SUN resources NL

ABN 69 009 196 810
(Incorporated in Western Australia)

Unit 16 Subiaco Village
531 Hay Street, Subiaco WA 6008
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12 March 2012

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

Dear Sir/Madam

RE: LODGEMENT OF HALF-YEAR FINANCIAL REPORT AT DECEMBER 2011

Please find attached the Interim Financial Report of Sun Resources NL for the period ending 31 December 2011.

Yours faithfully
SUN RESOURCES NL

Craig Basson
Company Secretary

SUN RESOURCES NL

ABN 69 009 196 810
AND ITS CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2011

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CORPORATE DIRECTORY

Directors
Dr Wolf Gerhard Martinick
B.Sc, Ph.D., FAIMM
Non-Executive Director and Chairman

Mr Matthew A Battrick, B.Sc. (Geol)
MPESA, MPESGB, MAAPG, GAICD
Executive Director and Managing Director

Mr Alan Peter Woods
FCPA, MAICD
Non-Executive Director

Dr Philip Linsley, B.Sc. (Hons Geol) (London)
Ph.D. (London), MBA (Kingston)
Non-Executive Director

Company Secretary
Mr Craig Basson
B.Com (Hons), FCA, FCIS, GAICD

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Registered Office
5 Bendsten Place
Balcatta, Western Australia 6021
Telephone: (08) 9345 4100
Facsimile: (08) 9345 4541

Bankers
National Australia Bank Limited
District Commercial Branch
Unit 7, 51 Kewdale Road
Welshpool, Western Australia 6106

Corporate Managers
Corpserv Pty Ltd
5 Bendsten Place
Balcatta, Western Australia 6021
Telephone: (08) 9345 4100
Facsimile: (08) 9345 4541

Auditors
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008

Solicitors
Q Legal
Level 4, 105 St Georges Terrace
Perth, Western Australia 6000

Share Registry
Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2096

Home Exchange
Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000
ASX Code: SUR

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Sun Resources NL ("Sun Resources") and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

The names of the Directors of the Company in office at the date of this report are:

Dr W G Martinick	Director – Chairman and Non-Executive
Mr M A Battrick	Managing Director – Executive
Mr J D Kenny	Director – Non-Executive
Mr D Kestel	Director – Non-Executive
Dr P Linsley	Director – Non-Executive

Mr Peter Woods retired as Non-Executive Director on the 31 December 2011 after serving the Company for over 19 years.

REVIEW OF OPERATIONS

The consolidated net loss for the consolidated entity for the period under review was ($2,653,430) [2010: ($1,447,435)]. Comments on the operations and major activities of the Company are set out below.

Sun Resources is applying its strategy of focussing on unconventional "Shale Oil" plays in the USA.

1. United States of America

1.1 OIL AND GAS EXPLORATION

Delta Oil Project, Onshore, East Texas (Sun Resources – 100%WI)

Update

Sun Resources has a holding in the Delta Oil Project of 6,053 acres at 31 December 2011, and is continuing to progress its acquisition of further leases in the project area, towards its target of 10,000 aces as was announced to the ASX on 26 August 2011.

The acquisition of future tranches of oil and gas leases is fully funded from existing cash reserves, through Sun's recently equity raising of A$10.8 million (before costs) which was completed in October 2011. Further lease tranches will be purchased from the vendor, Carina Energy LLC, subject to completion of due diligence.

Background

The Delta Oil Project leases are located in the rapidly expanding new 'Eaglebine' play within the overall Eagle Ford Shale trend in Houston, Madison, Leon and Robertson Counties, Texas. In this new resource play, horizontal fracced wells have obtained significant oil production from brittle, sandy units (**Woodbine Sands**) near the base of the Eagle Ford Shale at relatively shallow depths.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

On 26 August 2011, Sun Resources announced that it had entered into a binding term sheet with a Houston based private oil and gas company, Carina Energy LLC ("Carina Energy"), to acquire up to 10,000 net acres of oil and gas leases (**Delta Oil Project**), all located within the oil zone of the Eagle Ford Shale trend in Texas, USA. Sun will acquire a 100% working interest in all of the leases, each with a minimum 75% net revenue interest, a three year lease term, and in most instances, also have a 2 years option to extend the lease term. Sun will work with Carina Energy to acquire up to 10,000 acres; however less than 10,000 acres may ultimately be acquired. The numbers throughout this half-yearly report are based on the acquisition of 10,000 acres.

Recent horizontal wells within 35 miles of the Delta Oil Project have obtained initial flow rates of 900 to 1,200 barrels of oil per day from multi-staged fracced laterals of 6,000 to 7,000 feet in sandstone units and operators are reporting Estimated Ultimate Recoveries (**EUR**) of 300,000 to 600,000 barrels of oil per well. These results are comparable to wells in the Eagle Ford Shale oil zone in the well-known producing areas. In addition, the Eaglebine target reservoir depths of 5,000 to 8,000 feet are shallower than typical Eagle Ford Shale wells resulting in materially lower well costs which should materially improve the net present value (**NPV**) of individual wells.

Early recognition of the potential of the emerging Eaglebine play has enabled Sun to acquire a substantial lease holding at lease costs significantly lower than those in the well-known areas of the Eagle Ford Shale oil trend. Utilising information from old vertical wells situated within the boundaries of the leases and recent horizontal well production history from nearby Eaglebine producing wells, independent Houston based petroleum engineering and geological consultants, Ralph E Davis Associates Inc. (**Ralph E. Davis**) has estimated ***unrisked net Prospective Resources within the Delta Oil Project of 10 million barrels of oil from one sand unit and potential upside of a further unrisked 10 to 20 million barrels of oil from other sand units within the 400 feet thick target zone***.

The Ralph E. Davis net Prospective Resource estimate uses the following assumptions:

- a total of 30 wells spaced at 320 acres (i.e. 30 wells across 10,000 acres);
- each well with an Initial Production (**IP**) rate of 700 barrels of oil per day (**Bopd**);
- each well with an EUR of 452,000 barrels of oil (**bo**) per well from one 20 feet thick sand unit located over all of the Delta Oil Project area;
- oil at US$90 per barrel and gas at US$4 per thousand cubic feet (**Mcf**) held flat for the well life of 30 years;
- each well with a productive life of 30 years;
- capital cost of US$6 million per well; and
- operating costs of US$10,000 per month per well.

Assuming production of the 10 million barrels of Prospective Resources, Ralph E. Davis estimated the NPV of the Delta Oil Project of **US$310 million** which equates to:

- NPV of **US$10,333,333 per well**; and
- NPV of US$31 per barrel of oil for 10 million barrels of oil from one 20 feet thick sand unit, and
- Discounted at 10%, net of royalties, capital costs, operating costs and state taxes but excluding company income taxes

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

Margarita & Redback Projects, Onshore, South Texas (Sun Resources 20-37.5%WI)

Sun Resources will have a material equity position in the following exploration prospects, subject to ongoing farm-out marketing and future leasing:

Project	Prospect	Gross Potential	Comments
Margarita	TB#18	1.7bcfe	Frio Fm.
	TBF1.64	0.5mmbbl	Lower Frio
	Cazadores	20 to 61 bcf	Upper Wilcox
	W2A	100 to 200 bcf	Wilcox
	Agave	67 to 208 bcf	Cook Mountain
Redback*	R-1.95	58 bcfe	Middle Vicksburg

1.2 OIL AND GAS PRODUCTION

The table below summarises Sun Resources' actual net working interest ("WI%") production for the December 2011 quarter and compares it with the previous quarter. Oil and gas production for the December 2011 quarter was restricted to only the Flour Bluff gas plant in Corpus Christie in South Texas. Net revenue received during the quarter was slightly positive due to the receipt of an insurance payout from the Lake Long #9 well in Louisiana. USA gas prices for the quarter remained seasonally low and averaged approximately US$3.00 per 1,000 cubic feet for gas (mcf).

PRODUCTION (Sun WI% share)	December 2011 Quarter	September 2011 Quarter	Variance
Gas (mmscfg)	8.4	12.96	-35%
Oil (bo)	168	208	-19%
Net Revenue (US$)	+3,568	-42,980	+108%

Units: mmscfg – million cubic feet gas; bo – barrels of oil

2. THAILAND

L20/50 Block, Onshore Phitsanulok Basin (Sun Resources – 45%WI)

Update

During the December 2011 half-year, L20/50 Operator Carnarvon Petroleum Limited ("Carnarvon Petroleum") advised that post-drill re-mapping of all the available seismic data in L2050 was completed, incorporating the results of Tapao Kaew-1 and Krai Thong-1, drilled in the first half of 2011. The revised seismic interpretation, and geochemical and temperature data from old and new wells, have been integrated into an updated basin model, the results of which are favourable for hydrocarbon generation in the Nong Bua Graben. Carnarvon has identified several structural leads in the basin on the new mapping, with potential to contain significant hydrocarbons.

The joint venture has entered the '2nd Obligation Period', expiring 21st January 2014 and has applied to relinquish 50% of the concession area in accordance with concession commitment. Under the application, the joint venture will retain the most prospective acreage. Commitments during the 2nd Obligation Period include a 3D survey and two exploration wells. The joint venture continues to carry forward a credit for one commitment well after exceeding the commitments of the '1st Obligation Period', thus effectively leaving only one exploration well to be drilled in the remainder of the second obligation period.

The joint venture is continuing to review options for the acquisition of 3D seismic data over the most prospective areas of the basin. A 3D survey will be acquired to improve understanding of the complex faulting and structure of the basin, and to better define and de-risk identified leads.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

3. MALTA

ESA Area 4, Block 3 and ESA Area 5, Offshore Malta (Sun Resources 20%WI)

Update

Operator, Pancontinental Oil & Gas NL ("Pancontinental") advised that during the December quarter it made application to the Court of Malta to serve an injunction on the Government of Malta and was appointed a hearing date of 9 December 2011. An interim injunction was received on 1 December, pending the hearing. Pancontinental advised on 12 December that a decision was reserved by the Judge and on 16 December was advised by the Judge that the injunction was not acceded to. At the end of the half-year, Pancontinental, as Operator of the permit, was considering the next course of action in relation to this matter.

4. AUSTRALIA

WA-254-P, Offshore Carnarvon Basin, W. Australia (Sun Resources 7.86% to 9.25%WI)

The Operator of WA-254-P, Apache Northwest ("Apache"), awaits a response to its Retention Lease (RL) application, covering the Sage-1 oil discovery, from the Designated Authority. The remainder of the block's exploration commitments have been suspended pending the RL application. Sun Resources and two other joint venture parties are continuing a divestment process of their combined 24.8% to 29.8% working interest in the permit that contains the Sage-1 well.

5. NEW PROJECT DEVELOPMENT – NW Europe

Update

Negotiations by the Operator were continuing at the end of the half-year with local government on the approval process of the well. A further extension to the end of May 2012 has been agreed between Sun Resources and the Operator to allow the Operator time to complete the well approval process with the local authorities. This is an important condition precedent in the executed Term Sheet. Further details relating to this farm-in will be provided by the Company following the receipt of necessary local government approvals and the execution of a definitive Farm-in Agreement.

Background

Sun Resources announced on 10 November 2010 that a non-binding Term Sheet with an as yet undisclosed party (due to commercial sensitivities) had been executed for Sun Resources to participate in the drilling of a high impact well onshore North-West Europe which will test a 720 bcf conventional gas target. Sun Resources will fund €1.645m (A$2.3m) of past and future drilling costs to earn a 15% working interest ("WI") in the farm-in concession. The planned well and equity assignment in the permit to Sun Resources is subject to approval by local authorities.

REVIEW OF OPERATIONS (Continued)

The primary play is Triassic sandstone reservoirs charged with gas (and/or oil) from older Permian-Carboniferous shale and coal, which is the principal play in the offshore Southern Gas Basin of the North Sea. Geological modeling, based on 2D seismic and recent interpretation, indicates that gas (with gas liquids) is the most likely hydrocarbon to be found within the prospect, which has a gross target of 720 billion cubic feet of gas (bcf) (Operator's estimate), with upside in excess of 1tcf. The prospect lies on trend with oil and gas fields and adjacent to old wells with oil and gas shows, around oil seeps.

The farm-in concession is also considered to have potential to offer an unconventional gas play within the older Permian-Carboniferous source rocks. Permitting of the well is ongoing. The non-binding Term Sheet is subject to the completion of due diligence, the execution of a Definitive Farm-in Agreement, and receipt of relevant statutory approvals and governmental consents.

6. CORPORATE

During the half-year Sun raised approximately A$10.8 million by way of a share placement for approximately A$8.9 million ("Placement") and an Entitlement Issue for approximately A$1.9 million ("Entitlement Issue"). Hartleys Limited acted as Broker to the Offer.

In addition to the Placement and Entitlement Issue, Sun Resources borrowed funds from Dr Farrell through a A$2 million short-term loan facility to manage the purchase of early tranches of leases in the Delta Oil Project. That loan facility was repaid in full on 3 November 2011. As at 31 December 2011, Sun Resources had a cash bank balance of A$5.5 million and had no debt.

During the half-year, the Board announced the retirement of long standing non-executive director, Mr Peter Woods, effective 31 December 2011. The Board also announced the appointment of Mr Damian Kestel as a non-executive director, effective 1 February 2012.

8. SIGNIFICANT EVENTS AFTER REPORTING DATE

Subsequent to the end of the half-year, the Board announced the appointment of Mr John Kenny as a non-executive director, effective 1 March 2012.

9. AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 on page 9 forms part of the Directors' Report for the half-year ended 31 December 2011.

BY ORDER OF THE BOARD

Matthew A Battrick
Director

Perth, Western Australia
Dated this 12th day of March 2011

DIRECTORS' REPORT

REVIEW OF OPERATIONS

DIRECTORS' REPORT
TENEMENT DIRECTORY

PROSPECT	TENEMENTS	INTEREST	COMMENTS
OIL & GAS			
Thailand			
Onshore Phitsahulok Basin	L20/50	45%	Awarded January 2008
Western Australia			
Offshore Northern Carnarvon Basin			
Damper Sub-Basin	WA-254-P	7.86% to 9.25%	Blocks 1,3 & 4 - 7.86% Block 2 – 9.25%
Louisiana, USA			
Gulf Basin			
Lake Long Gas Field	State Lease SL328	10.00%	
Texas, USA			
Delta Oil Project	Private lease land	100%	Up to 10,000 acres
Texas Gulf Basin			
East Flour Bluff Gas Field	State lease land	24.17%	
West Flour Bluff Gas Field	BLM lease land	20.00%	
Pita Island Gas Field	State lease land	20.00%	
Agavero Gas Field	Private lease land	20.00%	
Milagro Oil Field	Private lease land	20.00%	
Dona Carlota Gas Field	Private lease land	20.00%	
El Viejito Gas Field	Private lease lands	20.00%	
Bondi	Private lease land	15.00%	
South Texas			
Margarita	Private mineral	15% to 37.5%	
Malta			
Pelagian Platform	Area 4, Block 3 ESA Area 5, ESA	20.00% 20.00%	
MINERALS			
Western Australia			
North Coolgardie Mineral Field			
Butterfly	M40/110	5.00% NPI	Joint Venture with Kookynie Resources NL on that portion of the lease covered by former P40/462.

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38 Station Street
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PO Box 700 West Perth WA 6872
Australia

12 March 2012

The Board of Directors
Sun Resources NL
PO Box 1786
West Perth WA 6872

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF SUN RESOURCES NL

As lead auditor for the review of Sun Resources NL for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sun Resources NL and the entities it controlled during the period.

Brad McVeigh
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

DIRECTORS' DECLARATION

The directors of Sun Resources NL declare that:

(a) the consolidated financial statements, comprising the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes set out on pages 15 to 19 are in accordance with the Corporations Act 2001, and:

 (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and

 (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001 together with other mandatory professional reporting requirements; and

(b) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Matthew A Battrick
Director

Perth, Western Australia
Dated this 12th day of March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated	
	31 December 2011 $	31 December 2010 $
Revenue from continuing operations	92,827	180,082
Other income – interest received	46,350	27,856
Administration expense	(393,329)	(330,087)
Depreciation	(3,183)	(2,692)
Finance expense	(71,742)	(197,611)
Occupancy expense	(35,551)	(33,527)
Foreign currency expense	-	(205,019)
Employees expense	(283,512)	(230,558)
Exploration impairment expense	(698,764)	(22,821)
Production amortisation expense	-	(633,058)
Production impairment expense	(1,046,712)	-
Share based expense	(259,814)	-
Loss before income tax expense	(2,653,430)	(1,447,435)
Income tax expense	-	-
Loss for the half-year attributable to owners of Sun Resources NL	(2,653,430)	(1,447,435)
Other comprehensive income		
Exchange differences on translation of foreign operations	67,436	(1,147,396)
Other comprehensive income/(loss) for the period, net of income tax	67,436	(1,147,396)
Total comprehensive loss for the half-year attributable to owners of Sun Resources NL	(2,585,994)	(2,594,831)
Basic (loss) per share (cents)	(0.377)	(0.408)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 15 to 19.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	Consolidated 31 December 2011 $	Consolidated 30 June 2011 $
Current assets			
Cash and cash equivalents		5,554,815	1,946,964
Trade and other receivables		35,243	65,214
Financial assets		900	900
Total current assets		5,590,958	2,013,078
Non-current assets			
Receivables		305,400	305,400
Plant and equipment		20,880	14,498
Exploration and evaluation expenditure	3	11,207,957	5,561,754
Oil and gas production assets	4	-	946,000
Total non-current assets		11,534,237	6,827,652
Total assets		17,125,195	8,840,730
Current liabilities			
Trade and other payables		51,148	100,506
Total current liabilities		51,148	100,506
Total Liabilities		51,148	100,506
Net assets		17,074,047	8,740,224
Equity			
Contributed capital	5	54,237,618	43,935,216
Share based payment reserve		1,350,663	733,248
Foreign exchange translation reserve		(2,144,064)	(2,211,500)
Accumulated losses		(36,370,170)	(33,716,740)
Total equity		17,074,047	8,740,224

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 15 to 19.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated Entity 31 December 2011 $	Consolidated Entity 31 December 2010 $
Cash flows from operating activities		
Income from customers	571	185,241
Payments to suppliers and employees	(602,387)	(667,032)
Payments for production	(88,241)	(349,610)
Payments for exploration	(5,897,043)	(1,836,197)
Interest received	46,350	29,005
Interest paid	(71,742)	-
Net cash inflow/(outflow) operating activities	(6,612,492)	(2,638,593)
Cash flows from investing activities		
Payments for plant and equipment	(9,565)	(2,354)
Net cash inflow/(outflow) investing activities	(9,565)	(2,354)
Cash flows from financing activities		
Proceeds from the issue of shares	10,808,570	6,991,500
Associated costs from the issue of shares	(667,168)	(228,191)
Associated interest cost from the issue of convertible notes	-	(190,111)
Proceeds from short-term loan facility	2,000,000	-
Payment of short-term loan facility	(2,000,000)	-
Net cash inflow/(outflow) financing activities	10,141,402	6,573,198
Net increase in cash and cash equivalents	3,519,345	3,932,251
Cash and cash equivalents at beginning of period	1,946,964	3,516,147
Effects of exchange rate changes on cash and cash equivalents	88,506	(340,772)
Cash and cash equivalents at end of the half-year	5,554,815	7,107,626

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 15 to 19.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2011

	Attributable to equity holders of the Company				
	Share capital $	Accumulated losses $	Share-based payments reserve $	Foreign Exchange Translation Reserve $	Total equity $
Balance at the 1 July 2011	43,935,216	(33,716,740)	733,248	(2,211,500)	8,740,224
Total comprehensive loss for the period	-	(2,653,430)	-	-	(2,653,430)
Other comprehensive income					
Exchange differences on translation of Foreign Entities	-	-	-	67,436	67,436
Total other comprehensive income	-	-	-	67,436	67,436
Total comprehensive income/(loss) for the period	-	(2,653,430)	-	67,436	(2,585,994)
Transactions with owners, in their capacity as owners					
Share-based payment transactions	161,000	-	617,415	-	778,415
Contributions by and distributions to owners					
Contributions of Equity	10,808,570	-	-	-	10,808,570
Equity Transaction Costs	(667,168)	-	-	-	(667,168)
Total transactions with owners	10,141,402	-	-	-	10,141,402
Balance at the 31 December 2011	54,237,618	(36,370,170)	1,350,663	(2,144,064)	17,074,047

For the six months ended 31 December 2010

	Attributable to equity holders of the Company				
	Share capital $	Accumulated losses $	Share-based payments reserve $	Foreign Exchange Translation Reserve $	Total equity $
Balance at the 1 July 2010	37,385,346	(25,061,182)	660,496	(814,188)	12,170,472
Total comprehensive loss for the period	-	(1,447,435)	-	-	(1,447,435)
Other comprehensive income					
Exchange differences on translation of Foreign Entities	-	-	-	(1,147,396)	(1,147,396)
Total other comprehensive income/(loss)	-	-	-	(1,147,396)	(1,147,396)
Total comprehensive income/(loss) for the period	-	(1,447,435)	-	(1,147,396)	(2,594,831)
Transactions with owners, in their capacity as owners					
Contributions by and distributions to owners					
Contributions of Equity	7,025,000	-	-	-	7,025,000
Equity Transaction Costs	(448,691)	-	-	-	(448,691)
Conversion of convertible notes	20,900	-	-	-	20,900
Total transactions with owners	6,597,209	-	-	-	6,597,209
Balance at the 31 December 2010	43,982,555	(26,508,617)	660,496	(1,961,584)	16,172,850

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 15 to 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

These general purpose financial statements for the half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard 134 "Interim Financial Reporting" and the Corporations Act 2001.

The half-year financial statements do not include all of the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2011 and any public announcements made by Sun Resources during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation as those in the previous financial year and corresponding interim reporting period have been followed in this interim financial report. AASB 134: Interim Financial Reporting generally only requires disclosure of accounting policies that have changed from those used in the prior annual reporting period.

Going Concern

The Company has recorded a net loss after tax of ($2,653,430) for the half-year ended 31 December 2011 and has net assets of $17,074,074 as at reporting date.

Notwithstanding the above, the directors of the Company have prepared the interim financial report on the going concern assumption. To enable the Company to continue its activities, the Company may seek to raise funds in the future. Over the course of the next 12 months, the directors consider that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and that the going concern basis of preparation remains appropriate when preparing the half-year report. However, the Company may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the interim financial report of the Company at 31 December 2011.

2. SEGMENT INFORMATION

Segment information is provided on the same basis as the information used for internal reporting purposes by the chief operating decision maker. This has resulted in the business being analysed in two geographical segments namely, Australasia and the United States of America (USA). The principal activity in these locations is the exploration, development and production of oil and gas projects. The following table presents revenue, expenditure and certain asset information regarding geographical segments for the half years ended 31 December 2011 and 31 December 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

2. SEGMENT INFORMATION (Continued)

	Australasia $	USA $	Unallocated $	Consolidated $
31 December 2011				
Revenue – oil and gas sales	-	571	-	571
Other Income	-	-	138,606	138,606
Total segment revenue	-	571	138,606	139,177
Segment result after income tax	(1,426,486)	(1,365,550)	138,606	(2,653,430)
Total segment assets	6,407,484	5,162,896	5,554,815	17,125,195
Segment liabilities	51,148	-	-	51,148
Segment acquisition of assets	9,565	-	-	9,565
Segment amortisation and depreciation	3,183	-	-	3,183
Segment acquisition of exploration and production assets	-	6,290,002	-	6,290,002
Segment exploration impairment	392,994	305,770	-	698,764
Segment production impairment	-	1,046,712	-	1,046,712
31 December 2010				
Revenue – oil and gas sales	-	180,082	-	180,082
Other Income	-	-	27,856	27,856
Total segment revenue	-	180,082	27,856	207,938
Segment result after income tax	(1,008,811)	(468,480)	27,856	(1,447,435)
Total segment assets	7,331,026	5,111,587	7,107,626	19,550,239
Segment liabilities	3,377,389	-	-	3,377,389
Segment acquisition of assets	2,354	-	-	2,354
Segment amortisation and depreciation	2,692	633,058	-	635,750
Segment acquisition of exploration and production assets	1,834,140	187,272	-	2,021,412
Segment exploration impairment	22,821	-	-	22,821
Segment production impairment		-	-	-

3. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2011 $	31 December 2010 $
At carrying value – June 2011/2010	5,561,754	5,929,723
Net expenses incurred in the period and capitalised	6,290,002	1,856,112
Foreign exchange movement	54,965	(98,901)
Expenditure impairment	(698,764)	(22,621)
Net carrying value – December 2011/2010	11,207,957	7,664,313

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated 31 December 2011 $	31 December 2010 $
4. OIL AND GAS PRODUCTION ASSETS		
At carrying value – June 2011/2010	946,000	5,219,506
Net expenses incurred in the period and capitalised	88,241	165,300
Foreign exchange movement	12,471	(819,867)
Expenditure impairment	(1,046,712)	-
Amortisation of oil and gas properties	-	(633,058)
Net carrying value – December 2011/2010	-	3,931,881

5. SHARE CAPITAL

	31 December 2011 $	31 December 2010 $
Issued and paid-up capital 1,087,987 (December 2010: 444,369,734) ordinary shares, fully paid	54,237,618	43,982,555

Movement in ordinary shares on issue

2011

	Date	Number of Shares	Capital $
Opening balance	1 July 2011	444,369,734	45,751,821
Share placement issued at a price of 1.7 cents per share – 15% share capacity	12 September 2011	66,655,460	1,133,143
Entitlement issue at a price of 1.7 cents per share	11 October 2011	85,164,909	1,447,803
Entitlement issue shortfall at a price of 1.7 cents per share	24 October 2011	25,633,404	435,768
Share placement issued at a price of 1.7 cents per share as approved	24 October 2011	451,444,480	7,674,556
Share placement issued at a price of 1.7 cents per share to Directors as approved	24 October 2011	6,900,000	117,300
Share placement in consideration for the acquisition of the Delta Oil Project	26 October 2011	7,000,000	161,000
		1,087,167,987	56,721,391
Less: Cumulative issue costs of share capital			(2,483,773)
Closing balance	31 December 2011		54,237,618

The value of the share placement on the 26 October 2011 is determined not by the value based on service, but on the value of the shares as quoted by the Australian Securities Exchange Limited at this date. The value of the service at this date could not be determined as there was not an active market for these services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

5. SHARE CAPITAL (Continued)

Movement in ordinary shares on issue (Continued)

2010

	Date	Number of Shares	Capital $
Opening balance	1 July 2010	339,261,700	38,705,921
Share placement of ordinary fully paid shares at $0.067 each – Tranche 1	22 November 2010	50,000,000	3,350,000
Share purchase plan of ordinary fully paid shares at $0.067 each	9 December 2010	29,850,774	2,000,000
Convertible notes converted into ordinary shares	16 December 2010	257,260	20,900
Share placement of ordinary fully paid shares at $0.067 each – Tranche 2	22 December 2010	25,000,000	1,675,000
		444,369,734	45,751,821
Less: Cumulative issue costs of share capital			(1,769,266)
Closing balance	31 December 2010		43,982,555

6. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the half-year, the Board announced the appointment of Mr John Kenny as a non-executive director, effective 1 March 2012.

7. CONTINGENT LIABILITIES

There have been no changes to contingent liabilities since the last annual reporting date.

8. RELATED PARTIES TRANSACTIONS

There have been no changes to related parties transactions since the last annual reporting date with the exception of a short-term loan for $2 million provided by an entity associated with Dr Brad Farrell (a former Director of Sun Resources) to assist the Company to acquire the Delta Oil Project by providing bridging finance. Sun Resources paid interest at commercial terms of $71,742 during the half-year and settled the loan prior to the 31 December 2011.

9. CAPITAL AND LEASING COMMITMENTS

There have been no changes to capital and leasing commitments since the last annual reporting date.

10. SHARE BASED PAYMENTS

The Company issued 24,650,000 unlisted options on 16 November 2011 to directors, staff and consultants with an exercise price of $0.036 per option on or before 16 November 2014 as an incentive. The fair value calculated of $259,814 for these three year options at the date of issue was independently determined using the Black-Scholes option pricing model that takes into account the exercise price ($0.036), the share price at grant date ($0.024), expected volatility of the share price (80%) and the risk-free interest rate (3.78%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

10. SHARE BASED PAYMENTS (Continued)

The Company issued 30,000,000 unlisted options on 26 October 2011 to stockbroking firms with an exercise price of $0.025 per option on or before 26 October 2014 in consideration for services rendered in relation to the acquisition of the Delta Oil Project. The fair value calculated of $357,601 for these three year options at the date of issue was independently determined using the Black-Scholes option pricing model that takes into account the exercise price ($0.025), the share price at grant date ($0.023), expected volatility of the share price (80%) and the risk-free interest rate (3.78%).

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF SUN RESOURCES NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sun Resources NL, which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sun Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Sun Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sun Resources NL is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report. The company may have to seek additional funding if it is to continue as a going concern, repay its debts and carry out its exploration and evaluation activities. If the company is unable to obtain additional funding it may cast significant doubt about the company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 12th day of March 2012