

22 December 2010

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

Dear Sir/Madam

## **Sun Resources Retains 42.5% Interest in L20/50, Onshore Thailand 3-Well Drilling Programme Commencing Next Month**

- Sun Resources to retain a 42.5% interest in its highly prospective acreage onshore Thailand
- Binding Participation Agreement executed with Peak Oil & Gas Limited
- Peak will free carry Sun through the first well which will test a gross speculative resource of 21mmbo at the Tapao Kaew Prospect
- Drilling programme of up to 3 wells on target to commence January 2011

Sun Resources NL ("Sun" or "the Company") (ASX:SUR) is pleased to advise that it has executed a binding Participation Agreement with Peak Oil & Gas Limited ("Peak") to farm-out a capped 7.5% interest in the L20/50 exploration permit onshore Thailand ("Farm-out Agreement"). The Farm-Out Agreement replaces the previously announced term sheet, in which Peak had the ability to earn an interest of up to 20% in the permit.

Since announcing the farm-out with Peak on 24 August 2010, Peak has pursued an alternate transaction to its planned IPO on the ASX, which has resulted in Peak no longer being eligible to earn up to a 20% interest from Sun. Given Sun's far stronger balance sheet since first announcing the farm-out with Peak, and the significantly higher oil price, Sun does not intend to seek an alternate farm-in partner. Instead, Sun will maintain a 42.5% interest in L20/50, providing maximum leverage to its shareholders in the upcoming drilling programme that will test up to 90 million barrels of oil (speculative potential which is a best estimate based on gross recoverable oil).

Sun's Managing Director, Matthew Battrick commented, "Having raised \$7 million last month through a very well supported placement and share purchase plan, Sun's shareholders have clearly demonstrated their desire to maximise their exposure to the imminent high impact exploration programme on L20/50. Maintaining 42.5% equity interest in this very exciting and highly leveraged upcoming drill programme of up to 3 wells at L20/50 is an excellent result for Sun's shareholders, ensuring maximum exposure to what I consider is an exciting oil drilling programme."

Mr Battrick continued, "We currently have in excess of \$8 million in the bank, and given our free-carry through the first well, Sun now has the means to maintain a material interest in what could be a company-making permit in Thailand, as well as to progress other high impact opportunities, such as the 720bcf gas target in North West Europe we recently announced."

Weather permitting, the first well is scheduled to spud at the Tapao Kaew Prospect in mid-January 2011, which will test a gross speculative potential resource of approximately 21 million barrels.

As announced last week, construction of road works and well sites is now well advanced for the drilling of up to 3 wells on the permit.

### **About L20/50 Drilling Programme**

#### **Well # 1 - the Tapao Kaew Prospect**

The first well will be drilled into the Tapao Kaew Prospect (figure 1), a 4-way anticlinal structure with stacked targets on the western edge of the basin, immediately adjacent to the interpreted hydrocarbon kitchen.

The Joint Venture estimates the Tapao Kaew Prospect to have a gross speculative potential resource of approximately 21 million barrels. The Tapao Kaew-1 well will test up to three separate mapped horizons between approximately 700 - 1,715 metres.

#### **Well # 2 - the Krai Thong Prospect**

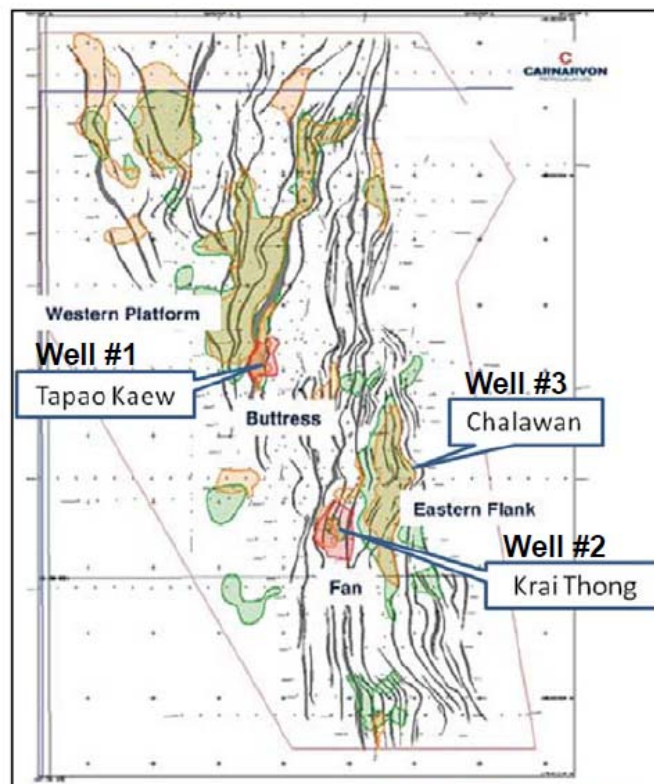
The second well will be drilled into the Krai Thong Prospect (fig. 1), a faulted anticlinal structure with multiple stacked targets.

The Joint Venture estimates the Krai Thong Prospect to have a gross speculative potential resource of approximately 37 million barrels. The Krai Thong-1 well will target two separate mapped horizons between approximately 700 - 1,450 metres.

#### **Well # 3 (Contingent) - the Chalawan Prospect**

If sufficient encouragement is demonstrated by the first two wells, the Joint Venture may drill a third well as part of this initial drill program. This well would be at the Chalawan Prospect (fig. 1). This structure comprises a series of tilted fault closures on the eastern edge of the basin.

The Joint Venture estimates the Chalawan Prospect to have a gross speculative potential resource of approximately 32 million barrels. If this prospect is drilled, it is planned to be a shallow well to a total depth of 950 metres.



**Figure 1, Prospect location map, L20/50 Permit**

### **About the L20/50 Permit**

The L20/50 permit lies on the onshore Phitsanulok Basin, located between Thailand's two largest producing onshore field complexes, being the next basin along from Carnarvon Petroleum Limited's Phetchabun Basin Oil Fields (producing up to 15,000 bopd with >60 mmboe estimated ultimate recovery) and 20 kilometres south, in the same basin as the prolific Sirikit Oil Field (producing ~20,000 bopd with >200 mmboe estimated ultimate recovery), figure 2.

The L20/50 Joint Venture exploration program is targeting a resource of similar size to that of Carnarvon and Pan Orient who are producing up to 15,000 bopd (with >60 mmboe estimated gross ultimate recovery) from a number of new oil pools in the "volcanic play" in the adjacent Phetchabun Basin, 50 kilometres to the east. The primary reservoir target in the wells testing the firm prospects is the traditional sandstone reservoirs that produces most of the oil from the prolific Sirikit Oil Field and is present in multiple levels in the Nong Bua-1 well within L20/50.

Yours faithfully

**SUN RESOURCES NL**



**Mr Matthew Batrick**

**Managing Director**

Information contained in this report was sourced from the Operator of the Joint Venture in which the Company has an interest and was compiled by the Managing Director of Sun Resources, Matthew Batrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has 30 years experience in the practice of geology and more than 25 years experience in petroleum geology.

### **L20/50 Joint Venture Participants**

<b>Sun Resources NL</b>	<b>42.5%</b>
Carnarvon Petroleum Limited (Operator)	50%
Peak Oil & Gas Limited	7.5%

For more information and regular updates, please visit the website: [www.sunres.com.au](http://www.sunres.com.au)