



SUN RESOURCES NL

ABN 69 009 196 810

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

AND

PROXY FORM

Date of Meeting

Wednesday 28 November 2018

Time of Meeting

1:00pm AWST

Place of Meeting

BDO
38 Station Street
Subiaco, Western Australia

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- A. Notice of Annual General Meeting
- B. Explanatory Statement
- C. Proxy Form

IMPORTANT NOTE

This booklet sets out information to assist Shareholders to assess the resolutions to be considered at the Annual General Meeting.

You should read this information carefully and in its entirety before making a decision as to how to vote at the Meeting. No responsibility is taken for the contents of this booklet by ASIC, ASX or any of their officers.

If you do not fully understand the contents of this information you should consult your financial or legal adviser for assistance.

A Notice of Annual General Meeting, Explanatory Statement, Proxy Form and Appointment of Corporate Representative Form are included in this booklet. Shareholders are urged to complete and return the enclosed Proxy Form as soon as possible, irrespective of whether or not they intend to attend the Meeting.

QUESTIONS

If you have any queries regarding the contents of this booklet or in relation to the Annual General Meeting, please contact the Company Secretary, Ms Jo-Ann Long on (08) 9321 9886.

ELECTRONIC COPIES OF COMPANY REPORT

The 2018 Annual Report is now available on the Sun Resources NL website www.sunres.com.au.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Sun Resources NL will be held on:

Wednesday 28 November 2018 commencing at 1pm AWST

at: BDO
38 Station Street
Subiaco, Western Australia

HOW TO VOTE

You may vote by attending the Meeting in person, by proxy or authorised representative.

VOTING IN PERSON

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 1pm AWST.

VOTING BY PROXY

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company Secretary, Ms Jo-Ann Long on facsimile number (+618) 9321 8161; or
- deliver to the Company Secretary at Level 2, 30 Richardson Street, West Perth, Western Australia 6005; or
- post to PO Box 1786, West Perth, Western Australia 6872; or
- send by email to admin@sunres.com.au,

so that it is received not later than 1pm AWST on Monday 26 November 2018.

Your Proxy Form is enclosed.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Sun Resources NL will be held on Wednesday 28 November 2018 at 1pm AWST, at the office of BDO, 38 Station Street, Subiaco, Western Australia.

The following matters are to be considered at the meeting and Resolutions 1 to 5 (inclusive) are discussed in the Explanatory Statement to Shareholders which forms part of this notice.

AGENDA

ORDINARY BUSINESS

1. Financial Statements

To receive and consider the Annual Financial Report, together with the Directors' and Auditor's Reports, for the financial year ended 30 June 2018.

2. Resolution 1 - Remuneration Report

To consider and, if thought fit, pass the following as an **Advisory Resolution**:

"That, for all purposes, the Remuneration Report that forms part of the Directors' Report for the financial year ended 30 June 2018, be approved."

Voting Restriction: A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) member of the Key Management Personnel details of whose remuneration is included in the Remuneration Report; and/or
- (b) a Closely Related Party of such a member of the Key Management Personnel.

However, the above persons may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution (directed proxy); or
- (b) the voter is the Chairperson and the appointment of the Chairperson as proxy:
 - (1) does not specify the way the proxy is to vote on the resolution; and
 - (2) expressly authorises the Chairperson to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Re-election of Director – Mr Ian McCubbing

To consider and, if thought fit, pass the following as an **Ordinary Resolution**:

"That, for all purposes, Mr Ian McCubbing, who retires from the office of Director in accordance with ASX Listing Rule 14.4 and Article 16.3(a) of the Company's Constitution, and being eligible and offering himself for re-election, is re-elected as a Director."

4. Resolution 3 - Issue of 12,500,000 Shares to a Director on Conversion of Loan - Ian McCubbing

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 12,500,000 shares to Ian McCubbing (or his nominee) on the conversion of a loan made to the Company in 2018, in the amount of \$50,000 in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of Mr Ian McCubbing or an associate or Mr McCubbing. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Resolution 4 - Issue of 12,500,000 Shares to a Director on Conversion of Loan - William Bloking

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 12,500,000 shares to William Bloking (or his nominee) on the conversion of a loan made to the Company in 2018, in the amount of \$50,000 in accordance with the terms and conditions set out in the Explanatory Statement.”

***Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Mr William Bloking or an associate or Mr Bloking. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

6. Resolution 5 – Approval of 10% Placement Facility

To consider and, if thought fit, pass the following as a **Special Resolution**:

That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.

***Voting Exclusion:** The Company will disregard any votes cast on Resolution 5 by a person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary shares) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

7. Other Business

To transact any other business that may be brought forward in accordance with the Company's Constitution.

EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting.

VOTING ENTITLEMENT

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the meeting, at which a "snap shot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

For the purposes of determining voting entitlements at the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 1pm AWST on Monday 26 November 2018. Accordingly, transactions registered after that time will be disregarded in determining entitlements to vote at the meeting in the event of a poll.

PROXIES

A Proxy Form with related information and instructions accompanies this Notice of Meeting.

CORPORATE REPRESENTATIVE

If a representative of a Shareholder corporation is to attend the meeting, the attached Appointment of Corporate Representative Form should be completed and produced prior to the meeting commencing.

Dated at Perth this 23rd day of October 2018.

By order of the Board of Directors.



Jo-Ann Long
Company Secretary

EXPLANATORY STATEMENT

INTRODUCTION AND BACKGROUND

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of Annual General Meeting of Sun Resources NL.

Shareholders at the Annual General Meeting will be asked to consider resolutions:

- (a) to receive the Annual Financial Report;
- (b) to adopt the Remuneration Report;
- (c) to re-elect Mr Ian McCubbing as a Director;
- (d) to approve the Issue of 12,500,000 ordinary shares to Ian McCubbing;
- (e) to approve the Issue of 12,500,000 ordinary shares to William Bloking; and
- (f) to approve the Company's 10% Placement Facility.

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting to be held at the offices of BDO, 38 Station Street, Subiaco, Western Australia on Wednesday 28 November 2018 commencing at 1pm AWST.

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions.

The Directors recommend that Shareholders read this Explanatory Statement before determining whether to support the resolutions or otherwise.

1. FINANCIAL STATEMENTS

The Company seeks approval to receive and consider the Financial Statements for the year ended 30 June 2018 together with the Directors' Declaration and the reports of the Directors and Auditors.

Shareholders are referred to the 2018 Annual Report and more particularly to the Independent Auditor's Report commencing on page 54 where the Independent Auditors advise that the financial report of the Company is in accordance with the Corporations Act and other mandatory financial reporting requirements in Australia.

2. RESOLUTION 1 - REMUNERATION REPORT

This Resolution seeks the adoption of the Remuneration Report.

Shareholders are referred to the 2018 Annual Report which incorporates the Remuneration Report. The Remuneration Report sets out the remuneration details for each Director and specified executives of the Company. Further details of the Company's remuneration and performance evaluation policies are contained on pages 7 to 14 (inclusive) of the 2018 Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. Under section 250R(2) of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. This item is included for advisory purposes only and any vote taken at the Meeting does not bind the Directors or the Company.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must go up for re-election.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

The Directors recommend that Shareholders vote in favour of this Resolution.

3. RESOLUTION 2- RE-ELECTION OF DIRECTOR: MR IAN MCCUBBING

3.1 Introduction

Resolution 2 seeks approval to re-elect as a Director of the Company, Mr Ian McCubbing, who retires in accordance with the ASX Listing Rules and the Constitution and being eligible, offers himself for re-election.

Article 16.3(b) of the Constitution provides that one third of the Directors must retire at each Annual General Meeting. Article 16.4 provides that the Director who must retire by rotation is the Director who has held office the longest since their last re-election. Mr McCubbing was last re-elected on 29 November 2016 and, accordingly, seeks re-election as a Director at the Annual General Meeting.

Shareholders are referred to the 2018 Annual Report on page 5 where details of Mr McCubbing may be obtained.

3.2 Directors' recommendation

The Directors recommend that Shareholders vote in favour of this Resolution.

4 Resolutions 3 and 4 – Issue of Shares to Directors on Conversion of Loans

4.1 General

The Company is seeking to issue shares to two Directors being Ian McCubbing and William Bloking upon the conversion of the Loans between the Company and Mr Ian McCubbing and Mr William Bloking (or their respective nominees).

Resolution 3 and 4 seeks Shareholder approval for the issue of a total of 25,000,000 ordinary shares on the following basis:

- (a) 12,500,000 ordinary shares to Ian McCubbing (or his nominee)
- (b) 12,500,000 ordinary shares to William Bloking (or his nominee)

(together, the **Loan Conversion**).

4.2 Chapter 2E of the Corporations Act

Under section 208 of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company must:

- (c) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Conversion Loan will result in the issue of shares to the Directors. This constitutes the giving of a financial benefit to related parties as the Directors are related parties.

The Directors, however, consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Conversion Loan because the Shares to be issued to the Directors (or their respective nominees) will be issued on the same terms as shares that would be issued to non-related parties. Accordingly, the Directors consider that the issue of the shares to the Directors (or their respective nominees) is on arm's length terms in accordance with section 210 of the Corporations Act.

4.3 Listing Rule 10.11

Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party unless an exception in Listing Rule 10.12 applies.

As the Company is proposing to issue shares to three Directors who are related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply to the issue of the shares to the Directors.

4.4 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the Conversion Loan:

- (a) The shares will be issued to:
 - (i) Ian McCubbing (or his nominee); and
 - (ii) William Bloking (or his nominee).
- (b) The maximum number of ordinary shares to be issued to these Directors is 25,000,000 and they will be issued on the following basis:
 - (i) 12,500,000 ordinary shares to Ian McCubbing (or his nominee);
 - (ii) 12,500,000 ordinary shares to William Bloking (or his nominee): and

(c) The Shares to be issued in connection with the Conversion Loan will be issued to Ian McCubbing and William Bloking (or their respective nominees) no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(d) The deemed issue price will be \$0.004 per Share, being the current market price at 12th October 2018, and the same issue price as shares would be issued to investors who are not related parties of the Company.

(e) The Shares issued to the Directors (or their respective nominees) will be fully paid ordinary shares in the equity capital of the Company, issued on the same terms and conditions as the Company's existing Shares.

(f) No funds will be raised as part of this Loan Conversion as the share issue is a result of the conversion of loans that were made to the Company for working capital in 2018.

Approval pursuant to Listing Rule 7.1 is not required for the Conversion Loan as Shareholder approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Shares to Directors (or their respective nominees) will not use up the Company's 15% annual placement capacity under Listing Rule 7.1.

5 RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY

5.1 Introduction

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an eligible entity to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the eligible entity's Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity for the purposes of Listing Rule 7.1A.

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the period up to 12 months after the Meeting without subsequent Shareholder approval and without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

5.2 Summary of ASX Listing Rule 7.1A

5.2.1 Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. At the date of this Notice, the Company has only one class of quoted Equity Securities, being its Shares.

5.2.2 Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12-month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

- A is the number of shares on issue 12 months before the date of the issue or agreement:
- (a) plus, the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (b) plus, the number of partly paid shares that became fully paid in the 12 months;
 - (c) plus, the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
 - (d) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

5.2.3 Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. At the date of this Notice, the Company has a capacity to issue:

- (i) 25,680,077 Shares under Listing Rule 7.1; and
- (ii) 5,480,902 Shares under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2.2 above).

5.2.4 Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 ASX trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 5.2.4(i), the date on which the Equity Securities are issued.

5.2.5 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX (**10% Placement Period**).

5.2.6 Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.

5.3 Information required by ASX Listing Rule 7.3A

ASX Listing Rule 7.3A sets out several matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.1A. The following information is provided for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 ASX trading days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 5.3(a)(i), the date on which the Equity Securities are issued.
- (b) If the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:
 - (i) the market price for the Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Equity Securities on the issue date,

which may influence the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders based on the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Dilution				
Variable "A" in Listing Rule 7.1A.2	Issue Price (per Share)	50% decrease in Current Issue Price \$0.002	Current Issue Price \$0.004	100% increase in Current Issue Price \$0.008
Current Variable "A" 756,432,588 Shares	10% dilution -Shares issued	75,643,258 Shares	75,643,258 Shares	75,643,258 Shares
	Funds raised	\$151,286	\$302,573	\$605,146
50% increase in current Variable "A" 1,134,648,882 Shares	10% dilution -Shares issued	113,464,887 Shares	113,464,887 Shares	113,464,887 Shares
	Funds raised	\$226,930	\$453,859	\$907,719
100% increase in current Variable "A" 1,512,865,176 Shares	10% dilution -Shares issued	151,286,516 Shares	151,286,516 Shares	151,286,516 Shares
	Funds raised	\$302,573	\$605,146	\$1,210,292

The table has been prepared on the following assumptions:

- (i) The current issue price is \$0.004, being the closing price of the Company's Shares on ASX on 19 October 2018.
 - (ii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (iii) No Options are exercised into Shares before the date of the issue of the Equity Securities;
 - (iv) The 10% dilution reflects the aggregate percentage voting dilution against the issued share capital at the time of issue. Therefore, the dilution is shown in each example as 10%.
 - (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) as non-cash consideration for the acquisition of new resources, assets and investments (including expenses associated with such acquisitions). In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) for cash consideration in which case the Company intends to use the funds raised for drilling or development activities on the Bowsprit Project in the US or towards the acquisition of new resources, assets or investments (including expense associated with such acquisitions).

Although the Company may seek to issue Equity Securities for the acquisition of new resources, assets and investments (including expenses associated with such acquisitions), the particular resources, assets and investments which may be acquired by the Company have yet to be ascertained.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the purpose of the issue;
 - (ii) alternative methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (iii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iv) the circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company; and
 - (v) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. Further, if the Company is successful in acquiring

new resources, assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources, assets or investments.

- (f) Since the 2017 Annual General Meeting the Company has issued a total of 324,185,395 ordinary shares and 192,092,697 listed options on the following dates as a result of a Rights Issue and a Shortfall Placement for the Rights Issue:
- 235,646,651 ordinary shares on 8 December 2017
 - 88,538,744 ordinary shares on 18 December 2017
 - 117,823,325 options on 8 December 2017
 - 44,269,372 options on 18 December 2017
 - 30,000,000 options on 18 December 2017

324,185,395 ordinary shares represents 75% of the total number of equity securities on issue as at the date of the last AGM and 192,092,697 options represents 47% of listed options on issue as at the date of the last AGM.

235,646,651 ordinary shares issued on 8 December 2017

- Fully Paid Ordinary shares with full voting rights.
- All registered holders of Sun ordinary fully paid shares as at the 10th November 2017 having a registered address in Australia and New Zealand.
- Issued at \$0.004 per share plus one free-attaching option for every two new shares allotted. There was no discount or premium to the closing market price on the date of issue.
- The total cash consideration was \$942,587. The funds were spent on the evaluation and development of the Bowsprit Oil Project and general working capital.

88,538,744 ordinary shares on 18 December 2017

- Fully Paid Ordinary shares with full voting rights.
- All registered holders of Sun ordinary fully paid shares as at the 10th November 2017 having a registered address in Australia and New Zealand.
- Issued at \$0.004 per share plus one free-attaching option for every two new shares allotted. This was at a \$0.001 premium to the closing market price on the date of issue.
- The total cash consideration was \$354,155. The funds were spent on the evaluation and development of the Bowsprit Oil Project and general working capital.

117,823,325 options on 8 December 2017

- Listed Options exercisable at \$0.006 each on or before 31 May 2019. The holders of these options are not entitled to participate in a dividend unless the option is exercised.
- All registered holders of Sun ordinary fully paid shares as at the 10th November 2017 having a registered address in Australia and New Zealand.
- Issued at one free-attaching option for every two new shares allotted in the Rights Issue.
- No cash was raised on the issue of the Listed Options.

44,269,372 options on 18 December 2017

- Listed Options exercisable at \$0.006 each on or before 31 May 2019. The holders of these options are not entitled to participate in a dividend unless the option is exercised.
- All registered holders of Sun ordinary fully paid shares as at the 10th November 2017 having a registered address in Australia and New Zealand.
- Issued at one free-attaching option for every two new shares allotted in the Shortfall Placement for the Rights Issue.
- No cash was raised on the issue of the Listed Options.

30,000,000 options on 18 December 2017

- Listed Options exercisable at \$0.006 each on or before 31 May 2019. The holders of these options are not entitled to participate in a dividend unless the option is exercised.
- Paterson's Securities in satisfaction of costs associated with the Capital Raising detailed above.
- Issued at \$0.0045 per Listed Option.
- No cash was raised on the issue of the Listed Options rather costs of the raising (\$135,000) were extinguished.
- Current value of the value of the Listed Options issued to Patersons is \$180,000 (30,000,000 at \$0.006 per option)

- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

5.4 Directors' recommendation

The Directors intend to vote in favour of Resolution 5 and recommend that Shareholders also vote in favour of the Resolution.

6 GLOSSARY

In the Notice of Meeting and this Explanatory Statement:

- (a) "10% Placement Facility" has the meaning given in Section 5.2.2.
- (b) "10% Placement Period" has the meaning given in Section 5.2.5.
- (c) "2018 Annual Report" means the Annual Report for the Company for the financial year ended 30 June 2018.
- (d) "Annual General Meeting" or "Meeting" means the Annual General Meeting of the Company the subject of the Notice of Meeting.
- (e) "ASIC" means Australian Securities & Investments Commission.
- (f) "ASX" means the Australian Securities Exchange operated by ASX Limited.
- (g) "ASX Listing Rules" and "Listing Rules" means the listing rules of the ASX.
- (h) "AWST" means Australian Western Standard Time, being the time in Perth, Western Australia.
- (i) "Board" means the Directors of the Company as at the date of this Notice of Meeting.
- (j) "Chairman" or "Chairperson" means the person appointed to chair the Meeting.
- (k) "Closely Related Party" (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:
 - (1) a spouse of child of that member; or
 - (2) a child of the member's spouse; or
 - (3) a dependant of the member or the member's spouse; or
 - (4) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the members dealings with the entity; or
 - (5) a company that the member controls; or
 - (6) a person described by the regulations for the purposes of the definition of closely related party.
- (l) "Company" means Sun Resources NL ABN 69 009 196 810.
- (m) "Constitution" means the constitution of the Company.
- (n) "Corporations Act" means the *Corporations Act 2001* (Cth).
- (o) "Director" means a director of the Company and, where the context permits, includes a retired Director.
- (p) "Equity Securities" has the same meaning as in the ASX Listing Rules.
- (q) "Explanatory Statement" means the explanatory statement to the Notice of Meeting.
- (r) "Key Management Personnel" has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of that entity.
- (s) "Notice" or "Notice of Meeting" means this notice of Annual General Meeting.
- (t) "Option" means an option to acquire a Share.
- (u) "Proxy Form" means the proxy form attached to the Notice of Meeting.
- (v) "Remuneration Report" means the remuneration report contained in the 2018 Annual Report.
- (w) "Resolution" means a resolution contained in this Notice of Meeting.
- (x) "Share" means fully paid ordinary share in the capital of the Company.
- (y) "Shareholder" means a holder of Shares.

Lodge your vote:



By Mail:

Sun Resources NL
PO Box 1786
WEST PERTH WA 6872

Alternatively you can fax your form to
(within Australia) 08 9321 8161
(outside Australia) + 61 8 9321 8161

For all enquiries call:

(within Australia) 08 9321 9886
(outside Australia) + 61 8 9321 9886

Proxy Form

 **For your vote to be effective it must be received by 1pm AWST Monday 26 November 2018**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a security holder of the Company.

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting. i.e. no later than 1pm AWST on Monday 26 November 2018. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at Level 2, 30 Richardson Street, West Perth, WA, 6005 or PO Box 1786, West Perth, WA, 6872, sent by facsimile to the registered office on (08) 9321 8161 or sent by email to admin@sunres.com.au.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the security holder must sign.

Joint Holding: Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: If you have not already lodged a Power of Attorney with the Share Registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to Section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate security holder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Corporate Representative" prior to admission. A form of the certificate is attached to the back of this notice.

Comments and Questions: If you have any comments or questions for the company please write them on a separate sheet of paper and return with this form.

Please mark to indicate your directions

PROXY FORM

Shareholder Details

Name: _____

Address: _____

Contact Telephone No: _____

Contact Name (if different from above): _____

Appoint A Proxy to Vote on Your Behalf

I/We being a shareholder/s of Sun Resources NL hereby appoint

The Chairman
of the Meeting

OR



PLEASE NOTE:

Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name (s).

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting Members of Sun Resources NL to be held at the office of BDO, 38 Station Street, Subiaco, Western Australia, on Wednesday 28 November 2018 at 1pm AWST and at any adjournment of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Annual General Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the key management personnel, which includes the Chairman.

IMPORTANT INFORMATION IF APPOINTING THE CHAIRMAN AS YOUR PROXY

If the Chairman of the Annual General Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

The Chairman of the Annual General Meeting intends to vote undirected proxies in favour of each Item of business.

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain*
Resolution 1 - Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 - Re-election of Director – Mr Ian McCubbing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of Shares to Mr Ian McCubbing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Shares to Mr William Bloking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 - Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



ABN 69 009 196 810
(Incorporated in Western Australia)

Appointment of a second proxy

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form

%

Signature of Security holder (s) *This section must be completed*

Individual or Security Holder 1

--

**Sole Director and
Sole Company Secretary**

Security Holder 2

--

Director

Security Holder 3

--

Director/Company Secretary

**Contact
Name:** _____

**Contact
Daytime
Telephone:** _____

Date: ____ / ____ / ____

APPOINTMENT OF CORPORATE REPRESENTATIVE FORM

Shareholder Details

This is to certify that by a resolution of the Directors of:

(Company)

(Insert name of shareholder company)

The Company has appointed:

(Authorised corporate representative)
--

(Insert name of corporate representative)

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at the Annual General Meeting of Sun Resources NL to be held on Wednesday 29 November 2018 at 2pm AWST and at any adjournments of that meeting.

DATED ____/____/____

Please sign here

Executed by the Company

in accordance with its constituent documents

Signed by authorised representative

Signed by authorised representative

Name of authorised representative (print)

Name of authorised representative (print)

Position of authorised representative (print)

Position of authorised representative (print)

Instructions for Completion

1. Insert name of appointer Company and the name or position of the appointee (e.g. "John Smith" or "each Director of the Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
3. Print the name and position (e.g. Director) of each Company officer who signs this Certificate on behalf of the Company.
4. Insert the date of execution where indicated.
5. The certificate must be produced prior to admission to the Meeting. This certificate may be sent or delivered to the Company's registered office at Level 2, 30 Richardson Street, West Perth, WA, 6005 or PO Box 1786, West Perth, WA, 6872, sent by facsimile to the registered office on (08) 9321 8161 or sent by email to admin@sunres.com.au.