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Friday 31 August 2012

## **BEELER #1H DRILLING UPDATE** ***Logging Confirms Three Target Zones***

- **At Beeler #1H, Sun's first Woodbine well, logging of the vertical section has been completed. Log interpretation indicates hydrocarbon pay over three separate zones.**
- **The three prospective hydrocarbon bearing zones identified from the wireline logs, (listed from shallowest to deepest) are:**
  - **the Sub-Clarksville zone (a secondary target);**
  - **the Woodbine A zone (the primary target, and most upper of the three separate Woodbine sands), and**
  - **the Woodbine B zone (the middle of the Woodbine sands).**
- **The Operator will now prepare to kick-off drilling the horizontal well section into the Woodbine A zone.**
- **The Beeler #1H well is anticipated to be drilled, fraced and completed by late September 2012.**

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Sun Resources NL (**Sun Resources, Sun** or the **Company**) (ASX:SUR) is pleased to advise that wireline logging at the Beeler #1H well (which spudded on 18 August 2012) has been completed in the vertical pilot hole. The wireline logs have been interpreted as showing three separate hydrocarbon-bearing zones within the prospective Eaglebine section.

The first is the Sub-Clarksville target below the Austin Chalk, which indicates 100 feet (30m) of gross pay below 6,250 feet (1,905m) measured depth (MD). The second zone is the Woodbine A, with 100 feet (30m) of pay identified below 6,500ft MD (1,981m MD), an equivalent section to that producing oil in the Gresham A #1H horizontal well immediately to the south east of the lease. Thirdly, approximately 150 feet (46m) of gross pay was also identified in the Woodbine B sand section, below 6,600 feet MD, (2,012m MD). Sun believes this pay interval is equivalent to an oil-producing horizontal well drilled by Encana, immediately to the south of the lease area.

The logging results of the vertical pilot hole confirm the potential in the Woodbine at two levels and the Sub-Clarksville at this location, delivering three target zones for horizontal wells. The log section in each case appears better than nearby historical vertical wells and in line with expectations based on oil-productive horizontal offset wells. The Operator will now prepare to "kick-off" an anticipated 6000 feet horizontal section ('lateral') in the Woodbine A formation, with an anticipated target depth of 6,470 feet TVD (1,974m).

The Beeler #1H horizontal well is being drilled from the surface location in a south-east direction (a similar, proven orientation to the nearby Gresham A #1H well). The fracture stimulation of the horizontal

development well length is planned to be comprised of 36 stages, each of 150 feet (36 fracs). Results from this fracture stimulation programme are expected to be released in late September 2012.

Richland Resources Corporation (**Richland**) is the Operator of these 1,360 acres that comprise the Richland Oil Project and is therefore managing the drilling rig, drilling crew and frac crew for the Beeler #1H well, plus any subsequent wells within the Richland Oil Project.

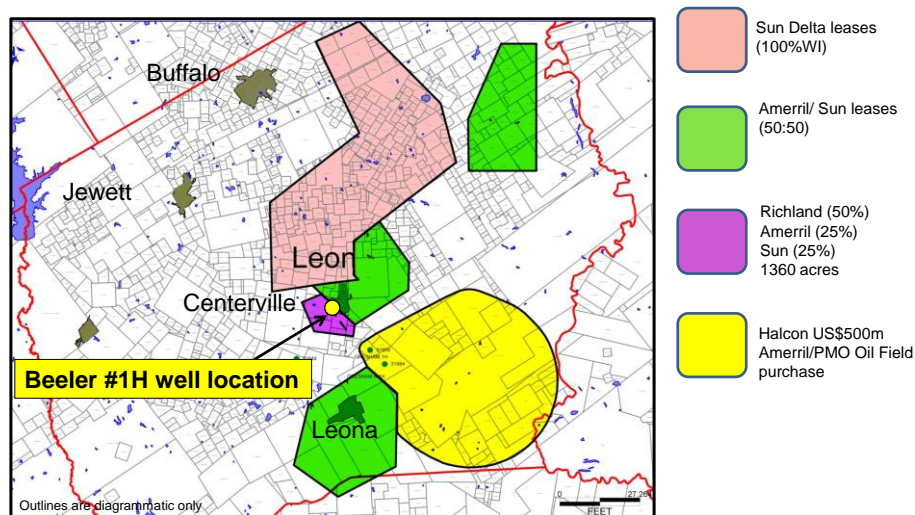


Figure 1: Beeler #1H well location, just south of the township of Centerville, Leon County, Texas

Sun's Managing Director, Matthew Battrick said:

*"We are highly encouraged by the results of the wireline logging, which confirm Sun's belief that its Richfield Oil Project has the potential to flow oil from multiple zones. Our participation in the Beeler #1 well has been a relatively inexpensive exercise for Sun, and at the same time, has provided significant encouragement about the prospectivity of our entire Woodbine portfolio, which is now in excess of 16,262 net acres.*

*We look forward to the next part of the drilling programme which will kick-off drilling the 6,000 foot lateral section of the well into the Woodbine A sand, before fracing of the horizontal drain hole commences.*

*Given the proximity of our Richland Oil Project to existing infrastructure, if successful, the Beeler #1 well can quickly be tied into sales and commence generating revenue for Sun".*

In Leon and adjoining Counties, oil production has historically been obtained from zones in the following geological formations (from shallower to deeper respectively): the Austin Chalk, the Sub-Clarksville, the Eagle Ford Shale, at least three levels in the Woodbine, the Buda/Georgetown and the Glenn Rose.

The average estimated ultimate recovery (**EUR**) for horizontal Woodbine wells is 467,000boe per zone or horizontal drain hole. The larger the number of stacked laterals, the greater the recoverable oil per well location and the greater the value per acre of oil and gas leases held.

Participants in Beeler #1H are:

Participant	Earning Interest	Working Interest (WI)	Net Revenue Interest (NRI)
Farminors	0%	18.75%	14.0625%
Steadfast Resources LLC	50%	40.625%	30.4687%
Richland (Operator)	16.66%	13.5416%	10.1562%
Sun	16.67%	13.5417%	10.1563%
Amerril	16.67%	13.5417%	10.1563%
Farminors Overriding Royalty	0%	0%	5%
Lessor Royalty	0%	0%	20%

**Table 1: Earning & working interests of the various Joint Venture Parties in the Beeler #1H well.**

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*Information contained in this report was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 30 years' experience in the practice of geology and 31 years' experience in petroleum geology.*

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