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Sundance Energy Corporation Announces Business Combination with Ceno Energy Limited

May 16, 2014 - Calgary, Alberta: Sundance Energy Corporation (“Sundance” or the “Corporation”) (TSXV: SNY) is pleased to announce that it has entered into an amalgamation agreement effective May 12, 2014 (the “Amalgamation Agreement”) with Ceno Energy Limited (“Ceno”) for a business combination between Sundance and Ceno (the “Amalgamation”). The Amalgamation is expected to constitute a Reverse Take-Over (as such term is defined in the policies of the TSX Venture Exchange (the “TSXV”)) of Sundance.

The Amalgamation

Pursuant to the terms of the Amalgamation Agreement, Sundance and Ceno will amalgamate under the *Business Corporations Act* (Alberta) (the “ABCA”) and continue as a new company, “Ceno Energy Ltd.” (the “Resulting Issuer”). Each common share of Sundance (“Sundance Share”) that is outstanding immediately prior to the Amalgamation shall be cancelled, and former holders of Sundance Shares shall receive one (1) fully paid and non-assessable Resulting Issuer common share (a “Resulting Issuer Share”) for each 7.7988 Sundance Shares held immediately prior to the Amalgamation. Each common share of Ceno (“Ceno Share”) outstanding immediately prior to the Amalgamation shall be cancelled, and former holders of Ceno Shares shall receive one (1) fully paid and non-assessable Resulting Issuer Share for each 3.4154 Ceno Shares held immediately prior to the Amalgamation. Upon completion of the Amalgamation, former holders of Sundance Shares will hold, in the aggregate, 2,000,000 Resulting Issuer Shares, representing 4% of the outstanding Resulting Issuer Shares, and former holders of Ceno Shares will hold 25,000,000 Resulting Issuer Shares, representing 50% of the outstanding Resulting Issuer Shares. Former holders of Sundance convertible debentures and the holder of Resulting Issuer Shares that are expected to be issued pursuant to the Financing (as discussed further below) will hold, in aggregate, 23,000,000 Resulting Issuer Shares, representing 46% of the Resulting Issuer Shares.

Upon completion, Sundance expects that the Amalgamation will result in the listing of the Resulting Issuer as a Tier 1 Oil and Gas Issuer on the TSXV. The Amalgamation is not a Non-Arm’s-Length transaction (as defined by the policies of the TSXV).

The Amalgamation must be approved by a special majority (66 2/3%) of the votes cast at the Sundance shareholder meeting (the “Sundance Meeting”) to be held to consider, among other things, the Amalgamation, and the Ceno shareholder meeting (the “Ceno Meeting”) to be held to consider the Amalgamation. It is expected that the Sundance Meeting and the Ceno Meeting will be held on June 13, 2014 and a joint management information circular (the “Circular”) will be provided to holders of Sundance Shares and of Ceno Shares in due course.

Reasons and Benefits of the Amalgamation

The directors and senior management of Sundance and Ceno believe that the Amalgamation is in the best interests of their respective shareholders and that the Amalgamation provides a number of benefits for their shareholders including, but not limited to, the following: the Resulting Issuer will have greater financial resources and greater access to capital to develop its properties and assets; the Resulting Issuer will possess increased capitalization and liquidity, through greater size and diversity, more exposure to potential investment opportunities and enhanced share trading liquidity; and the Resulting Issuer will have producing assets, will generate revenues and will have a large portfolio of drilling locations.

Board Recommendations

Each of the boards of directors of Sundance and Ceno has determined that the Amalgamation is in the best interest of its shareholders and each of the board of directors of Sundance and Ceno unanimously recommends that holders of Sundance Shares and holders of Ceno Shares vote in favour of the Amalgamation.

About Cenoco Energy Limited

Cenoco is a private, Calgary-based oil and gas company incorporated under the ABCA and has assets in the provinces of Alberta and Saskatchewan, principally in the Baxter Lake, Kidney, Sturgeon Lake, and Panny areas of Alberta, and in the Gull Lake and Standard Hill areas of Saskatchewan.

Cenoco Reserves Information

The following is a summary of the oil and natural gas reserves and value of future net revenue of Cenoco based on a National Instrument 51-101 ("NI 51-101") report prepared by GLJ Petroleum Consultants Ltd., independent reserves engineers, as at December 31, 2013 and dated April 2, 2014 (the "Cenoco GLJ Report"). Details information with respect to Cenoco's reserves are included in the Circular to be provided to holders of Sundance Shares and holders of Cenoco Shares.

SUMMARY OF OIL AND GAS RESERVES BASED ON FORECAST PRICES AND COSTS AS AT DECEMBER 31, 2013

Reserves Category	Cenoco Reserves ⁽¹⁾							
	Light and Medium Oil		Heavy Oil		Natural Gas ⁽⁹⁾		Natural Gas Liquids	
	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross MBbl	Net MBbl
PROVED								
Developed Producing ⁽²⁾⁽⁶⁾	52	45	27	27	0	0	0	0
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	0	0	70	65	0	0	0	0
TOTAL PROVED⁽²⁾	52	45	97	91	0	0	0	0
TOTAL PROBABLE⁽³⁾	457	356	317	266	0	0	0	0
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	509	401	413	358	0	0	0	0

SUMMARY OF NET PRESENT VALUES BASED ON FORECAST PRICES AND COSTS AS AT DECEMBER 31, 2013

Reserves Category	Before Income Tax Discounted at				
	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.
	\$M	\$M	\$M	\$M	\$M
PROVED					
Developed Producing ⁽²⁾⁽⁶⁾	2,129	1,931	1,763	1,619	1,494
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	1,990	1,568	1,248	1,001	807
TOTAL PROVED⁽²⁾	4,119	3,500	3,011	2,620	2,301
TOTAL PROBABLE⁽³⁾	25,007	19,948	16,239	13,443	11,288
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	29,126	23,447	19,250	16,063	13,589

Notes:

- (1) "Gross Reserves" are Cenoco's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of Cenoco. "Net Reserves" are Cenoco's working interest (operating or non-operating) share after deduction of royalty obligations, plus Cenoco's royalty interests in reserves.
- (2) "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- (3) "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus

- probable reserves.
- (4) "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.
 - (5) "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.
 - (6) "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
 - (7) "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
 - (8) "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
 - (9) Includes associated, non-associated and solution gas where applicable.
 - (10) Readers are advised that any estimates of future net revenue or any estimates on net present value do not represent fair market value.

Price Forecasts

Price forecasts used in the estimates are GLJ Petroleum Consultants Crude Oil and Natural Gas Liquids Price Forecast schedule effective January 1, 2014. Forecast price assumptions assume the continuance of current laws and regulations and take into account inflation with respect to future operating and capital costs. Field prices were adjusted from benchmark prices on a field by field basis along with a +2% inflation rate for later years.

Ceno Financial Information

The following table sets out, in summary form, selected audited financial information for Ceno as at and for the financial years ended December 31, 2013, 2012 and 2011 with respect to total expenses and amounts deferred in connection with the Amalgamation. The financial statements were audited by Crowe MacKay LLP. More detailed financial information for Ceno will be available in the Circular.

Category	As at and for the Year Ended December 31, 2013 (Audited)	As at and for the Year Ended December 31, 2012 (Audited)	As at and for the Year Ended December 31, 2011 (Audited)
Net sales or total revenues	\$1,312,236	\$2,907,649	\$2,394,648
Income from continuing operations	\$351,623	\$1,362,916	\$1,037,838
Net income or loss, in total	(\$2,147,913)	(\$408,078)	(\$1,799,622)
Total assets	\$11,931,375	\$13,925,612	\$13,885,167
Total long term financial liabilities	(\$472,820)	\$390,469	\$291,670
Cash dividends declared	Nil	Nil	Nil

Business Objectives and Planned Work Program

The business objectives of the Resulting Issuer include the development of its existing properties, acquiring additional land, and acquiring additional interests in oil and gas exploration and development prospects in Alberta and Saskatchewan. The Resulting Issuer will initially focus its exploration and operating efforts in Alberta and Saskatchewan. The goal of the Resulting Issuer is to create sustainable and profitable growth in production and cash flow. The proposed drilling program for the balance of 2014 will consist of drilling and completing eight (8) net wells. During the months of July and August, three (3) gross and two (2) net wells will be operated, drilled and completed in the Gull Lake Area located in S.W. Saskatchewan. Each well is targeting medium and light oil production from the Upper Shaunavon and Roseray formations. Ceno will have a 75% interest in those wells. Each well is estimated to cost \$667,000 to drill. The net cost to the

company will be approximately \$1,500,000. During the months of September through November, four (4) net wells are proposed to be operated, drilled and completed in the Pennant Area located in south-western Saskatchewan. Each well is targeting medium gravity oil from the Upper Shaunavon formation. Ceno will have a 100% interest in those wells. Each well is estimated to cost \$750,000 to drill. The net cost to the company is estimated to be \$ 3,000,000. Due to winter drilling limitations, the company plans to operate, drill and complete two (2) wells in the months of November and December - one (1) well each in the Panny Area and in the Kidney Area located in northern eastern Alberta. Each well is targeting light gravity oil production from the Keg River formation. Ceno will have a 100% interest in those wells. Each well is estimated to cost \$2,000,000 for a total net cost of \$4,000,000. Total net expenditures for drilling and completion activities between July 2014 and December 31, 2014 are therefore expected to be \$8,500,000. For 2015, the Resulting Issuer plans to continue with its drilling program with the addition of eight (8) new wells - six (6) in southwest Saskatchewan and two (2) in northern Alberta, with an exit production rate of approximately 1,100 Bbl/d and estimated revenue to approximately \$23,000,000. Depending on the success of those program, the Resulting Issuer also plans to drill ten (10) additional wells in 2016.

Additionally, the Resulting Issuer will continue to be active in attempting to secure additional interests within its focus areas and elsewhere through acquisitions, farm-in agreements and other industry participation agreements. The proposed management of the Resulting Issuer is experienced in oil and gas exploration and development activity applicable to the Resulting Issuer's areas of focus. Investment decisions will largely be opportunity driven. Emphasis will be placed on exploration targets near established infrastructure that have the potential to be placed on production soon after drilling success.

Financing

One of the current holders of Sundance convertible debentures in the principal amount of \$250,000 and a proposed director of the Resulting Issuer, has entered into an irrevocable subscription agreement to subscribe for 21,717,758 Resulting Issuer Shares at a price of \$0.46 per Resulting Issuer Share for aggregate gross proceeds of \$10,000,000 (the "Financing"). It is expected a cash finder's fee of \$500,000 will be paid to an arm's-length finder in connection with the Financing. The net proceeds from the Financing will be used to fund the capital program of the Resulting Issuer.

Board of Directors and Management of Resulting Issuer

Upon completion of the proposed Amalgamation, the directors and senior officers of the Resulting Issuer are anticipated to be as set forth below:

Zhouliang (Nick) Zhang, *Chief Executive Officer and Director*

Dr. Zhang is the current President and CEO of Ceno. Dr. Zhang is a professional geologist with 21 years of experience in oil and gas exploration and development. After graduating with a Bachelor of Science in Geology in Northwest University, China, Dr. Zhang obtained his Ph.D. in geology from the University of Muenster in Germany. From 1997 to 2008, Dr. Zhang held various positions with Shell Exploration (China) Limited and Shell Canada, including external affairs manager, senior geologist, project manager and staff geologist, and was involved in exploration and development projects in various areas of Canada. From 2009 to 2011, Dr. Zhang was senior staff geologist with BP Canada and Apache Canada. Dr. Zhang became President and Chief Executive Officer of Ceno in 2011.

Jeffrey Standen, *President, Corporate Secretary and Director*

Mr. Standen, the current President and Chief Executive Officer of Sundance, is a graduate of the University of Alberta, is a Petroleum Landman with over 37 years of industry experience both in Canada and internationally. He has over 30 years of experience with start-up and junior oil and gas companies and has extensive experience working with First Nations in the oil and gas and potash industries since 2003.

Bob Gillies, *Chief Financial Officer*

Mr. Gillies is a Chartered Accountant and an independent financial consultant. Mr. Gillies is currently the Chief Financial Officer of Sundance and Golconda Resources Ltd. (TSXV). Mr. Gilles was previously the partner of Gladstone Gillies, CA's and was the Chief Financial Officer of Cordy Oilfield Services Inc. (TSXV), and West Mountain Capital Corp. (TSXV).

Fang Chen, *Director*

Ms. Chen is a registered lawyer and certified economist in China. Ms. Chen has a Bachelor of Economics from Zhongshan University and a Master of Financial Management from Zhongnan Finance and Economics University. Ms. Chen has been involved with a number of public companies, including being the Chief Financial Officer of SGAS and China Hydroelectric Corporation, a company listed on the New York Stock Exchange. Ms. Chen has been a director of Ceno since 2007 and is currently the managing director of Greenstone Investment Ltd.

Feng Jin, *Director*

Mr. Jin holds a bachelor of science from Nanjing University and a master of business administration from the Rotterdam School of Management. Mr. Jin's experience includes 7 years as Director, Information Systems at Shanghai Dingsoon Information & Technology Co., Ltd. and more recently as Financial Security Advisor at Freedom 55 Financial and Investment Representative at Quadrus Investment Services Ltd.

Hai Zhou, *Director*

Mr. Hai Zhou holds a diploma from the Party College of Gansu Province in Gansu, China. In the previous 10 years Mr. Zhou has been employed as President of Inner Mongolia Qiyuan Pharmaceutical Limited Co. and of Dukou Hailan District Wuhai City Inner Mongoli Opencast Coal Mine.

Alexander Interest Transfer and Material Conditions Precedent

As a condition to the completion of the Amalgamation, Sundance will assign its interests in leases and permits pertaining to Sundance's interest in its Alexander property to a company controlled, indirectly, by Jeffrey Standen and Douglas Carter in exchange for: (i) the discharge of all current and future obligations on those lands, including, but not limited to, all abandonment and reclamation liabilities to a maximum of \$75,000; (ii) the assumption of debt in the amount of \$50,000 owed by Sundance to Amethyst Petroleum Ltd.; and (iii) the assumption of debt in the amount of \$132,302.40 owed by Sundance to Kinghorn Resources Ltd. (the "Alexander Interest Transfer"). The Sundance board of directors retained the services of Evans & Evans, Inc., an independent investment banking firm, to provide a fairness opinion on the Alexander Interest Transfer. Evans & Evans Inc. concluded that, as of the date of its opinion, the terms of the Alexander Interest Transfer are fair, from a financial point of view, to the holders of Sundance Shares.

Since Mr. Standen and Mr. Douglas Carter are current directors and officers of Sundance, the Alexander Interest Transfer is considered a Related Party Transaction (as such term is defined under Multilateral Instrument 61-101) and Sundance will be seeking approval from Sundance shareholders at the Sundance Meeting. In order for the resolution approving the Alexander Interest Transfer to be passed, it must be approved by a simple majority of votes cast at the Sundance Meeting, excluding the votes attached to any Sundance Shares held by Mr. Standen and Mr. Carter and their respective associates and affiliates.

The Amalgamation Agreement also contains other conditions precedent, including but not limited to, completion of the Financing and deposit of the net proceeds from the Financing into an escrow account maintained by a designated escrow agent, shareholder approval, approval from the TSXV, obtaining all necessary third party consents and authorizations, holders of no greater than 5% of the outstanding Sundance Shares or Ceno Shares having exercised their dissent rights (as granted under the ABCA), and other conditions customary in a transaction of this nature.

Sponsorship

Sponsorship of the Amalgamation is required pursuant to TSXV Policy 2.2. The Corporation intends to apply for an exemption to sponsorship. There is no guarantee that an exemption will be granted by the TSXV.

Trading Halt

Trading in Sundance Shares on the TSXV is halted and will remain so until the documentation required by the TSXV has been reviewed and accepted by the TSXV.

Subject to satisfaction or waiver of the conditions precedent referred to herein and in the definitive agreement to be entered into by the parties, the Corporation anticipates the proposed Amalgamation will be completed on or before June 15, 2014.

Completion of the Amalgamation is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable pursuant to TSXV requirements, majority of the minority shareholder approval. Where applicable, the Amalgamation cannot close until the required shareholder approval is obtained. There can be no assurance that the Amalgamation will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Amalgamation, any information released or received with respect to the Amalgamation may not be accurate or complete and should not be relied upon.

The TSXV has in no way passed upon the merits of the proposed Amalgamation and has neither approved nor disapproved the contents of this press release.

All information contained in this press release with respect to Sundance and Ceno was supplied by Sundance and Ceno, respectively, for inclusion herein. Sundance and its directors and officers have relied exclusively on Ceno for any information concerning Ceno.

ADVISORY: This press release may contain “forward-looking information” within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein may be forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans”, “ expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. This forward-looking information in respect of the Corporation reflects the Corporation’s current beliefs and is based on information currently available to the Corporation and on assumptions the Corporation believes are reasonable. These assumptions include, but are not limited to, management’s assumptions about the TSXV approval for the Amalgamation, closing of the Financing and closing of the Amalgamation announced above. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; commodity prices; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Corporation; timing and availability of external financing on acceptable terms. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

The forward-looking statements contained in this press release represent the expectations of the Corporation as of the date of this press release and, accordingly, are subject to change after such date. However, the Corporation expressly

disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

Reader Advisory Regarding Disclosure of Resources

Unless otherwise indicated, all estimates of resources in this press release have been prepared or evaluated in accordance with the COGE Handbook.

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