



SUN
resources 

OFFER PRESENTATION

RAISING \$1.3 MILLION

TO ADVANCE

BOWSPRIT PROJECT

CONVENTIONAL OIL DEVELOPMENT:

OFFSHORE LOUISIANA

Alex Parks

Director and Incoming CEO

2 November 2017

Capital Structure: As at 27 October 2017

ASX code	SUR
Ordinary shares on issue	432m
Listed options (A\$0.01)	393.8m
Unlisted options (A\$0.0375)	2.7m
Share price as at 27 October 2017	A\$0.006
Market capitalisation (@ A\$0.006)	A\$2.6m
Net Cash at 20 September 2017	A\$38,339

Top Five Shareholders: As at 27 October 2017

Fast Lane Aust. P/L	19.66%
Winform Nominees P/L	5.72%
CM Super Fund P/L	4.49%
HSBC Custody Nominees Aust. Ltd	4.14%
Bellarine Gold P/L	3.07%
Total	37.08%

Note: The top 20 shareholders, including Board, hold 60.92% of shares currently on issue.

Share Price / Volume History: As at 27 October 2017



Board of Directors

Mr Ian McCubbing	Non-Executive Director, Chairman
Mr William Bloking	Non-Executive Director
Mr Alex Parks	Director and Incoming CEO

▪ Rights Issue

- *A non-renounceable rights issue to Eligible Shareholders of three (3) New Shares for every four (4) Shares held at the Record Date at an issue price of \$0.004 each to raise up to \$1,296,742 (before costs) together with one (1) free Attaching Option for each two (2) New Shares allotted with each Attaching Option exercisable at \$0.006 on or before 31 May 2019 (Offer).*
- *Offer to be Underwritten by Paterson's Securities Limited*
- *Funds will be used to progress new oil development project to farm-out / drillable status*

▪ Sun has a New Focus on Gulf of Mexico Conventional Oil

- *Sun is making a strategic shift to development of oil reserves in a neglected portion of Gulf of Mexico with Joint Venture "JV" participant Pinnacle Exploration Pte Ltd "Pinnacle"*
- *Sun has secured a 50% working interest in a 1,000 acre lease in Breton Sound Area, inland shallow waters offshore Louisiana*

▪ The Bowsprit Lease

- *The Bowsprit lease is located in the shallow protected transition zone waters of Breton Sound, St Bernard Parish, Louisiana, 70km south-east of New Orleans*
- *Lease contains a field first developed by Shell in the 1960s for deep gas (450ft column)*
- ***Oil has been proven to flow from shallower oil field*** but was sub commercial for Shell in 1960s
- *The field is a re-development project with proven, conventional, good quality reservoir, light-sweet oil*
- *Stacked zones with up to 55' feet of oil column in target sand, in < 10m of water and close to infrastructure*
- *The provisional development plan consists of up to four horizontal development wells*
- *Extensive existing infrastructure, ready offtake arrangements and low unmanned operating costs*
- *JV is targeting first drilling in H1 2018*

▪ Significant Scope to Grow

- *JV has identified numerous leads with similar bypassed pay in old fields and orphan discovery wells*
- *Sun/Pinnacle will leverage first project, operatorship and credibility to target acquisition of further projects in the area with proven reserves and/or production*

In reviewing numerous potential projects, Sun has focused on finding an opportunity that can create value for shareholders. Key considerations included:

▪ **Strategic Goals**

- *Find a “Sun Pigeonhole” to provide a unique ASX offering*
- *Single geographic area or basin preferable, with near term activity & running room*
- *Proven oil with production or near term development*
- *Low finding costs / or ultra high value*
- *Low geological risk / prolific petroleum system*

▪ **Sun Goals**

- *Projects to be economic & fundable and cashflow positive in the range of US\$30-50/bbl*
- *Minimal enforceable commitments (ie work programs / farm-in commitments)*
- *Affordable entry cost, budget & expenditure control*
- *Sun as Operator or a trusted, well-aligned Operator & good JV partners.*

▪ **Sun Assets**

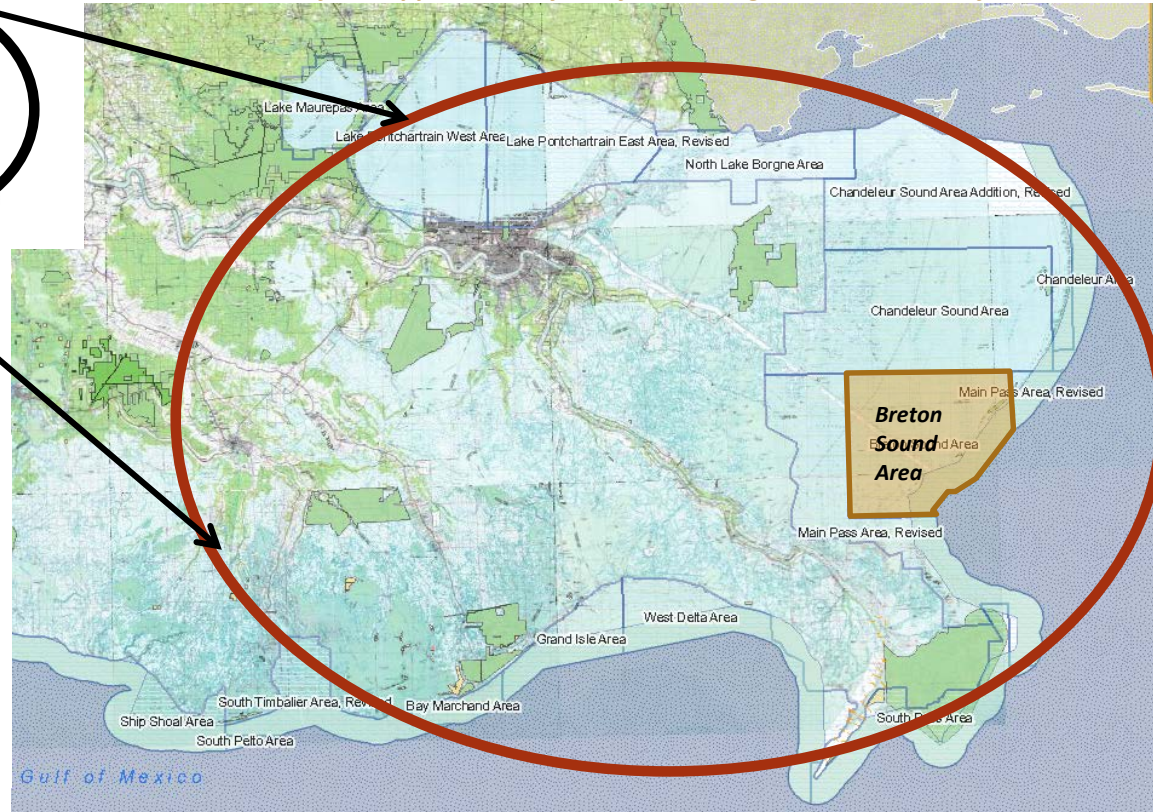
- *Tax Losses*
- *Shareholder base supportive of USA oil investments*
- *Board experience and network*

Focus Area - Breton Sound, Louisiana



Prolific Hydrocarbon Province

- *St Bernard & Plaquemines Parishes (Red Oval) have produced 1.2 billion bbls of oil and 5.2 Tcf of gas since 1978*
- *Favourable sedimentary circumstances combine with a variety of structures to provide excellent conditions for accumulation*
- *Miocene sediments have yielded more than three billion barrels of oil from approximately 380 fields along the Louisiana Gulf Coast*



Oil-rich Eastern GoM Fairway

- *Shallow water, barge accessible via ship channel*
- *Production & Sales infrastructure adjacent*
- *Services & equipment available locally*
- *Assessed to be commercial at current oil prices*

JV Participants

Pinnacle Exploration Pte. Ltd. ("Pinnacle") is a private, upstream oil and gas company incorporated in Singapore. Pinnacle's focus and expertise is the shallow water, oil and gas projects in the prolific Salt Dome Basin, Gulf of Mexico.

The Sun and Pinnacle Boards are well known to each other as former colleagues and anticipate a highly functioning Joint Venture. The Companies have executed a MoU, to jointly acquire and develop projects offshore Louisiana.

In accordance with the MoU, Sun carried Pinnacle through leasing costs for Bowsprit, at 50/50. In subsequent projects Sun will hold 75% WI and carry Pinnacle in leasing costs for 2 years. Carry does not include any drilling or operations. Sun has agreed to subscribe to a strategic shareholding in Pinnacle in exchange for ~A\$200,000. The project selection and management will be a collaborative effort between Sun and Pinnacle.

Ian McCubbing
Chairman



- GAICD Professional Director & Chartered Accountant with 30 years of Corporate Experience.
- 15 years with resource companies including Eureka Energy, Territory Resources, Swick Mining services.

William Bloking
Director



- FAICD - Leading Energy expert with 40 years in oil and gas mostly Exxon and BHP.
- Small Company experience with Nido, Eureka Energy, Transerv.
- Knows Rob Fisher through Exxon, James Brown and Craig Martin through Nido.

Alex Parks
Managing Director



- GAICD - Petroleum Engineer with 20 years in oil and gas.
- Extensive Small Company Executive experience with Otto, Mosaic, Cue, Tamaska, Transerv.
- Knows Craig Martin through Otto

Rob Fisher
Chairman



- 32 years with ExxonMobil initially in UK downstream then internationally in the upstream.
- Extensive global experience with IOCs, NOCs and Governments.
- Previously Chairman and CEO of ExxonMobil subsidiaries in Malaysia.

Craig Martin
Managing Director



- 30+ years experience with international upstream Operators.
- 10 years on listed and unlisted Boards
- Managed expansion of listed independents with developments in Australia, Philippines, Turkey, and USA GoM.

Fazrie Wahid
Director



- Petroleum Engineer, asset evaluator / deal designer.
- Managed Schlumberger's North Sea Production business, and founding member of Schlumberger's Production Management group.
- Facilitated business entrance in D&P in Russia, North Sea, West Africa.

James Brown
Director and Vice-Chairman



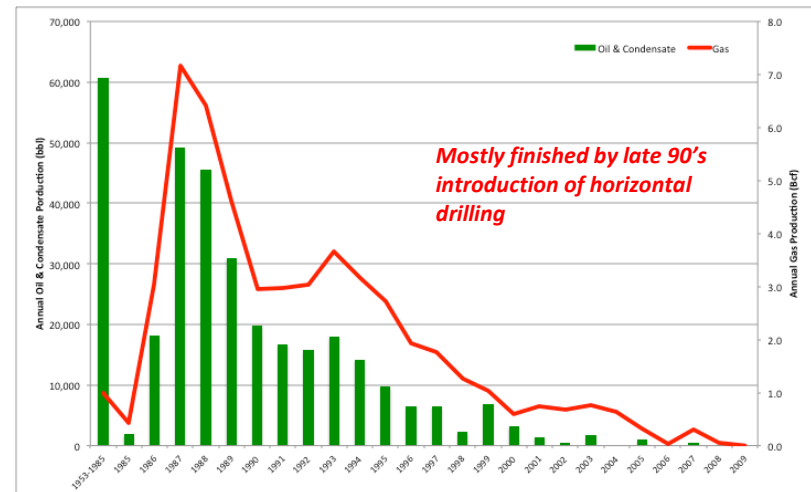
- Financial consultant with strong capital markets credentials – Morgan Stanley & Merrill Lynch.
- Past Board member of ASX listed Nido Petroleum and Xstate Resources.
- Upstream E&P background with ExxonMobil.

Bowsprit Lease awarded in Gulf of Mexico

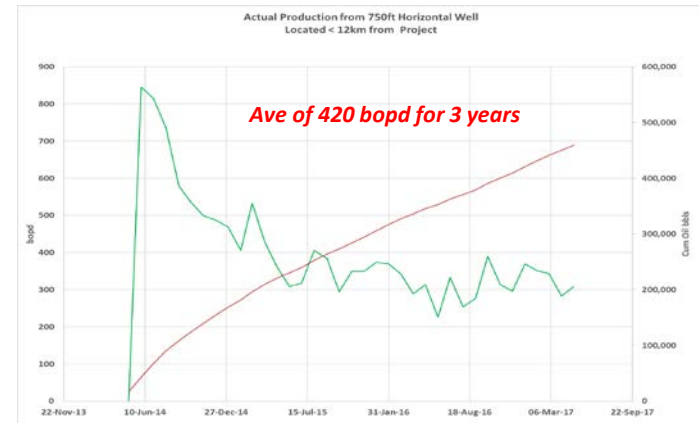
- Located offshore Louisiana, 70km southeast of New Orleans
- In Breton Sound area which has produced over 134 MMbbls and 650BCF between 1950 to 1998 from hundreds of wells
- Favourable fiscal regime, shallow water, low cost, highly serviced area
- No firm work commitment on 3 year lease

50/50 Sun and Pinnacle JV – Bowsprit Lease

- Shell discovered field in 1955
- Produced gas & condensate for 25+ years from deeper zones
- 75k bbls of oil produced from 7,400 ft sand from vertical wells
- Subsurface and economic studies indicate horizontal wells will perform well
- 3 to 4 horizontal wells to be drilled in to main target sand at 7,400 ft
- Horizontal well in nearby analogous field was production tested at 1,500bopd, and has recovered 460k bbls in first 3 years of production
- Multiple secondary potential, undeveloped shallower oil reservoirs



Breton Sound - Oil & Gas Annual Production 1953-2009

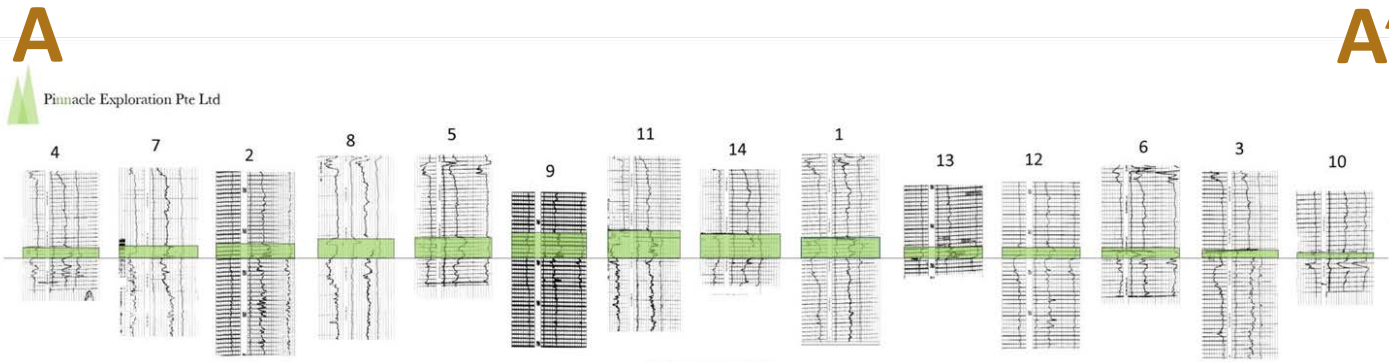


Recent actual horizontal well performance in 16ft Sand – <12km from Bowsprit- 460,000 bbls recovered in 3 years, still producing at >300bopd. (Bowsprit has up to 55ft of sand)

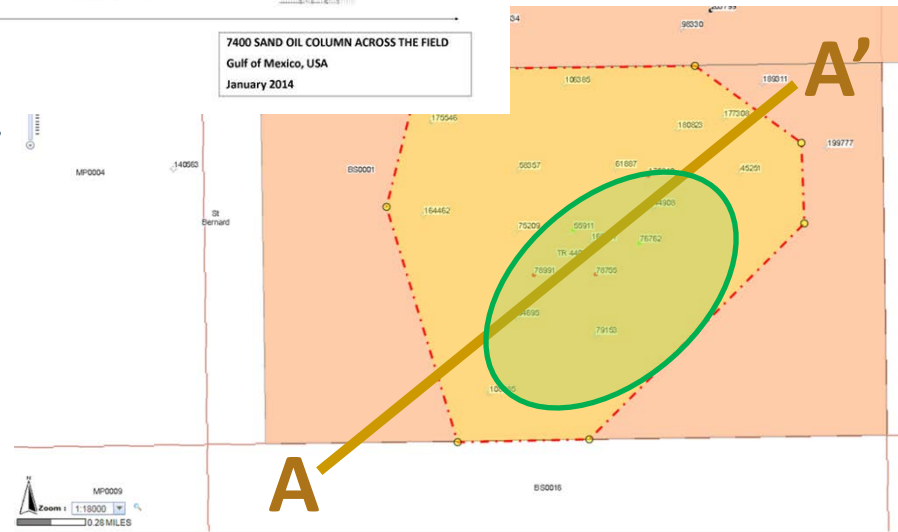
Bowsprit Field: Bypassed Oil Pool

Delineated by 14+ wells with ~75,000 barrels oil produced from 2 wells

Up to 55ft of oil column at crest, at depth of 7,400ft to be developed in <10 meters water



Areal extent ~ 1,000 Acres
Oil column max ~55 feet
Reservoir depth ~ 7400 feet
Water depth ~10-20 feet



Fit for Purpose, Low Cost Development Options



Shallow-draft export / storage barge



Modular Separator to place on moored barge or old jack up for low cost development



Jack-up rig



Typical well head with protection cage

Schedule to First Oil



April 2017

May 2017

August 2017

September 2017 - January 2018

December 2017

January 2018 - March 2018

March 2018 - April 2018

May 2018 – September 2018

October 2018

January 2019

October 2017 – July 2018

MoU, exclusive period with Pinnacle

Nominate first project lease area

Award of Bowsprit Lease - triggers Sun and Pinnacle JV, JOA

Development planning and farm-out of first well

Anticipated Formal Reserves Certification Announcement Bowsprit

Well permitting and rig selection

Drilling well 1

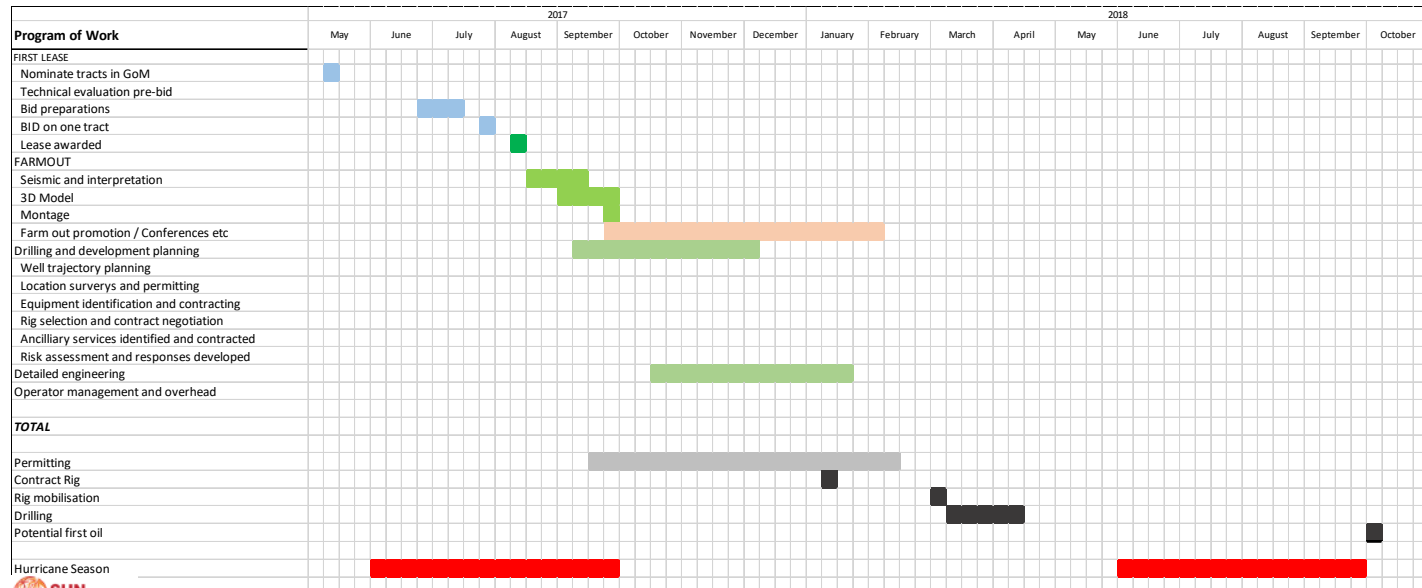
Facilities - selection, permitting, & installation

Facilities installation & **first oil**

Follow up development drilling 2-3 wells

Data purchase, technical review of follow up acreage (3-4 months)

Lease nomination, bid and award (3-4 months) Work up and Farm out



Rights Issue & Use Of Funds



Sun is seeking to raise A\$1.296 million before costs by issuing new shares at a price of 0.4 cents/ share on a 3 for 4 basis with one free attaching option per 2 shares subscribed for.

Rights Issue Capital Structure		Use of Funds	
Ordinary Shares on Issue	432,247,193	Technical studies and development planning	\$ 400,000
Maximum Number of New Shares	324,185, 395	Bowsprit data purchase	\$ 100,000
Ratio	0.75	Pinnacle share subscription	\$ 150,000
Price A\$/share	0.004	Farm out and associated costs	\$ 100,000
Funds Raised before costs	\$ 1,296,742	Director loans	\$ 185,333
Attaching Options	162,092,697	Working capital	\$ 205,473
Option Exercise Price by 31 May 2018	0.006	Costs of the Offer	\$ 155,936
Funds if Options fully Exercised	\$ 972,556	Total	\$ 1,296,742
Current listed Options at A\$0.01	393,842,846		
Current unlisted options A\$0.0375	2,780,000		

The proceeds will be used to advance the Bowsprit Project to “drill ready” status & pursue a farm-out to fund drilling in H1 2018.

Domestic US Companies are focused on capital intensive “harvest” of unconventional oil leaving a rich plethora of conventional opportunities in shallow water GOM with minimal competition

Over a multi-year period of working the shallow water east of New Orleans, Sun's coventurer Pinnacle has identified undeveloped oil accumulations that offer a reasonable probability of commerciality and form the basis for a regional focus strategy, with near term production and running room / upside

▪ **Foundation Asset – Bowsprit Lease (Sun 50%)**

- *Primary field on known accumulation with redevelopment potential*
- *3D modelling and visualization, development plan work up and farm out to (partially) fund development drilling*
- *Drill & flow test to prove commercial rates*
- *Install production facilities produce first oil – 2-3 further development wells*
- ***Sun's prime focus will be on progressing Bowsprit to production ASAP***

▪ **Expansion - Concurrently identify and secure follow up Projects 2/3/4 (Sun 75%)**

- *Data purchase and detailed work up of opportunities, development and appraisal concepts*
- *Nominate and secure acreage*
- *Detailed planning and desk top work, FEED etc*
- *Fund development planning from Bowsprit cashflow and farm out to fund drilling / development*

▪ **Long Term Growth**

- *Identify new exploration to acquire in the area and use new, cable-less 3D Seismic to identify deeper fields.*
- *Use Quantitive Seismic Interpretation techniques on areas never before covered by high resolution 3D Seismic*

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