SUN resources NL

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5 October 2011

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

Dear Sir/Madam

ASX GRANTS WAIVER FOR LOAN FROM BRAD FARRELL – ADDITIONAL FUNDS WILL ASSIST IN GROWING SUN'S DELTA OIL PROJECT

Sun Resources NL ("**Sun**" or the "**Company**") is pleased to report that it has received a formal waiver from ASX Limited ("**ASX**") in respect of Listing Rule 10.1 to allow Dr Brad Farrell to increase his loan to the Company from $750,000 to $2 million. This will allow Sun to expedite the process of acquiring up to 10,000 acres in the Delta Oil Project.

As previously announced, Dr Brad Farrell has agreed to support the Company in acquiring the Delta Oil Project by providing a loan facility of up to $2 million to ensure that funds were available as required. Dr Farrell is providing the loan through an associated entity, Inkjar Pty Ltd ("**Inkjar**") on commercial terms.

Commenting on the waiver for the loan, the Company's Managing Director, Mr Matthew Battrick stated, "*I am delighted that this waiver has been granted which will allow the Company to proceed to acquire the next tranche of the Delta Oil Project as planned*."

Sun has already secured a significant 100% working interest in a total of 2,922 acres of oil and gas leases along trend of the Eagle Ford Shale oil fairway, and will continue progressing the acquisition of further acreage in the Delta Oil Project (up to 10,000 net acres in total), subject to the completion of due diligence, shareholder approval and completion of tranche 2 of the placement announced on 31 August 2011, and execution of a formal Asset Purchase Agreement between Sun and the vendor.

Sun is currently conducting its due diligence on a further 1,562 acres in the Delta Oil Project, which, if acquired by Sun, with loan funds will bring Sun's total interest in this highly prospective Eaglebine oil play to 4,484 acres.

At the time of entering the loan agreement with Dr Farrell, he was considered a related party to the Company for the purpose of the Corporations Act 2001 due to having served as a director of the Company during the six months prior to the loan agreement being executed. As a result, the Company was required to seek a waiver from ASX Listing Rule 10.1 to allow the Company to access the loan facility without the need for shareholder approval.

The terms of the ASX waiver are detailed below:

The ASX grants the Company a waiver from listing rule 10.1 to the extent necessary to permit the Company to enter into a loan facility ("the **Facility**") with Inkjar and associated security documents

("**Charge Documents**") under which Inkjar takes a fixed charge over specific assets of the Company in favour of Inkjar, without shareholder approval, on the following conditions:

1.1 Each Charge Document includes terms that if an event of default occurs and Inkjar exercises its rights under the security, Inkjar cannot acquire any legal or beneficial interest in an asset of the Company in full or part satisfaction of the Company's obligations under the Facility, or otherwise deal with the assets of the Company, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or a receiver, or receiver and manager appointed exercising its power of sale under the charges and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to Inkjar in accordance with its legal entitlements.

1.2 A summary of the material terms of the Facility is made in each annual report of the Company during the term of the loan.

1.3 Any variation to the terms of the Facility or Charge Document which is:

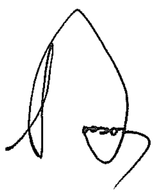
1.3.1 not a minor change; or
1.3.2 inconsistent with the terms of this waiver,

must be subject to shareholder approval.

1.4 The Company immediately releases to the market an announcement which sets out the terms of this waiver, and the Company's plans with respect to the repayment of the Facility and the discharge of the security associated with the Facility, including the timeframe within which it expects the repayment and discharge to occur.

Sun intends to repay the Facility by no later than 24 February 2012 using some of the proceeds from its recently announced capital raising. This will also discharge the associated Charge Documents.

Yours faithfully
SUN RESOURCES NL



Craig Basson
Company Secretary

About the Delta Oil Project

On 26 August 2011 Sun announced that it had entered into a binding term sheet with a Houston based private oil and gas company to acquire up to 10,000 net acres of oil and gas leases[1] (**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.

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.

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.

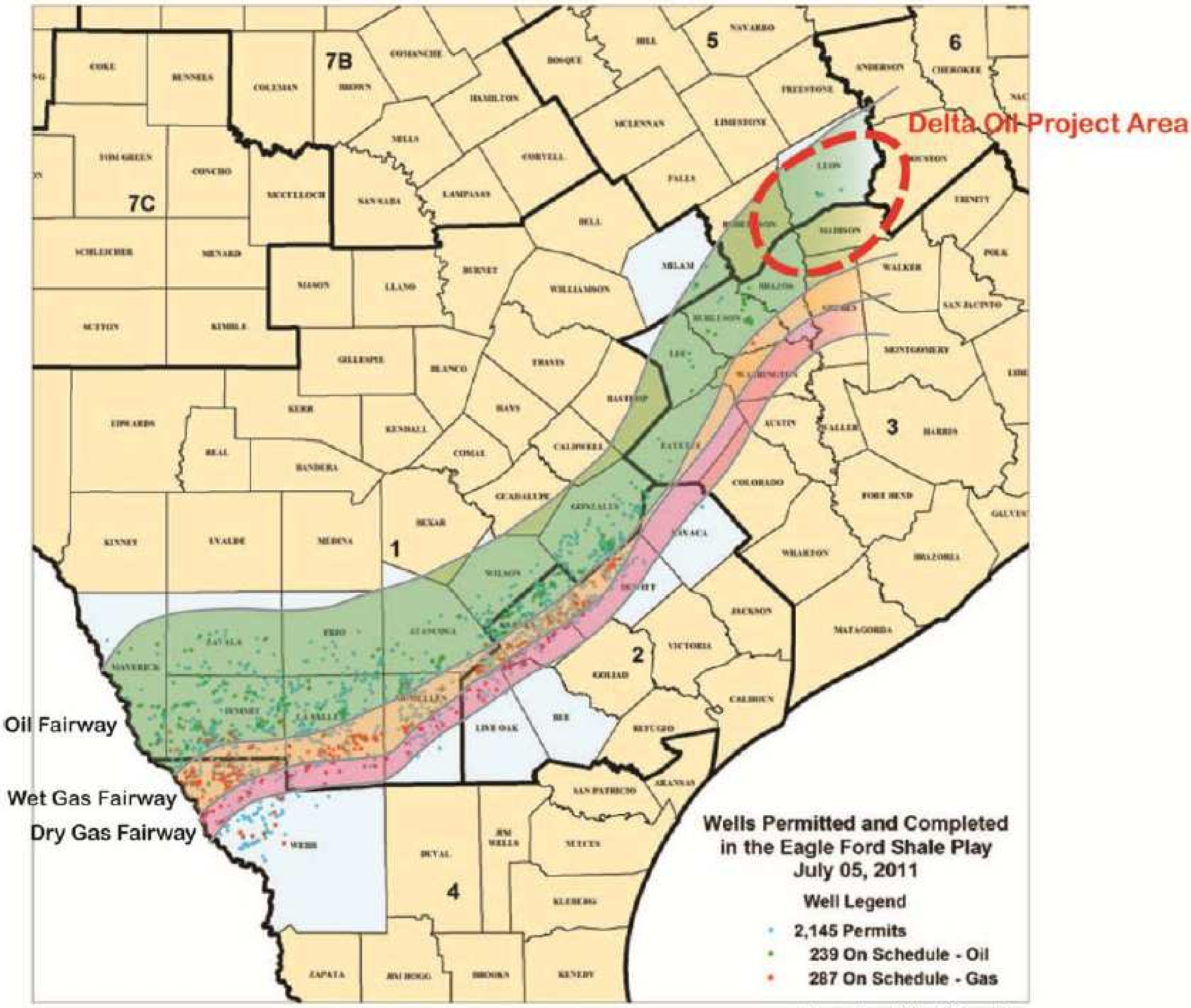
Assuming production of the 10 million barrels of Prospective Resources, Ralph E. Davis estimated the NPV of the Delta Oil Project of **US$310 million**[2] which equates to:

- 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.

[1] Sun will work with the Vendor to acquire up to 10,000 acres, however, less than 10,000 acres may ultimately be acquired. The numbers throughout this announcement are based on the acquisition of 10,000 acres

[2] Discounted at 10%, net of royalties, capital costs, operating costs and state taxes but excluding company income taxes

EAGLE FORD SHALE TREND, TEXAS



Source: Texas Railroad Commission