



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

31 October 2019

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

Dear Sir/Madam

RE: QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2019

Please find the Quarterly Activities Report for the period ending 30 September 2019 for Sun Resources NL (ASX: SUR).

Yours faithfully
SUN RESOURCES NL

A handwritten signature in black ink, appearing to read "J. Long".

Jo-Ann Long
Company Secretary



QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDING 30 September 2019

HIGHLIGHTS

- On 29 July Sun Announced the Acquisition of co-lessee's interest in the project to take Sun to 100%.
- GTT Ventures appointed as Corporate Advisor and A\$765,000 raised during the quarter to progress the Bowsprit Project.
- Sun's intent is to drill the first Bowsprit well as soon as practical, which subject to arrangement of financing and/or farm out, is estimated to be in Q1 2020.
- First State Drilling Permit Granted, Second State Permit and Federal Permit anticipated in November.
- *Subject to results of the appraisal well – early production could be established in mid 2020*
- Sun now controls 100% of the project for farm out discussions.
- Sun confirms we are in active discussions with several potential partners.
- Farm-Out Agents have been appointed in Australia/Asia and USA and Sun is scheduled to be giving project presentations to several prospective USA farminee companies in early November in USA.

Bowsprit Oil Project (“Bowsprit”) (Lease No. 21754 & 21787) - Sun 100% working interest¹.

The Bowsprit leases are located approximately 70km southeast of New Orleans in approximately 3m of water. Bowsprit is assessed to contain an undeveloped conventional Miocene aged oil sand at a depth of approximately 7,400ft (2,255m) that is located above a deeper, 9,500ft gas field that was developed in 1960s by Shell. Consequently, the Bowsprit field contains 14 vertical well penetrations and has demonstrated producible oil from an upper Miocene sand. The 30ft thick oil sand was flowed successfully in 1960s from four wells and produced approximately 75,000 bbls of oil, but full field development was not practical with the vertical well technology of the time (~100bopd declining to 40 bopd / well).

3D Seismic acquired over the area in late 1990s, and since reprocessed and made available as multicient data in around 2005, shows up-dip potential in an underlying Middle Miocene Sand (T2 on the map and cross-section, see Figure 1 & 2) and an additional potential gas accumulation a few hundred feet deeper (T3).

Sun plans to drill a vertical pilot hole to evaluate the T2 and T3 reservoirs and then pull back and deviate the well to place a horizontal well between former production wells in the proven (flowed) Upper Miocene Sand (T1). The field will be rapidly placed on production either by low cost tie-back to a near-by facility for early cashflow and/or, if the T2 reservoir (prospective resources) are present and the accumulation is sizable, via a dedicated new unmanned production facility with additional development drilling.

Farm-Out Plans

Subject to completion of the Pinnacle buyout, Sun now has a 100% working interest and is Operator of the Leases. Sun is seeking a new partner(s) to join the project. PetroDIP has been appointed as the primary Farm-out Agent. Details on the Bowsprit listing can be seen at

¹ Subject to completion of buyout

www.Petrodip.com. Several companies have executed Confidentiality Agreements, with access to an online Data room, and presentations given by Sun.

Sun has also appointed an Agent in the USA and will be giving project presentations to several prospective farminee companies in early November.

Summary of Pinnacle Deal Terms

Sun paid 100% of the initial leasing costs and has subsequently progressed the technical studies and development planning without any financial contribution from Pinnacle (co-lessee), but it was impractical to progress to the drilling phase until both parties secured the necessary funding. Pinnacle have now chosen to accept an offer from Sun to purchase their interest in the Leases rather than fund a well.

Sun has executed a legally binding Memorandum of Understanding with Pinnacle Energy International (USA) Inc (Pinnacle) to acquire the subsidiary holding company, Pinnacle Energy International (USA) I LLC, which has a 50% working interest in **SL21754** and **SL21787** in Louisiana, USA. Sun holds the other 50% working interest in the leases via Sun Louisiana LLC.

Consideration payable to Pinnacle:

- a cash consideration of USD 250,000 (Two Hundred and Fifty Thousand US Dollars) payable prior to drilling of the first well, and
- a Royalty of 5% (five percent) of gross production revenue (net revenue received after Tariffs and direct sale costs as per the calculation of State Royalty) ("**Royalty**"),

Sun is entitled to collect the first US\$12 million² in gross revenue before any Royalty payment is made to Pinnacle. The 5% Royalty remains payable on the first US\$12million of revenue and is accrued and payable, subject to the Leases producing at least US\$12 million in gross production revenue. Therefore, if the Leases do not produce \$12million in gross revenue, no Royalty is payable to Pinnacle.

The transfer of ownership will be made following execution of a Sale and Purchase Agreement, Royalty Agreement and payment of the cash consideration. If the transaction is not completed by 1 March 2020 the Agreement will terminate and the project will revert to 50:50 ownership.

Field Potential

Sun has conducted extensive internal work assessing the project, based on public domain and purchased data. Sun has had three independent consultants review the project and verify its potential, and RISC Advisory Ltd has probabilistically estimated the resource potential of the field³.

Sun has determined that following confirmation of the resources with the appraisal well, the Bowsprit structure can be developed with horizontal wells and could potentially be produced through a simple unmanned production platform.

Saratoga Resources drilled and produced two 750ft horizontal wells in an analogous quality, albeit thinner and production depleted sand, 12km south of Bowsprit, one of which tested at over 1,500 bopd. Sun anticipates drilling Bowsprit wells with longer horizontal sections, in a virgin pressure sand with a thicker column of oil, that should therefore, meet or exceed the performance of the Saratoga wells.

² Adjusted proportionally if Sun farms out.

³ See ASX release⁵ April 2018.

Sun has conducted 3D modelling of the Bowsprit Field in order to select an optimum first well location. A primary well location has been selected and permitting of the well is nearly complete. The objectives of the first well are:

1. Prove the field reserves by
 - (i) Test/Prove the Prospective Resources in the “undrilled” portion of the field with the vertical pilot well and
 - (ii) Prove the Contingent Resources are commercial, by flow testing of a horizontal well in the Proven Produced Area
2. Data gathering of seismic velocity data and rock attributes for quantitative seismic interpretation, and
3. Detailed reservoir parameters and oil properties for full field development planning and implementation.

3D modelling has significantly enhanced the Company’s understanding of the field and has allowed for selection of the first well location. This improved field understanding will also enable Sun to make better presentations to potential farminees and prospective funding parties.

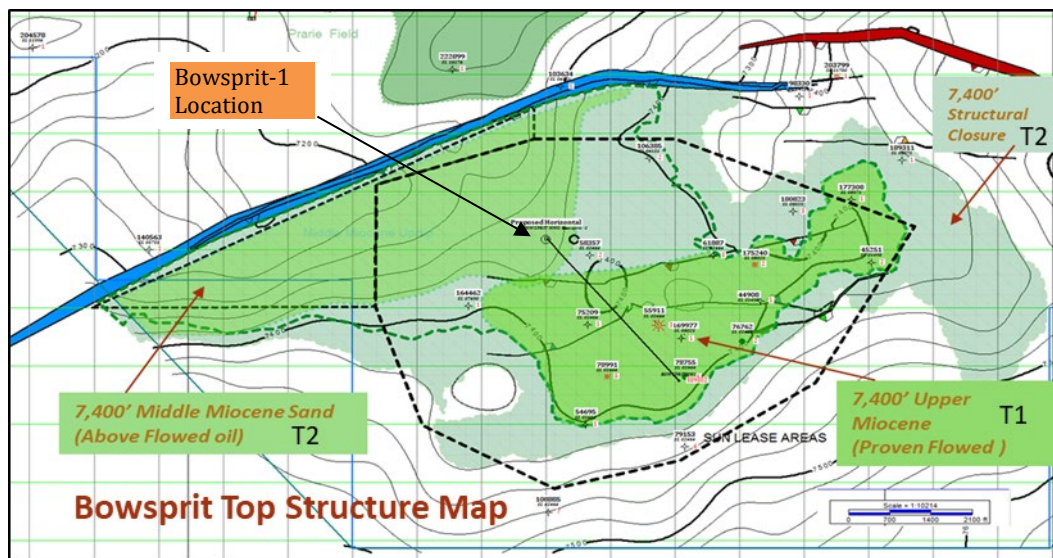


Figure 1- Bowsprit Field segments and approximate well path

T1 = Upper Miocene Sand that produced oil in the 1960’s.

T2 = Undrilled Middle Miocene Sand that has up-dip structural closure against a fault above the depth of known oil in the Upper Miocene sand.

Subject to funding/farm out, the plan is for a vertical pilot hole to be drilled in the centre of the field (T2) to maximise data gathered and then a horizontal section will be drilled towards the south-east area (T1) of the field, across the crest of the four-way dip structure where the crestal sand previously produced approximately 75,000 bbls of oil.

It is the company’s intention to flow test the horizontal well for a short period to prove a commercial flow rate. Assuming the results are satisfactory, the well will be suspended as a future producer.

Progress Toward Drilling

Sun commissioned FensterMaker, one of the leading independent environmental consultancy groups in Louisiana, to commence permitting for a well. All site surveys have been conducted and the first of three necessary permits awarded, with the remaining two permits expected by approximately the end of November.

The well path has been endorsed by Brammer Engineering as “drillable”. It is Sun’s intention to drill the first well as soon as practical, currently estimated to be in Q1 2020. In the interim, Sun/Brammer will prepare a detailed drilling program (the initial well is estimated to cost approximately US\$3.6 million) and seek a farm-in partner or other source of financing to fund the drilling. Detailed well planning and costing studies are ongoing.

Bowsprit -1 Well Path Schematic

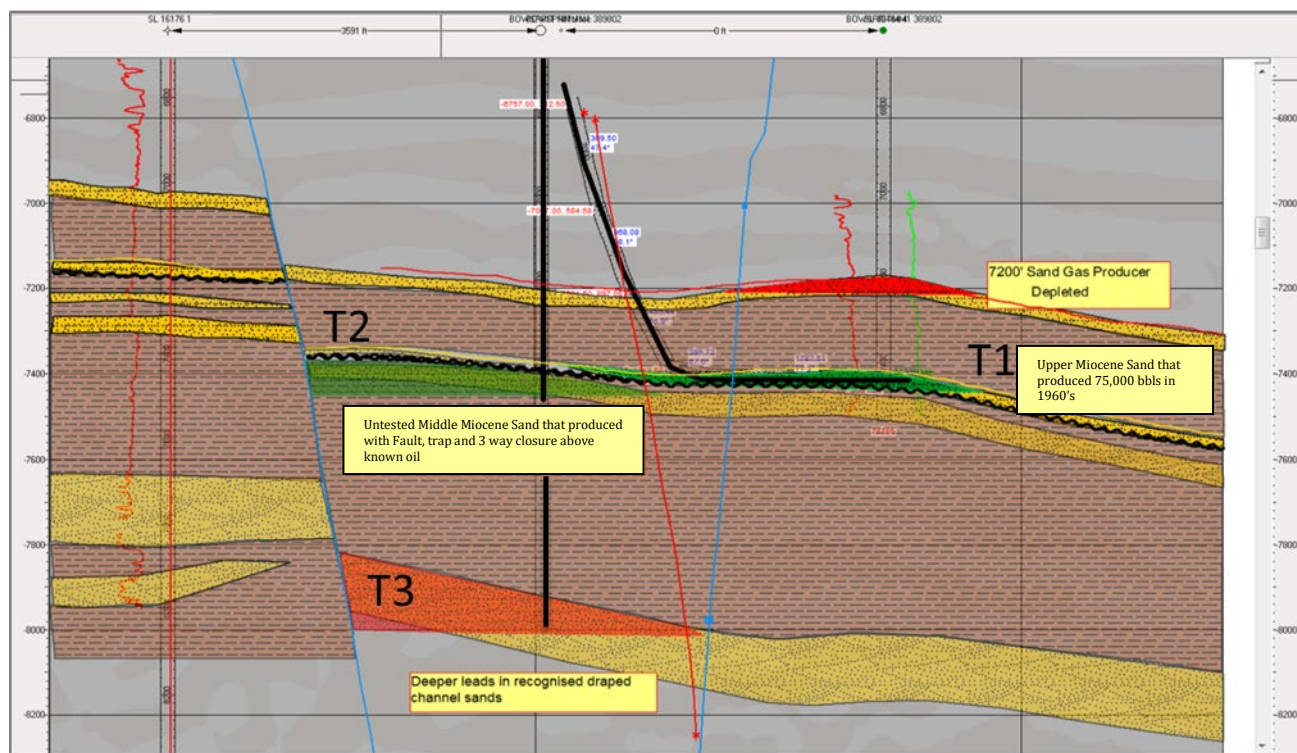


Figure 2 - Vertical pilot hole and provisional horizontal well path

Land Status (net acres of mineral leases)

Below is a table showing Sun’s net acres of oil and gas mineral leases in the project area.

Oil Project Area	Sun’s Working Interest (%WI)	Sun’s Net Revenue Interest (%NRI)	Project area Gross Acres (1ha = 2.471ac)	Sun’s Net Acres (1ha = 2.471ac)
Bowsprit SL21754	50%	39.5%	1,000	500
Bowsprit SL21787	50%	39.5%	154	77
TOTAL	-	-	1,154	577

(Total acres as at 30 September 2019)

On 29 July 2019 – Sun announced a buy out of co-lessee to move to 100% Working interest and 74% net revenue interest in both leases and thus increase the Company to 1154 net acres. This deal is not yet completed.

OIL AND GAS PRODUCTION

There was no oil production for the September 2019 Quarter.

CORPORATE

Sun held cash of \$241,000 at the end of the September 2019 Quarter.

The Company held an EGM on 6 August, all of the resolutions passed, including pre-approval for a placement.

On 14 August Sun announced the Appointment of GTT Ventures (GTT) as Corporate Advisor and a placement to raise A\$615,000 from the placement of 307.5 million shares at \$0.002 with (subject to shareholder approval at AGM) two free attaching options for every three shares subscribed for. The options have an exercise price of \$0.004 per share and expire on 31 December 2020. The placement was complete in July 2019.

Patrick Glovac, a Partner of GTT Ventures has been appointed to the Board.

The Company has implemented a Small Shareholding Sale Facility which closed on 24 October. The sale of the shares will be executed by GTT and proceeds dispatched to shareholders in early November.

The Company has called an AGM, which will occur at 10am on 29 November 2019 at the Company's offices. The Company is proposing to Shareholders a change of name to Prominence Energy NL

BY ORDER OF THE BOARD



Jo-Ann Long,
Company Secretary

Telephone: +61 (08) 9321 9886

Email: admin@sunres.com.au

This report is lodged on the Company's website, www.sunres.com.au.

Forward-looking Statements

This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect Sun's views and assumptions with respect to future events as at the date of the Announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth due to various factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the oil and gas industry, including environmental regulation; economic conditions in the US and globally; geological technical and drilling results; predicted production and reserves estimates; operational delays or an unanticipated operating event; physical, environmental and political risks; liabilities inherent in oil and gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Sun, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Announcement sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

