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SAMPLEVILLE VIC 3030

21 March 2018

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Dear Shareholder,

ACCELERATED NON-RENOUNCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS

On Thursday, 15 March 2018 Sundance Energy Australia Limited (**Sundance**) announced that it was conducting a proposed capital raising of approximately A\$331.3 million,¹ comprised of:

- an institutional placement (**Institutional Placement**) of 370,697,000 new of new fully paid ordinary shares in Sundance (**New Shares**) to professional and sophisticated investors at an offer price of A\$0.059 cents² per New Share (**Placement Price**), to raise approximately A\$21.9 million;³
- an accelerated non-renounceable entitlement offer (**Entitlement Offer**) of New Shares at an offer price of A\$0.059 cents⁴ per New Share (**Entitlement Offer Price**), to raise approximately A\$73.9 million;⁵ and
- a further institutional placement of 3,990,500,740 New Shares to professional and sophisticated investors at the Placement Price per New Share, to raise approximately A\$235.4 million⁶ (**Conditional Placement**), which is conditional on the approval of Sundance shareholders,

(together the **Capital Raising**).

The proceeds of the Capital Raising will be used to fund the acquisition of certain Eagle Ford Shale assets from a joint venture operated by Pioneer Natural Resources, Inc for consideration of approximately US\$221.5 million (the **Acquisition**), and for general working capital requirements.

Further details are set out in the Investor Presentation and market announcements published on the ASX on 15 March 2018.

¹ US\$260 million

² US\$0.046

³ US\$17.2 million

⁴ US\$0.046

⁵ US\$58 million

⁶ US\$184.8 million

The Capital Raising is being made without a prospectus or product disclosure document in accordance with sections 708A and 708AA of the Corporations Act 2001 (Cth) (the **Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

The Entitlement Offer comprises an accelerated institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

The Entitlement Offer is fully underwritten by Euroz Securities Limited (**Euroz**) Morgans Corporate Limited (**Morgans**).

The Institutional Placement and Institutional Entitlement Offer have already closed and the results announced to the ASX. An offer booklet in relation to the Retail Entitlement Offer will be lodged with the ASX and mailed to Eligible Retail Shareholders (as defined below) on or around 21 March 2018.

This is a letter to inform you that you are not an Eligible Retail Shareholder for the purposes of the Retail Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation to apply for New Shares. You are not required to do anything in response to this letter.

Eligibility Criteria

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those persons who:

- (a) are registered as a holder of fully paid ordinary shares in Sundance as at 7.00pm (Sydney time) 19 March 2018 (**Record Date**);
- (b) have a registered address on Sundance's share register that is in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States with respect to their shares in Sundance (to the extent such person holds Sundance shares for the account or benefit of such person in the United States);
- (d) did not receive an offer to participate (other than as nominee) or were otherwise ineligible to participate under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Sundance has determined, pursuant to section 9A of the Corporations Act and ASX Listing Rule 7.7.1(a), that it would be unreasonable to make offers to shareholders in all countries outside Australia and New Zealand in connection with the Retail Entitlement Offer. This is due to the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to Sundance of complying with these requirements, compared with the relatively small number of shareholders in those countries, the relatively small number of existing Sundance ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled to subscribe for.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder as stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, Sundance wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Retail Entitlement Offer or be able to subscribe for New Shares under the Retail Entitlement Offer.

Notwithstanding the above, Sundance may agree to extend the Retail Entitlement Offer to certain institutional shareholders who did not participate in the Institutional Entitlement Offer or to other retail shareholders, subject to compliance with applicable laws.

Treatment of ineligible retail shareholders' entitlements

Shareholders who are not Eligible Retail Shareholders (**Ineligible Retail Shareholders**) are not entitled to participate in the Entitlement Offer, or exercise their entitlement to be issued New Shares (**Entitlements**). As the Entitlement Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of any New Shares that would have been offered to you if you were an Eligible Retail Shareholder. If you have any questions in relation to any of the above matters, please contact the Sundance Shareholder Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

On behalf of Sundance, we regret that you are not eligible to participate in the Retail Entitlement Offer and thank you for your continued support.

Yours sincerely,



Mike Hannell
Chairman
Sundance Energy Australia Limited

IMPORTANT INFORMATION

This letter is issued by Sundance. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any entitlements or securities in Sundance in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of entitlements or Sundance shares.

NOT FOR DISTRIBUTION OR RELEASE INTO THE UNITED STATES

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. At this time, neither the Entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933 as amended (**U.S. Securities Act**) or under the securities laws of any state or other jurisdiction of the United States. The Entitlements and the New Shares may not be issued to, purchased or traded by, or taken up or exercised by, any person in the United States or any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Entitlements and New Shares to be offered and sold in the Retail Entitlement Offer will only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) of the Securities Act) in reliance on Regulation S under the U.S. Securities Act.

Because of legal restrictions, you must not send copies of this letter or any material in relation to the Entitlement Offer to any person outside Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities law.

