



Sundance Energy Australia Limited

32 Beulah Road, Norwood. South Australia. 5067 ACN 112 202 883
 Telephone: +61 8 8363 0388 Facsimile: +61 8 8132 0766 www.sundanceenergy.com.au

Activities Report for the Quarter Ended 30 September 2012

Highlights

<p>Corporate Developments & Financial Position</p>	<ul style="list-style-type: none"> ✓ The sale of the Company’s South Antelope prospect closed in late September 2012 generating cash proceeds of \$172.9M. In July 2012, the Company’s Pawnee prospect was sold for \$0.9M. ✓ Proceeds from these asset sales will be redeployed into higher working interest, Company operated projects and were used to repay \$15M of debt leaving a debt balance of \$10M at quarter end. ✓ Cash at 30 September 2012 totaled \$163.3M. ✓ Inclusion in the S&P/ASX 300 Index.
<p>Production & Revenue</p>	<ul style="list-style-type: none"> ✓ Average daily production increased to 1,558 BOE, up 87 percent from the comparable quarter in the prior year. South Antelope production through the closing date (27 September 2012) accounted for approximately 827 boepd (53 percent) of production for the quarter. ✓ Quarter-over-quarter revenue increased 91 percent to \$10.3M. ✓ Oil sales averaged \$82.21 per barrel and sales of liquids-rich gas averaged \$4.52 per mcf.
<p>Exploration & Development</p>	<ul style="list-style-type: none"> ✓ Year-over-year PV10 of proved reserves, excluding South Antelope, increased \$47M to \$89M, and 2P and 3P reserves increased 60 percent and 160 percent, respectively. ✓ Net acres in the Anadarko Basin increased to approximately 28,000 with the addition of 4,000 net acres during the quarter. ✓ Sundance-operated drilling in the DJ Basin continued with three wells (SEA WI 100%) coming on production during the quarter. In addition, 4 gross (2.1 net) wells were being prepared for fracture stimulation at quarter-end. ✓ Exploration activity on the Company’s Anadarko Basin prospects continued to increase with a total of 5 gross (3.8 net) wells in various stages of drilling, fracing, or production testing at quarter-end. ✓ During the quarter, a total of 16 gross (3.6 net) wells were brought on production which brings the producing well count to 154 gross (20.5 net) after the sale of 46 gross (5.1 net) wells in the South Antelope and Pawnee prospects. ✓ At quarter-end, an additional 17 gross (6.5 net) wells were in progress.

All amounts shown in this report are unaudited.

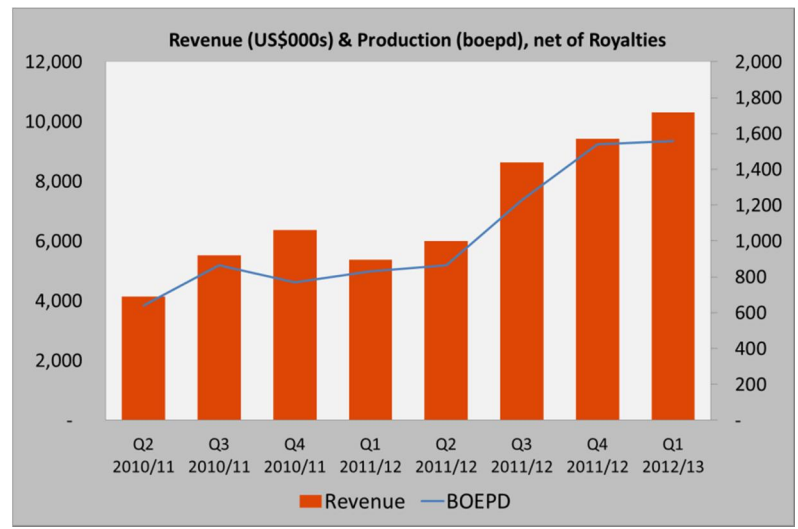
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Production & Revenue

	Units	Three Months Ended	
		September 30	
		2012	2011
Production Summary, net of Royalties			
Oil Produced and Sold	bbls	120,508	63,584
Natural Gas Produced and Sold	mcf	136,749	77,088
Total Produced and Sold	boe	143,299	76,432
Average Daily Production	boe	1,558	831
Sales Revenue, net of Royalties, unaudited			
Oil Sales	US\$000s	9,682	5,058
Natural Gas Sales	US\$000s	618	321
Total Sales Revenue	US\$000s	10,300	5,379
Realised Product Pricing, unaudited			
Oil	US\$/bbl	80.34	79.55
Effect of Hedging	US\$/bbl	1.87	(3.08)
Net Oil	US\$/bbl	82.21	76.47
Natural Gas	US\$/mcf	4.52	4.17

NOTE: Production & Revenue figures are presented net of royalties.

The Company's production and revenue continued to perform strongly during the quarter. Sundance produced a daily average of approximately 1,558 BOE, net of royalties, during the three months ended 30 September 2012, an 87 percent increase over the same period last year.



Oil and gas sales revenue was \$10.3 million. This represents an increase of \$4.9 million (91 percent) compared to the three months ended 30 September 2011. This favourable variance was the result of both increased production and improved product pricing. The Company continues to receive a premium price for its liquids-rich natural gas production as compared to Henry Hub pricing, a US benchmark for natural gas prices. For the current quarter, the Company realized \$4.52 per mcf, a \$1.64 premium over the average Henry Hub price.

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Production & Revenue (continued)

The Company utilizes derivative contracts to manage and protect against commodity price risk. As at 30 September 2012, there were nine contracts in place covering 9,000 barrels per month of oil production through the remainder of calendar 2012 and 7,000 barrels per month of oil production through calendar year 2013. These derivative contracts include swaps and costless collars with a weighted average floor/ceiling price of \$100.23/106.18 for 2012 and \$98.84/105.30 for 2013. In May 2012, the Company entered into a natural gas swap at \$3.58 covering 10,000 mmbtu per month for calendar 2013.

Cash Flow & Financial Position

	Units	Three Months Ended September 30	
		2012	2011
Cash Flows from Operations, unaudited			
Receipts from product sales	US\$000s	6,019	4,649
Payments for production	US\$000s	(2,446)	(1,204)
Payments for administration	US\$000s	(2,053)	(1,087)
Cash operating income	US\$000s	1,520	2,358

Cash received from the South Antelope and Pawnee asset sales during the quarter totaled \$173.8M. The Company has elected Section 1031 “like-kind exchange” treatment of these sales under the US tax rules. These rules allow deferral of the gain if the proceeds are used to acquire “like-kind property” within six months of the closing date of the transaction. The Company expects to utilize these funds for direct leasing in existing core areas and potential acquisitions in existing or new development areas and consequently expects to be able to defer the majority of the taxable gain on the sales.

During the quarter, the Company repaid \$15 million of its outstanding debt with cash received from the sale of the South Antelope prospect. The remaining debt balance was \$10.0M and cash on hand was \$163.3 million as at 30 September 2012.

Exploration & Development

	Units	Three Months Ended September 30	
		2012	2011
Capital Expenditures, unaudited			
Exploration & evaluation	US\$000s	4,074	433
Development & production	US\$000s	18,289	5,595
Total capital expenditures	US\$000s	22,363	6,028

All amounts shown in this report are unaudited.

Exploration & Development (continued)

Development activity for the quarter ended 30 September 2012 is summarized below.

GROSS WELLS

	PRODUCING				IN PROGRESS		
	1-Jul-12	Sold	New	30-Sep-12	Drilling	Fracking or Production Testing	Total
S. Antelope	42.0	(42.0)	-	-	-	-	-
Phoenix	23.0	-	6.0	29.0	-	4.0	4.0
Goliath	74.0	-	7.0	81.0	-	4.0	4.0
Manitou	7.0	-	-	7.0	-	-	-
Williston Basin	146.0	(42.0)	13.0	117.0	-	8.0	8.0
Wattenberg	31.0	-	3.0	34.0	-	2.0	2.0
Niobrara	2.0	-	-	2.0	-	2.0	2.0
DJ Basin	33.0	-	3.0	36.0	-	4.0	4.0
S. Goltry	-	-	-	-	-	2.0	2.0
Mulhall	-	-	-	-	1.0	2.0	3.0
Anadarko Basin	-	-	-	-	1.0	4.0	5.0
Pawnee	4.0	(4.0)	-	-	-	-	-
Other	1.0	-	-	1.0	-	-	-
TOTAL	184.0	(46.0)	16.0	154.0	1.0	16.0	17.0

NET WELLS*

	PRODUCING				IN PROGRESS		
	1-Jul-12	Sold	New	30-Sep-12	Drilling	Fracking or Production Testing	Total
S. Antelope	4.5	(4.5)	-	-	-	-	-
Phoenix	2.0	-	0.4	2.4	-	0.3	0.3
Goliath	1.6	-	0.2	1.8	0.1	0.2	0.3
Manitou	0.1	-	-	0.1	-	-	-
Williston Basin	8.2	(4.5)	0.6	4.3	0.1	0.5	0.6
Wattenberg	12.6	-	3.0	15.6	-	2.0	2.0
Niobrara	0.5	-	-	0.5	-	0.1	0.1
DJ Basin	13.1	-	3.0	16.1	-	2.1	2.1
S. Goltry	-	-	-	-	-	1.8	1.8
Mulhall	-	-	-	-	1.0	1.0	2.0
Anadarko Basin	-	-	-	-	1.0	2.8	3.8
Pawnee	0.6	(0.6)	-	-	-	-	-
Other	0.1	-	-	0.1	-	-	-
TOTAL	22.0	(5.1)	3.6	20.5	1.1	5.4	6.5

*totals may not agree due to rounding

All amounts shown in this report are unaudited.

Exploration & Development (continued)

Williston Basin

Across the Company's Phoenix and Goliath prospects in the Williston Basin, 13.0 gross (0.6 net) wells were completed during the quarter which added 10,186 BOE (111 boepd) to the quarter's production. At quarter-end 8 gross (0.6 net) wells were in progress. Drilling activity continues on these prospects and production from the Williston Basin will continue to provide significant cash flow to the Company.

Denver-Julesburg Basin

Sundance has an active program in the DJ Basin which includes operated and non-operated drilling of both vertical Wattenberg and horizontal Niobrara wells. Sundance operates and holds a 100 percent working interest in all three of the vertical Wattenberg wells that were completed on its acreage during the quarter. At quarter-end, 2.0 gross (2.0 net) vertical Wattenberg and 2.0 gross (0.1 net) horizontal Niobrara wells were in progress.

Anadarko Basin

During the quarter, the Company added approximately 4,000 net acres to its holdings in the Anadarko Basin bringing the total net acreage to approximately 28,000. The Company operated Leon Pecha 1-11H (SEA WI 91.0%), Leroy Unruh Trust 1-8H (SEA WI 86.8%) and the Kightlinger 19-3-8-1HM (SEA WI 87.5%) are flowing back frac fluid, oil, and gas while being production tested. As at the date of this report, the Branson 17-4-23-1HM (SEA WI 100%) was being drilled. The company is also participating in the Devon-operated Hopfer 1-17MH (SEA WI 14.1%) which had been drilled and was being prepared for fracture stimulation at quarter-end.

Yours sincerely,
Sundance Energy Australia Limited



Eric McCrady
CEO and Managing Director

For further advice on this release, please contact:

United States
Eric McCrady
CEO and Managing Director
Tel: 303-543-5703

Australia
Mike Hannell
Chairman
Tel: +61 8 8363 0388

All amounts shown in this report are unaudited.

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.

About Sundance Energy Australia Limited

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

A comprehensive overview of the Company can be found on the Company's website.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Sundance Energy Australia Limited

ABN

76 112 202 883

Quarter ended ("current quarter")

30 September 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter US\$'000	Year to date (3 months) US\$'000
1.1 Receipts from product sales and related debtors	6,019	6,019
1.2 Payments for (a) exploration & evaluation	(4,074)	(4,074)
(b) development	(18,289)	(18,289)
(c) production	(2,446)	(2,446)
(d) administration	(2,053)	(2,053)
(e) GST	(21)	(21)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	(140)	(140)
1.6 Income taxes paid	-	-
1.7 Other (derivatives)	225	225
Net Operating Cash Flows	(20,775)	(20,775)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(80)	(80)
1.9 Proceeds from sale of: (a) prospects	173,815	173,815
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	173,735	173,735
1.13 Total operating and investing cash flows (carried forward)	152,960	152,960

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	152,960	152,960
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	10,000	10,000
1.17	Repayment of borrowings	(15,000)	(15,000)
1.18	Dividends paid	-	-
1.19	Other	(10)	(10)
	Net financing cash flows	(5,010)	(5,010)
	Net increase (decrease) in cash held	147,950	147,950
1.20	Cash at beginning of quarter/year to date	15,328	15,328
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	163,278	163,278

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

		Current quarter US\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	128
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes cash payments for salaries and director fees paid to directors during the quarter.

Non-cash financing and investing activities

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

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

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available US\$'000	Amount used US\$'000
3.1 Loan facilities	10,000	10,000
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	US\$'000
4.1 Exploration and evaluation	(3,000)
4.2 Development	(19,500)
4.3 Production	(1,300)
4.4 Administration	(1,700)
Total	(25,500)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter US\$'000	Previous quarter US\$'000
5.1 Cash on hand and at bank	163,278	15,328
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	163,278	15,328

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	South Antelope	Sale of approximately 3,939 net acres	3,939	nil
	Pawnee	Sale of approximately 4,450 net acres	4,450	nil

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased	Anadarko Basin	Purchase of approximately 4,000 net acres	24,000	28,000
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Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	277,098,474	277,098,474		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	7,443,333		Weighted Average Exercise Price A\$0.55	Weighted Average Remaining Term 2.9 years
7.8	Issued during quarter				
7.9	Exercised during quarter				

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7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

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



Sign here:

Date: 31 October 2012

Print name: Chief Executive Officer
Eric McCrady

Notes

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

+ See chapter 19 for defined terms.

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