



Sundance Energy Australia Limited

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Activities Report for the Quarter Ended 30 June 2013

Highlights

<p>Corporate Developments & Financial Position</p>	<ul style="list-style-type: none"> ✓ Completed successful capital raise of A\$48.1 million with proceeds being used primarily to accelerate pace of our drilling program in the Eagle Ford. ✓ Cash flow from operations increased to \$12.6 million, a 94 percent increase from the comparable quarter in 2012. ✓ \$125.4 million cash on hand and debt outstanding of \$30 million at quarter-end.
<p>Production & Revenue</p>	<ul style="list-style-type: none"> ✓ For the month of June, daily production averaged 3,039 BOE, net of royalties, a Company record. ✓ Average daily production for the quarter increased to 2,381 BOE, net of royalties, up 68 percent from the comparable quarter in 2012. Quarterly production for the prior year included 844 boepd of production from our South Antelope prospect which was divested in September 2012. Excluding South Antelope production, the quarter-over-quarter average daily production increased 1,808 BOE (316 percent increase). ✓ Production from Sundance-operated wells accounted for 82 percent of production for the quarter, up from 16 percent for the comparable period in 2012. ✓ Revenue increased to \$17.6 million, up 87 percent compared to the comparable quarter in the prior year. ✓ Oil sales averaged \$94.08 per barrel and sales of liquids-rich gas average \$5.15 per mcf (adjusted for hedging effect).
<p>Exploration & Development</p>	<ul style="list-style-type: none"> ✓ Sundance brought 3 gross (3.0 net) wells into production in the Eagle Ford during the quarter. An additional 6 gross (5.3 net) were drilling, being prepared for fracture stimulation or testing at quarter-end. ✓ 6 gross (2.6 net) wells were brought into production in the Anadarko Basin during the quarter and an additional 3 gross (1.6 net) were drilling, being prepared for fracture stimulation or testing at quarter-end. ✓ Drilling in the Williston and DJ Basins added an additional 7 gross (0.4 net) producing wells during the quarter.

All amounts shown in this report are unaudited.

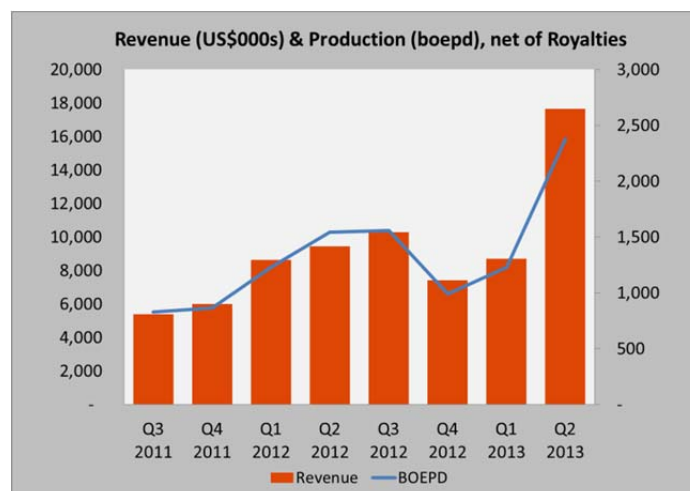
Production & Revenue

		Three Months Ended		Six Months Ended	
	Units	June 2013	June 2012	June 2013	June 2012
Production Summary, net of Royalties					
Oil Production	bbls	171,694	109,436	257,525	200,158
Natural Gas Production	mcf	269,941	117,285	417,634	244,007
Total Production	boe	216,684	128,984	327,131	240,826
Average Daily Production	boe	2,381	1,417	1,807	1,323
Sales Revenue, net of Royalties, unaudited					
Oil Sales	US\$000s	16,268	8,940	24,261	16,953
Natural Gas Sales	US\$000s	1,374	486	2,066	1,096
Total Sales Revenue	US\$000s	17,642	9,426	26,327	18,049
Realised Product Pricing, unaudited					
Oil	US\$/bbl	94.75	81.69	94.21	84.70
Effect of Hedging	US\$/bbl	(0.67)	1.82	(0.84)	0.84
Net Oil	US\$/bbl	94.08	83.51	93.37	85.54
Natural Gas	US\$/mcf	5.09	4.15	4.95	4.49
Effect of Hedging	US\$/mcf	0.06	-	0.02	-
Net Natural Gas	US\$/mcf	5.15	4.15	4.97	4.49

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

Sundance produced a daily average of approximately 2,381 BOE, up 68 percent from the comparable quarterly production of 1,417 BOE in the prior year. Quarterly production in the prior year included 844 boepd from our South Antelope prospect which was divested in September 2012. Excluding South Antelope production, the quarter-over-quarter average daily production increased 1,808 BOE (316 percent increase).

Oil and gas sales revenue of \$17.6 million represents an increase of \$8.2 million (87 percent) compared to the comparable quarter in 2012.



The Q3 2012 to Q4 2012 revenue and production decline is due to the sale of the South Antelope prospect in September 2012.

This favorable variance was the result of both increased production and product pricing. Approximately \$5.7 million was due to increased production, while improved product pricing accounted for approximately \$2.5 million. 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

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Production & Revenue (continued)

prices. The Company also receives a premium price for its oil production as compared to WTI pricing. For the current quarter, the Company realized \$5.09 per mcf and \$94.75 per bbl, a \$1.07 (27 percent) and \$0.70 (1 percent) premium over the quarter's average Henry Hub and WTI spot prices of \$4.02 per mcf and \$94.05 per bbl, respectively.

During the six months ended 30 June 2013, the Company's oil and natural gas sales increased \$8.3 million to \$26.3 million. This represents a 46 percent increase compared to prior year. As was the case in the current quarter, the increase was primarily driven by both increased production volumes and improved pricing.

The Company utilizes derivative contracts to manage and protect against commodity price risk. As at 30 June 2013, there were 12 contracts in place covering 24,000 barrels of oil production per month and 30,000 mcf of natural gas production per month through 2013. For 2014, there were seven contracts in place covering 14,000 barrels of oil production per month for the first half of the year and 12,500 barrels per month for the second half. In addition, there were two contracts covering 30,000 mcf of natural gas production per month for 2014. These derivative contracts include swaps and costless collars with a weighted average floor/ceiling price of \$99.00/\$103.35 per bbl and \$3.91 per mcf for the remainder of 2013 and \$89.20/\$99.80 per bbl and \$4.07/\$4.35 per mcf for 2014.

Cash Flow & Financial Position

	Units	Three Months Ended		Six Months Ended	
		June 2013	June 2012	June 2013	June 2012
Cash Flows from Operations, unaudited					
Receipts from product sales	US\$000s	20,158	9,857	26,994	17,333
Payments for production	US\$000s	(3,086)	(2,094)	(5,249)	(3,678)
Payments for administration	US\$000s	(4,512)	(1,283)	(7,344)	(2,953)
Cash operating income	US\$000s	12,560	6,480	14,401	10,702

The Company's cash flows from operations for the three months ended 30 June 2013 were \$12.6 million, which represents an increase of \$6.1 million, or 94 percent, over the comparable quarter in 2012. For the six months ended 30 June 2013, cash flows from operations were \$14.4 million, up \$3.7 million, or 35 percent over the prior year.

As at 30 June 2013, the Wells Fargo credit facility had a \$30 million outstanding balance and the Company had \$125.4 million of cash on hand. During the quarter, the Company's borrowing base increased from \$30 million to \$48 million based on an increase in proved oil and gas reserves. The outstanding balance remained at \$30 million, resulting in \$18 million of undrawn capacity. As at the date of this report, the Company was in the process of finalizing a second lien facility with Wells Fargo Energy Capital.

All amounts shown in this report are unaudited.

Exploration & Development

	Units	Three Months Ended		Six Months Ended	
		June 2013	June 2012	June 2013	June 2012
Capital Expenditures, unaudited					
Exploration & evaluation	US\$000s	1,176	3,341	8,529	6,539
Development & production	US\$000s	32,113	7,662	51,962	19,666
Total capital expenditures	US\$000s	33,289	11,003	60,491	26,205

The Company's development activities for the three month period ended 30 June 2013 is summarized below:

GROSS WELLS			PRODUCING		IN PROGRESS		
	31-Mar-13	New	30-Jun-13	Drilling	Waiting on Frac	Fracking/ Production Testing	Total
Phoenix	29	5	34	-	1	4	5
Goliath	84	-	84	-	-	-	-
Manitou	7	-	7	-	-	-	-
Williston Basin	120	5	125	-	1	4	5
Wattenberg	77	-	77	-	-	-	-
Niobrara	4	2	6	-	3	-	3
DJ Basin	81	2	83	-	3	-	3
S. Goltry	-	-	-	-	-	-	-
Mulhall	3	6	9	1	1	1	3
Other	1	-	1	-	-	-	-
Anadarko Basin	4	6	10	1	1	1	3
Choke Canyon	7	3	10	1	5	-	6
Eagle Ford	7	3	10	1	5	-	6
Total	212	16	228	2	10	5	17

NET WELLS			PRODUCING		IN PROGRESS		
	31-Mar-13	New	30-Jun-13	Drilling	Waiting on Frac	Fracking/ Production Testing	Total
Phoenix	2.4	0.3	2.7	-	0.1	0.3	0.4
Goliath	1.8	-	1.8	-	-	-	-
Manitou	0.1	-	0.1	-	-	-	-
Williston Basin	4.3	0.3	4.6	-	0.1	0.3	0.4
Wattenberg	58.3	-	58.3	-	-	-	-
Niobrara	0.8	0.1	0.9	-	0.8	-	0.8
DJ Basin	59.1	0.1	59.2	-	0.8	-	0.8
S. Goltry	-	-	-	-	-	-	-
Mulhall	2.1	2.5	4.6	0.8	0.6	0.2	1.6
Other	0.1	-	0.1	-	-	-	-
Anadarko Basin	2.2	2.5	4.7	0.8	0.6	0.2	1.6
Choke Canyon	6.0	3.0	9.0	1.0	4.3	-	5.3
Eagle Ford	6.0	3.0	9.0	1.0	4.3	-	5.3
Total	71.6	5.9	77.5	1.8	5.8	0.5	8.1

All amounts shown in this report are unaudited.

Exploration & Development (continued)



The Company's exploration and development activities are focused in the Eagle Ford formation in Texas, the Greater Anadarko Basin in Oklahoma, the Denver-Julesburg (DJ) Basin in Colorado and Wyoming and the Williston Basin in North Dakota. Development and production expenditures in the quarter totaled \$33.3 million, an increase of \$22.3 million (203 percent) over the same period in the prior year. This investment resulted in the addition of 16 gross (5.9 net) producing wells with an additional 17 gross (8.1 net) wells in progress as at 30 June 2013. During the quarter, the Company acquired approximately 1,600 net acres in the Eagle Ford and Greater Anadarko Basins. As at 30 June 2013, Sundance owned working interests in 228 gross (77.5 net) producing wells.

Eagle Ford Formation

During the quarter, the Company completed the Hoskins EFS 4H and drilled and completed the Hoskins EFS 2H and Teal Ranch EFS 2H (all SEA 100% WI). The Hoskins EFS 4H began producing in mid-April and the Hoskins EFS 2H and Teal Ranch EFS 2H came on production in mid-June. As at 30 June 2013, Sundance was drilling the Lange E EFS 1H well (SEA 100% WI) and had 5 gross (4.3 net) wells waiting on completion.

Greater Anadarko Basin

The Company saw continued success with its Mississippian and Woodford appraisal program during the quarter. The Sundance operated Branson 17-4-26-1HM (SEA 91.5% WI) and Rother 16-4-11-2HM (SEA 100% WI) wells were completed and came on production during the quarter. As at 30 June 2013, the Branson 17-4-22-1HW (SEA 81.5% WI) was being drilled and the Whiteneck Trust 20-3-12-1HM (SEA 55.5% WI) was waiting on frac. Both wells are operated by Sundance. In addition, the Company participated in 4 gross (0.6 net) wells that had initial production during the quarter and 1 gross (0.2 net) well that was production testing at quarter end. During the quarter, the Company added approximately 1,300 net acres to its holdings in the Anadarko Basin, bringing the total net acreage in the area to approximately 42,700.

Denver-Julesburg Basin

During the quarter, the Company participated in 2 gross (0.1 net) Niobrara wells that were brought into production. At quarter-end, 3 gross (0.8 net) Niobrara wells were in progress. In addition, the Company performed successful recompletion operations on four Sundance-operated wells in the Motocross prospect, which resulted in significant increases in their production.

Williston Basin

The Company continues to receive significant cash flows from its production in the Williston Basin. The Company participated in 5 gross (0.3 net) wells that were brought into production during the quarter. At quarter-end, an additional 5 gross (0.4 net) non-operated wells were in progress. All of these wells are located on the Company's Phoenix prospect.

All amounts shown in this report are unaudited.

Yours sincerely,
Sundance Energy Australia Limited



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CEO and Managing Director

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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 at www.sundanceenergy.com.au.

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 June 2013

Consolidated statement of cash flows

		Current quarter US\$'ooo	Year to date (6 months) US\$'ooo
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	20,158	26,994
1.2	Payments (a) exploration & evaluation	(1,176)	(8,529)
	(b) development	(32,113)	(51,962)
	(c) production	(3,086)	(5,249)
	(d) administration	(4,512)	(7,344)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	33	38
1.5	Interest and other costs of finance paid	(123)	(348)
1.6	Income taxes paid	(442)	(556)
1.7	Other (derivatives)	143	208
Net Operating Cash Flows		(21,118)	(46,748)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (1)	-	(141,282)
	(b) equity investments	-	-
	(c) other fixed assets	(168)	(267)
1.9	Proceeds from sale of: (a) prospects (2)	(8)	(86)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (acquired cash from Texon (1))	806	115,492
Net investing cash flows		630	(26,143)
1.13	Total operating and investing cash flows (carried forward)	(20,488)	(72,891)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(20,488)	(72,891)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	44,278	44,278
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	(46)	(120)
	Net financing cash flows	44,232	44,158
	Net increase (decrease) in cash held	23,744	(28,733)
1.20	Cash at beginning of quarter/year to date	101,633	154,110
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	125,377	125,377

(1) Immediately prior to the merger with Texon, the Company acquired certain oil and gas properties from Texon for \$141 million. This amount includes repayment of \$28 million of debt incurred by Texon to fund the drilling of 3 gross (2.4 net) wells during the implementation period. The Company was obligated to fund this drilling under the terms of the Scheme Implementation Agreement.

(2) Relates to additional professional fees paid in 2013 related to the 2012 South Antelope sale. These costs were netted against the gain on sale of non-current assets.

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	618
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, bonuses 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

In the first quarter of 2013, the Company issued 122,669,678 fully paid ordinary shares in connection with implementation of the merger with Texon Petroleum Limited.

+ See chapter 19 for defined terms.

- 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	48,000	30,000
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	US\$'000
4.1 Exploration and evaluation	-
4.2 Development	(70,000)
4.3 Production	(4,900)
4.4 Administration	(2,700)
Total	(77,600)

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	125,377	101,633
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other		
Total: cash at end of quarter (item 1.22)	125,377	101,633

+ See chapter 19 for defined terms.

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			
6.2	Interests in mining tenements acquired or increased			
	Anadarko Basin	Purchase of approximately 1,300 net acres	42,700	41,400
	Eagle Ford Formation	Purchase of approximately 300 net acres	7,600	7,300

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 (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	461,082,783	461,082,783	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a) Total increase of 59,647,964, comprised of 55,984,884 shares issued upon capital raising; 2,725,000 options exercised and 938,080 RSUs converted to ordinary shares	(a) Total increase of 59,647,964, comprised of 55,984,884 shares issued upon capital raising; 2,725,000 options exercised and 938,080 RSUs converted to ordinary shares	
7.5	*Convertible debt securities (description)			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	4,101,666 options 2,356,415 RSUs*		Weighted Average Option Exercise Price - A\$0.93	Weighted Average Remaining Option Term – 5.2 years
7.8	Issued during quarter	1,050,000 options 1,237,994 RSUs*		Weighted Average Option Exercise Price - A\$1.18	Weighted Average Remaining Option Term – 6.8 years
7.9	Options exercised and RSUs* converted to ordinary shares during quarter	2,725,000 options 938,080 RSUs*		Weighted Average Option Exercise Price - A\$0.31	
7.10	Expired during quarter	34,392 RSUs*			
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

* RSUs - Restricted share units

Compliance statement

- 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).
- This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 31 July 2013

Print name:

Chief Executive Officer
Eric McCrady

+ See chapter 19 for defined terms.

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.