

The following table presents a reconciliation of the profit (loss) attributable to owners of Sundance to Adjusted EBITDAX:

(In US\$'000s)	Year ended 31 December	
	2014	2013
IFRS Profit Loss Reconciliation to Adjusted EBITDAX:		
Profit attributable to owners of Sundance	15,321	15,942
Income tax (benefit)/expense.....	(841)	5,567
Finance costs, net of amounts capitalised and interest received	494	(232)
(Gain) Loss on derivative financial instruments	(10,792)	554
Settlement of derivative financial instruments.....	1,150	282
Depreciation and amortisation expense	85,584	36,225
Impairment of non-current assets	71,212	-
Exploration expense.....	10,934	-
Stock compensation, value of services	1,915	1,590
Gain on sale of non-current assets	(48,604)	(7,335)
Adjusted EBITDAX	126,373	52,594
EBITDAX Margin.....	79%	62%

Exploration and Development

For the month of December 2014, the Company achieved record production of 9,434 Boe/d, which included 869 Boe/d of flared gas from wells waiting to hook-up to pipelines. The December 2014 exit rate increased 88% over prior year's exit rate of 5,028 Boe/d. During the year ended 31 December 2014, the Company produced 2.4 MMBoe, which included 0.2 MMBoe of flared gas. This result was more than double the production in prior year, primarily as a result of increased drilling activity and production in the Eagle Ford Basin.

The Company's exploration and development activities are focused in the Eagle Ford and the Mississippian/Woodford Formations. Costs incurred for development and production expenditures for the Eagle Ford and Mississippian/Woodford Formations during the year ended 31 December 2014 totalled \$324.0 million, which included \$295.9 million of drilling and development expenditure related to our 2014 plan, \$3.8 million on infrastructure, and \$24.3 million of drilling and development expenditure related to our 2015 plan. This investment resulted in the addition of 75 gross (42.7 net) wells into production, including 50 gross (39.5 net) Sundance-operated horizontal wells. An additional 24 gross (13.7 net) wells were drilling, being prepared for fracture stimulation or testing as at 31 December 2014, an increase of 7 gross (3.0 net) compared to the beginning of the year.

Acquisitions

In April 2014, the Company acquired approximately 4,800 net acres in the Eagle Ford for an initial purchase price of approximately \$10.5 million and two separate earn out payments due upon commencement of drilling in each of three blocks of acreage (total for all three blocks of \$7.7 million) and payout of the first two wells drilled on each block of the acreage (\$7.7 million). The term of the agreement is two years and provides a one year extension for \$500 per acre extended. This acquired acreage is adjacent to our existing acreage in McMullen County, Texas.

In July 2014, the Company completed the acquisition of approximately 5,700 net Eagle Ford acres in Dimmit County, South Texas, for approximately \$36 million and a commitment to drill four Eagle Ford wells. The Company also has the option, at its sole discretion, to acquire the Seller's remaining working interest for an additional \$45 million for the earlier of one year from closing the acquisition or six months from first production of hydrocarbons.