



Sundance-Texon Merger

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This presentation contains information on Sundance Energy's reserves and resources which has been reviewed by Brian Disney, a Colorado licensed Professional Engineer, who is qualified in accordance with ASX Listing Rule 5.11 and has consented to the inclusion of this information in the form and context in which it appears.

This presentation contains information on Texon Petroleum's reserves and resources, which has been reviewed by Delilah B Hainey, who is qualified in accordance with ASX Listing Rule 5.11 and has consented to the inclusion of this information in the form and context in which it appears.

NOTE: All currency is presented in US dollars unless otherwise noted

Agenda

- **Merger overview**
- Merged Company Overview
- Summary

Merger Overview

- Scheme of Arrangement for a proposed merger of Sundance Energy Australia Limited (ASX:SEA) and Texon Petroleum Limited (ASX: TXN)
- Texon shareholders will receive 1 share in Sundance for every 2 Texon shares
 - Texon shareholders will own ~30.7% of Sundance post completion
- Potential to create a leading US focused oil and gas company with:
 - Attractive and diversified portfolio of assets
 - Material long-term growth potential
 - Significant funding capacity
- **Unique consolidation opportunity with significant benefits for shareholders of both companies**

Merger Overview

Proposal	<ul style="list-style-type: none">➤ Sundance and Texon to merge via a scheme of arrangement➤ Non Eagle Ford (“EFS”) assets to be demerged forming Talon Petroleum (“Talon”)
Offer terms	<ul style="list-style-type: none">➤ 1 Sundance share for every 2 Texon shares➤ 1 Talon share for each Texon share
Talon Petroleum	<ul style="list-style-type: none">➤ Exciting new exploration vehicle seeded with Texon’s non-EFS assets➤ Cliff Foss to be Managing Director
Other	<ul style="list-style-type: none">➤ Unanimously recommended by Texon board subject to Independent Expert report
Key Conditions	<ul style="list-style-type: none">➤ Conditional on Talon demerger➤ Texon shareholder and court approval➤ Mutual break fees

Benefits for Texon Shareholders

Merger with Sundance in line with Texon's forward plan announced at General Meeting in August 2012

Attractive value proposition

- Offer value of \$0.41 per share based on last close price
- ~ 14% premium to Texon's last close price
- Plus Texon shareholders receive 1 Talon share for every one Texon share held

Increased scale & basin diversity

- Both production and reserves increase by more than 140%
- High quality diversified portfolio of assets with material long term growth potential

Stronger financial position

- The combined entity will be well funded for further acquisitions and development
- Financial position ensures that the full value of Texon's EFS assets is realised through development
 - Cash position of \$163m, and undrawn debt facility of \$85m

Retained exposure

- Texon shareholders will retain exposure to the EFS through ownership of Sundance shares
- Continued exploration upside through Talon, led by Cliff Foss

Transaction Timeline

Event	Date
Scheme Implementation Agreement signed	13 November 2012
Scheme Booklet lodged with ASIC for review	December 2012
First Court hearing occurs	January 2013
Scheme Booklet is despatched to Texon shareholders	January 2013
Texon Scheme Meetings held	February 2013
Second Court hearing to approve Schemes	February 2013
Implementation Date	March 2013

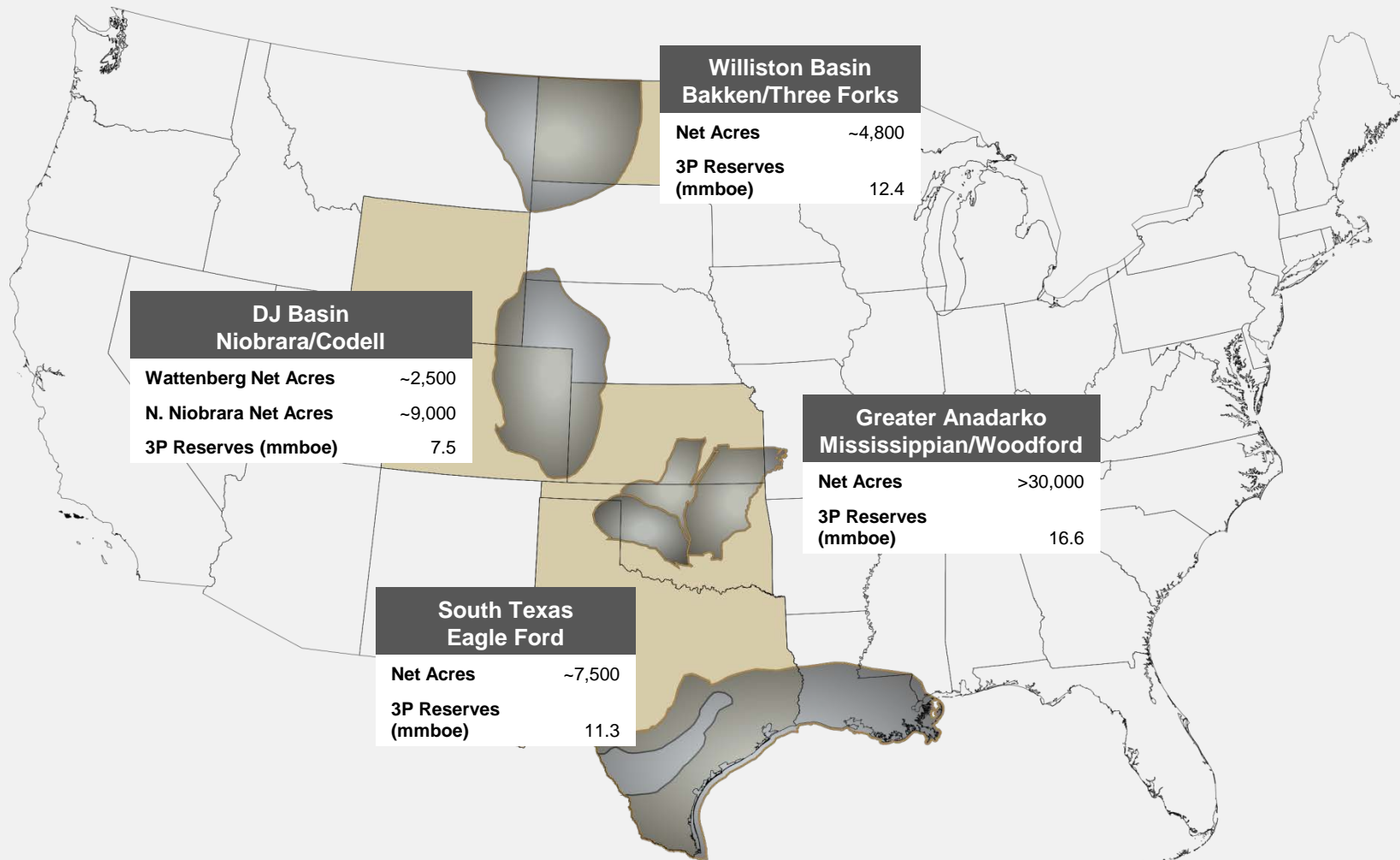
Merger Rationale

- Combined Company has low-risk growth through the drill bit in the Bakken/Three Forks, Wattenberg Field (Niobrara/Codell) and Eagle Ford
- Significant upside from appraisal activities in the Mississippian/Woodford
- Proposed combined company would have greater:
 - Growth potential
 - Basin diversity
 - Financial flexibility

Agenda

- Merger Details
- **Merged Company Overview**
- Summary

Diversified Assets in Leading US Liquids Basins

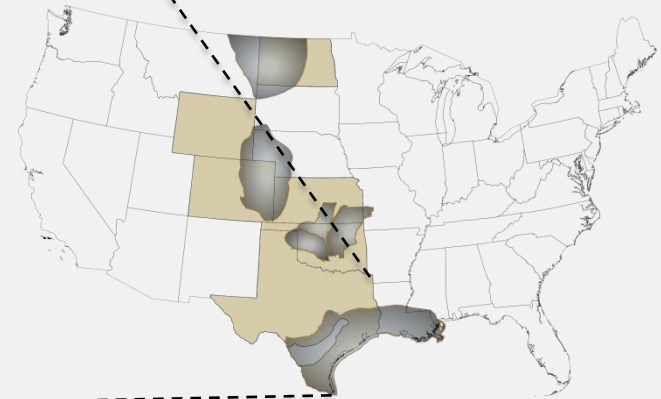


Eagle Ford

Low Risk Production, Cash Flow & Reserve Growth



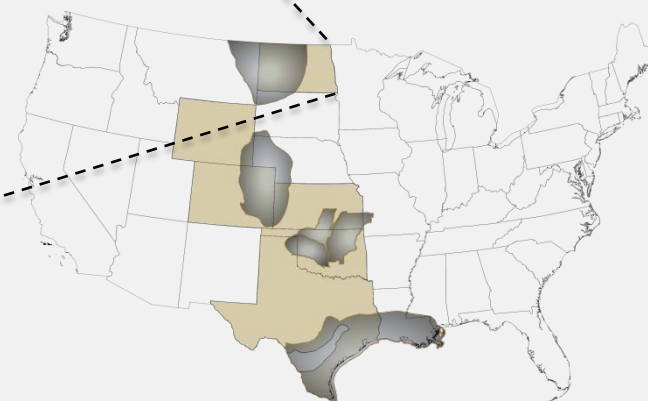
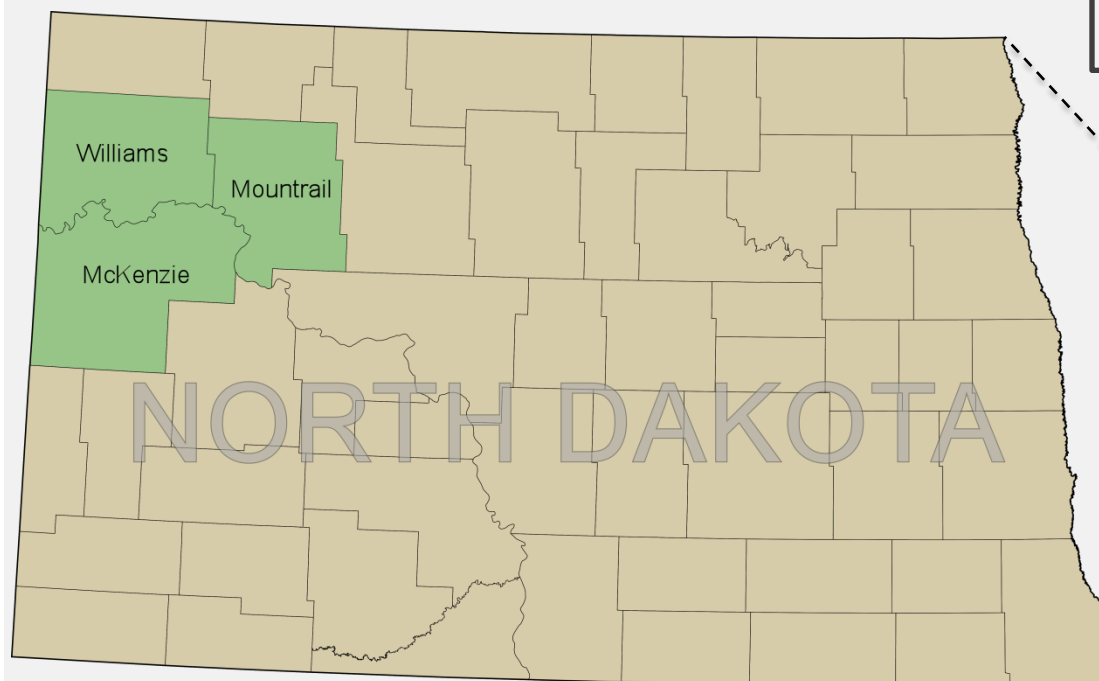
- Potential for 100+ EFS wells
- High-interest, Company operated project
- 5 wells currently producing, 2 wells currently drilling
- Low risk, developmental drilling
- ~7,500 net acres



Bakken/Three Forks

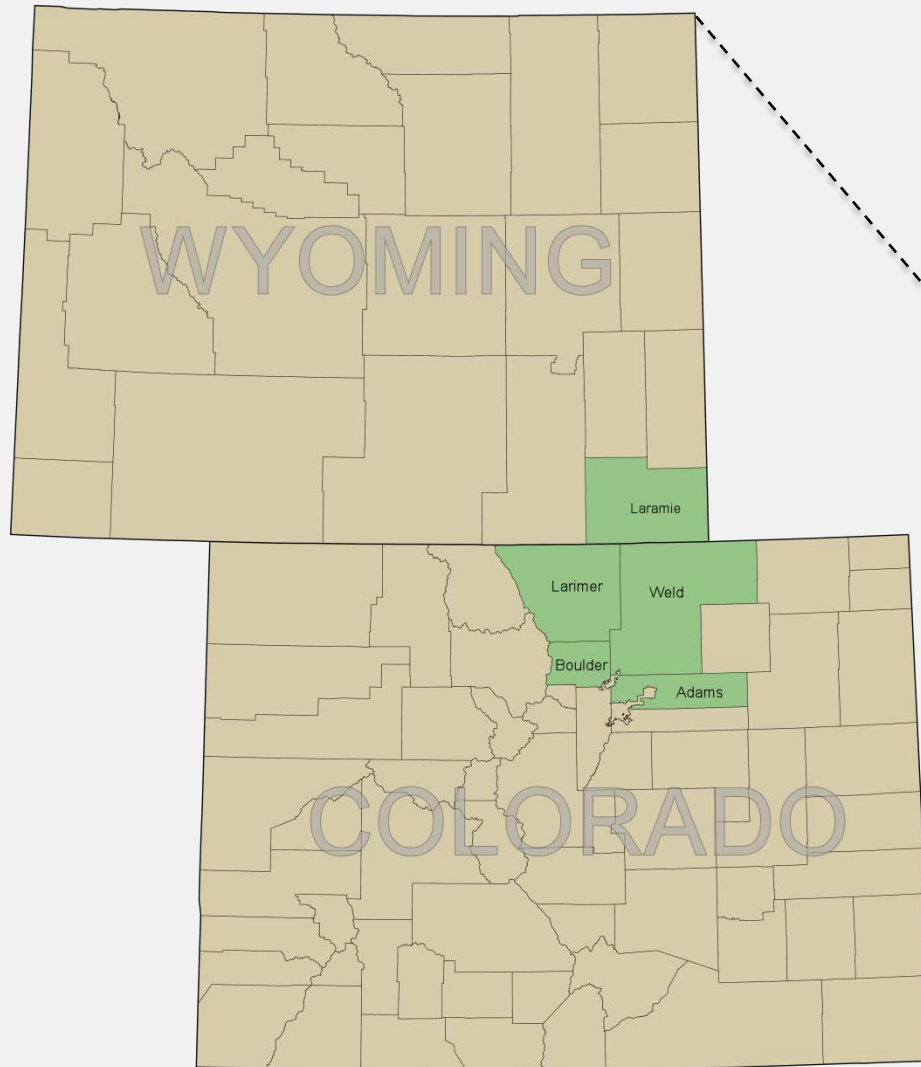
Low Risk Production, Cash Flow & Reserve Growth

- Non-operated position
- EOG/Hess operated
- Participating in a 2+ rig program
- ~4,800 net acres

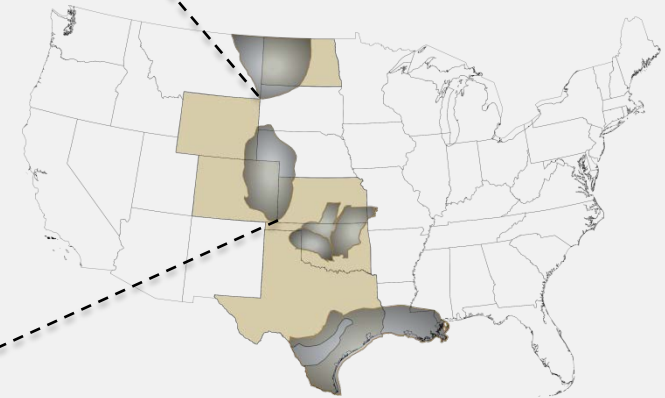


Denver-Julesburg Basin

Developmental Drilling in Wattenberg & Upside in Northern Niobrara

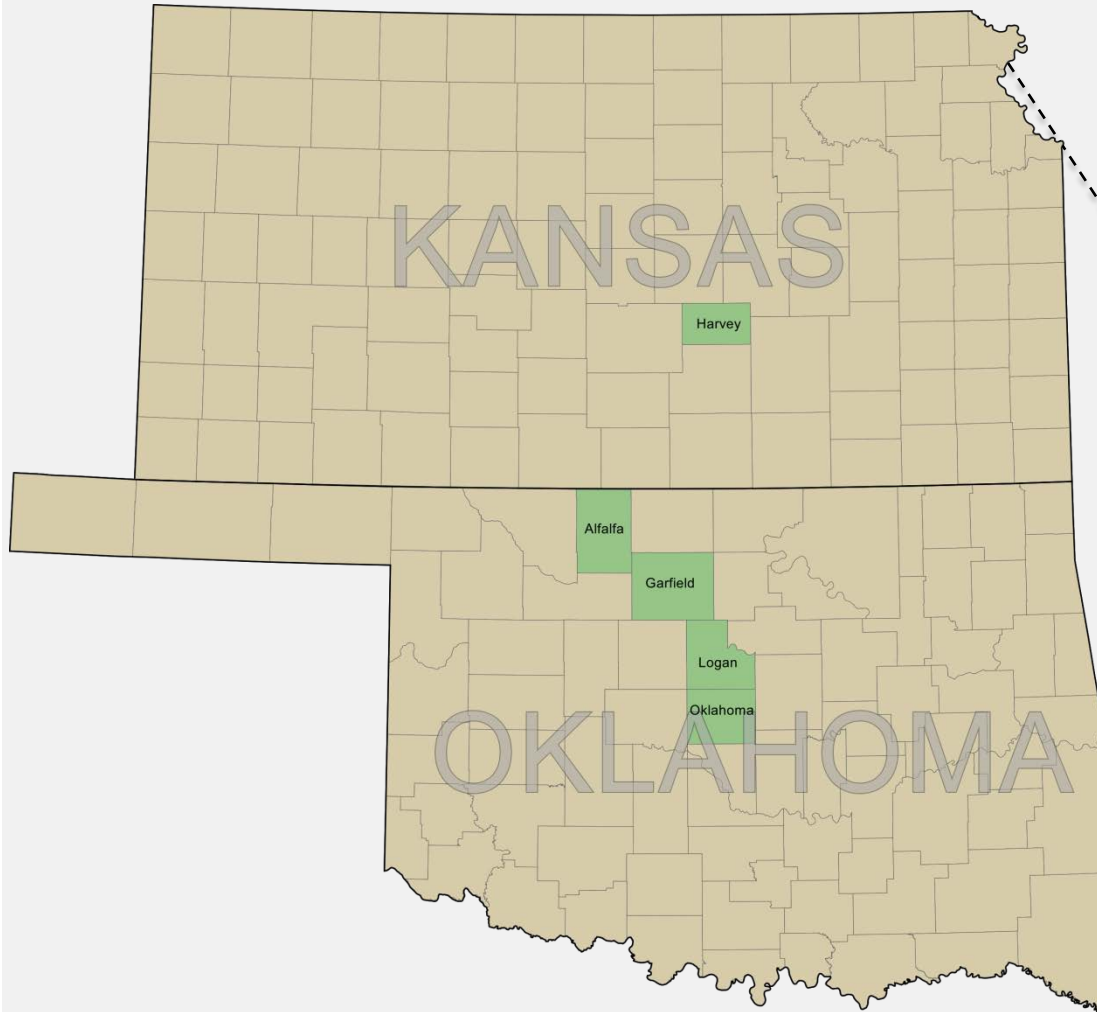


- High interest, Company operated projects
- 20 well vertical Wattenberg program in progress with 95% success rate
- Appraisal upside in horizontal Niobrara assets
- ~11,500 net acres



Mississippian/Woodford

Active Appraisal Program in Process



- High interest, Company operated
- 3 wells producing, 1 awaiting fracture stimulation
- Continuous 1 rig program
- >30,000 net acres, primarily in Logan County

Combined Company Snapshot at 30 September 2012

	Net to Sundance Energy	Net to Texon Petroleum	Net to proposed combined entity
Production (boepd) (Sept Quarter 2012)	731	511	1,242
Funding capacity (US\$)			
Cash	\$163.3m	\$0m	\$163.3m
Drawn debt	\$15m	\$0m	\$15m
Undrawn debt	\$85m	\$0m	\$85m

Source: Company announcements.

Note: Sundance's production figure excludes South Antelope production through the sale closing date (27 September 2012) which accounted for approx. 827 boepd of production for the quarter.

High Quality, Scalable Reserves

Reserve Estimate (1)	Net to Sundance Energy (2)		Net to Texon Petroleum (3)		Net to proposed combined entity	
	mmboe	PV10	mmboe	PV10	mmboe	PV10
Proved	5.4	\$89.3M	1.7	\$23.9M	7.1	\$113.1M
Probable	5.3	\$59.3M	3.5	\$74.5M	8.8	\$133.8M
Possible	25.9	\$155.4M	6.1	\$170.6M	32.0	\$325.9M
Total Proved, Probable and Possible	36.5	\$304.0m	11.3	\$268.9M	47.8	\$572.9M

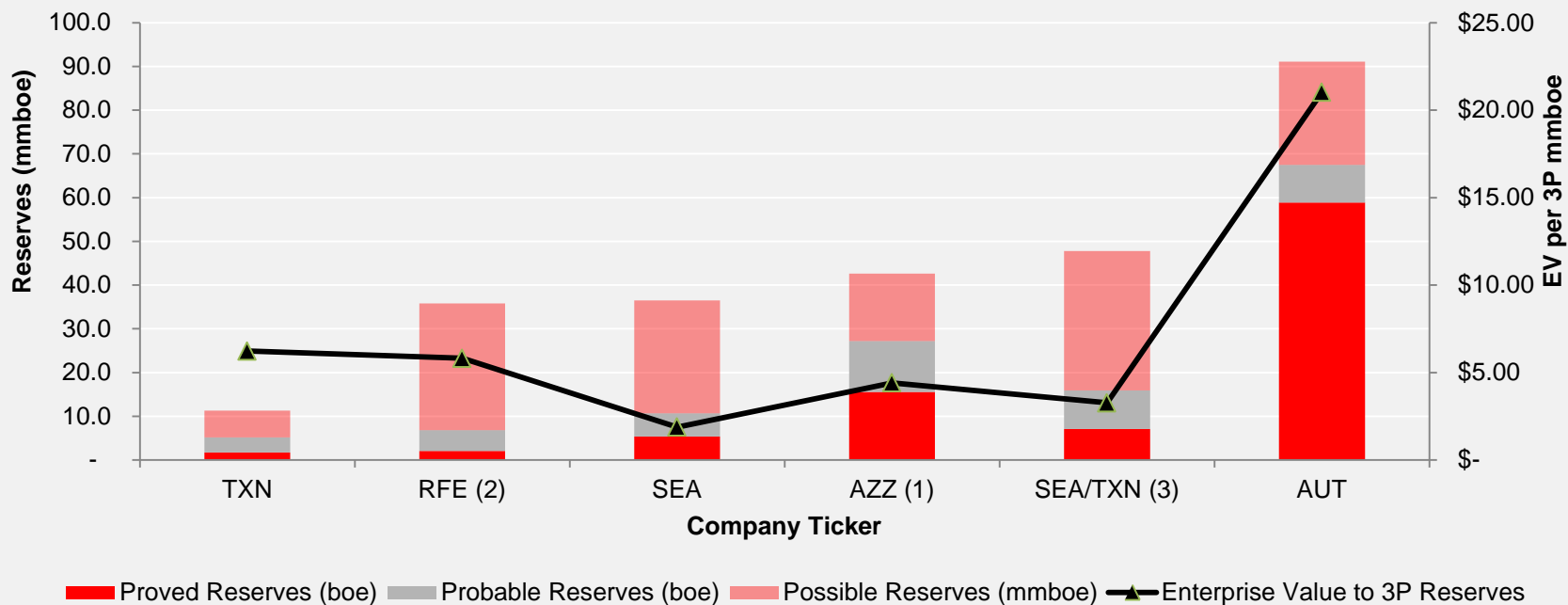
(1) The above table provides summaries of the Companies' reserve estimates as calculated by Netherland Sewell. The footnotes and definitions are an integral part of these tables.

(2) As of 1 July 2012.

(3) As of 1 August 2012 – EFS only.

Well Positioned Combined Reserve Base

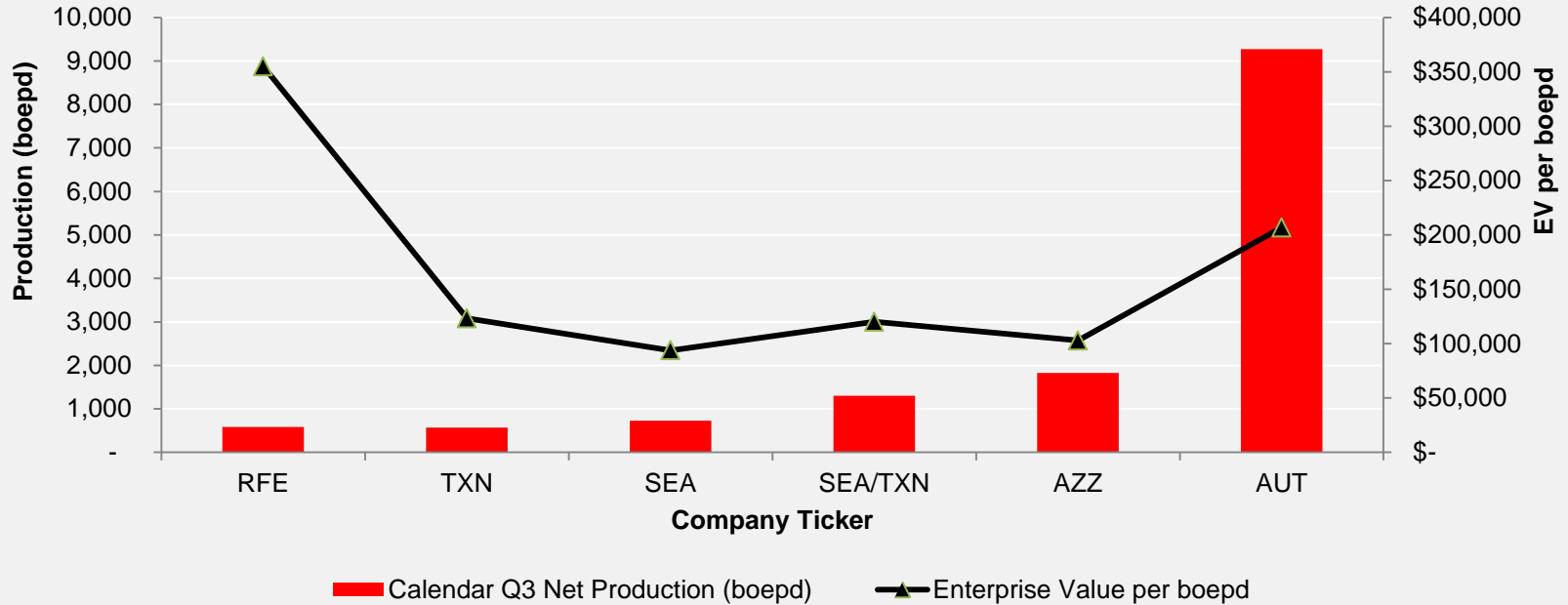
Probable Reserves (4) Summary by Peer
(as of 4 November 2012)



- (1) Internally prepared reserve estimates
- (2) Gross reserves before royalties
- (3) Post-merger with Texon
- (4) Reserves as of last published reserve report date

Attractive and Growing Production Base

Production Summary (1) by Peer
(as of 4 November 2012)



Agenda

- Merger Details
- Rationale
- **Activity Pipeline**

Combined Activity Pipeline

Combined Company reserve upgrade

Redeployment of sale proceeds to accelerate growth trajectory

Continued production growth from high working interest wells

Eagle Ford drilling program results

Wattenberg & Mississippian well results Q2/Q3 FY13

Investment Proposition Summary

Increased scale & basin diversity

- 3P Reserves of 47.8 mmboe and PV10 of \$572.9M
- Calendar Q3 combined production (ex-S Antelope and non-EFS) of 1,242 boepd
- High quality diversified portfolio of assets with material long term growth potential

Material growth potential

- Active development programs driving production, cash flow and reserve growth in the Bakken/Three Forks, Wattenberg, and Eagle Ford
- Appraisal under way in Mississippian/Woodford with 1 rig program
- Focus on high interest, Company operated projects

Stronger financial position

- \$163M in cash as of 30 September 2012
- \$100M senior credit facility with \$15M drawn
- Financial position allows flexibility to growth through acquisitions and the drill bit

Definitions

- “boe” is defined as barrel of oil equivalent, using the ratio of 6 Mcf of Natural Gas to 1 Bbl of Crude Oil;
- “mboe” is defined as a thousand barrels of oil equivalent, using the ratio of 6 Mcf of Natural Gas to 1 Bbl of Crude Oil;
- “mbbls” is defined as a thousand barrels of Crude Oil;
- “mcf” is defined as a thousand standard cubic feet of Natural Gas;
- “mmcf” is defined as a million standard cubic feet of Natural Gas;
- “bcf” is defined as a billion standard cubic feet of Natural Gas;
- “M” when used with \$ equals millions;
- “PDP” is defined as Proved Developed Producing Reserves;
- “1P Reserves” are estimated in accordance with SPE standards for Proved Reserves;
- “2P Reserves” are estimated in accordance with SPE standards for Probable Reserves;
- “3P Reserves” are estimated in accordance with SPE standards for Possible Reserves;
- “Enterprise Value” or “EV” is defined as market capitalization less cash plus debt;
- “PV10” is defined as the discounted cash flows of the Company’s reserves using a 10% discount factor, taking into account the price case being used net of royalties, production taxes, lease operating expenses and future capital expenditures but before income taxes.