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ASX ANNOUCMENT ASX:SUR

14 August 2019

CAPITAL RAISING AND CORPORATE ADVISOR APPOINTMENT

Sun Resources NL (“SUR” or “Company”) is pleased to advise that the Company has entered into a mandate with GTT Ventures Pty Ltd (“GTT”), a specialist corporate advisory firm for the purpose of undertaking a capital raising (“Placement”). Pursuant to the terms of the Mandate, GTT will also assist with the promotion of the Company.

GTT is a leading boutique corporate advisory firm with an extensive network of contacts in the mining, resources and oil and gas sectors, and with access to some of Australia’s leading brokers, institutions and high net worth investors.

Highlights

- **Sun and GTT have received firm commitments for a placement of 307,500,000 shares at a price of 0.2 cents per share, to raise \$615,000 before costs.**
- **The Company proposes to appoint Mr Patrick Glovac to the Board.**
- **Sun is now well funded to progress the Bowsprit Project and complete the permitting for the first well, whilst seeking a farm-in partner/funding for the drilling.**
- **Sun’s intent is to drill the first well as soon as practical, which subject to the arrangement of financing and/or farm out, is estimated to be in Q1 2020.**

Placement

The Company and GTT have received firm commitments for a placement of 307,500,000 shares at a price of 0.2 cents per share, to raise \$615,000 before costs, to exempt investors (under section 708 of the Corporations Act (2001)). GTT will be entitled, as lead manager, to a 6% capital raising fee for these services and will also be issued 50,000,000 unlisted options, with a strike price of 0.4 cents and expiry date of 31 December 2020.

- 300 million shares will be issued under the Company’s placement capacity, as approved at the EGM on 6 August 2019;
- 7.5 million shares will be issued in accordance with Listing Rule 7.1A;
- 50 million unlisted options will be issued in accordance with Listing rule 7.1; and
- 153,750,000 free attaching unlisted options will be issued on a one for every two placement shares, subject to approval of shareholders. The Options will have a strike price of 0.4 cents and expiry date of 31 December 2020.

Purpose of Capital Raising

The Purpose of the raising is to fund progress toward the drilling of the first Bowsprit well. In particular, the funds will be used to pay the annual lease rental, further the well planning, complete the permitting process for the Bowsprit-1 well and provide working capital whilst the Company seeks a farm-in partner for the well.

Appointment of Director

On completion of the capital raising, the Company proposes to appoint Mr Patrick Glovac to the board as a Non-executive Director. Mr Glovac is a well-respected mining executive and corporate financier who will contribute valuable knowledge to assist with the Company's corporate strategy.

Mr Glovac holds a Bachelor of Commerce, majoring in Finance, Banking, Management, and also holds a Diploma of Management. In 2013 Mr Glovac co-founded GTT Ventures Pty Ltd. GTT has funded numerous listed and private companies since its inception across multiple markets including Australia, USA and the United Kingdom. Previously he worked as an investment advisor for Bell Potter Securities Limited, focusing on high net-worth clients and corporate advisory services. Over the past 5 years Mr Glovac has held numerous Director positions with ASX listed companies across the Resources and Oil & Gas sector. He is currently Executive Director at TAO Commodities Limited (ASX: TAO) and Non-Executive Director at Global Vanadium Limited (to be renamed Global Oil & Gas Limited) (ASX: GLV).

Mr Glovac will receive \$36,000 per Annum + Superannuation in remuneration for his role as Non-Executive Director.

Commenting on the news Alex Parks Managing Director of Sun Resources said,

"Sun is pleased to have the support of GTT. Following the buyout of Pinnacle, Sun now has cleared the path toward the drilling of the first Bowsprit well with the funds and support to progress this rapidly."

Commenting on the news Ian McCubbing, Chairman of Sun Resources said,

"On behalf of the shareholders I welcome Mr Glovac to the Board. The support and network Mr Glovac and GTT bring to the Company will be valuable as we progress the Bowsprit Project and our growth objective, of returning value for shareholders".

Bowsprit Project Summary

Following completion of the buyout of Pinnacle¹, Sun will hold and operate both Bowsprit Petroleum Leases at 100% working interest, covering a total of 1,154 acres in the Breton Sound Area of Louisiana.

The Leases are located approximately 70km southeast of New Orleans in approximately 3 meters of water. There are 14 historical wells, drilled between 1952 and 1982, within the Leases and extensive existing 2D and 3D seismic over the Leases. The Leases are near the boundary of St Bernard and Plaquemines Parishes that cover the transition zone from onshore, to the federal waters offshore Louisiana. The region is a prolific hydrocarbon province, where the majority of exploration and production occurred in the 1960's and 1970's, and the two Parishes have produced 1.2 billion barrels of oil and 5.2 trillion scf of gas according to the public available records which commenced in 1978.

¹ See ASX release 29 July 2019

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 field².

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 deep gas and condensate field that was developed in 1960's by Shell and produced through to early 1990s. Consequently, the Bowsprit field contains 14 vertical well penetrations and has demonstrated producible oil. One 20 to 50ft thick oil sand was flowed successfully from four vertical wells and produced approximately 75,000 bbls of oil. Approximately 1 Bscf of gas was produced from an overlying sand at 7,200 ft. Limited to vertical well technology of the day, full field development was not commercially practical at the time (initial well production rates of ~100 bopd declining to ~40 bopd). The whole area was relinquished by the former owners in the 1980s prior to the advent of horizontal drilling.

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

A primary well location has been selected and permitting of the well has commenced. The objectives of the first well are:

1. Prove the field reserves by
 - (i) Testing/Proving the Prospective Resources in the "undrilled" portion of the field with the vertical pilot well and
 - (ii) Proving 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.

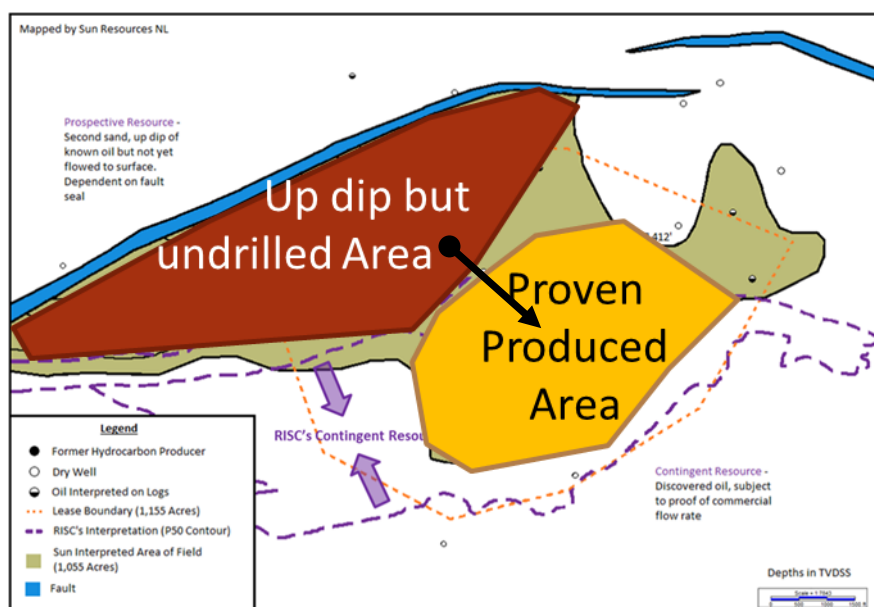


Figure 1- Bowsprit Field segments and approximate well path

² See ASX release 5 April 2018.

Subject to funding/farm out, the plan is for a vertical pilot hole to be drilled in the centre of the field, to maximise data gathered, and then a horizontal section will be drilled towards the south-east area 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.



Jo-Ann Long
Company Secretary
On behalf of the Board