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**FOR IMMEDIATE RELEASE**

28 May 2015

General Manager  
The Company Announcements Office  
Australian Securities Exchange

**Chairman's Report May 2015 AGM**

Dear Fellow Shareholders,

The 12 months ended 31 December 2014 was another year of significant progress for Sundance Energy Australia Ltd ("Sundance") across our portfolio of liquids rich oil and gas assets in the US.

The Company continues to deliver on its strategic focus with positive results from growth in production, cash flows, and reserves in large, repeatable resource plays in North America.

Consistent with the Company's strategy we continued our track record of divesting non-core assets for high returns. During late 2013 and 2014, we completed the divestment of our interest in the Williston Basin in North Dakota for \$51 million which realized an internal rate of return of 45 percent; and also opportunistically divested our interest in the Denver-Julesburg Basin in Colorado for \$114 million which realized an internal rate of return of 104 percent. These divestitures of smaller, less scalable positions has enabled us to focus on developing and growing our assets in the Eagle Ford in Texas.

Despite the reduction in crude oil and liquids prices towards the end of the year and continuing into 2015, the operational performance and focused, value-adding transactions during the past year have positioned the Company very favourably for future growth in net asset value and shareholder returns.

**A year of growing production, cash flow and reserves**

In line with our strategy we continued to increase the level of Company operated assets, and successfully maintained a very strong focus on optimizing our operations and reducing costs. This resulted in an impressive improvement in well performance combined with achieving a top tier cost structure through an aggressive cost reduction program.

Through our operated development program, we ended 2014 with record production of 9,434 barrels of oil equivalent per day (boepd) compared with an exit rate of 5,028 boepd in December 2013, and an average annual production of 6,635 boepd compared to 3,015 boepd in 2013.

During 2014 we drilled and completed 75 gross (42.7 net) wells, primarily in the Eagle Ford, bringing our total well count to 142 gross (81.3 net) by 31 December 2014. High value oil comprised approximately 69 percent of our total 2014 annual production and production from Sundance-operated projects accounted for 89 percent of total production for the year.

Corresponding with the growth in annual production, the Company's full year revenues increased to \$159.8 million and Adjusted EBITDAX increased to \$126.4 million. Despite lower commodity prices during the first quarter of 2015, our adjusted EBITDAX margin remained high at 76.7% compared to full year 2014 of 79.1%.

The Company's development program also generated significant growth in Constant Case (SEC basis) reserves during the year. In summary our 1P Reserves at the end of 2014 were 26.0 million barrels of oil equivalent (mmboe), 2P Reserves 54.1 mmboe, and 3P Reserves 147.7 mmboe. This compares with Reserves of 20.7 mmboe, 34.6 mmboe, and 92.8 mmboe, respectively, at the end of 2013.

Due to the current price environment, during the first quarter of 2015 we elected to scale back our drilling program to mainly concentrate on limited drilling obligations to hold Eagle Ford acreage. This enabled us to maintain our low leverage profile, which was approximately 1.03x debt to Adjusted EBITDAX at year end (approximately 1.1x as of 31 March 2015), and focus on growing our drilling inventory in an environment with less competition for leases and small acquisitions. Nevertheless production during the first quarter averaged 9,581 boepd, an increase of 649 boepd compared with the fourth quarter 2014.

Liquidity was \$84 million at year end, with a subsequent debt refinancing agreement with Morgan Stanley being closed during early May of this year. The Company estimates that its total pro forma liquidity position (for the refinancing transaction) was approximately \$63 million as of 31 March 2015.

### **The Eagle Ford – driving value and production growth**

Sundance grew its Eagle Ford acreage position from ~7,200 acres upon entering the basin to approximately 26,160 net mineral acres in the Eagle Ford at the end of 2014. By the end of the first quarter 2015 this had grown to ~38,800 net mineral acres. Our growing presence in this prolific oil and gas region has been driving significant value for the Company and our shareholders, and continues to form our priority focus for development and acreage growth in the coming years.

At year end, we had 197 gross 3P Reserves drilling locations across our Eagle Ford acreage where we continue to pursue operational and drilling efficiencies, opportunities to further improve well economics by improving recoveries and reducing costs. In 2014 this included a switch to pad drilling with zipper fracture stimulations and new completion techniques that have provided significant upside in production.

Our high quality Eagle Ford acreage produces strong recoveries at reasonable costs and thus generates good returns, even in a low price environment.

Despite our current scaling back of drilling activity, we have set 2015 production guidance at 7,850 – 8,500 BOEPD, an increase from the previous year of some 13 – 17 percent, but a target that we believe is achievable while maintaining acceptable levels of liquidity given our demonstrated abilities and growing footprint in the Eagle Ford.

### **Safety and Environment**

Sundance has a strong culture throughout the organization of ensuring that high standards of safety are maintained and that our operations are conducted in an environmentally responsible

way. During 2014 our comprehensive safety program was enhanced and further improvements will be a strong focus throughout 2015.

### **A strong financial position**

Sundance is well placed for future growth in the Eagle Ford. The Company has a strong balance sheet to withstand the current low oil price environment, and a strong and committed management team. Our sound financial management strategy has seen the Company well supported by both new and existing investors in Australia and internationally.

We expect that Sundance will grow organically and also through further leasing or bolt-on acquisitions in our core Eagle Ford focus area within our current, conservative balance sheet parameters.

### **Positive outlook for 2015**

Despite the current oil pricing scenario, Sundance's medium-to-long term growth trajectory looks very positive.

We can demonstrate this through:

- A track record of capital efficient growth
- A track record of value creation
- Being a low cost/high margin operator
- Having top tier Eagle Ford assets with an extensive drilling inventory
- Having a clean balance sheet

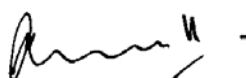
As a mid-tier oil and gas producer and explorer in the S&P/ASX All Australian 200 index, and with the increasing interest and support from institutional and retail investors, I believe that Sundance will deliver significant long-term value from our assets for our shareholders.

### **Thank you for your support**

We have had a busy year at Sundance and I would like to recognize the efforts and valued contribution of the Board of Directors, management team and all staff and contractors of the Company in helping us achieve our strategic goals. I am confident that we have the right team and excellent assets in place to execute our clear and focused strategy that we expect to deliver significant value for our shareholders.

On behalf of the Board and Company, I would like to thank our shareholders for your strong support of the Company throughout the year. We are committed to delivering long-term value for our shareholders and I look forward to reporting over the rest of the coming year on the continued value creation and growth of Sundance.

Yours sincerely,



**MIKE HANNELL**  
Chairman

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

*The presentation used by the Chairman at the AGM and a comprehensive overview of the Company can be found on the Company's website at <http://www.sundanceenergy.com.au>*

*In this report the definitions of the following terms are:*

*EBITDAX is defined as earnings before interest expense, income taxes, depreciation, depletion, amortisation, property impairments, gain/(loss) on sale of non-current assets, exploration expense, share-based compensation and gains/(losses) on commodity hedging, net of settlements on commodity hedging.*