



ABN69 009 196 810  
(Incorporated in Western Australia)

Level 2, 30 Richardson Street  
West Perth, WA 6005  
PO Box 1786, West Perth WA 6872  
T+61 8 9321 9886 F+61 8 9321 8161

29 January 2016

ASX Limited  
Company Announcements  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**RE: QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 DECEMBER 2015**

Please find the Quarterly Activities Report for the period ended 31 December 2015 for Sun Resources NL (ASX: SUR).

Yours faithfully  
**SUN RESOURCES NL**

A handwritten signature in black ink, appearing to read "Craig Basson". The signature is stylized and cursive.

Craig Basson  
**Company Secretary**



## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 DECEMBER 2015

### **HIGHLIGHTS**

#### **Oil and Gas Exploration and Development**

- Sun maintains the well bore in anticipation of commencing the multi-stage hydraulic fracturing programmed on the Jack Howe #1H lateral once funding is secured.
- Sun continues to evaluate the potential of the newly emerging Buda-Rose oil play.
- Sun is also reviewing other exploration and production opportunities in Texas that may be commercially viable in the current low oil price environment.

#### **Corporate**

- During the reporting period, Bell Potter Securities Ltd completed a capital raising of A\$699,000 before costs, through the Placement of 699 million Shares.
- Shareholder approval was given at the General Meeting held on the 13 January 2016 for the Board of Directors to receive shares in Sun in lieu of cash for Directors' Fees for the reporting period and the Managing Director to receive 50% of his salary package in the form of shares during the period (1 October 2015 to 31 December 2015).
- At the beginning of the reporting period Board approval was given for all executives to receive 50% of their remuneration in the form of shares, with employees to receive 25% of their salary in the form of shares.

## **UNITED STATES OF AMERICA**

### **OIL AND GAS EXPLORATION AND DEVELOPMENT**

#### **Normangee Oil Project, Onshore, East Texas (Sun: 50% WI and Operator)**

Sun continued to conduct operations to perpetuate the Jack Howe leases while planning to frack the Jack Howe #1H well in the Normangee Oil Project. Sun is seeking to reduce the cost of fracking below the 2014 calendar year estimate of approximately US\$4 million (100% working interest) ("WI") and is targeting an anticipated 40% reduction in costs for services, in line with falling oil prices and reduced activity in USA-based unconventional plays. The most recent operation on the Jack Howe #1H horizontal well involved perforating the toe of the horizontal well bore with an injection test delivering 3 barrels per minute at a pressure of 4,200 psi.

#### **Petro-Hunt AMI (Delta), Onshore, East Texas (Sun: 25% WI)**

There has been no activity on this AMI during the reporting period due to low oil prices.

#### **Badger Oil Project, Eagle Ford and Austin Chalk Unconventional Oil (Sun 10% WI)**

There has been no activity on this project during the reporting period due to low oil prices.

#### **Southern Oil Project, Onshore, East Texas (Sun: 100% WI)**

Sun currently controls a total of 2,327 gross acres in the Southern Oil Project that should be the subject of future activity, by way of farm-out, joint venture or direct drilling activities in the coming months.

#### **Centerville AMI, Onshore, East Texas (Sun: 50% WI and Operator)**

Sun assumed operatorship of Centerville during July 2015. The F. Thompson #1H lateral remained shut in during the Quarter due to a high water cut.

#### **SW Leona Oil Project, Onshore, East Texas (Sun: 50% WI and Operator)**

Sun assumed operatorship of SW Leona during July 2015. Oil production continued at the Seale #1H Lower Woodbine well, with approximately 20 barrels of oil per day being recorded.

#### **Beeler Oil Project, Onshore, East Texas (Sun: 13.54–16.67% WI)**

This project area remains for sale.

#### **Land Status, Onshore East Texas (based on data current at 31 December 2015)**

At the end of the Quarter, Sun's total net land position in the Woodbine Tight Oil Play within Leon and Madison Counties, East Texas was approximately 5,985 net acres of oil and gas leases. The Company actively seeks to identify new opportunities to assist in driving growth. Below is a table showing Sun's net acres of oil and gas mineral leases in the various project areas. Total net acres recorded in the table below are approximate at 31 December 2015, based on the latest information provided by our vendors and operators.

<b>Oil Project Area</b>	<b>Sun's Working Interest (%WI)</b>	<b>Sun's Net Royalty Interest (%NRI)</b>	<b>Project area Gross Acres (1ha = 2.471ac)</b>	<b>Sun's Net Acres (1ha = 2.471ac)</b>
Normangee	50%	37.5%	2,282	1,141
SW Leona (and Centerville AMI)	50% (31.1%)	37.5% (22.5%)	3,329	1,581
Southern Woodbine	100%	77.5%	2,327	2,327
Delta (Petro Hunt AMI)	25%	18%	2,826	706
Beeler	16.7%	12.5%	1,395	230
<b>WOODBINE TOTAL</b>	-	-	<b>12,159</b>	<b>5,985</b>
Badger	10%	7.5%	7,529	753
<b>TEXAS TOTAL</b>	-	-	<b>19,688</b>	<b>6,738</b>

*(Total acres are approximate, as at 31 December 2015)*

## **OIL AND GAS PRODUCTION – ONSHORE USA**

Oil production reported for the December 2015 Quarter was confined to oil production now coming from the SW Leona Oil Project, in Leon County, East Texas.

<b>PRODUCTION (Sun WI% share)</b>	<b>December 2015 Quarter</b>	<b>September 2015 Quarter</b>
<b>Oil (bo)</b>	1,734	1,152

Table 1: Quarterly Production (units: bo – barrels of oil)

## **CORPORATE**

### **BOARD MEASURES TO MANAGE CASH RESERVES**

The Board has extended the issue of shares in Sun to the Directors in lieu of cash payments for Directors' Fees for the remainder of 2015 and into 2016. During the Quarter, the Board approved that the Managing Director, Matthew Battrick receive 50% of his remuneration package in the form of shares in the Company for three months from 1 October 2015. Also during the Quarter, Board approval was given for all executives to receive 50% of their remuneration in the form of shares, with employees to receive 25% of their salary in form of shares. The active management of the Company's cash reserves is an inevitable result of the sharp fall in the oil price since August 2014.

## SHARE PLACEMENT

Sun entered a trading halt on 29 October 2015 to facilitate a Placement of New Shares at \$0.001 per Share. The Placement raised a total of A\$699,000, before costs, an exceptional outcome given the current market conditions. Bell Potter Securities Limited acted as the Lead Manager for the Placement.

Subsequent to the end of the reporting period, a General Meeting of shareholders was held on 13 January 2016 to ratify the placement of shares and refresh the Company's placement capacity. Approval was also received for the issue of Directors' Shares instead of fees and remuneration.

Sun held net cash of A\$464,000 at the end of the December 2015 Quarter.

## BY ORDER OF THE BOARD

Matthew Battrick,  
**Managing Director and CEO**  
Telephone: +61 (08) 9321 9886  
Email: [admin@sunres.com.au](mailto:admin@sunres.com.au)

This report is lodged on the Company's website, [www.sunres.com.au](http://www.sunres.com.au). Technical information contained in this report was sourced from the Operators of various Joint Ventures in which the Company has interests and was compiled by the Managing Director of Sun Resources NL, Mr Matthew Battrick, BSc (App. Geol), MPESA, MPESGB, MAAPG, GAICD who has had more than 30 years' experience in the practice of geology generally and more than 30years' experience in petroleum geology.