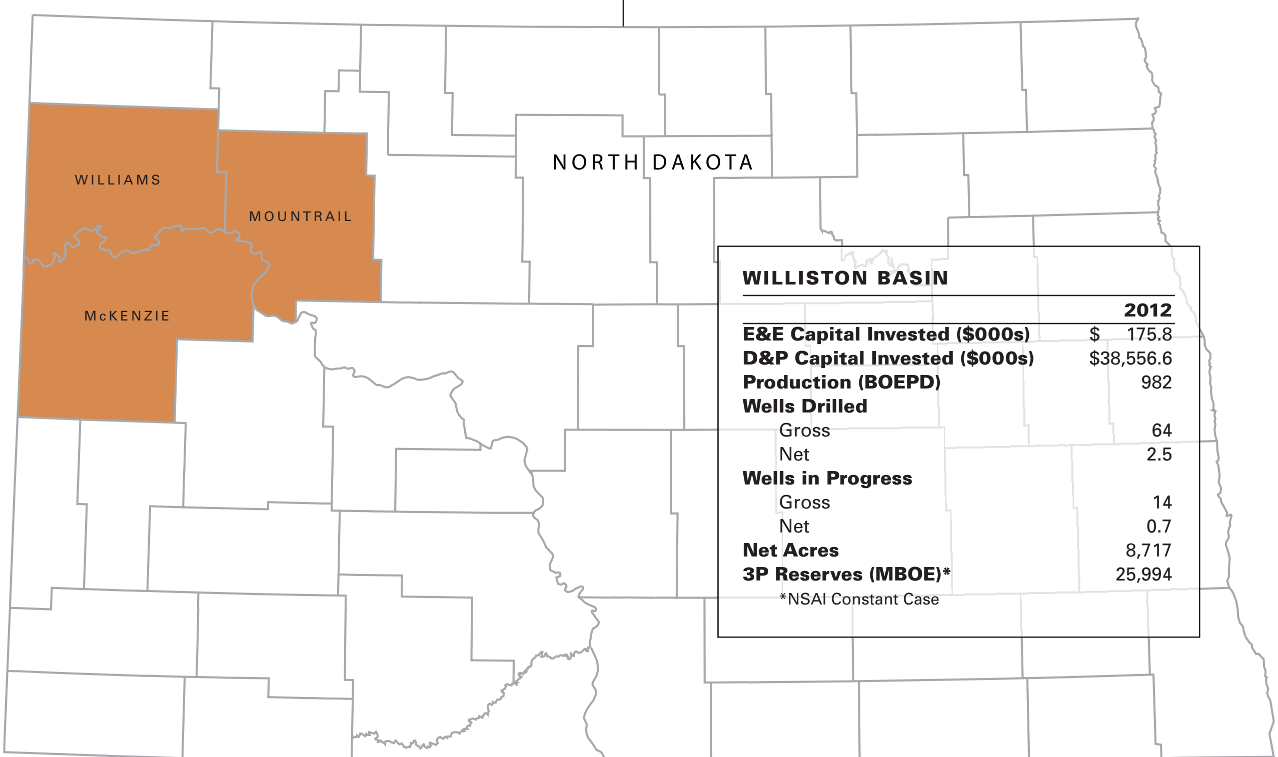
The Goliath prospect is located in Williams County, North Dakota with Hess Corporation being the primary operator. Sundance owns approximately 3,200 net acres and has an average working interest of approximately 2.0 percent in this prospect. The Company participated in the drilling and completion of 38 gross (1.0 net) wells during the year and 5 gross (0.3 net) wells were in progress at yearend. Producing wells totalled 74 gross (1.6 net) and 3P reserves were 5,816 MBOE at yearend.

The Company owns approximately 3,900 net acres in the South Antelope prospect in McKenzie County, North Dakota with an average working interest of 11.2 percent across the prospect. Helis Oil & Gas is the primary operator on the prospect. Sundance participated in the drilling and completion of 19 gross (1.2 net) wells during the year and 4 gross (0.2 net) wells were in progress at yearend. At yearend, there were 42 gross (4.5 net) producing wells on the prospect and 3P reserves of 13,604 MBOE.

In August 2012, the Company entered into an agreement to sell all of its producing properties and developed and undeveloped acreage in its South Antelope prospect for a cash sales price of $172.4M. This prospect accounted for approximately 47 percent of the Company's FY 2012 production and approximately 27 percent of total 3P reserves as at 30 June 2012.

The transaction, which closed in late September 2012, confirmed strong buyer interest in quality Bakken-Three Forks assets. This transaction is part of the Company's strategy of divesting lower working interest, non-operated properties and redeploying the capital into higher working interest, Sundance-operated projects.





WILLISTON BASIN

	2012
E&E Capital Invested ($000s)	$ 175.8
D&P Capital Invested ($000s)	$38,556.6
Production (BOEPD)	982
Wells Drilled	
Gross	64
Net	2.5
Wells in Progress	
Gross	14
Net	0.7
Net Acres	8,717
3P Reserves (MBOE)*	25,994

*NSAI Constant Case

DJ Basin

Sundance has an active exploration and development program in the DJ Basin of Colorado and Wyoming focused on the Company's Motocross, Silo, Bull Canyon and Twister prospects. This program includes the acquisition of additional acreage and the drilling of both vertical and horizontal wells, primarily targeting the highly prospective Niobrara shale formation.

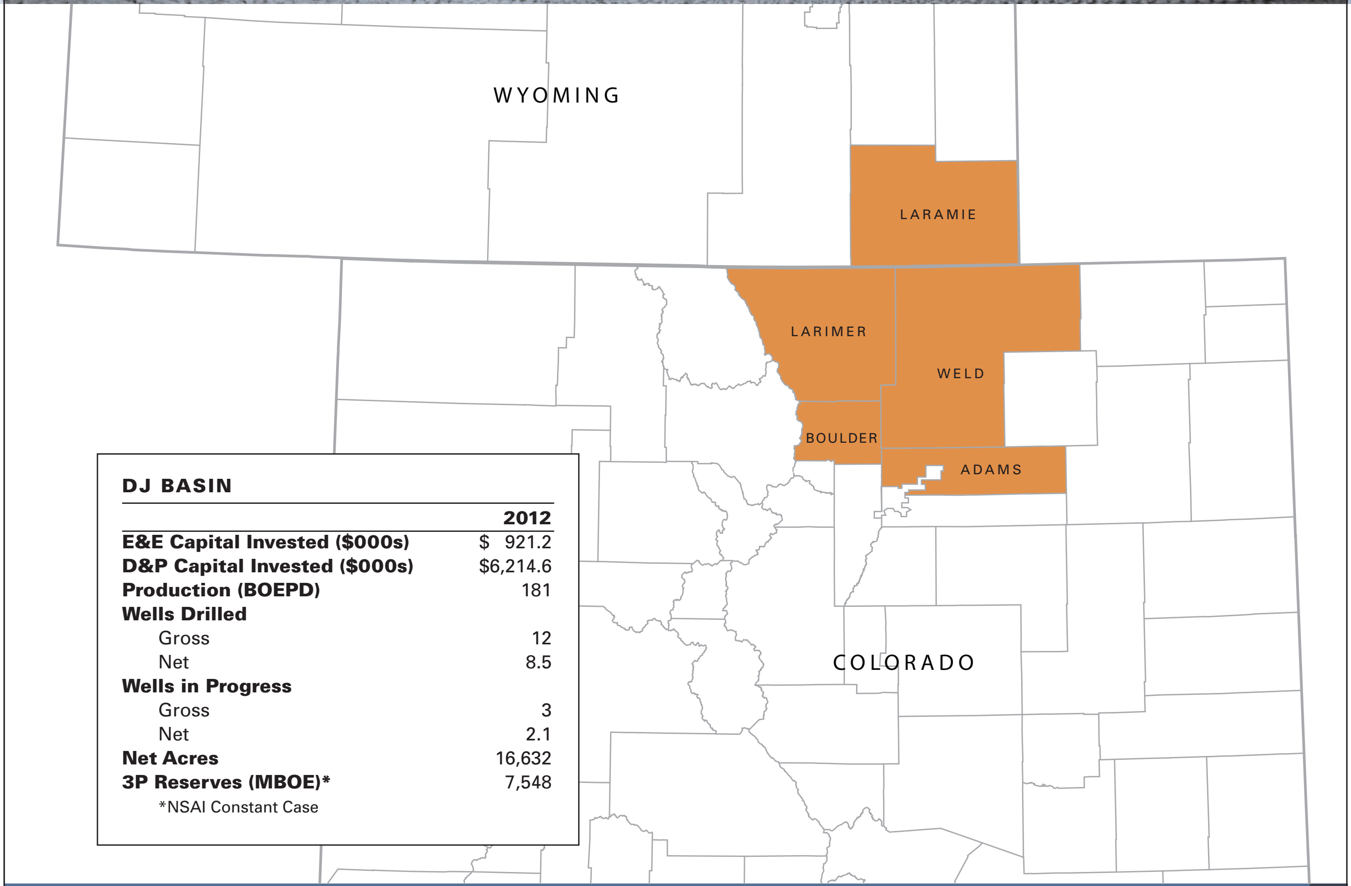
The DJ Basin has over 40 years of commercial production of oil and gas. During the year under review, Sundance drilled a total of 12 gross wells in the basin which brings the total to 33 producing wells in which Sundance holds an interest. As a result of the Company's relatively higher working interests across this basin, the associated net well additions were 8.5 resulting in 13.1 net producing wells as at 30 June 2012. At period end, 3 gross (2.1 net) wells were in progress. Sundance is the operator on the majority of the wells drilled this year.

Included within this basin is the Wattenberg Field which offers lower risk developmental drilling opportunities, quick spud to production cycle time and attractive development costs of $12 to $18 per BOE. In addition, this area has a very well developed infrastructure which allows for oil and gas sales to commence shortly after the wells are completed. This combination of factors provides sound, risk-adjusted returns with limited capital at risk per well. Although there are both horizontal and vertical drilling opportunities in this field, the Company's drilling program for this year was focused on vertical wells.

The Company is also conducting appraisal activities targeting the Northern Niobrara area of the DJ Basin. Drilling costs for the horizontal wells in this area average $4M to $6M per well or approximately $15 to $18 per BOE. Development in this basin during the year included drilling of the Sundance-operated Breeden 2-17H which reported a 24-hour peak flow of 294 boepd. Sundance owns a 33.75 percent WI in this well.

Sundance also participated in the drilling of the Noble-operated Krier GV25-62H with a WI of 11.55 percent. This well reported 24-peak flow of 742 boepd and a 30-day average rate of 324 boepd.

Drilling and development plans in the DJ Basin for the upcoming year include drilling several additional vertical wells on the Company's Motocross prospect as well as one or two wells within the Bull Canyon prospect area. Sundance is expecting to be the operator on all of these wells.

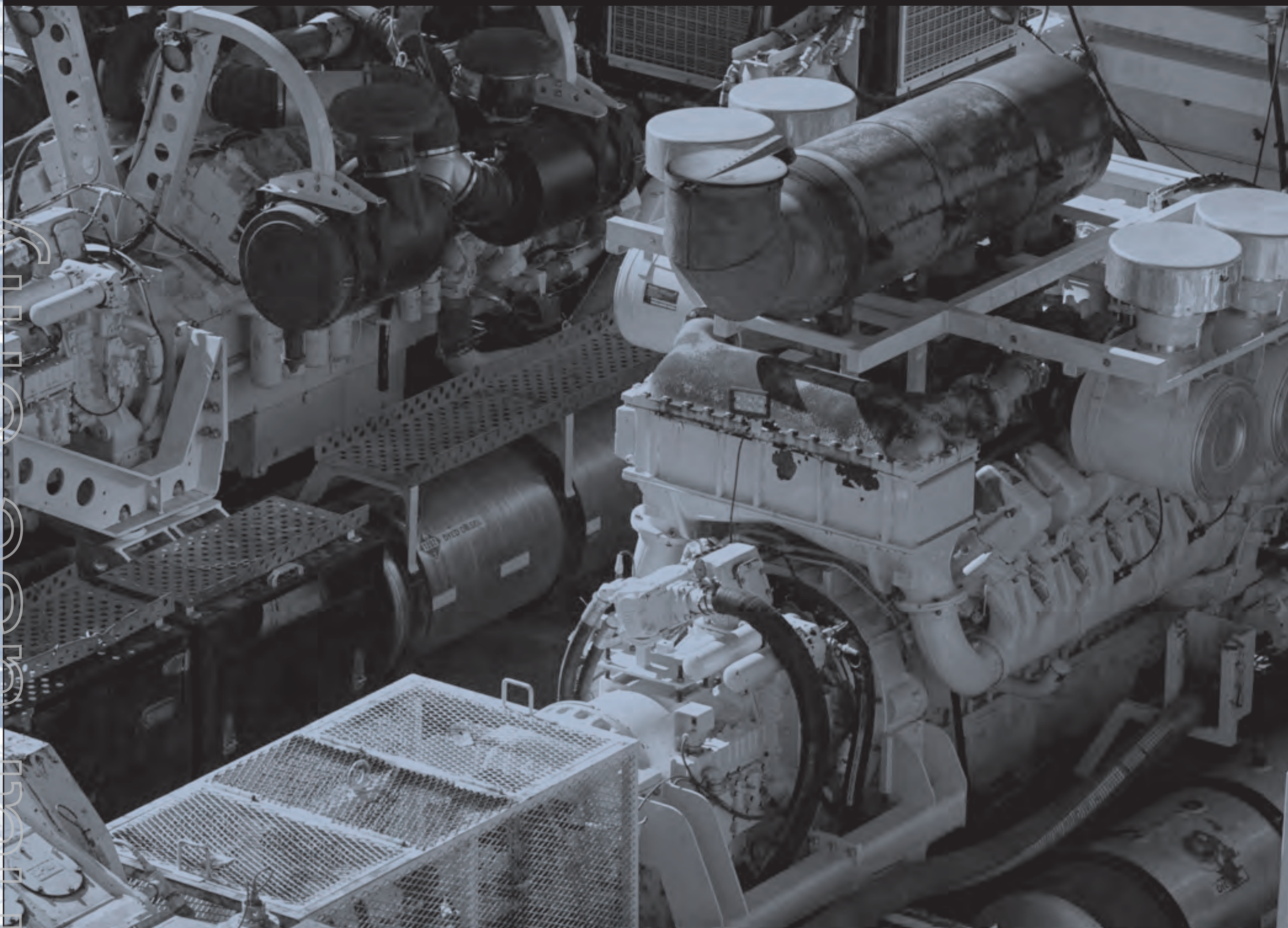


DJ BASIN

	2012
E&E Capital Invested ($000s)	$ 921.2
D&P Capital Invested ($000s)	$6,214.6
Production (BOEPD)	181
Wells Drilled	
Gross	12
Net	8.5
Wells in Progress	
Gross	3
Net	2.1
Net Acres	16,632
3P Reserves (MBOE)*	7,548

*NSAI Constant Case

Anadarko Basin



Sundance began acquiring leasehold acreage in the Anadarko Basin during FY2011-2012 and as at 30 June 2012 held an interest in over 23,000 net acres. During the financial year under review, in excess of $7.6M was invested in the acquisition of leases. Leasing continues and the Company's leasehold position in this basin has grown to approximately 28,000 net acres as of the date of this report. Sundance is targeting a leasehold position of 40,000 net acres by the end of calendar 2012 and the acquisition of an additional 40,000 net acres over the following twelve months.

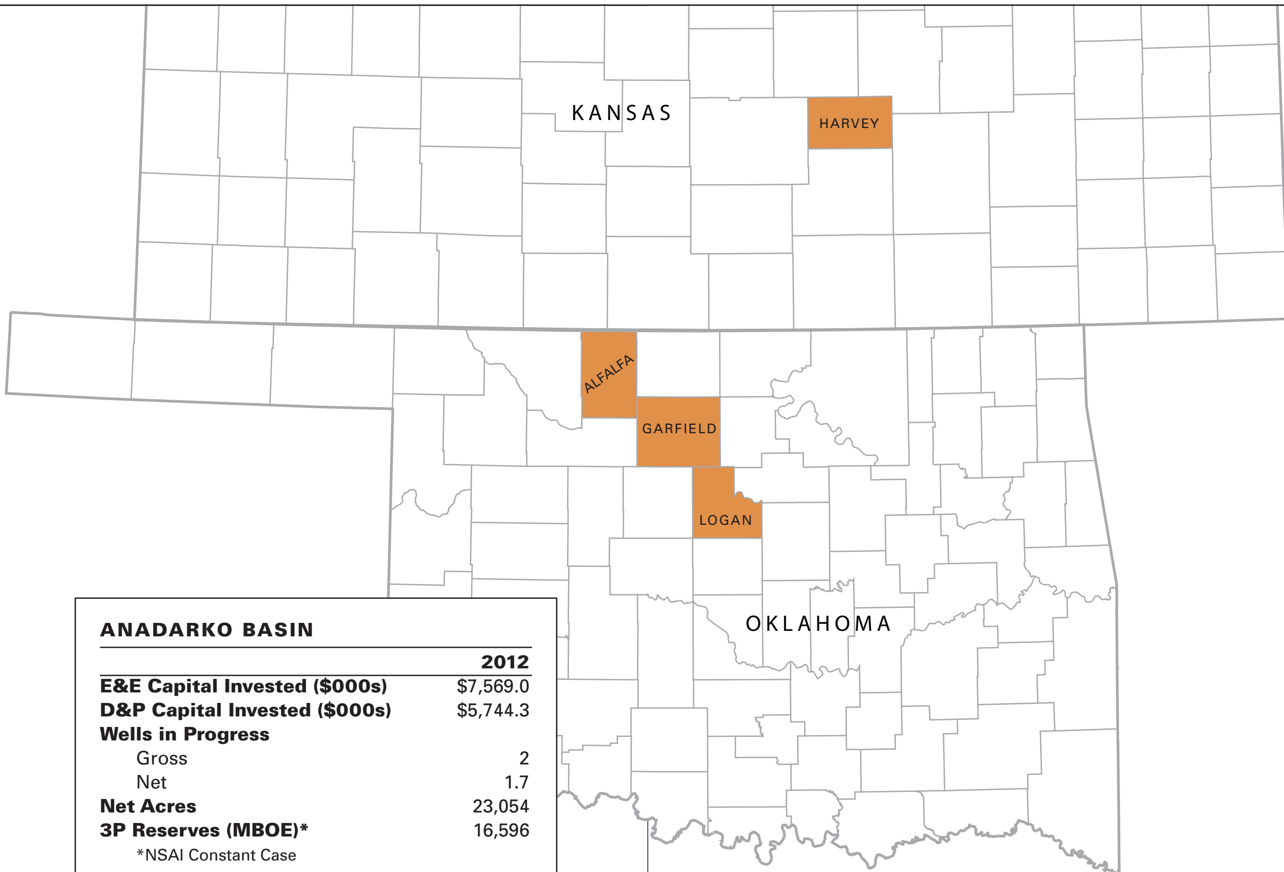
The Company's efforts are currently focused in Oklahoma in the South Goltry prospect (Alfalfa County) and the Mulhall prospect (Logan and Garfield counties). The program includes drilling horizontal wells targeting the Mississippian and Woodford formations. The wells are being drilled with vertical depths ranging from 5,500 to 7,000 feet and horizontal laterals of approximately 5,000 feet. Completion techniques include hydraulic fracture stimulation with 12 to 15 stages.

Drilling and completion costs for wells drilled in the play are expected to range from $3.2M to $4.2M. Total recoverable reserves are estimated at 150,000 BOE to 250,000 BOE per well, based on a 39:1 economic natural gas to BOE conversion ratio.

In late FY2011-2012, the Company entered the appraisal phase on its South Goltry prospect in Alfalfa County with the drilling and completion of the first two Sundance-operated wells on this prospect. The Leon Pecha #1-11H (SEA WI 91%) and the Leroy Unruh #1-8H (SEA WI 84.6%) are currently flowing back and production testing is underway. Data gathered from these first two wells will be used to formulate a development plan for the prospect.

Subsequent to the end of the fiscal year, drilling of the Kightlinger 19-3-1HM (SEA WI 87.5%) commenced on the Company's Mulhall prospect in Logan County. Appraisal of the Mulhall prospect is expected to include drilling of an additional four to six gross Sundance-operated wells by the end of calendar 2012.

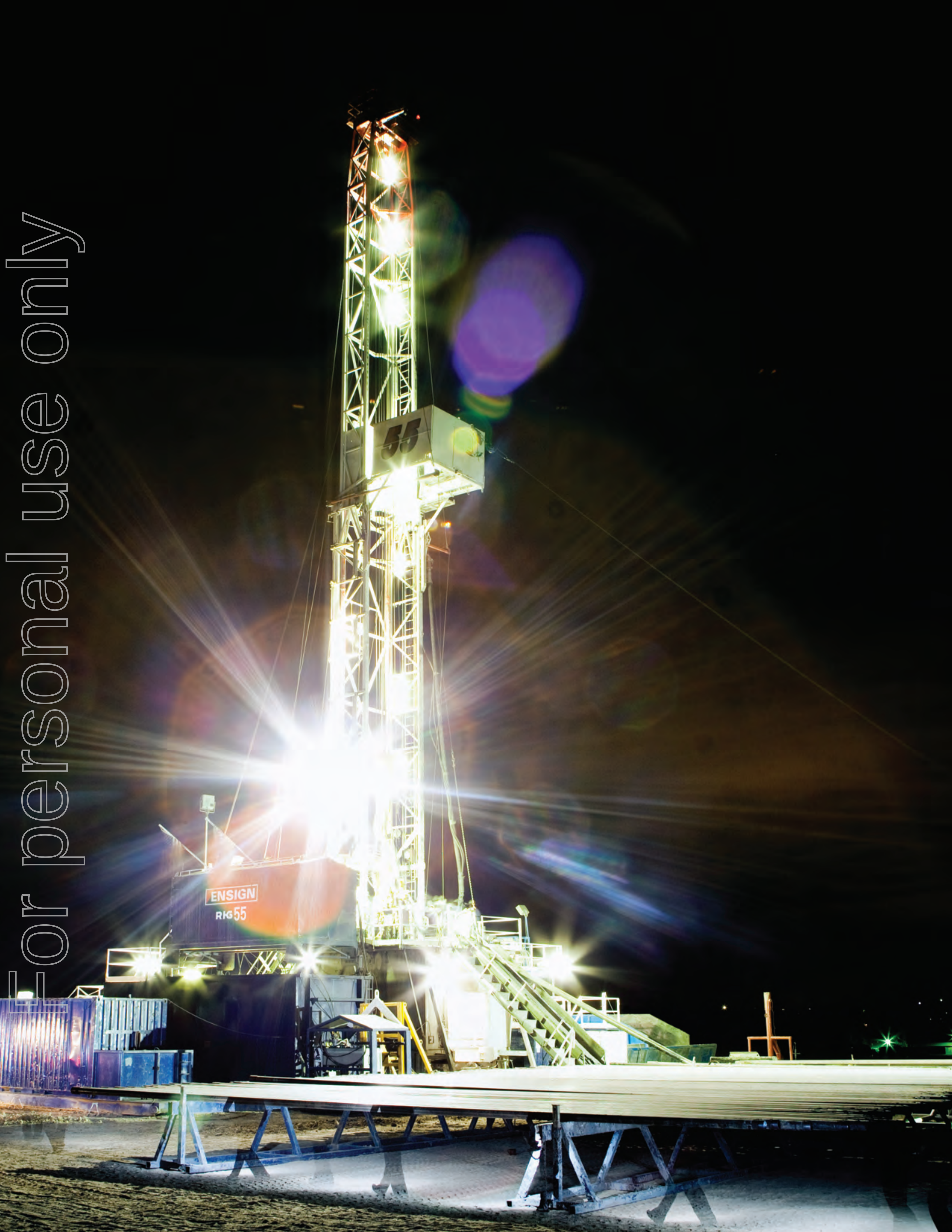
The Company plans to continue with an active drilling program on its acreage in Alfalfa and Logan counties. In addition, many other operators are active in the area. This may afford Sundance the opportunity to participate in wells being drilled by other operators and thereby accelerating the pace of development of these prospects.



ANADARKO BASIN

	2012
E&E Capital Invested ($000s)	$7,569.0
D&P Capital Invested ($000s)	$5,744.3
Wells in Progress	
Gross	2
Net	1.7
Net Acres	23,054
3P Reserves (MBOE)*	16,596

*NSAI Constant Case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Directors' Report

Your Directors present this report on the Company and its consolidated entities ("Group" or "Consolidated Group") for the financial year ended 30 June 2012.

Directors

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

- Michael D Hannell
- Alexander M Hunter III (resigned 13 July 2012)
- Paul D Franks (resigned 29 November 2011)
- Damien A Hannes
- Reg G Nelson (resigned 1 March 2012)
- Neville W Martin (alternate Director since 18 May 2011 and Director since 1 March 2012)
- Eric P McCrady (appointed 29 November 2011)

These Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

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

Mr Craig Walford Gooden - Chartered Accountant was appointed in April 2005. He has been a member of the Institute of Chartered Accountants in Australia since 1967 and has over thirty-five (35) years of experience in the resources industry. He is also the Company Secretary of Archer Exploration Limited (ASX listed).

Principal Activities

The principal activities of the Group during the financial year were:

- the exploration for and development and production of oil and natural gas in the United States of America; and,
- the continued expansion of its mineral acreage portfolio in the United States of America.

No significant changes in the nature of the activities of the Group occurred during the year.

Operating Result

The profit of the Group, after providing for income tax of $4,145,000, amounted to $6,012,000 (2011: after tax profit of $7,029,000).

Dividends

No dividends were declared or paid during the financial year. No recommendation for payment of dividends has been made.

Review of Operations

The Group had another very successful financial year, continuing to execute upon its wide-ranging development program across its several US prospects. Development activities for the year were focused primarily in the Company's Williston and DJ Basin Prospects and resulted in significant growth in production, revenue and reserves. The Group's mineral asset portfolio also continued to expand with the initiation of new plays prospective for oil and gas development in the Greater Anadarko Basin of Oklahoma and Kansas. Nearly 24,000 net acres were added in the Greater Anadarko Basin during the year under review.

Sundance's developmental efforts during the 2011/2012 financial year were focused primarily upon its prospects located in the Williston Basin of North Dakota and the Denver-Julesberg Basin in Colorado and Wyoming. The Group participated in 77 gross (11.3 net) wells during the year under review and as at year end 20 gross (4.6 net) wells were in progress.

This activity increased production to 1,163 barrels of oil equivalent per day ("boepd") compared to an average of 719 boepd in the prior fiscal year. Our oil and gas revenue stream increased to $29.8M for the year from $18.2M in the previous financial year.

The Group's drilling success increased its constant case Proved reserves to 10.2 MMBOE and pre-tax PV10 to $174.4M, from 6.1 MMBOE and PV10 of $77.5M as at 30 June 2011. The Company's 3P constant price case reserves were found to be 50.1 MMBOE with a PV10 of $445.5M as at year end as compared to 25.7 MMBOE and PV10 of $217M as at the end of the prior year.

Sundance is positioned to build on the success of its 2011/2012 financial year and continue to create long-term value for its shareholders.

Significant Changes in State of Affairs

Following is a summary of significant changes in the state of affairs of the Group during the financial year:

- Expanded our premier acreage position by acquiring nearly 24,000 net acres in the Greater Anadarko Basin.
- Invested $59.2 million in exploration, development and acreage acquisitions.
- Drilled and completed 77 gross (11.3 net) wells which increased our producing well count to 184 gross (22 net) wells. At year end, 20 gross (4.6 net) wells were in progress.
- Increased daily oil and gas production to 1,163 boepd, an increase of 62 percent from the prior year.
- Reported net income of $6.0M and oil and gas revenue of $29.8M.
- Increased constant case Proved reserves of 10.2 MMBOE and PV10 of US$174.4M and increased 3P constant case reserves to 50.1 MMBOE with PV10 of $445.5M.
- Ended the year in a strong financial position with a cash balance of $15.3M and a $100M senior debt facility in place.

Other than the material changes noted here and those discussed in more detail in the Review of Operations section above, there were no other material changes in the state of affairs of the Company.

Matters Subsequent to the End of the Financial Year

On 17 July 2012 the Company sold its oil and gas producing and non-producing assets in the Pawnee Prospect in the Kansas Uplift Basin for $900,000.

On 23 August 2012 the Company executed a Purchase and Sale Agreement to divest of approximately 3,900 acres of oil and gas non-producing and producing assets in the South Antelope field for $172.4M. The effective date of the sale is 1 July 2012 and the transaction closed in late September 2012.

Future Developments, Prospects and Business Strategies

The developments in the operations of the Group have been included in the Review of Operations and Significant Changes in State of Affairs sections of this report. The Group's business strategies and prospects for growth in future financial years are presently concentrated on development of the Group's current resource plays and the acquisition of further plays which comport with the underlying development model. Further information on likely development in the operations of the Group and expected results of operations has not been included because the Directors believe it would result in unreasonable prejudice to the Group.

Environmental Issues

The Group's operations are subject to significant environmental regulation under laws of the United States. No notice of any breach has been received and the Directors believe no breach of any environment regulations has occurred.

Safety

The Group has had no safety issues during the year under review.

Information on Directors

Michael Damer Hannell
Chairman, BSc Eng (Hons), FIEAust, FAICD

Experience - Mike has over 45 years of experience in both the upstream and downstream petroleum industry. He has been a Director of the Company since March 2006. His extensive experience has involved a wide range of engineering, operations, exploration / development, commercial, financial and corporate areas in the UK, USA, Europe and Australia at senior executive level. Mike was President of the Chamber of Mines and Energy from 1994 to 1997, President of Business SA from 1999 to 2001 and has held a number of board positions. He is an Australian citizen.

Interest in Shares: 872,898 ordinary shares in Sundance Energy Australia Limited.

Special Responsibilities: Member of the Audit & Risk Management Committee and the chairman of the Remuneration and Nominations Committee.

Other Directorships: He holds the position of Chairman for Rees Operations Pty Ltd (trading as Milford Industries Pty Ltd), and until recently the Chairman of Sydac Pty Ltd.

Eric P. McCrady
Director, BS in Business Administration

Experience - Eric has over 15 years of experience which includes over six years with The Broe Group, a Denver, CO based private investment firm. Eric has an extensive track record in mergers and acquisitions, joint-ventures, IPOs, privatization transactions, and senior and mezzanine debt transactions.

Interest in Shares and Options: 165,000 Ordinary Shares in Sundance Energy Australia Limited and 1,500,000 31 May 2013 options.

Special Responsibilities: Managing Director and member of the Remuneration and Nominations Committee.

Other Directorships: Nil

Alexander "Kip" Hunter, III
Director, BS, JD

Experience - Kip has over 20 years of corporate transactional and litigation experience including as the principal in the law firm of Hunter & Associates in New York City. He has worked across a broad range of industries, including the banking, insurance and corporate commercial finance sectors, in the areas of asset acquisitions, secured transactions and general corporate development and risk management. He has been General Counsel of the Company since it listed in 2005, and has been a Director of the Company since February 2008. He is a United States citizen.

Interest in Shares and Options: 3,037,143 Ordinary Shares in Sundance Energy Australia Limited.

Special Responsibilities: General Counsel / Director of Communications.

Other Directorships: Nil

Damien Ashley Hannes
Director, CPA, BBs

Experience - Damien has over 25 years finance experience most recently completing 15 years with Credit Suisse in the Asia/Pacific region. He has a strong track record of building and managing successful businesses in Japan, Singapore, Hong Kong, Korea, India and Australia. His skills include management, interpersonal, strategic business planning as well as sales/marketing. He is an Australian Citizen.

Interest in Shares: 5,581,561 Ordinary Shares in Sundance Energy Australia Limited.

Special Responsibilities: Chairman of the Audit and Risk Management Committee and a member of the Remuneration and Nominations Committee.

Other Directorships: Nil

Neville Wayne Martin
Director, LLB

Experience - Neville was a partner and is now a consultant with the law firm Minter Ellison in Adelaide and has 40 years of experience in corporate law and mining and gas law. He is a former State president of the Australian Mining & Petroleum Law Association.

Interest in Shares: 137,858 Ordinary Shares in Sundance Energy Australia Limited.

Special Responsibilities: Member of the Audit and Risk Management Committee.

Other Directorships: He is Chairman/Director of Island Sky Australia Limited (ASX listed). He is also a Chairman/Director of unlisted public companies Newklar Asset Management Ltd, Anglo Russian Energy Ltd. and Woomera Exploration Ltd. He was a director of Adelaide Energy Ltd. until November 2011.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of Sundance Energy Australia Limited and for the Key Management Personnel.

Remuneration Policy

The Company discloses the fees and remuneration paid to all Directors as required by the Corporations Act. The Board recognises that the attraction and retention of high calibre executives with appropriate incentives is critical to generating shareholder value.

The Australian Non-Executive Directors receive a basic annual fee which includes the superannuation guarantee contribution required by the government which is currently 9%. In accordance with ASX corporate governance principles, they do not receive any other retirement benefits, or any incentive payments by means of cash or equity. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation. To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. The US-based Managing Director receives statutory retirement benefit payments to US Federal Governmental Social Security. All remuneration paid to Directors and executives is valued at the cost to the Company and expensed.

Options are valued using the Black-Scholes methodology and recognised as remuneration in accordance with the attached vesting conditions.

The Remuneration Committee makes recommendations to the Board in relation to payments to the Executive and Non-Executive Directors and reviews their remuneration annually. Independent external advice is sought when required, however there were no consultants utilized during the year.

Voting and Comments made at the Company's 2011 Annual General Meeting

The Company received more than 96.5% of 'yes' votes on its remuneration report for the 2011 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Service Contracts

The elements of the Directors and Group executives' remuneration are outlined as below:

Eric McCrady - *Managing Director and CEO*

Eric McCrady was appointed Chief Executive Officer on 18 May 2011 and Managing Director on 29 November 2011. His employment contract has a three year term commencing 18 May 2011 and base remuneration of US$275,000 per year which is reviewed annually by the Remuneration Committee. On 29 November 2011 he was appointed Managing Director. He is eligible to participate in the Incentive Compensation Plan.

Michael Hannell - *Independent Non-Executive Chairman*

Total remuneration AU$90,000 which includes the statutory 9% superannuation contribution. No applicable performance conditions.

Alexander Hunter III - *Executive Director, General Counsel and Director of Communications*

Base remuneration of US$225,000 which is reviewed annually by the Board. He is eligible to participate in the Incentive Compensation Plan.

Damien Hannes – *Independent Non-Executive Director*

Total remuneration AU$67,500 which includes the statutory 9% superannuation contribution. No applicable performance conditions.

Neville Martin *– Independent Non-Executive Director*

Total remuneration AU$60,000 which includes the statutory 9% superannuation contribution. No applicable performance conditions.

Details of remuneration for year ended 30 June 2012

Sundance has an Incentive Compensation Plan ('Plan") to incentivise key executives and senior employees of the Company. The goal of the Plan is to motivate management and senior employees to achieve short and long-term goals to improve shareholder value.

The Plan is designed to:

- Align management and shareholder interests; and
- Attract and retain management and senior employees to execute the Board approved strategic business plan to grow the Company.

The Plan has an annual cash bonus and equity component in addition to the basic remuneration levels. The annual cash bonus Short Term Incentive ("STI") is established to reward short-term performance towards the Company's goal of increasing shareholder value. The equity component Long Term Incentive ("LTI") is intended to reward the achievement of the Company's long-term goals; and to motivate and retain management to make decisions benefiting long-term value creation. The available bonus pool for both STI and LTI is based on a percentage of each employee's annual base salary. On an annual basis, targets are established and agreed by the Remuneration Committee before endorsement by the Board. Bonuses earned under the STI will be paid in cash and those under LTI by means of awarding restricted shares units which will be vested in four equal tranches beginning on the grant date.

For the 2011-12 financial year the following metrics have been adopted as targets:

- Net asset value per debt-adjusted share (20% weighting);
- Return on capital employed (20% weighting);
- Daily production of oil and gas (15% weighting);
- Cash margin (15% weighting); and
- An assessment of the individual performances of senior executives and managers (30% weighting).

In addition, certain ceilings and claw back provisions have been set by the Board to ensure that the performance metrics are aligned with the best interests of the shareholders. It is the intention of the Remuneration Committee to carefully monitor the Plan to ensure its ongoing effectiveness.

The annual STI and LTI bonuses are modified according to the actual results compared against the targets. The amount of any STI and LTI bonuses relative to the 2011-2012 financial year will be determined subsequent to the filing of this report and included in reported remuneration in next year's Director's Report.

Details of the remuneration of each Director and Key Management Personnel of Sundance Energy Australia Limited and its wholly owned subsidiary, are set out below for the year ended 30 June 2012.

	Fixed Based Remuneration		*Share Based*	*Performance Based Remuneration*		
Director	**Salary and Fees**	**Superannuation**	**Payments-Options**	**STI-Cash Bonus**	**LTI – Share Based**	**Total**
E McCrady	$ 280,750	$ -	$ -	$ 89,000	$ 75,977	$ 445,727
P Franks	225,000	-	-	80,000	98,485	403,485
A M Hunter III	225,000	-	-	80,000	98,485	403,485
M Hannell	85,236	7,671	-	-	-	92,907
D Hannes	63,927	5,753	-	-	-	69,680
N Martin*	15,785	1,420	-	-	-	17,205
R Nelson**	31,569	2,841	-	-	-	34,410
	$ 927,267	**$ 17,685**	**$ -**	**$ 249,000**	**$ 272,947**	**$ 1,466,899**

*N Martin appointed as a director 1 March 2012, previously an alternate
**R Nelson resigned as a director 1 March 2012

Key Management Personnel						
C Anderson	$ 116,827	$ -	$ 83,970	$ -	$ -	$ 200,797
C Gooden	82,227	-	-	-	-	82,227
	199,054	-	83,970	-	-	283,024
	$ 1,126,321	**$ 17,685**	**$ 83,970**	**$ 249,000**	**$ 272,947**	**$ 1,749,923**

The fair value of the options issued to key management personnel has been determined using an approved valuation methodology. Refer Note 25.

The fair value of Key Management Personnel's performance related remuneration as a percentage of total remuneration is as follows:

- E McCrady – 37%
- P Franks – 44%
- AM Hunter III – 44%

Details of the remuneration of each Director and Key Management Personnel of Sundance Energy Australia Limited and its wholly owned subsidiary are set out below for year ended 30 June 2011.

	Fixed Based Remuneration		*Performance Based Remuneration*		
Director	**Salary and Fees**	**Superannuation**	**STI-Cash Bonus**	**LTI-Share Based**	**Total**
J McCoy	$ 267,971	$ -	$ 126,007	$ 159,376	$ 553,354
A M Hunter III	235,094	-	84,004	376,001	695,099
P Franks	235,094	-	84,004	376,001	695,099
M Hannell	66,294	5,967	-	-	72,261
D Hannes	33,147	2,983	-	-	36,130
R Nelson	33,147	2,983	-	-	36,130
	$ 870,747	**$ 11,933**	**$ 294,015**	**$ 911,378**	**$ 2,088,073**

Key Management Personnel					
E McCrady	$ 226,402	$ -	$ -	$ 163,042	$ 389,444
C Gooden	71,687	-	-	-	71,687
	298,089	-	-	163,042	461,131
	$ 1,168,836	**$ 11,933**	**$ 294,016**	**$ 1,074,420**	**$ 2,549,204**

Number of Shares held by Key Management Personnel

Key Management Personnel	**Balance 1.7.2011**	**Granted as Compensation**	**Exercised Share Options**	**Net Other Changes***	**Balance 30.6.2012**
P Franks	5,845,193	-	-	-	5,845,193
A M Hunter III	3,037,143	-	-	-	3,037,143
M Hannell	860,398	-	-	12,500	872,898
D Hannes	5,160,000	-	-	421,561	5,581,561
N Martin	22,858	-	-	115,000	137,858
E McCrady	-	-	-	165,000	165,000
R Nelson	267,149	-	-	(267,149)	-
C Gooden	143,970	-	-	-	143,970
Total	**15,336,711**	**-**	**-**	**446,912**	**15,783,623**

*Net other changes are on-market purchases of shares except for the adjustment for R Nelson which represents the removal of his holdings as at 30 June 2012 since he is no longer a Key Management Personnel.

Number of Options held by Key Management Personnel

Key Management Personnel	Balance 1.7.2011	Granted as Compensation	Options Exercised	Options Expired	Balance 30.6.2012	*Total* Vested 30.6.12	*Total* Exercisable 30.6.12	*Total* Unexercisable 30.6.12
E McCrady	1,500,000	-	-	-	1,500,000	666,000	666,000	834,000
J McCoy*	388,889		(388,889)	-	-	-	-	-
P Franks	1,166,667	-	-	-	1,166,667	777,778	777,778	388,889
A M Hunter III	1,166,666	-	-	-	1,166,666	777,778	777,778	388,888
C Anderson	-	1,000,000	-	-	1,000,000	200,000	200,000	800,000
Total	**4,222,222**	**1,000,000**	**(388,889)**	**-**	**4,833,333**	**2,421,556**	**2,421,556**	**2,411,777**

*J McCoy resigned on 18 May 2011.

1,000,000 options were issued as part of Remuneration to Directors' or Key Management Personnel for the year ended 30 June 2012 (2011: 5,000,000).

Employment Contracts of Directors and KMP

Name	Position	Duration of Contract (1)	Period of Termination Notice	Termination Payment provided for under the Contract
E McCrady	Managing Director / CEO	3 years	15 days	Payment to termination date
P Franks	Consultant	10 years	15 days	Payment to termination date
A M Hunter III	Legal Counsel / Director of Communication	6 years	30 days	Payment to termination date

(1) Contracts commenced: McCrady – 18 May 2011; Franks – 1 January 2005; Hunter – 1 January 2006.

Meetings of Directors

During the financial year, a total of twelve meetings of the Board of Directors, four meetings of the Audit & Risk Management Committee and three meetings of the Remuneration Committee were held. The table below shows the number of meetings held during each respective Director's tenure and the attendance by each Director.

	Board of Directors Meetings		Audit & Risk Management Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
M Hannell	12	12	4	4	3	3
E McCrady*	7	7	2	2	2	2
D Hannes	12	12	4	4	3	3
N Martin**	5	5	2	2	2	1
A Hunter III***	12	11	-	-	-	-
R Nelson****	7	7	2	2	3	-
P Franks*****	5	5	-	-	-	-

* Mr McCrady appointed 29 November 2011

** Mr Martin appointed as an alternate 18 May 2011 and as a Director 1 March 2012

*** Mr Hunter resigned 13 July 2012

**** Mr Nelson resigned 1 March 2012

***** Mr Franks resigned 29 November 2011

The Audit and Risk Management Committee has a charter, approved by the Committee and, subsequently, the Board, which sets out the Committee's objectives, composition, meeting frequency, access, duties and responsibilities. The Committee has met four times in the financial year. Minutes are kept of all meetings and are tabled for adoption at the following Committee meetings. These minutes are subsequently provided to the Board for information and any discussion that may be necessary. The Audit and Risk Management Committee meets the external auditor at least twice a year.

Indemnifying Officers or Auditor

The Company has paid premiums to insure each of the Directors, officers and consultants against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or executive of the Company, other than conduct involving a willful breach of duty in relation to the Company. The policy does not specify the individual premium for each officer covered and the amount paid is confidential.

During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify, paid or agreed to pay insurance premiums as follows:

- Michael Hannell
- Eric McCrady
- Neville Martin
- Paul Franks
- Craig Gooden
- Alexander Hunter III
- Damien A Hannes
- Reg Nelson
- Cathy L. Anderson

Unlisted Options

At the date of this report, the options listed below are unexercised:

Grant Date	Option Type	Number of Shares Subject to Options Listed	Exercise Price	Expiry Date
10 September 2010	2013 Ordinary	1,000,000	$0.20	31 May 2013
10 September 2010	2013 Ordinary	500,000	$0.30	31 May 2013
2 December 2010	2015 Ordinary	2,333,333	$0.37	1 December 2015
2 March 2011	2014 Ordinary	30,000	$0.95	30 June 2014
6 June 2011	2015 Ordinary	30,000	$0.95	1 September 2015
3 June 2011	2013 Ordinary	100,000	$0.35	31 May 2013
3 June 2011	2016 Ordinary	500,000	$0.65	15 January 2016
3 June 2011	2016 Ordinary	750,000	$0.50	28 January 2016
6 September 2011	2018 Ordinary	1,200,000	$0.95	31 December 2018
5 December 2011	2019 Ordinary	1,000,000	$0.95	5 March 2019
		7,443,333		

No person, or entity entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

No person has applied to the Court for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-Audit Services

The Board of Directors is satisfied that the provision of the non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 10 : Code of Ethics for Professional Accountants set by the Accounting Professional Ethics Standards Board.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2012:

- Taxation services - $12,695.

Auditor's Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 27 of this report.

Signed in accordance with a resolution of the Board of Directors.

Michael Hannell

Chairman
Adelaide

Dated this 28th day of September 2012

Auditor's Independence Declaration

GrantThornton

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001
T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF SUNDANCE ENERGY AUSTRALIA LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Sundance Energy Australia Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

J L Humphrey
Partner

Adelaide, 28 September 2012

Corporate Governance

Corporate Governance

Approach to Corporate Governance

The Board of Sundance Energy Australia Limited ("Sundance" or "the Company") is committed to the Principles and Recommendations underpinning best practices in corporate governance as specified by the Australian Securities Exchange (the "ASX") Corporate Governance Council's 2nd Edition of Corporate Governance Principles and Recommendations with 2010 Amendments. Sundance's Board has taken, and will continue to take, all necessary actions to adopt the amended Principles in each instance where that is appropriate, or to design policies and procedures to adopt them in a fashion modified appropriately to the Company's particular circumstances.

Sundance's Board has, again, carefully reviewed the Corporate Governance Principles and Recommendations. As is set forth below, the vast majority of these have already been achieved in total accordance with the Principles and Recommendations. In a few instances, the Company has adopted hybrid methodologies of compliance deemed appropriate to its size, structure and situation. The Board is comfortable that its practices are satisfactory for an entity of its structure and size. In some instances disclosures recommended by the ASX have been made in other areas of the Annual Report, namely the Directors' Report, and therefore will not be restated under this section.

The Board has regularly convened an Audit Committee and a Remuneration Committee with new Nominations responsibilities (discussed under recommendation 2.4), each of which also complies with the Best Practice Principles. The Board meets as a committee of the whole to deal with each of those other matters that the recommendations indicate would, for larger organisations, be appropriately dealt with by separately constituted committees. Where particular Directors may be affected by a Board or committee decision, they may attend related meetings but not be a member of the relevant committee or Board vote. In addition, the Board has a process whereby a Director will be absent from a discussion and decision where there either is, or could be, a conflict of interest.

Details of the Company's corporate governance practices are listed below.

Principle 1: Lay Solid Foundations for Management and Oversight
Companies should establish and disclose the respective roles and responsibilities of board and management.

ASX Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

Responsibilities of the board include –

- Overseeing the company, including its control and accountability systems;
- Appointing and removing the chief executive officer, or equivalent;
- Where appropriate, ratifying the appointment and the removal of senior executives;
- Providing input into and final approval of management's development of corporate strategy and performance objectives;
- Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance;
- Monitoring senior executives' performance and implementation of strategy;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures; and,
- Approving and monitoring financial and other reporting.

Sundance complies fully with the above Recommendation.

The Board has delegated responsibility to the Managing Director (MD) and the executive management team to manage the day-to-day operations and administration of the Company. In carrying out this delegation, the MD, supported by the senior executives, routinely reports to the Board regarding Sundance's progress on achieving both the short and long-term plans for the Company. The MD is accountable to the Board for the authority that is delegated by the Board.

The Board has included a "Board Charter and Role of Management" document which is posted on the Company website as a part of its Policy and Procedures Manual.

ASX Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

Sundance's Chairman, with Non Executive Director input, is responsible for providing feedback to the MD on his performance. The MD, with Chairman and Non Executive Directors input, is responsible for providing feedback to senior executives on their performance.

An evaluation of senior executives was completed in line with the Company's incentive compensation policy as well as periodic one on one discussions carried out by the MD. Appropriate induction procedures are in place to allow new senior executives to participate fully and actively in management decision making at the earliest opportunity.

ASX Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

Guide to reporting on Principle 1 –

- An explanation of any departure from Recommendations 1.1, 1.2 or 1.3; and,
- Whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.

Sundance complies with these recommendations.

Principle 2: Structure the Board to Add Value
Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

ASX Recommendation 2.1: A majority of the board should be independent directors.

Sundance's Board of Directors currently consists of one Managing Director based in the US, and three Non Executive Directors, each based in Australia. All of the Directors are shareholders of the Company. It is considered that all three of the Non Executive Directors are classified as independent. Therefore, Sundance believes that it complies with this recommendation, and that its current Board composition is appropriate at this time in the Company's evolution. Sundance will continue to address the appropriate structure and composition of the Board over time. The names of the three independent Non Executive Directors are M D Hannell, N Martin and D Hannes and the Managing Director is E McCrady.

The Company Policy and Procedures Manual specifies that Directors can have access, in appropriate circumstances, to independent professional advice at the Company's expense. It is the continuing practice for the three Non Executive Directors to confer from time to time without the Executive Director being present.

ASX Recommendation 2.2: The chair should be an Independent Director.

Sundance's Chairman has always been, and is currently, an Independent Director.

ASX Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

Sundance has always complied with this Recommendation and maintains a bright line division of responsibility between the Chairman and the MD. This is clearly specified in the fore mentioned Board Charter and Role of Management document.

ASX Recommendation 2.4: The board should establish a nomination committee.
The nomination committee should be structured so that it:

- Consists of a majority of Independent Directors;
- Is chaired by an Independent Director; and,
- Has at least three members.

The responsibilities of the committee should include recommendations to the board about:

- The necessary and desirable competencies of Directors;
- Review of board succession plans;
- The development of a process for evaluation of the performance of the board, its committees and Directors; and,
- The appointment and re-election of Directors.

Sundance approved the formation of a Nominations Committee in November 2011 to be part of the existing Remuneration Committee. The names of the members of this committee are M D Hannell (Chairman), D Hannes and E McCrady. This conforms to the recommendation to have a majority of independent directors, chaired by an independent director, and has at least three members. The existing Remuneration Committee charter, posted on the Sundance website, will be revised to reflect the addition of the Nominations functions in the upcoming reporting period.

A review by an external consultant on the future composition and skill set of the Board was carried out in November 2011. The recommendations were accepted in principle by the Board and a number of changes have already been implemented. This process will be ongoing.

ASX Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Sundance's Board regularly meets both formally and informally to discuss Board matters and to ensure that the Board acts in an effective way. The previously referred to external consultant review contributed effectively to this process. The Board is provided with information that allows it to discharge its duties effectively, and Non Executive Directors can and do request additional information as necessary to make informed decisions.

The Company Secretary is C W Gooden. He is accountable to the Board through the Chairman and accessible to all Directors. The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

ASX Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

Guide to reporting on Principle 2 -

- The skills, experience and expertise relevant to the position of Director held by each director in office at the date of the annual report;
- The names of the directors considered by the board to constitute Independent Directors and the company's materiality thresholds;
- The existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships;

- A statement as to whether there is a procedure agreed by the Board for Directors to take independent professional advice at the expense of the company;
- A statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board;
- The period of office held by each director in office at the date of the annual report;
- The names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out;
- Whether a performance evaluation for the board, its committees and Directors has taken place in the reporting period and whether it was in accordance with the process disclosed; and,
- An explanation of any departure from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.

The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

- A description of the procedure for the selection and appointment of new Directors and the re-election of incumbent Directors;
- The charter of the nomination committee or summary of the role, rights, responsibilities and membership requirements for that committee; and,
- The board's policy for the nomination and appointment of directors.

Currently no formal description of the procedure for the selection and appointment of new directors or the re-election of incumbent directors exists as it is considered that due to the size of the Company that this process is effectively managed by the Board. However the need for this will be reviewed in the future.

The Nominations Committee is now combined with the Remuneration Committee. A revised charter will be prepared and posted to the Company's website within the next reporting period. The members of this committee are listed under recommendation 2.4.

No formal process exists for Directors to access continuing education, as this is not considered practicable for the size of the Company and the financial resources available. However the three Non Executive Directors have wide experience of directors' duties and are involved in a variety of outside business and professional activities that add to their knowledge and professionalism.

Principle 3: Promote Ethical and Responsible Decision-making
Companies should actively promote ethical and responsible decision making.

ASX Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- The practices necessary to maintain confidence in the company's integrity;
- The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and,
- The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has a Code of Conduct and Ethics which establishes the practices that Directors, management and staff must follow in order to comply with the law, meet shareholder expectations, maintain public confidence in the Company's integrity, and provide a process for reporting and investigating unethical practices.

ASX Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

Sundance management practice is to implement an inclusive workplace that attracts the best employees to support its growth profile, and needs people with a diverse range of skills in terms of gender, age and ethnicity. It is intended to publish a formal diversity policy during the next reporting period.

ASX Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The Company intends to get approval of a formal diversity policy within the next reporting period.

ASX Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

The Company has disclosed this information in the following table.

As at 30 June 2012	Males	Females	Total
Board	5	-	5
Senior Management	4	2	6
Other Employees	6	5	11
Total	15	7	22
	68%	32%	

ASX Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on principal 3.

Guide to reporting on Principle 3 -
The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

- Any applicable code of conduct or a summary; and,
- The diversity policy or summary of its main provisions.

The Board has published both the Code of Conduct and Ethics and the Company's Securities Trading Policy on Sundance's website as components of its Policy and Procedures Manual. It is the intention of the Company to publish a Diversity Policy on Sundance's website within the next reporting period.

Principle 4: Safeguard Integrity in Financial Reporting
Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

ASX Recommendation 4.1: The board should establish an audit committee.

An Audit Committee has been established.

ASX Recommendation 4.2: The audit committee should be structured so that it:

- Consists only of Non Executive Directors;
- Consists of a majority of Independent Directors;
- Is chaired by an independent chair, who is not chair of the board; and,
- Has at least three members.

The Company has an active Audit Committee which has met during the financial year 2011-12 on four occasions. The committee keeps minutes of meetings, which are submitted to the full Board for review.

ASX Recommendation 4.3: The audit committee should have a formal charter.

Sundance's Audit Committee has a formal charter.

ASX Recommendation 4.4: Companies should provide the information indicated in the guide to reporting on Principle 4.

The Audit Committee has three members, M D Hannell, D Hannes and N Martin, all three of which are independent Non Executive Directors; The Chairman of the Committee is currently D Hannes, an Independent Director; E P McCrady and C Anderson are non-voting management representatives who advise the committee as appropriate.

Guide to reporting on Principle 4 -
The following material should be included in the annual corporate governance statement in the annual report:

- The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out; and,
- The number of meetings of the audit committee; and,
- Explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4.

The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

- The audit committee charter; and,
- Information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.

The Audit Committee's charter and information on the selection and appointment of the Company's external auditor has been published on the Company's website as components of its Policy and Procedures Manual. Information regarding qualifications and meeting attendance can be found in the Directors' Report of this Annual Report.

Principle 5: Make Timely and Balanced Disclosure
Companies should promote timely and balanced disclosure of all matters concerning the company.

ASX Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has issued a written Market Disclosure Policy in accordance with this recommendation and considers that it complies with best practice recommendations. The full Board reviews and authorizes all such disclosures before they are formally issued. C W Gooden, as Company Secretary, has been nominated as the person primarily responsible for communications with the Australian Securities Exchange (ASX). All material information concerning the Company, including its financial situation, performance, ownership and governance is posted on the Company's web site to ensure all investors have equal and timely access.

ASX Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

Guide to reporting on Principle 5 -

- An explanation of any departure from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the annual report; and,
- The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section.

The Market Disclosure Policy has been published on the Company's website as a component of its Policy and Procedures Manual.

Principle 6: Respect the Rights of Shareholders
Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

ASX Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Board fully recognizes its responsibility to ensure that its shareholders are informed of all major developments affecting the Company. All shareholders who have elected to do so receive a copy of the Company's Annual Report and the Annual, Half Yearly and Quarterly Reports are prepared and posted on the Company's website in accordance with the ASX Listing Rules. Regular updates on operations are made via ASX releases. All information disclosed to the ASX is posted on Sundance's website as soon as possible after it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operation, the material used in the presentation is straight away released to the ASX and posted on the Company's website.

The Company's external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

ASX Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

Guide to reporting on Principle 6 -

- An explanation of any departure from Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report; and,
- The company should describe how it will communicate with its shareholders publicly, ideally by posting this information on the company's website in a clearly marked corporate governance section.

The Shareholder Communications Policy has been posted on the Company's website as a component of its Policy and Procedures Manual.

Principle 7: Recognise and Manage Risk
Companies should establish a sound system of risk oversight and management and internal control.

ASX Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Audit Committee is responsible for approving and monitoring the overall financial and operational business risk profile of the Company, and reporting its findings to the full Board. In addition, by the nature of the upstream oil and gas business this topic is intrinsically covered during each Board meeting.

A formal Risk Management Policy has been prepared and places the responsibility of adhering to this policy within the responsibilities of the Audit Committee.

ASX Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Audit Committee has identified and regularly reviews the key financial and operational risk areas. These have been agreed by the full Board for management attention.

ASX Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Assurances to this effect have been received, and referenced in this report as part of the Directors' Declaration.

ASX Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

Guide to reporting on Principle 7 -

- Explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4;
- Whether the board has received the report from management under Recommendation 7.2; and,
- Whether the board has received assurance from the chief executive officer (or equivalent) under Recommendation 7.3.

The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

- A summary of the company's policies on risk oversight and management of material business risks.

The Company's Risk Management Policy has been published on the Company's website as a component of its Policy and Procedures Manual; this policy contains a summary of risks.

Principle 8: Remunerate Fairly and Responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

ASX Recommendation 8.1: The board should establish a remuneration committee.

A combined Remuneration and Nominations Committee consisting of two Non Executive Directors plus the Managing Director is in place, and reports its recommendations to the Board for approval. The Committee determines remuneration levels of senior staff on an individual basis.

ASX Recommendation 8.2: The remuneration committee should be structured so that it:

- Consists of a majority of independent directors;
- Is chaired by an independent chair; and,
- Has at least three members.

This recommendation has been complied with.

ASX Recommendation 8.3: Companies should clearly distinguish the structure of Non Executive directors' remuneration from the executive directors and senior executives.

This Recommendation has been complied with.

ASX Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.

Guide to reporting on Principle 8 –

The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the annual report.

- The names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out;
- The existence and terms of any schemes for retirement benefits, other than superannuation, for Non Executive directors; and,
- An explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4.

The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

- The charter of the remuneration committee or summary of the role, rights, responsibilities and membership requirements for that committee; and,
- A summary of the company's policy on prohibiting entering into transactions in associated products that limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

The Company considers that it complies with these Recommendations.

Financial Information

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2012

	Note	Consolidated Group 2012 US$'000	2011 US$'000
Oil and gas sales revenue		$ 29,787	$ 18,176
Cost of sales	2	(6,355)	(2,858)
Depreciation and amortisation expense		(11,111)	(6,509)
Employee benefits expense		(4,318)	(3,562)
Administrative expense	3	(2,545)	(1,776)
Interest received		263	312
Finance costs		(152)	-
Impairment of non-current assets		(357)	(1,273)
Net profit on sale of non-current assets		3,004	10,926
Net profit on sale of assets held for resale		-	14
Gain/ (loss) on commodity hedging			
Realized (loss)		(297)	(643)
Unrealized gain / (loss)		2,242	(464)
Realised currency (loss)		(4)	(559)
Profit before income tax		10,157	11,784
Income tax expense	4	(4,145)	(4,755)
Profit attributable to owners of the Company		6,012	7,029
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(247)	384
Total comprehensive income attributable to owners of the Company		**$ 5,765**	**$ 7,413**
Earnings per share			
Basic earnings	7	$ 0.02	$ 0.03
Diluted earnings	7	$ 0.02	$ 0.03

The accompanying notes are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2012

		Consolidated Group	
	Note	2012 US$'000	2011 US$'000
CURRENT ASSETS			
Cash and cash equivalents	8	$ 15,328	$ 25,244
Trade and other receivables	9	12,352	3,538
Inventory current	10	46	10
Derivative financial instruments	11	1,331	-
Other current assets	12	1,634	2,381
TOTAL CURRENT ASSETS		**30,691**	**31,173**
NON-CURRENT ASSETS			
Inventory	10	21	21
Plant and equipment	14	418	210
Exploration and evaluation expenditure	15	11,436	6,626
Development and production assets	16	87,274	45,873
Derivative financial instruments	11	476	50
Other non-current assets		345	127
TOTAL NON-CURRENT ASSETS		**99,970**	**52,907**
TOTAL ASSETS		**$ 130,661**	**$ 84,080**
CURRENT LIABILITIES			
Trade and other payables		22,056	3,793
Accrued expenses		8,337	5,881
Derivative liabilities	11	-	486
TOTAL CURRENT LIABILITIES		**30,393**	**10,160**
NON-CURRENT LIABILITIES			
Revolving credit facility	17	15,000	-
Restoration provision		588	349
Deferred tax liabilities	18	10,476	6,104
TOTAL NON-CURRENT LIABILITIES		**26,064**	**6,453**
TOTAL LIABILITIES		**$ 56,457**	**$ 16,613**
NET ASSETS		**$ 74,204**	**$ 67,467**
EQUITY			
Issued capital	19	$ 57,978	$ 57,831
Share option reserve	20	3,205	2,380
Foreign currency translation	20	(941)	(694)
Retained earnings		13,962	7,950
TOTAL EQUITY		**$ 74,204**	**$ 67,467**

The accompanying notes are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2012

Consolidated Group	Issued Capital US$'000	Retained Earnings US$'000	Foreign Currency Translation Reserve US$'000	Share Option Reserve US$'000	Total US$'000
Balance at 30 June 2010	**$ 38,962**	**$ 921**	**$ (1,078)**	**$ 1,165**	**$ 39,970**
Shares issued during the year	19,893	-	-	-	19,893
Cost of capital raising (net of tax)	(1,024)	-	-	-	(1,024)
Fair value of options issued	-	-	-	1,215	1,215
Total comprehensive income for the year	-	7,029	384	-	7,413
Balance at 30 June 2011	**57,831**	**7,950**	**(694)**	**2,380**	**67,467**
Shares issued during the year	147	-	-	-	147
Fair value of options issued	-	-	-	825	825
Total comprehensive income for the year	-	6,012	(247)	-	5,765
Balance at 30 June 2012	**$ 57,978**	**$ 13,962**	**$ (941)**	**$ 3,205**	**$ 74,204**

The accompanying notes are an integral part of these consolidated financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2012

	Note	Consolidated Group 2012 US$'000	2011 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from sales		$ 20,987	$ 15,362
Payments to suppliers and employees		(8,900)	(7,390)
Interest received		263	312
Derivative payments		(297)	(642)
Income taxes (paid)/refunded		(221)	1,266
NET CASH PROVIDED BY OPERATING ACTIVITIES	24	**11,832**	**8,908**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(5,685)	(1,362)
Payments for development expenditure		(34,833)	(22,889)
Sale of assets held for resale		-	345
Sale of non-current assets		4,679	10,647
Payments for plant and equipment		(310)	(206)
NET CASH (USED IN) INVESTING ACTIVITIES		**(36,149)**	**(13,465)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		147	19,893
Payments for the costs of capital raisings		-	(1,024)
Borrowing costs		(408)	-
Proceeds from borrowings		15,000	-
Realised currency (loss)		(5)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		**14,734**	**18,869**
Net (decrease)/increase in cash held		**(9,583)**	**14,312**
Cash at beginning of year		25,244	9,685
Effect of exchange rates on cash		(333)	1,247
CASH AT END OF YEAR	8	**$ 15,328**	**$ 25,244**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Sundance Energy Australia Limited and controlled entities ('Company,' 'Consolidated Group' or 'Group').

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Adoption of new and revised accounting standards

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

AASB 124	Related Party Disclosures
AASB 2011-1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project
AASB 1054	Australian Additional Disclosures

The adoption of these standards did not have any effect on the financial position or performance of the group although it has enabled the removal of certain disclosures in relation to the franking of dividends and commitments.

Change in presentation currency

Following a period of sustained international growth, the Group's cash flows and economic returns are now principally denominated in US Dollars. From 1 July 2011, Sundance Energy Australia Ltd changed the currency in which it presents its consolidated and parent Company Financial Statements from Australian Dollars to US Dollars. This change has no impact on the net income of the Consolidated Entity other than presentation in US Dollars instead of Australian Dollars.

A change in presentation currency is a change in accounting policy which is accounted for retrospectively. Statutory financial information included in this report that had been previously reported in Australian Dollars has been restated into US Dollars using the procedures outlined below:

- assets and liabilities denominated in non-US Dollar currencies were translated into US Dollars at closing rates of exchange. Non-US Dollar trading results were translated into US Dollars at average rates of exchange. Differences resulting from the retranslation of the opening net assets and the results for the year have been taken to equity;
- the cumulative translation reserve was set to nil at the acquisition date of Sundance Energy, Inc. (the company's wholly owned subsidiary). All subsequent movements comprising differences on the retranslation of the opening net assets of non-US Dollar subsidiaries have been charged to the translation reserve. Share capital, share based payments and other reserves were translated at the historic rates prevailing at the dates of transactions; and
- all exchange rates used were extracted from the Group's underlying financial records.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

The exchange rates of US Dollar to Australian Dollars over the periods included in this report and Accounts are as follows:

US Dollar/Australian Dollar exchange rate	2011	2010	2009	2008	2007	2006	2005
Closing rate	1.06020	0.85338	0.80273	0.95200	0.84139	0.74131	0.76629
Average rate	0.98917	0.88198	0.74778	0.89623	0.78570	0.74762	0.77331

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Principles of Consolidation

A controlled entity is any entity over which Sundance Energy Australia Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 13 to the financial statements.

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

All inter-group balances and transactions between entities in the Group, including any recognised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with those adopted by the parent entity.

b) Income Tax

The income tax expense/(revenue) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense/(income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset recognised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Development Assets and Plant and Equipment

Development assets and plant and equipment are carried at cost less where applicable, any accumulated depreciation, amortisation and impairment losses.

The carrying amount of development assets and plant and equipment are reviewed semi-annually by directors to ensure that they are not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which are they are incurred.

Depreciation / Amortisation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Non-Current	Asset Depreciation	Rate Basis of Depreciation
Plant and Equipment	10 – 33%	Straight Line

The Group uses the units of production method to amortise costs carried forward in relation to its development assets. For this approach, the calculation is based upon proved developed reserves.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to production assets and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transactions costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Derivative Financial Instruments

The Group uses derivative financial instruments to hedge its exposure to changes in commodity prices arising in the normal course of business. The principal derivatives that may be used are commodity crude oil price swap and option contracts. Their use is subject to policies and procedures as approved by the Board of Directors. The Group does not trade in derivative financial instruments for speculative purposes. Derivative financial instruments are initially recognised at cost. Subsequent to initial recognition, derivate financial instruments are recognised at fair value. The derivatives are valued on a mark to market valuation and the gain or loss on re-measurement to fair value is recognised through the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed determinable payments.

v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

g) Impairment of Non-Financial Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h) Interests in Joint Ventures

The Group's share of assets, liabilities, revenue and expenses of joint ventures are included in the appropriate items of the consolidated financial statements. Details of the Group's interest are shown in Note 26.

i) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in US dollars.

Transactions and Balances

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

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

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

Group Companies

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

j) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for these benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity - Settled Compensation

The Group has an employee share option plan. The bonus element over the exercise price of the employees services rendered in exchange for the grant of shares and options is recognised as an expense in the statement of comprehensive income. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the option granted.

Restricted Share Unit Plan

The group has a restricted share unit plan (RSU) to motivate management and senior employees to make decisions benefiting long-term value creation, retain management and senior employees and reward the achievement of the Group's long-term goals. The RSUs are based on targets established and approved by the Board. Actual RSUs, awarded annually, are modified according to actual results and vest in four equal tranches beginning on the grant date.

k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

m) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are stated as amortised cost with any difference between cost and redemption being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

All other borrowing costs are recognised in income in the period in which they are incurred.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments 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 Group.

Key estimates

Estimates of reserve quantities

The estimated quantities of hydrocarbon reserves reported by the consolidated entity are integral to the calculation of amortisation (depletion), depreciation expense and to assessments of possible impairment of assets. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessment of the technical feasibility and commercial viability of producing the reserves. Management prepares reserve estimates which conform to guidelines prepared by the Society of Petroleum Engineers. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations.

Impairment of Non-Financial Assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Exploration and Evaluation

The Group's policy for exploration and evaluation is discussed in Note 1 (d). The application of this policy requires the directors to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, the directors conclude that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the statement of comprehensive income.

Restoration Provision

A provision for rehabilitation and restoration is provided by the Group to meet all future obligations for the restoration and rehabilitation of oil and gas producing areas when oil and gas reserves are exhausted and the oil/gas fields are abandoned. Restoration liabilities are discounted to present value and capitalised as a component part of capitalised development expenditure. The capitalised costs are amortised over the life of the assets and the provision revised at each balance date through the statement of comprehensive income as the discounting of the liability unwinds.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Carbon Tax

At the date of this report the Carbon Tax legislation has passed through parliament, and the commencement date for the scheme is 1 July 2012. As the Group will not fall within the 'Top 500 Australian Polluters,' the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operating costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

r) Change in Accounting Estimate

The same accounting policies and methods of computation have been followed in this financial report as were applied in the 2011 annual financial statements.

s) Reclassifications

Certain reclassifications have been made to the prior year financial statements and associated notes to the financial statements to conform to the current year presentation.

t) Rounding of amounts

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investment Commission, relating to rounding of amounts in the financial statements. Amounts have been rounded to the nearest thousand.

u) Parent Entity Financial Information

The financial information for the parent entity, Sundance Energy Australia Limited, discussed in Note 30, has been prepared on the same basis, using the same accounting policies as the consolidated financial statements.

v) Earnings Per Share

The group presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the dilutive effect, if any, of outstanding share rights and share options which have been issued to employees.

w) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australia Accounting Standards and Interpretations applicable to its operations which became mandatory.

Recently issued accounting standards to be applied in future reporting periods:

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 11 Joint Arrangements (AASB 11)
AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.

AASB 12 Disclosure of Interests in Other Entities (AASB 12)
AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Consequential amendments to AASB 127 Separate Financial Statements (AASB 127) and AASB 128 Investments in Associates and Joint Ventures (AASB 128)
AASB 127 Consolidated and Separate Financial Statements was amended to AASB 127 Separate Financial Statements which now deals only with separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

AASB 13 Fair Value Measurement (AASB 13)
AASB 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this new standard.

AASB 2011-9 Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Income s (AASB 101 Amendments)
The AASB 101 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124 Amendments)
AASB 2011-4 makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements, to achieve consistency with the international equivalent (which includes requirements to disclose aggregate (rather than individual) amounts of KMP compensation), and remove duplication with the Corporations Act 2011. The amendments are applicable for annual periods beginning on or after 1 July 2013. The Group's management have yet to assess the impact of these amendments.

The financial report was authorised for issue on 28 September 2012, by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2 – COST OF SALES

	Consolidated Group	
	2012	2011
	US$'000	US$'000
Lease operating expense	$ (2,921)	$ (875)
Workover expense	(180)	(15)
Production taxes	(3,254)	(1,968)
	$ (6,355)	$ (2,858)

NOTE 3 – ADMINISTRATIVE EXPENSES

	Consolidated Group	
	2012	2011
	US$'000	US$'000
Accounting and company secretarial	$ (271)	$ (216)
Audit fees	(51)	(117)
Professional fees	(789)	(605)
Travel	(390)	(134)
Rent	(287)	(201)
Share registry and listing fees	(122)	(86)
Other expenses	(635)	(417)
	$ (2,545)	$ (1,776)

NOTE 4 – INCOME TAX EXPENSE

	Consolidated Group 2012 US$'000	Consolidated Group 2011 US$'000
a) The components of income tax expense comprise:		
Current tax benefit/(expense)	$ 242	$ (117)
Deferred tax expense	(4,387)	(4,638)
	$ (4,145)	$ (4,755)
b) The prima facie tax on income from ordinary activities before income tax is reconciled to the income tax as follows:		
Net profit	$ 10,157	$ 11,784
Prima facie tax expense on income from ordinary activities before income tax at 30%	$ 3,047	$ 3,535
Add:		
Tax effect of:		
- difference of tax rate in US controlled entities	862	752
- employee options	276	349
- other allowable items	4	-
- previously unrecognised tax gains used to (reduce)/increase current tax expense	(139)	-
- previously unrecognised tax losses used to (reduce)/increase current tax expense	-	55
- Deferred tax assets associated with capital raising costs recognised direct to equity but not meeting the recognition criteria	95	64
Income tax attributable to entity	$ 4,145	$ 4,755
c) Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 30%	$ 375	$ 526

NOTE 5 – KEY MANAGEMENT PERSONNEL COMPENSATION

a) Names and positions held of Consolidated Group key management personnel in office at any time during the financial year are:

Mr M Hannell	Chairman Non-executive
Mr E McCrady	Chief Executive Officer & Managing Director
Ms C Anderson	Chief Financial Officer
Mr P Franks	Director – Executive (resigned as a Director on 29 November 2011)
Mr A Hunter III	Director – Executive (resigned as a Director on 13 July 2012)
Mr D Hannes	Director – Non-executive
Mr R Nelson	Director – Non-executive (resigned as a Director 1 March 2012)
Mr N Martin	Director – Non-executive (appointed as Director, previously an alternate, on 1 March 2012)
Mr C Gooden	Company Secretary

Other than employees of the Company listed above, there are no additional key management personnel.

b) Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Report of Directors' for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2012.

The total of remuneration paid to KMP of the Group during the year is as follows:

	Consolidated Group	
	2012	2011
	US$ '000	US$ '000
Short term wages and benefits	$ 1,375	$ 1,463
Equity settled-options based payments	357	1,074
Post-employment benefit	18	12
	$ 1,750	$ 2,549

c) Options Granted as Compensation

Options granted as compensation were 1,000,000 ($207,700 fair value) and 5,000,000 ($1,704,430 fair value) during the fiscal years 2012 and 2011, respectively, to KMP from the Sundance Energy Employee Stock Option Plan.

NOTE 5 – KEY MANAGEMENT PERSONNEL COMPENSATION continued

d) Number of Options Held by Key Management Personnel

2012

Key Management Personnel	Balance 1.7.2011	Granted as Compensation	Options Exercised	Options Expired	Balance 30.6.2012	Total Vested 30.6.2012	Total Exercisable 30.6.2012	Total Unexercisable 30.6.2012
Mr A Hunter III*	1,166,666	-	-	-	1,166,666	777,778	777,778	388,888
Mr J McCoy**	388,889	-	(388,889)	-	-	-	-	-
Mr P Franks	1,166,667	-	-	-	1,166,667	777,778	777,778	388,889
Mr E McCrady	1,500,000	-	-	-	1,500,000	666,000	666,000	834,000
Ms C Anderson	-	1,000,000	-	-	1,000,000	200,000	200,000	800,000
Mr C Gooden	-	-	-	-	-	-	-	-
Total	**4,222,222**	**1,000,000**	**(388,889)**	**-**	**4,833,333**	**2,421,556**	**2,421,556**	**2,411,777**

2011

Key Management Personnel	Balance 1.7.2010	Granted as Compensation	Options Exercised	Options Expired	Balance 30.6.2011	Total Vested 30.6.2011	Total Exercisable 30.6.2011	Total Unexercisable 30.6.2011
Mr A Hunter III*	3,300,000	1,166,666	(3,300,000)	-	1,166,666	388,889	388,889	777,777
Mr J McCoy**	-	1,166,667	-	(777,778)	388,889	388,889	388,889	-
Mr P Franks	-	1,166,667	-	-	1,166,667	388,889	388,889	777,778
Mr E McCrady	-	1,500,000	-	-	1,500,000	333,333	333,333	1,166,667
Mr C Gooden	200,000	-	(200,000)	-	-	-	-	-
Total	**3,500,000**	**5,000,000**	**(3,500,000)**	**(777,778)**	**4,222,222**	**1,500,000**	**1,500,000**	**2,722,222**

* Mr Hunter III resigned on 13 July 2012.
**Mr McCoy resigned on 18 May 2011. Mr Martin appointed 18 May 2011.

e) Shareholdings - Number of shares held by Key Management Personnel

2012

Key Management Personnel	Balance 1.7.2011	Granted as Compensation	Options Exercised	On Market Purchases	Balance 30.6.2012
Mr P Franks	5,845,193	-	-	-	5,845,193
Mr A Hunter III*	3,037,143	-	-	-	3,037,143
Mr D Hannes	5,160,000	-	-	421,561	5,581,561
Mr R Nelson	267,149	-	-	(267,149)	-
Mr M Hannell	860,398	-	-	12,500	872,898
Mr N Martin***	22,858	-	-	115,000	137,858
Mr C Gooden	143,970	-	-	-	143,970
Ms C Anderson	-	-	-	-	-
Mr E McCrady	-	-	-	165,000	165,000
Total	**15,336,711**	**-**	**-**	**446,912**	**15,783,623**

2011

Key Management Personnel	Balance 1.7.2010	Granted as Compensation	Options Exercised	On Market Purchases	Balance 30.6.2011
Mr J McCoy**	8,950,498	-	-	(8,950,498)	-
Mr P Franks	9,345,193	-	-	(3,500,000)	5,845,193
Mr A Hunter III*	3,037,143	-	3,300,000	(3,300,000)	3,037,143
Mr D Hannes	5,301,128	-	-	(141,128)	5,160,000
Mr R Nelson	267,149	-	-	-	267,149
Mr M Hannell	835,398	-	-	25,000	860,398
Mr N Martin***	-	-	-	22,858	22,858
Mr C Gooden	458,969	-	200,000	(514,999)	143,970
Mr E McCrady	-	-	-	-	-
Total	**28,195,478**	**-**	**3,500,000**	**(16,358,767)**	**15,336,711**

*Mr Hunter III resigned on 13 July 2012.
** Mr McCoy resigned on 18 May 2011.
*** Mr Martin appointed 18 May 2011.

NOTE 6 – AUDITORS' REMUNERATION

	Consolidated Group 2012 US$'000	Consolidated Group 2011 US$'000
Remuneration of the auditor for:		
Auditing or review of the financial report	$ 90	$ 86
Taxation services provided by the practice of auditor	13	14
	$ 103	$ 100
Remuneration of other auditors of subsidiary not related to the parent entity auditor	$ -	$ 30

NOTE 7 – EARNINGS PER SHARE (EPS)

	Consolidated Group 2012 US$'000	Consolidated Group 2011 US$'000
Profit for years used to calculate basic and diluted EPS	$ 6,012	$ 7,029
	Number of shares	**Number of shares**
-Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	277,049,463	260,935,572
-Incremental shares related to options and restricted share units	1,900,976	2,952,557
-Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	278,950,439	263,888,129

NOTE 8 – CASH AND CASH EQUIVALENTS

	Consolidated Group 2012 US$'000	Consolidated Group 2011 US$'000
Cash at bank and on hand	$ 14,353	$ 85
Short term deposits	975	25,159
	$ 15,328	$ 25,244

The effective interest rate on short term bank deposits was 1.5% for the Group. 94% of deposits are at 24 hours call and the balance of deposits has an average maturity of 49 days (2011: 69% of deposits had an average maturity of 102 days). The Groups' exposure to interest rate risk is summarised at Note 29.

NOTE 9 – TRADE AND OTHER RECEIVABLES

	Consolidated Group 2012 US$'000	Consolidated Group 2011 US$'000
GST receivable	$ 8	$ 12
Trade receivables	4,100	297
Oil and gas sales	8,244	3,229
	$ 12,352	$ 3,538

At 30 June 2012 and 2011, the Group did not have any additional receivables which were outside normal trading terms (past due but not impaired). Due to the short term nature of these receivables, their carrying amounts are assumed to approximate their fair value.

NOTE 10 – INVENTORY

	Consolidated Group 2012 US$'000	Consolidated Group 2011 US$'000
CURRENT		
Oil inventory on hand at cost	$ 46	$ 10
NON-CURRENT		
Casing and tubulars at net realisable value	$ 21	$ 21

NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated Group 2012 US$'000	Consolidated Group 2011 US$'000
Financial assets comprise:		
CURRENT		
Derivative financial instruments – commodity contracts	$ 1,331	$ -
NON-CURRENT		
Derivative financial instruments – commodity contracts	476	50
Total financial assets	$ 1,807	$ 50
Financial liabilities comprise:		
CURRENT		
Derivative financial instruments – commodity contracts	$ -	$ (486)
NON-CURRENT		
Derivative financial instruments – commodity contracts	-	-
Total financial liabilities	$ -	$ (486)

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows.

Consolidated 30 June 2012	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments	$ -	$ 1,807	$ -	$ 1,807
Liabilities				
Derivative financial instruments	-	-	-	-
Net fair value	$ -	$ 1,807	$ -	$ 1,807

NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS continued

Consolidated 30 June 2011	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments	$ -	$ 50	$ -	$ 50
Liabilities				
Derivative financial instruments	-	(486)	-	(486)
Net fair value	$ -	$ (436)	$ -	$ (436)

Measurement of Fair Value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Derivatives

Where derivatives are traded either on exchanges or liquid over-the-counter markets the Group uses the closing price at the reporting date. Normally, the derivatives entered into by the Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, eg market exchange and interest rates (Level 2). Most derivatives entered into by the Group are included in Level 2 and consist of commodity contracts.

NOTE 12 – OTHER CURRENT ASSETS

	Consolidated Group	
	2012	2011
	US$'000	US$'000
Cash advances to other operators	$ 1,514	$ 2,300
Prepayments	120	81
	$ 1,634	$ 2,381

NOTE 13 – CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2012	Percentage Owned 2011
Parent Entity:			
Sundance Energy Australia Limited	Australia	100%	100%
Subsidiaries:			
Sundance Energy, Inc.	USA	100%	100%

NOTE 14 – PLANT AND EQUIPMENT

	Consolidated Group	
	2012	2011
	US$'000	US$'000
Plant and equipment at cost	$ 630	$ 339
Accumulated depreciation	(212)	(129)
Total Plant and Equipment	$ 418	$ 210

a) Movements in carrying amounts:

	2012	2011
Balance at the beginning of the year	$ 210	$ 28
Additions	310	211
Disposals	-	(2)
Depreciation	(102)	(27)
Balance at end of year	$ 418	$ 210

NOTE 15 – EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Group	
	2012	2011
	US$'000	US$'000
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phase at cost	$ 13,050	$ 9,442
Provision for impairment	(1,614)	(2,816)
Total Exploration and Evaluation Expenditure	$ 11,436	$ 6,626
a) Movements in carrying amounts:		
Exploration and evaluation		
Balance at the beginning of the year	$ 6,626	$ 7,722
Amounts capitalised during the year	8,670	1,293
Impairment of exploration and expenditure	(357)	(1,273)
Amount transferred to development phase	(2,277)	(621)
Exploration tenements sold during the year	(1,226)	(495)
Balance at end of year	$ 11,436	$ 6,626

The ultimate recoupment of costs carried forward for exploration phase is dependent on the successful development and commercial exploitation or sale of respective areas.

NOTE 16 – DEVELOPMENT AND PRODUCTION ASSETS

	Consolidated Group	
	2012	2011
	US$'000	US$'000
Costs carried forward in respect of areas of interest in:		
Development and production phase at cost	$ 113,830	$ 63,048
Accumulated amortisation	(24,241)	(13,779)
Provision for impairment	(2,315)	(3,396)
Total Development and Production Expenditure	$ 87,274	$ 45,873
a) Movements in carrying amounts:		
Development expenditure		
Balance at the beginning of the year	$ 45,873	$ 45,754
Amount transferred from exploration phase	2,277	621
Amounts capitalised during the year	50,520	5,954
Amortisation expense	(10,971)	(6,456)
Development assets sold during the year	(425)	-
Balance at end of year	$ 87,274	$ 45,873

NOTE 17 – BORROWINGS

	Consolidated Group	
	2012	2011
	US$000	US$000
Revolving Line of Credit Facility	$ 15,000	-

On 21 July 2011, Sundance Energy, Inc., a wholly owned subsidiary of the Company, entered into a credit agreement with the Bank of Oklahoma (the "Credit Facility"), pursuant to which up to $100M is available on a revolving basis. The borrowing base under the Credit Facility is determined by reference to the value of the Company's proved developed reserves. The agreement specifies a semi-annual borrowing base redetermination and the Company can request two additional redeterminations each year. The borrowing base, originally set at $10M, had been increased to $25M as at 30 June 2012. Interest on borrowed funds accrues, at the Company's option, of i) LIBOR plus a margin that ranges from 225 to 300 basis points or ii) the Base Rate, defined as a rate equal to the highest of (a) the Federal Funds Rate plus ½ of 1%, (b) the Prime Rate, or (c) LIBOR plus a margin that ranges from 100 to 175 basis points. The applicable margin varies depending on the amount drawn. The Company also pays a commitment fee of 50 basis points on the undrawn balance of the borrowing base. The agreement has a four year term and contains both negative and affirmative covenants, including minimum current ratio and maximum leverage ratio requirements. Certain development and production assets are pledged as collateral and the facility is guaranteed by the Parent Company.

NOTE 18 – DEFERRED TAX LIABILITIES

	Consolidated Group	
	2012	2011
	US$'000	US$'000
The balance comprises temporary differences attributable to:		
Plant and equipment	$ 37	$ (11)
Development and production expenditure	24,276	(3,102)
Net operating profit carried forward	(13,837)	9,217
	$ 10,476	$ 6,104

NOTE 19 – ISSUED CAPITAL

Total ordinary shares issued at each year end are fully paid.

a) Ordinary Shares	Number of Shares
Total shares issued at 30 June 2010	238,008,335
Shares issued during the year	38,701,250
Total shares issued at 30 June 2011	276,709,585
Shares issued during the year	388,889
Total shares issued at 30 June 2012	277,098,474

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

	Consolidated Group	
	2012	2011
	US$'000	US$'000
b) Issued Capital		
Opening balance	$ 57,831	$ 38,962
Shares issued during the year	147	19,893
Transaction costs (net of tax)	-	(1,024)
Closing balance at end of year	$ 57,978	$ 57,831

NOTE 19 – ISSUED CAPITAL continued

c) Options on Issue

Details of the share options outstanding as at the end of the year:

Grant Date	Expiry Date	Exercise Price	2012	2011
11 Aug 2009	31 Dec 11	$ 0.50–0.70	-	60,000
10 Sep 2010	31 May 13	0.20	1,000,000	1,000,000
10 Sep 2010	31 May 13	0.30	500,000	500,000
02 Dec 2010	01 Dec 15	0.37	2,333,333	2,722,222
02 Mar 2011	30 Jun 14	0.95	30,000	-
03 Jun 2011	31 May 13	0.35	100,000	100,000
03 Jun 2011	15 Jan 16	0.65	500,000	500,000
03 Jun 2011	28 Jan 16	0.50	750,000	750,000
06 Jun 2011	01 Sep 15	0.95	30,000	-
06 Sep 2011	31 Dec 18	0.95	1,200,000	-
05 Dec 2011	05 Mar 19	0.95	1,000,000	-
			7,443,333	5,632,222

d) Capital Management

Management controls the capital of the Group in order to maintain a good debt equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and shareholder issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The strategy is to ensure that the Group's gearing ratio remains minimal. At 30 June 2012, the Company had $15,000,000 of outstanding debt (2011: Nil).

NOTE 20 – RESERVES

a) Share Option Reserve

The share option reserve records items recognised as expenses on valuation of employee and supplier share options.

b) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of the Parent Company.

NOTE 21 – CAPITAL AND OTHER EXPENDITURE COMMITMENTS

Capital commitments relating to joint ventures and tenements

As at 30 June 2012, all of the Company's exploration and evaluation and development and production assets are located in the United States of America.

The mineral leases in the exploration prospects in the USA have primary terms ranging from three years to ten years and have no specific capital expenditure requirements. However, mineral leases that are not successfully drilled and included within a spacing unit for a producing well within the primary term will expire at the end of the primary term unless re-leased.

	Consolidated Group	
	2012	**2011**
Operating lease commitments	**US$'000**	**US$'000**
Commitments for minimum lease payments in relation to non-cancellable operating leases not provided for in the financial statements.		
Lease expenditure commitments		
- due within one year	$ 202	$ 172
- due within 1-5 years	162	89
	$ 364	$ 261
Employment and consultant commitments		
Commitments for the payment of salaries and other remuneration under long-term employment and consultant contracts not provided for in the financial statements.		
Expenditure commitments		
- due within one year	$ 180	$ 270
- due within 1-5 years	270	450
	$ 450	$ 720

Details relating to the employment contracts are set out in the remuneration report.

NOTE 22 – CONTINGENT ASSETS AND LIABILITIES

At the date of signing this report, the Group is not aware of any contingent assets or liabilities that should be disclosed in accordance with AASB 137.

NOTE 23 – OPERATING SEGMENTS

Management has determined, based upon the reports reviewed by the CEO and used to make strategic decisions, that the Group has one reportable segment being oil and gas exploration and production in the United States of America.

The CEO reviews internal management reports on a monthly basis that are consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required, because the information as presented is used by the CEO to make strategic decisions.

NOTE 24 – CASH FLOW INFORMATION

	Consolidated Group 2012 US$'000	Consolidated Group 2011 US$'000
a) Reconciliation of cash flows from operations with income from ordinary activities after income tax		
Profit from ordinary activities after income tax	$ 6,012	$ 7,029
Non cash flow in operating loss		
Depreciation and exploration expenditure written off	11,468	7,782
Deferred tax asset written off	-	321
Share options expensed	930	1,161
Unrealised gains on derivatives	(2,242)	(434)
Net gain on sale of properties	(3,004)	(10,926)
Changes in assets and liabilities:		
- Increase in inventory	(36)	(74)
- Increase in current and deferred tax	3,732	6,917
- Decrease in other current assets	1,553	-
- Increase in trade and other receivables	(8,814)	(2,458)
- Increase in trade and other payables	2,233	(410)
Net cash provided by operating activities	$ 11,832	$ 8,908

b) Non Cash Financing and Investing Activities

During the year 388,889 shares were issued at A$0.37 per share.

c) Business Combinations

There were no non-cash business combinations in 2012 or 2011.

NOTE 25 – SHARE BASED PAYMENTS

During the year ended 30 June 2012, a total of 2,260,000 (2011: 6,350,000) options were granted to employees pursuant to employment agreements and a total of 388,889 previously issued options were exercised. This information is summarised below:

	Consolidated Group 2012		Consolidated Group 2011	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at start of year	5,632,222	0.38	9,926,667	0.38
Granted	2,260,000	0.95	6,350,000	0.95
Forfeited	(60,000)	0.50-0.70	(777,778)	0.50-0.70
Exercised	(388,889)	0.37	(4,500,000)	0.37
Expired	-	-	(5,366,667)	-
Outstanding at end of year	7,443,333	0.55	5,632,222	0.38
Exercisable at end of year	3,551,889	0.45	1,952,667	0.39

Share based payments expense related to options is determined pursuant to AASB 2: Share Based Payments, and is recognised pursuant to the attached vesting conditions. The fair value of the options ranged from A$0.21 to A$0.46 and was calculated using a Black-Sholes options pricing model. Expected volatilities are based upon the historical volatility of the ordinary shares. Historical data is also used to estimate the probability of option exercise and potential forfeitures. The following table summarises the key assumptions used to calculate the fair market value of options granted during the period:

Share price:	A$ 0.38 – 0.96
Exercise price:	A$ 0.95
Expected volatility:	75%
Option term:	3.3 to 7.3 years
Risk free interest rate:	5.5% to 6.25%

Restricted Share Units

During the year ended 30 June 2012, the Board of Directors awarded 910,000 restricted share units (RSUs) to certain employees. These awards were made in accordance with the long term equity component of the Company's incentive compensation plan, the details of which are described in more detail in the remuneration section of the Directors' Report. Share based payment expense for RSUs awarded was calculated pursuant to AASB 2: Share Based Payments. The fair value of RSUs was estimated at the date they were approved by the Board of Directors, 5 December 2011 (the measurement date). These awards have been approved but not yet issued. They will be issued to employees upon finalisation of the plan documents. The value of the vested portion of these has been recognised within the financial statements.

NOTE 26 – JOINT VENTURE INTERESTS

The Group had interests in joint venture operations of 23.34% in oil and gas exploration in the PEL 100 blocks in South Australia. In December 2011, the joint venture interests were sold for US$511,155. The net book value was nil, impaired in previous years.

The Group and its partners have accumulated acreage in a number of oil and gas prospects comprising mineral leases in the United States. The mineral leases that have producing wells drilled on them during the primary lease term will be held as producing leases. Mineral leases that are drilled and produce a dry hole, or not drilled at all, will expire at the end of the primary term unless re-leased for a further term. The exploration of the leases is managed by operators who make cash calls, hire contractors and pay all accounts. The contracted operations are not a joint venture, and therefore not presented above.

NOTE 27 – EVENTS AFTER THE BALANCE DATE

On 13 July 2012 Mr A Hunter III, Director – Executive, Legal Counsel / Director of Communications resigned from the Company. Mr A Hunter III has been retained on a consulting basis.

On 17 July 2012 the Company sold its oil and gas producing and non-producing assets in the Pawnee Prospect in the Kansas Uplift Basin for US$900,000.

On 23 August 2012 the Company executed a Purchase and Sale Agreement to divest of approximately 3,900 acres of oil and gas non-producing and producing assets in the South Antelope field for approximately US$172.4M. The effective date of the sale is 1 July 2012 and the transaction closed in late September 2012.

Other than as detailed above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 28 – RELATED PARTY TRANSACTIONS

Subsidiaries: Interest in subsidiary is disclosed in Note 13.

Transactions with related parties: Minter Ellison Lawyers were paid a total of US$124,007 and US$73,943 for legal services for the years ended 30 June 2012 and 2011, respectively. (N Martin was a partner and is now a consultant of Minter Ellison Lawyers and has been an alternate director since 18 May 2011 and a Director since 1 March 2012).

NOTE 29 – FINANCIAL RISK MANAGEMENT

a) Financial Risk Management Policies

The Group is exposed to a variety of financial market risks including interest rate, commodity prices, foreign exchange and liquidity risk. The Group's risk management focuses on the volatility of commodity markets and protecting cash flow in the event of declines in commodity pricing. The Group utilise derivative financial instruments to hedge certain risk exposures. The Group's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable, derivative financial instruments, finance facility, and payables. The main purpose of non-derivative financial instruments is to raise finance for the Group operations.

NOTE 29 – FINANCIAL RISK MANAGEMENT continued

i) Treasury Risk Management

Financial risk management is carried out by Management. The Board sets financial risk management policies and procedures by which Management are to adhere. Management identifies and evaluates all financial risks and enters into financial risk instruments to mitigate these risk exposures in accordance with the policies and procedures outlined by the Board.

ii) Financial Risk Exposure and Management

The main risk the Group is exposed to through its financial instruments is interest rate risk. The interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2012 approximately 6% of Group deposits are fixed. It is the policy of the Group to keep surplus cash in interest yielding deposits.

iii) Commodity Price Risk Exposure and Management

The Board actively reviews oil hedging on a monthly basis. Reports providing detailed analysis of the Group's hedging activity are continually monitored against Group policy. The Group sells its oil on market using Nymex market spot rates reduced for basis differentials in the basins from which the Company produces. Nymex is a light, sweet crude oil delivered to Cushing, Oklahoma, which is used as the benchmark for onshore United States petroleum prices. Forward contracts are used by the Group to manage its forward commodity price risk exposure. The Group's policy is to hedge less than 50% of anticipated future oil production for up to 24 months. The Group may hedge over 50% or beyond 24 months with approval of the Board. The Group has not elected to utilise hedge accounting treatment and changes in fair value are recognised in the statement of comprehensive income.

Commodity Hedge Contracts outstanding at 30 June 2012

Contract Type	Counterparty	Basis	Quantity/mo	Strike Price	Term
Swap	Shell Trading US	NYMEX	2,000 BBL	$100.00	1-Jan-12 – 31-Dec-12
Collar	Shell Trading US	NYMEX	1,000 BBL	$100.00/$117.50	1-Jan-12 – 31-Dec-12
Collar	Shell Trading US	NYMEX	1,000 BBL	$90.00/$126.00	1-Jan-12 – 31-Dec-12
Swap	Shell Trading US	NYMEX	2,000 BBL	$99.00	1-Mar-12 – 31-Dec-13
Swap	Shell Trading US	NYMEX	3,000 BBL	$104.70	1-May-12 – 31-Dec-12
Collar	Shell Trading US	NYMEX	1,000 BBL	$90.00/$117.50	1-Jan-13 – 31-Dec-13
Collar	Shell Trading US	NYMEX	1,000 BBL	$95.00/$112.75	1-Jan-13 – 31-Dec-13
Swap	Shell Trading US	NYMEX	3,000 BBL	$102.95	1-Jan-13 – 31-Dec-13
Swap	Shell Trading US	NYMEX	10,000 MMBTU	$3.58	1-Jan-13 – 31-Dec-13

Weighted Average Effective Interest Rate			Floating Interest Rate		Non Interest Bearing		Total	
	2012 %	2011 %	2012 USD$	2011 USD$	2012 USD$	2011 USD$	2012 USD$	2011 USD$
Financial Assets								
Cash at bank	0%	0%	$14,353	$ 85	$ -	$ -	$14,353	$ 85
Deposits	0.6%	1.4%	975	25,159			975	25,159
Receivables			-	-	12,352	3,538	12,352	3,538
Other current assets			-	-	1,634	2,381	1,634	2,381
Derivatives			-	-	1,807	50	1,807	50
Total Financial Assets			$ 15,328	$ 25,244	$ 15,793	$ 5,969	$ 31,121	$ 31,213
Financial Liabilities								
Payables			$ -	$ -	$(22,056)	$ (3,793)	$(22,056)	$ (3,793)
Revolving Credit Facility	2.7%	-	(15,000)	-	-	-	(15,000)	-
Other current liabilities			-	-	(8,337)	(5,881)	(8,337)	(5,881)
Derivatives			-	-	-	(486)	-	(486)
Total Financial liabilities			(15,000)	-	(30,393)	(10,160)	(45,393)	(10,160)
Total Net Financial Assets/(Liabilities)			$ 328	$ 25,244	$ (14,600)	$ (4,191)	$(14,272)	$ 21,053

NOTE 29 – FINANCIAL RISK MANAGEMENT continued

b) Sensitivity Analysis

Interest Rate and Price Risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. It should be noted that the Company did not have borrowings at 30 June 2011 and any impacts would be in relation to deposit yields on cash investments. The balance of debt at 30 June 2012 was $15,000,000 and is included in the 2012 Interest Rate Sensitivity Analysis below.

Interest Rate Sensitivity Analysis

The effect on income and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group	
	2012	**2011**
	US$'000	**US$'000**
Change in profit/(loss)		
- increase in interest rates + 2%	$ 310	$ 150
- decrease in interest rates - 2%	(234)	(150)
Change in equity		
- increase in interest rates + 2%	$ 310	$ 150
- decrease in interest rates - 2%	(234)	(150)

Foreign Currency Risk Sensitivity Analysis

Effective 1 July 2011, the functional currency was changed from Australian dollars to US dollars. All of the Company's operations are conducted in the US in transactions denominated in US dollars. Only a relatively immaterial amount of administrative expense is incurred in Australia and paid in Australian dollars and cash balances maintained in Australian banks are also relatively immaterial. Therefore, the impact resulting from changes in the value of the US dollar to the Australian dollar would not have a material effects on income and equity.

Oil Prices Risk Sensitivity Analysis

The effect on profit and equity as a result of changes in oil prices with all variables remaining constant would be as follows:

	Consolidated Group	
	2012	**2011**
	US$'000	**US$'000**
Change in profit/(loss)		
- improvement in US$ oil price of $10 per barrel	$ 4,280	$ 2,074
- decline in US$ oil price of $10 per barrel	(4,280)	(2,074)
Change in equity		
- improvement in US$ oil price of $10 per barrel	$ 4,280	$ 2,074
- decline in US$ oil price of $10 per barrel	(4,280)	(2,074)

c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalent and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximate their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on discounting future cash flows by the current interest rates for assets and liabilities with similar risk profiles. The balances are not materially different from those disclosed in the statement of financial position of the Group.

NOTE 29 – FINANCIAL RISK MANAGEMENT continued

d) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise the financial assets, is the carrying amount, net of any impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate committed credit facility. The Company aims to maintain flexibility in funding to meet ongoing operational requirements and exploration and development expenditures by keeping a committed credit facility available.

f) Foreign Currency Risk

The Group is exposed to fluctuations in foreign currency arising from transactions in currencies other than the Group's functional currency (US$).

NOTE 30 – PARENT COMPANY INFORMATION

	Consolidated Group	
	2012	**2011**
	US$'000	**US$'000**
Parent Entity		
Assets		
Current Assets	$ 986	$ 8,058
Investment in subsidiaries	57,643	50,255
Total assets	$ 58,629	$ 58,313
Liabilities		
Current liabilities	$ 109	$ 127
Non-current liabilities	-	36
Total Liabilities	109	163
Total net assets	$ 58,520	$ 58,150
Equity		
Issued Capital	57,978	57,831
Share options reserve	386	386
Retained earnings (loss)	156	(67)
Total equity	$ 58,520	$ 58,150
Financial Performance		
Profit/(loss) for the year	$ 464	$ (145)
Other comprehensive income	-	-
Total comprehensive income (loss)	$ 464	$ (145)

Guarantees in relation to relation to the debts of subsidiaries

Sundance Energy Australia Limited has not entered into a deed of cross guarantee with its' wholly-owned subsidiary, Sundance Energy, Inc. related to the credit facility with Bank of Oklahoma.

Contingent Liabilities

Lease expenditure commitments, employment and consultant commitments.

Contractual Commitments

There are no contractual capital commitments for the acquisition of property, plant or equipment.

Directors' Declaration

The Directors of the Group declare that:

1. the Financial Statements and Notes as set out on pages 39 to 70 are in accordance with the *Corporations Act 2001* and:
   a) comply with Australian Accounting Standards and International Financial Reporting Standards as disclosed in Note 1; and
   b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the Consolidated Group;
2. the Chief Executive Officer and Chief Financial Officer have declared that:
   a) the financial records of the Group for the year ended have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   c) the financial statements and notes give a true and fair view;
3. in the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Michael Hannell
Chairman
Adelaide
Dated this 28th day of September 2012

Auditor's Report

Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001
T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SUNDANCE ENERGY AUSTRALIA LIMITED

Report on the financial report

We have audited the accompanying financial report of Sundance Energy Australia Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

Auditor's Report

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Sundance Energy Australia Limited is in accordance with the Corporations Act 2001, including:

 i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

 ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of Sundance Energy Australia Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

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GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

J L Humphrey
Partner

Adelaide, 28 September 2012

Additional Information

Additional Information compiled as at 26 September 2012

Corporate Governance

Audit Committee

Details of the Company's Audit Committee are contained within the Directors' Report and Corporate Governance sections.

Corporate Governance Practices

A Statement disclosing the extent to which the Company has followed the best practice recommendations set by the Australian Securities Commission Corporate Council during the reporting period immediately follows the Directors' Report.

Shareholding

Substantial Shareholders

The names of the substantial shareholders in the Company, the number of equity securities to which each substantial shareholder and substantial holder's associates have a relevant interest, as disclosed in substantial holding notices given to the Company:

Name	No of Ordinary Shares	%
National Nominees Limited	52,330,260	18.88
J P Morgan Nominees Australia Limited	31,215,931	11.26

Distribution of Ordinary Shares

Ordinary Shares

Range	Total Holders	Units	% Issued Capital
1-1,000	329	152,632	0.0
1,001-5,000	789	2,380,372	0.9
5,001-10,000	465	3,851,796	1.4
10,001-100,000	855	30,023,455	10.8
100,001-9,999,999	188	240,690,219	86.9
Total	2,626	277,098,474	100.0

There are 180 shareholders with less than a marketable parcel of shares.

Voting Rights

At meetings of members or classes of members:

a) Each member entitled to vote may vote in person or by proxy, attorney or representative;

b) on a show of hands, every person present who is a member or proxy, attorney or representative of a member has one vote; and,

c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:

  i) for each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, one vote for the share; and,

  ii) for each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited) subject to any rights or restrictions attached to any shares or class or classes of shares.

Distribution of Unlisted Options on Issue

Expiry Dates	Exercise Price(A$)	# of Shares	Holders
01 Dec 15	$0.37	2,333,333	2
31 May 13	$0.20	1,000,000	1
31 May 13	$0.30	500,000	1
31 May 13	$0.35	100,000	1
15 Jan 16	$0.65	500,000	1
28 Jan 16	$0.50	750,000	1
30 Jun 14	$0.95	30,000	1
01 Sep 15	$0.95	30,000	1
31 Dec 18	$0.95	1,200,000	1
05 Mar 19	$0.95	1,000,000	1
		7,443,333	

Twenty largest holders of fully paid Ordinary Shares

Rank	Name	Units	% Issued Capital
1	National Nominees Limited	52,330,260	18.88
2	J P Morgan Nominees Australia Limited	31,215,931	11.26
3	HSBC Custody Nominees (Australia) Limited	11,973,943	4.32
4	Zero Nominees Pty Ltd	9,527,144	3.44
5	William Taylor Nominees Pty Ltd	9,336,204	3.37
6	BNP Paribas Noms Pty Ltd	8,866,998	3.20
7	Citicorp Nominees Pty Limited	7,782,757	2.81
8	Franks LLLP	5,845,193	2.11
9	JP Morgan Nominees Australia Limited	5,024,977	1.81
10	Citicorp Nominees Pty Limited	4,900,683	1.77
11	Merrill Lynch (Australia) Nominees Pty Limited	4,247,139	1.53
12	Navigator Australia Ltd	4,186,453	1.51
13	UBS Nominees Pty Ltd	3,574,256	1.29
14	Mr Marcus James Taylor	2,709,885	0.98
15	Mr William Charles & Mrs Jeanette Ann Caldow	2,550,000	0.92
16	Bresrim Pty Ltd	2,541,128	0.92
17	Mr. James David & Mrs Marion Amy Taylor	2,462,348	0.89
18	Hannes Investments Pty Ltd	2,366,014	0.85
19	Escor Investments Pty Ltd	2,150,000	0.78
20	HSBC Custody Nominees (Australia) Limited	2,044,942	0.74
	Total	**175,636,255**	**63.38**

Stock Exchange on which the Company's Securities are quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange.

Petroleum Exploration Licenses

As the Company is a petroleum exploration Company, below is a list of its interests in petroleum exploration licences granted, where the licences are situated and the percentage interest held.

Exploration & Development Assets

	ACREAGE		Prospect
U.S. Leases	Gross	Net**	Ownership %
Williston Basin*	120,991	8,728	5-100
DJ Basin	45,565	16,746	12-100
Anadarko Basin	52,434	27,986	100
US Grand Total	218,990	53,460	

* On 23 August 2012 the Company executed a Purchase and Sale Agreement to divest of approximately 3,900 net acres in the South Antelope prospect of the Williston Basin. The transaction closed in late September 2012, after the date of this report.

**At 30 June 2011 the Company held an interest in 48,739 net acres in the Illinois Basin. The Company is no longer pursuing exploration in the area and all remaining costs were impaired to zero during the financial year under review, and the associated acreage has been dropped from this report.

On Market Buy-back

There is currently no on-market buy-back.

Corporate Directory

Sundance Energy Australia Limited
ABN 76 112 202 883

Directors
Michael D. Hannell – *Chairman*
Eric McCrady – *Managing Director and CEO*
Damien A. Hannes – *Non-Executive Director*
Neville W. Martin – *Non-Executive Director*

Company Secretary
Craig W. Gooden

Registered Office
32 Beulah Road
Norwood SA 5067
Phone: (61 8) 8363 0388
Fax: (61 8) 8132 0766
Website: www.sundanceenergy.com.au

Corporate Headquarters
Sundance Energy, Inc.
633 17th Street, Suite 1950
Denver, CO 80202 USA
Phone: (303) 543-5700
Fax: (303) 543-5701
Website: www.sundanceenergy.net

DESIGN BY:
Mark Mulvany Graphic Design *(Denver, CO)*

PHOTOGRAPHY BY:
Michael McConnell Photography *(Denver, CO)*

Auditors
Grant Thornton South Australian Partnership
Level 1, 67 Greenhill Road
Wayville SA 5034

Australian Legal Advisors
Minter Ellison
Level 10, 25 Grenfell Street
Adelaide SA 5000

Bankers
Australia
National Australia Bank Limited
United States
JP Morgan Chase Bank, N.A.
Bank of Oklahoma

Share Registry
Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000

Securities Exchange Listing
Australian Securities Exchange (ASX)
ASX Code: SEA

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