

# SUNDANCE ENERGY LIMITED

POTENTIAL CORPORATE  
OPPORTUNITY FEBRUARY 2019



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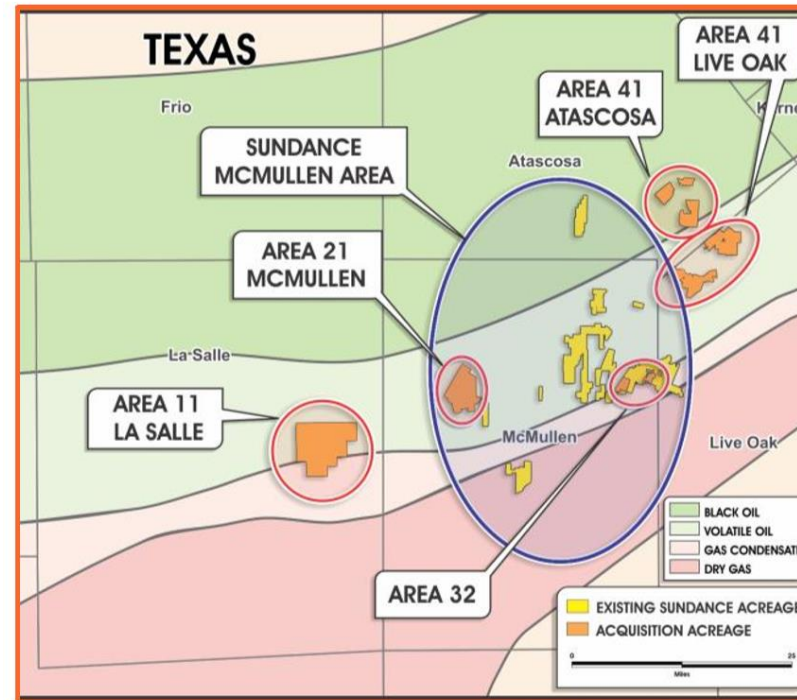
## FINANCIAL OVERVIEW

Item	Value
ASX Symbol	SEA
NASDAQ Symbol	SNDE
Shares on Offer (Million)	690
Share Price (\$AUD)	\$0.38
Market Cap (\$M AUD)	\$260
Market Cap (\$M USD)	\$190
Net Debt (\$M USD)	\$315
Enterprise Value (\$M USD)	\$505

Metric	Value	Enterprise Value (\$M USD) to Metric
Proved Reserves (mmboe)	100.9	5.0x
2019E <sup>1</sup> EBITDA (\$M USD)		
2019E <sup>1</sup> Production (mmboe)		

<sup>1</sup> 2019 Expected Production based on hyperbolic decline of IP rates to month 36 (based on b=1.10 and d=0.65% t=daily), with exponential decay thereafter (d=5.00% t=monthly) – Refer to attached Financial Model.

## EAGLE FORD SHALE LOCATIONS



- 52,300 net acres primarily in the Eagle Ford's Oil and Volatile Oil Windows
- Highly attractive single well economics (65% IRR or higher)
- Sundance's assets are economic on a full-cycle basis even in a low ~\$30/bbl crude environment, inclusive of recovering acquisition costs, development costs, production costs, and all overhead costs

Area Formation	Atascosa EGFD	La Salle EGFD	Live Oak EGFD	McMullen 21 EGFD	McMullen 32 EGFD	McMullen EGFD	Atascosa EGFD	Dimmit EGFD	Total
Tier 1 Locations	33	81	103	12	6	203	3	9	450
Tier 2 Locations	-	-	-	-	-	-	-	135	135
<b>Total Locations</b>	<b>33</b>	<b>81</b>	<b>103</b>	<b>12</b>	<b>6</b>	<b>203</b>	<b>3</b>	<b>144</b>	<b>585</b>

## 2018 WELL RESULTS

Well Name	County	IP Date	Lateral Length	IP 30 Day	IP 60 Day	IP 90 Day	% Oil
Paloma Ranch 7H	McMullen	2-Jun-18	7,690'	1,345	1,017	811	TBA
Peeler Ranch 8HC	Atascosa	26-Jun-18	5,642'	484	404	367	TBA
Peeler Ranch 9HC	Atascosa	26-Jun-18	5,820'	446	371	314	TBA
Allen MCM 1HA	McMullen	17-Aug-18	8,015'	1,291	1,100	942	74%
Allen MCM 2HA	McMullen	17-Aug-18	8,234'	1,132	969	843	77%
Harlan Bethune 25H	Live Oak	15-Aug-18	4,779'	1,102	1,091	974	73%
Harlan Bethune 26H	Live Oak	15-Aug-18	4,073'	1,234	1,066	920	79%
Harlan Bethune 27H	Live Oak	15-Aug-18	3,314'	1,183	901	750	76%
Justin Tom 05H	Atascosa	3-Sep-18	6,258'	1,296	1,146	1,003	88%
Justin Tom 06H	Atascosa	3-Sep-18	6,299'	1,042	826	834	91%
Harlan Bethune 34H	Live Oak	19-Aug-18	3,528'	1,691	1,588	1,344	76%
Harlan Bethune 35H	Live Oak	19-Aug-18	3,702'	1,738	1,579	1,321	79%
James Keith Esse 06H	Live Oak	13-Nov-18	5,175'	1,212	1,222	TBA	74%
James Keith Esse 07H	Live Oak	13-Nov-18	5,178'	923	966	TBA	75%
James Keith Esse 08H	Live Oak	13-Nov-18	5,180'	1,119	1,148	TBA	75%
James Keith Esse 09H	Live Oak	13-Nov-18	5,164'	1,333	1,291	TBA	73%
Idylwood 04H	Live Oak	16-Oct-18	6,445'	1,021	1,079	TBA	83%
Idylwood 05H	Live Oak	16-Oct-18	5,487'	1,171	1,152	TBA	81%
Harlan Bethune 22H	Live Oak	15-Dec-18	5,301'	TBA	TBA	TBA	TBA
Harlan Bethune 23H	Live Oak	15-Dec-18	5,621'	1,330	TBA	TBA	79%
Harlan Bethune 24H	Live Oak	15-Dec-18	5,737'	TBA	TBA	TBA	TBA
Hoskins 20H	McMullen	2-Dec-18	7,266'	561	TBA	TBA	86%
Hoskins 21H	McMullen	2-Dec-18	7,116'	909	TBA	TBA	82%
Roy Esse 15H	Live Oak	-	-	-	-	-	
Roy Esse 16H	Live Oak	-	-	-	-	-	
Roy Esse 17H	Live Oak	-	-	-	-	-	
Roy Esse 18H	Live Oak	-	-	-	-	-	
Red Ranch 18H	Dimmit	-	-	-	-	-	
Red Ranch 19H	Dimmit	-	-	-	-	-	



## 2019 FORECAST WELL PRODUCTION

### **Assumptions**

- <<Insert extracts from Financial Model>>

### **Production**

- <<Insert extracts from Financial Model>

### **Forecasts**

- <<Insert extracts from Financial Model>



## CORPORATE DEBT OVERVIEW

### **Reserve Based Loan**

- Amount: \$250 MM (\$122.5 MM availability; \$65 MM currently drawn)
- Redetermination: Bi-annually
- Coupon: Floating, Libor + 100bps+ an additional 150-250 bps depending on utilization of the revolver
- Term: 4.5 years
- Maturity: October 2022
- Covenants: Current Ratio  $\geq 1.0x$ ; Total Debt to EBITDAX  $\leq 4.0x$ ; Interest Coverage Ratio  $\geq 2.0x$
- Arranger: Natixis
- Syndicate: 5 bank syndicate

### **Second Lien Term Loan**

- Amount: \$250 MM
- Coupon: Floating, Libor + 800bps
- Term: 5 years
- Maturity: April 2023
- Covenants: Interest Coverage Ratio  $\geq 1.5x$ ; Total Proved PV9 to Total Debt  $\geq 1.5x$
- Arranger: Morgan Stanley
- Syndicate: 5 direct energy lending funds

# HEDGE BOOK

- All figures representative of Sundance's hedge book through 2023 as at 21 January 2019

## Oil Hedges

<i>Crude</i> Year	WTI Contracts			LLS/Brent Contracts		
	<i>Bbl</i>	<i>Floor</i>	<i>Ceiling</i>	<i>Bbl</i>	<i>Floor</i>	<i>Ceiling</i>
2019	1,070,000	\$59.82	\$65.67	1,157,000	\$60.53	\$68.21
2020	1,326,000	\$53.66	\$59.56	-	-	-
2021	612,000	\$48.49	\$59.23	-	-	-
2022	528,000	\$45.68	\$60.83	-	-	-
2023	160,000	\$40.00	\$63.10	-	-	-
Total	3,696,000	\$52.86	\$61.61	1,157,000	\$60.53	\$68.21

## Gas Hedges

<i>Gas</i> Year	HH/HSC Contracts		
	<i>Mcf</i>	<i>Floor</i>	<i>Ceiling</i>
2019	3,372,000	\$2.99	\$3.23
2020	1,536,000	\$2.65	\$2.70
2021	1,200,000	\$2.66	\$2.66
2022	1,080,000	\$2.69	\$2.69
2023	240,000	\$2.64	\$2.64
Total	7,428,000	\$2.81	\$2.93



## POTENTIAL OPPORTUNITY AND SYNERGIES

- The acquisition is potentially value accretive (based on the pro-forma EV ratios) even at an acquisition cost of US\$411 with a 100% premium applied to the current share price.

Item	Existing	Share Premium Scenarios		
Premium to Share Price	0%	30%	50%	100%
Share Price (\$AUD)	\$0.38	0.49	0.64	0.83
Market Cap (\$M USD)	\$190	243	317	411
Enterprise Value (\$M USD)	\$505	558	632	726
EV to Proved Reserves (mmboe)	5.00	5.53	6.26	7.20
EV to 2019E EBITDA (\$M USD)				
EV to 2019E Production (mmboe)				

- In addition the acquirer may be able to take advantage of the following synergies:

### Synergies

- Capital cost synergies
- Operational cost synergies
- Corporate overhead rationalisation
- Opportunity to consolidate debt facilities and negotiate reduction in borrowing rate
- Opportunity to consolidate hedge book