

14 August 2012

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

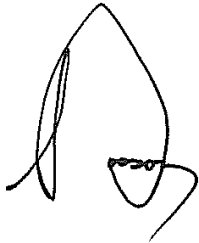
Dear Sir/Madam

NOTICE OF GENERAL MEETING, EXPLANATORY STATEMENT & PROXY FORM

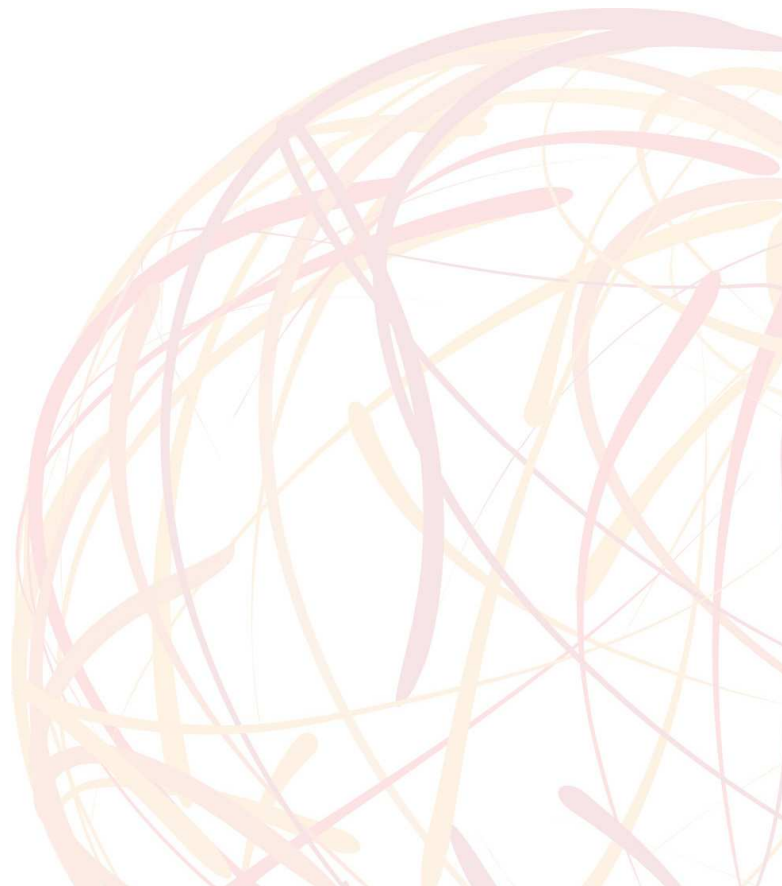
We advise that the Company's Notice of General Meeting, Explanatory Statement and Proxy Form were despatched to Shareholders today.

We attach a copy of the Notice of General Meeting, Explanatory Statement and Proxy Form.

Yours faithfully
SUN RESOURCES NL



Craig Basson
Company Secretary





SUN RESOURCES NL

ABN 69 009 196 810

NOTICE OF GENERAL MEETING

EXPLANATORY STATEMENT

AND

PROXY FORM

Date of Meeting

Wednesday 12 September 2012

Time of Meeting

9.30am AWST

Place of Meeting

BDO
38 Station Street
Subiaco, Western Australia

CONTENTS

- A. Notice of General Meeting
- B. Explanatory Statement
- C. Proxy Form
- D. Appointment of Corporate Representative Form

IMPORTANT NOTE

This booklet sets out information to assist Shareholders assess the resolutions to be considered at the 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 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 General Meeting, please contact the Company Secretary, Mr Craig Basson, on (+618) 9345 4100.

ELECTRONIC COPIES OF COMPANY REPORT

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

Wednesday 12 September 2012 commencing at 9.30am 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 9.30am AWST.

VOTING BY PROXY

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

- send the proxy by facsimile to the Company Secretary, Mr Craig Basson on facsimile number (+618) 9345 4541; or
- deliver to the Company Secretary at 5 Bendsten Place, Balcatta, Western Australia; or
- post to PO Box 332, Greenwood, Western Australia, 6924; or
- send by email to proxies@ricgroup.com.au,

so that it is received not later than 9.30am AWST on Monday 10 September 2012.

Your Proxy Form is enclosed

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Sun Resources NL will be held on Wednesday 12 September 2012 at 9.30am AWST, at the offices of BDO, 38 Station Street, Subiaco, Western Australia.

The following resolutions are to be considered at the Meeting. These resolutions are discussed in the Explanatory Statement which forms part of this notice.

AGENDA

ORDINARY BUSINESS

1. RATIFICATION OF PRIOR ISSUE OF SHARES TO VARIOUS INVESTORS

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

That, in accordance with ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 167,000,000 Shares at an issue price of 5 cents each to various sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement.

***Voting Exclusion:** The Company will disregard any votes cast on Resolution 1 by a person who participated in the issue 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 direction 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.*

2. APPROVAL OF ISSUE OF SHARES TO VARIOUS INVESTORS

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

That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of 221,400,000 Shares at an issue price of 5 cents each to various sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement.

***Voting Exclusion:** The Company will disregard any votes cast on Resolution 2 by a person who may participate in the 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 direction 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.*

3. APPROVAL OF ISSUE OF SHARES TO DR WOLF GERHARD MARTINICK

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

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 4,000,000 Shares at an issue price of 5 cents each to Dr Wolf Gerhard Martinick (or his nominee) on the terms and conditions set out in the Explanatory Statement.

***Voting Exclusion:** The Company will disregard any votes cast on Resolution 3 by Dr Martinick or any of his 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 direction 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.*

4. APPROVAL OF ISSUE OF SHARES TO DR PHILIP LINSLEY

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

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 2,600,000 Shares at an issue price of 5 cents each to Dr Philip Linsley (or his nominee) on the terms and conditions set out in the Explanatory Statement.

***Voting Exclusion:** The Company will disregard any votes cast on Resolution 4 by Dr Linsley or any of his 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 direction 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. APPROVAL OF ISSUE OF SHARES TO MR DAMIAN KESTEL

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

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 5,000,000 Shares at an issue price of 5 cents each to Mr Damian Kestel (or his nominee) on the terms and conditions set out in the Explanatory Statement.

***Voting Exclusion:** The Company will disregard any votes cast on Resolution 5 by Mr Kestel or any of his 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 direction 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. APPROVAL OF ISSUE OF SHARES TO AMERRIL ENERGY LLC

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

That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of 291,959,077 Shares to Amerril Energy LLC (or its nominees) as consideration for the acquisition of the Amerril Leases on the terms and conditions set out in the Explanatory Statement.

***Voting Exclusion:** The Company will disregard any votes cast on Resolution 6 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. 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 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. APPROVAL OF ISSUE OF ACQUISITION SECURITIES TO CARINA ENERGY LLC

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

That, for the purposes of ASX Listing Rules 7.1 and 10.11 and for all other purposes, approval is given for the issue of:

- (a) up to 9,723,529 Shares;
- (b) up to 8,265,000 Vendor Options;
- (c) up to 10,744,500 Class D Performance Options;

- (d) up to 10,744,500 Class E Performance Options; and
- (e) up to 12,397,500 Class F Performance Options,

to Carina Energy LLC (or its nominees) as part consideration for the acquisition of the Delta Oil Project on the terms and conditions set out in the Explanatory Statement.

Voting Exclusion: *The Company will disregard any votes cast on this Resolution 7 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. 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 proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

8. APPROVAL OF ISSUE OF CLASS G, CLASS H AND CLASS I PERFORMANCE OPTIONS TO CARINA ENERGY LLC

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

That, for the purposes of ASX Listing Rules 7.1 and 10.11 and for all other purposes, approval is given for the issue of:

- (a) up to 75,000,000 Class G Performance Options;
- (b) up to 75,000,000 Class H Performance Options; and
- (c) up to 40,000,000 Class I Performance Options,

to Carina Energy LLC (or its nominees) as part consideration for the acquisition of the Delta Oil Project on the terms and conditions set out in the Explanatory Statement.

Voting Exclusion: *The Company will disregard any votes cast on this Resolution 8 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. 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 proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

9. APPROVAL OF ISSUE OF INCENTIVE OPTIONS TO MR DAMIAN KESTEL

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

That, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 5,000,000 Incentive Options to Mr Damian Kestel (or his nominee), each exercisable within 3 years from the date of issue at an exercise price equal to 150% of the volume weighted average price of the Company's Shares in the 5 trading days preceding the date of the Meeting and otherwise on the terms and conditions set out in the Explanatory Statement.

Voting Exclusion: *The Company will disregard any votes cast on this Resolution 9 by Mr Kestel or any of his 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 direction 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.*

10. APPROVAL OF INCREASE IN DIRECTORS FEES

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

That, for the purposes of ASX Listing Rule 10.17, Article 17.1 of the Constitution of the Company and for all other purposes, approval is given to increase the maximum aggregate fees payable to the Directors of the Company by \$125,000 per annum to \$400,000 per annum, such fees to be allocated to individual Directors as the Board may determine.

***Voting Exclusion:** The Company will disregard any votes cast on this Resolution 10 by a Director of the Company or any of his 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 direction 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.*

EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of 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 General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 9.30am AWST on Monday 10 September 2012. 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 10 August 2012.

By order of the Board of Directors.



Craig Basson
Company Secretary

EXPLANATORY STATEMENT

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting to be held at the offices of BDO, 38 Station Street, Subiaco, Western Australia on Wednesday 12 September 2012 commencing at 9.30am 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.

This Explanatory Statement is an important document and should be read carefully in full by all Shareholders. The Directors recommend that Shareholders read this Explanatory Statement before determining whether to support the resolutions or otherwise. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

1. PURPOSE OF MEETING

The purpose of the General Meeting is to seek Shareholder approvals in relation to the following matters:

- a share placement by the Company to raise \$20 million to fund the acquisition of a further 1,653 net acres in the Delta Oil Project, to fund the Company's share of the Beeler #1H well and potentially another two wells within the Richland Oil Project, to provide additional capital which will allow the Company to continue consolidating oil and gas leases in the Woodbine tight oil play and for general working capital purposes (Resolutions 1 to 5);
- the issue of 291,959,077 Shares to Amerril Energy as consideration for the acquisition of the Amerril Leases (Resolution 6);
- the issue of the Acquisition Securities and the Glass G, Class H and Class I Performance Options to Carina Energy (or its nominees) as vendors of the Delta Oil Project (Resolutions 7 and 8);
- the issue of Incentive Options to Mr Damian Kestel, a Director of the Company (Resolution 9); and
- an increase to the aggregate fees payable to the Directors of the Company (Resolution 10).

2. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES

2.1 Introduction

On 31 July 2012, the Company announced that it had resolved to raise \$20 million (before expenses) by way of a placement of 400,000,000 Shares at an issue price of 5 cents each. The placement is being undertaken in two tranches.

As part of Tranche 1 of the placement, the Company issued 167,000,000 Shares at an issue price of 5 cents each to various sophisticated and professional investors to raise \$8,350,000. Resolution 1 seeks Shareholder ratification of the issue of these 167,000,000 Shares.

Each of the Directors intends to vote in favour of Resolution 1 and recommends that Shareholders also vote in favour of Resolution 1.

2.2 ASX Listing Rule 7.4

Subject to certain exceptions, ASX Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period without shareholder approval.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies the previous issue of securities made without shareholder approval under ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1, thereby 'refreshing' the Company's ability to issue shares within the 15% limit, and restoring the Company's ability to make placements within that limit (if that is thought desirable) without the need for shareholder approval.

While the Shares described in this Resolution 1 were issued within the 15% limit, the Company seeks ratification of the issue of those Shares for the purpose of Listing Rule 7.4 so that the Company's ability to issue securities will be 'refreshed'. By ratifying the issue of the Shares under ASX Listing Rule 7.4, the Company will retain the flexibility to issue equity securities in the future of up to the 15% threshold set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.3 Information required by ASX Listing Rule 7.5

ASX Listing Rule 7.5 sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.4.

For the purposes of ASX Listing Rule 7.4, the following information is provided to allow Shareholders to assess the ratification of the issue of the Shares the subject of Resolution 1:

- (a) the number of Shares issued and allotted by the Company was 167,000,000 Shares;
- (b) the Shares were issued on 8 August 2012;
- (c) the Shares were issued at an issue price of 5 cents each;
- (d) the Shares were ordinary shares in the capital of the Company and ranked equally in all respects with the ordinary shares on issue in the Company;
- (e) the Shares were issued to various sophisticated and professional investors who are clients of Hartleys, CPS Securities, Bell Potter and Blackswan Equities (and who are not related parties of the Company);
- (f) the issue of the Shares raised funds of \$8,350,000 (prior to capital raising expenses) which will be used by the Company as follows:
 - (i) to fund the acquisition of a further 1,653 net acres in the Delta Oil Project;
 - (ii) to fund the Company's share of the Beeler #1H well and potentially two further wells within the Richland Oil Project;
 - (iii) to provide capital to allow the Company to continue consolidating oil and gas leases in the Woodbine tight oil play; and
 - (iv) for general working capital purposes; and

- (g) a voting exclusion statement is included in the Notice.

3. RESOLUTION 2 – APPROVAL OF ISSUE OF SHARES

3.1 Introduction

As part of Tranche 2 of the placement, the Company proposes to issue 233,000,000 Shares at an issue price of 5 cents each to various sophisticated and professional investors, including three Directors of the Company, to raise \$11,650,000. Resolution 2 seeks Shareholder approval for the issue of 221,400,000 of these Shares.

Each of the Directors intends to vote in favour of Resolution 2 and recommends that Shareholders also vote in favour of Resolution 2.

3.2 ASX Listing Rule 7.1

Resolution 2 is required to be approved in accordance with ASX Listing Rule 7.1. ASX Listing Rule 7.1 limits the number of equity securities which a listed company may issue in any 12 month period without shareholder approval (subject to certain exceptions, for example, a pro rata issue to all shareholders). The limit is, generally speaking, no more than 15% of the total number of equity securities on issue at the beginning of the 12 month period, plus the number of equity securities issued with the approval of shareholders or under one of the exceptions to ASX Listing Rule 7.1 during the previous 12 months.

Accordingly, the Company is seeking approval under ASX Listing Rule 7.1 for the issue of up to 221,400,000 Shares on the terms and conditions set out in this Explanatory Statement.

3.3 Information required by ASX Listing Rule 7.3

ASX Listing Rule 7.3 sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 7.3, the following information is provided to allow Shareholders to assess the issue of the Shares the subject of Resolution 2:

- (a) the maximum number of Shares the Company will issue is 221,400,000;
- (b) the Company will issue the Shares no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Shares will be issued at 5 cents each;
- (d) the Shares will be issued to various sophisticated and professional investors who are clients of Hartleys, CPS Securities, Bell Potter and Blackswan Equities (and who are not related parties of the Company);
- (e) the Shares will be ordinary shares in the capital of the Company and will rank equally in all respects with the ordinary shares on issue in the Company;
- (f) the issue of the Shares will raise up to \$11,070,000 (prior to capital raising expenses) which will be used by the Company as follows:
 - (i) to fund the acquisition of a further 1,653 net acres in the Delta Oil Project;

- (ii) to fund the Company's share of the Beeler #1H well and potentially two further wells within the Richland Oil Project;
- (iii) to provide capital to allow the Company to continue consolidating oil and gas leases in the Woodbine tight oil play; and
- (iv) for general working capital purposes;
- (g) the allotment of the Shares may occur progressively; and
- (h) a voting exclusion statement is included in the Notice.

4. RESOLUTIONS 3, 4, & 5 – APPROVAL OF ISSUE OF SHARES TO CERTAIN DIRECTORS

4.1 Introduction

Resolutions 3, 4, and 5 seek Shareholder approval for the issue of 11,600,000 Shares at an issue price of 5 cents each to Dr Wolf Gerhard Martinick, Dr Philip Linsley and Mr Damian Kestel, three of the Directors of the Company, to raise \$580,000. These Shares will form part of Tranche 2 of the \$20 million share placement being undertaken by the Company as described in section 3.1 above.

Dr Martinick has an interest in Resolution 3 and therefore believes it inappropriate to make a recommendation. Each of the other Directors intends to vote in favour of Resolution 3 and recommends that Shareholders also vote in favour of Resolution 3.

Dr Linsley has an interest in Resolution 4 and therefore believes it inappropriate to make a recommendation. Each of the other Directors intends to vote in favour of Resolution 4 and recommends that Shareholders also vote in favour of Resolution 4.

Mr Kestel has an interest in Resolution 5 and therefore believes it inappropriate to make a recommendation. Each of the other Directors intends to vote in favour of Resolution 5 and recommends that Shareholders also vote in favour of Resolution 5.

4.2 ASX Listing Rule 10.11

The Company seeks Shareholder approval for the purpose of Listing Rule 10.11 to enable the Company to issue the Shares to Dr Martinick, Dr Linsley and Mr Kestel.

Subject to certain exceptions, Listing Rule 10.11 restricts a company from issuing or agreeing to issue equity securities to a related party without shareholder approval. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

For the purpose of this Meeting and in accordance with section 228 of the Corporations Act a related party of the Company includes:

- (a) a Director; and
- (b) an entity controlled by a Director.

Accordingly, Resolutions 3, 4, and 5 seek Shareholder approval for the issue the Shares to Dr Martinick, Dr Linsley and Mr Kestel (or their nominees) for the purposes of Listing Rule 10.11.

4.3 Information required by ASX Listing Rule 10.13

In accordance with the requirements of Listing Rule 10.13, the following information is provided to Shareholders to allow them to assess the issue of the Shares the subject of Resolutions 3, 4, and 5:

- (a) the Shares are to be issued to Dr Martinick, Dr Linsley and Mr Kestel (or their nominees), all being Directors of the Company;
- (b) the total number of Shares to be issued and allotted is 11,600,000, which will be allocated as follows:
 - (i) Dr Martinick - 4,000,000 Shares;
 - (ii) Dr Linsley - 2,600,000 Shares; and
 - (iii) Mr Kestel - 5,000,000 Shares;
- (c) the Company will issue and allot the Shares no later than 1 month after the date of the Meeting (or such longer period as ASX may, in its discretion, allow);
- (d) the Shares will have an issue price of 5 cents each;
- (e) the Shares will be ordinary shares in the capital of the Company and will rank equally in all respects with the ordinary shares on issue in the Company;
- (f) the funds raised through the issue of the Shares will be used to;
 - (i) to fund the acquisition of a further 1,653 net acres in the Delta Oil Project;
 - (ii) to fund the Company's share of the Beeler #1H well and potentially two further wells within the Richland Oil Project;
 - (iii) to provide capital to allow the Company to continue consolidating oil and gas leases in the Woodbine tight oil play; and
 - (iv) for general working capital purposes; and
- (g) a voting exclusion is included in the Notice.

The Company is not seeking Shareholder approval for issue of the Shares the subject of Resolutions 3, 4, and 5 for the purpose of Chapter 2E of the Corporations Act as the Directors believe that the issue of the Shares will fall within the "arm's length" exception contained in section 210 of the Corporations Act on the basis that the Shares will be issued to Dr Martinick, Dr Linsley and Mr Kestel at the same price as those being issued to sophisticated and professional investors pursuant to Resolution 1 and 2.

5. RESOLUTION 6 – ISSUE OF SHARES TO AMERRIL ENERGY LLC

5.1 Introduction

As announced by the Company to the ASX on 7 May 2012, 21 May 2012 and 30 July 2012, the Company has entered into a binding agreement with Amerril Energy to purchase a fifty percent (50%) working interest (37.5% net revenue interest) in approximately 12,293 acres of oil and gas leases (approximately 6,146 net acres) immediately adjacent to the Company's existing Delta Oil Project (the "Amerril Leases").

On 21 May 2012, the Company completed the purchase of an initial 2.5% working interest (1.875% net revenue interest) in the Amerril Leases through the payment of US\$768,313 to Amerril Energy and, subject only to approval of Shareholders, the Company wishes to complete the purchase of the remaining 47.5% working interest (35.625% net revenue interest) in the Amerril Leases on or about 12 September 2012 through the issue to Amerril Energy of 291,959,077 Shares at a deemed issue price of 5 cents each.

Each of the Directors intends to vote in favour of Resolution 6 and recommends that Shareholders also vote in favour of this Resolution.

5.2 ASX Listing Rule 7.1

Resolution 6 is required to be approved in accordance with ASX Listing Rule 7.1. Details regarding the nature and purpose of ASX Listing Rule 7.1 are contained in section 3.2.

5.3 Information required by ASX Listing Rule 7.3

ASX Listing Rule 7.3 sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 7.3, the following information is provided to allow Shareholders to assess the issue of the 291,959,077 Shares the subject of Resolution 6:

- (a) the maximum number of Shares the Company will issue is 291,959,077;
- (b) the Shares will be issued in one tranche on or about 12 September 2012 but, in any event, no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Shares will be issued as consideration for the acquisition of the Amerril Leases at a deemed issue price of 5 cents each. As such, no funds will be raised by the Company through the issue of the Shares;
- (d) the Shares will be issued and allotted to Amerril Energy;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Company will not be raising any funds from the issue of the Shares as they are being issued as consideration for the acquisition of the Amerril Leases; and
- (g) a voting exclusion is included in the Notice.

6. RESOLUTION 7 – ISSUE OF ACQUISITION SECURITIES TO CARINA ENERGY LLC

6.1 Introduction

In accordance with Shareholder approvals obtained at an earlier general meeting, Carina Energy (or its nominees) have been issued with various securities as partial consideration for the sale of the Delta Oil Project to the Company. These securities have been issued progressively as the various tranches of the Delta Oil Project have been acquired by the Company.

Approval for the issue of these securities was obtained at a general meeting held on 22 December 2011, however not all of the securities could be issued within three months

of this meeting or in accordance with a subsequent ASX waiver which extended the issue period until 20 May 2012.

As at 20 May 2012, the Company had acquired 8,347 acres in the Delta Oil Project and the acquisition of the remaining 1,653 acres was on-going. Resolution 7 seeks Shareholder approval for the issue of the Acquisition Securities to Carina Energy (or its nominees), being the balance of the securities previously approved for issue at the general meeting held on 22 December 2011 other than the Class B and Class C Performance Options (which will have expired prior to the date of the Meeting).

A list of Carina Energy's nominees, including their entitlement to receive the Acquisition Securities, is set out in section 6.6. Other than JDK Nominees, neither Carina Energy nor any of its nominees are related parties of the Company and none of them (including JDK Nominees) will hold, either alone or in aggregate, 20% or more of the Shares in the Company upon the issue of the Acquisition Securities.

Each of the Directors, other than Mr John Kenny who has an interest in Resolution 7, intends to vote in favour of Resolution 7 and recommends that Shareholders also vote in favour of this Resolution.

6.2 ASX Listing Rule 7.1

Resolution 7 is required to be approved in accordance with ASX Listing Rule 7.1. Details regarding the nature and purpose of ASX Listing Rule 7.1 are contained in section 3.2.

6.3 Information required by ASX Listing Rule 7.3

ASX Listing Rule 7.3 sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 7.3, the following information is provided to allow Shareholders to assess the issue of the Acquisition Securities the subject of Resolution 7:

- (a) the maximum number of securities to be issued to the nominees of Carina Energy is:
 - (i) 9,723,529 Shares;
 - (ii) 8,265,000 Vendor Options;
 - (iii) 10,744,500 Class D Performance Options;
 - (iv) 10,744,500 Class E Performance Options; and
 - (v) 12,397,500 Class F Performance Options;
- (b) other than the relevant Acquisition Securities to be issued to JDK Nominees, the balance of the Acquisition Securities will be issued progressively as the remaining acres of the Delta Oil Project are acquired by the Company but, in any event, no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Acquisition Securities will be issued for nil cash consideration;
- (d) the Acquisition Securities will be issued and allotted to the nominees of Carina Energy set out in section 6.6;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Vendor Options will be issued on the terms and conditions set out in Schedule 1;
- (g) the Class D, Class E and Class F Performance Options will be issued on the terms and conditions set out in Schedule 2;
- (h) the Company will not be raising any funds from the issue of the Acquisition Securities as they are being issued in part consideration for the acquisition of the Delta Oil Project. However, if all of the Vendor Options and the Class D, Class E and Class F Performance Options are issued and subsequently exercised, total funds of \$240,511 will be received by the Company; and
- (i) a voting exclusion is included in the Notice.

6.4 ASX Listing Rule 10.11

The Company also seeks Shareholder approval for the purpose of Listing Rule 10.11 to enable the Company to issue part of the Acquisition Securities to JDK Nominees, an entity controlled by Mr John Kenny who is a Director of the Company.

Further details regarding the nature and purpose of Listing Rule 10.11 are contained in section 4.2.

6.5 Information required by ASX Listing Rule 10.13

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting seeking approval under ASX Listing Rule 10.11.

For the purposes of Listing Rule 10.13, the following additional information is provided to Shareholders to allow them to assess the issue of the Acquisition Securities the subject of Resolution 7:

- (a) the relevant Acquisition Securities will be issued and allotted in part to JDK Nominees;
- (b) the maximum number of Acquisition Securities to be issued and allotted to JDK Nominees is as set out in section 6.6;
- (c) the Company will issue and allot the relevant Acquisition Securities progressively as the remaining acres of the Delta Oil Project are acquired but, in any event, no later than 1 month after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Vendor Options will be issued on the terms and conditions set out in Schedule 1;
- (f) the Class D, Class E and Class F Performance Options will be issued on the terms and conditions set out in Schedule 2;
- (g) the Company will not be raising any funds from the issue of the relevant Acquisition Securities to JDK Nominees as they are being issued in part

consideration for the acquisition of the Delta Oil Project. However, if all of the relevant Vendor Options and Class D, Class E and Class F Performance Options are issued to, and subsequently exercised by, JDK Nominees, total funds of \$41,862 will be received by the Company. This amount is included in the amount referred to in section 6.3(h) above; and

- (h) a voting exclusion is included in the Notice.

The Company is not seeking Shareholder approval for the issue of part of the Acquisition Securities to JDK Nominees for the purpose of Chapter 2E of the Corporations Act as the Directors believe that the issue of these securities will fall within the "arm's length" exception contained in section 210 of the Corporations Act on the basis that the number and terms of the Acquisition Securities were negotiated and agreed with Carina Energy at a time when JDK Nominees was not a related party of the Company and the Acquisition Securities to be issued to JDK Nominees will be on the same terms as the Acquisition Securities to be issued to the other nominees of Carina Energy (who are not related parties of the Company).

6.6 Nominees

Assuming the remaining 1,653 acres of the Delta Oil Project are acquired by the Company, the following Acquisition Securities will be issued to the following nominees of Carina Energy (being the parties who beneficially own or are beneficially entitled to any sale proceeds of the Delta Oil Project):

Recipient	Shares	Vendor Options	Class D Perform. Options	Class E Perform. Options	Class F Perform. Options
JDK Nominees Pty Ltd atf the Kenny Capital Trust	1,010,275	1,471,170	1,611,675	1,611,675	1,859,625
Berenes Nominees Pty Ltd atf the Berenes Super Fund	330,600	330,600	-	-	-
PF Petroleum Pty Ltd	2,305,230	1,777,388	2,511,527	2,511,527	2,897,916
Nefco Nominees Pty Ltd	6,077,424	4,685,842	6,621,298	6,621,298	7,639,959
Total	9,723,529	8,265,000	10,744,500	10,744,500	12,397,500

7. RESOLUTION 8 – ISSUE OF CLASS G, CLASS H AND CLASS I PERFORMANCE OPTIONS TO CARINA ENERGY LLC

7.1 Introduction

As announced by the Company on 27 July 2012, Sun Resources has agreed with Carina Energy to materially expand the Delta Oil Project beyond its initial target of 10,000 net acres of oil and gas leases and in doing so, materially expand its gross and net acreage

holdings in the rapidly expanding Woodbine tight oil play beyond its current position of 22,000 gross acres (14,833 net acres).

The Company has agreed to issue up to 75,000,000 Class G Performance Options, up to 75,000,000 Class H Performance Options and up to 40,000,000 Class I Performance Options to Carina Energy (or its nominees) as additional consideration in respect of the purchase of the Delta Oil Project from Carina Energy under the amended provisions of the purchase agreement for the Delta Oil Project. Resolution 8 seeks Shareholder approval for the issue of the Class G, Class H and Class I Performance Options as additional consideration for the purchase of the Delta Oil Project.

Each of the Directors, other than Mr John Kenny who has an interest in Resolution 8, intends to vote in favour of Resolution 8 and recommends that Shareholders also vote in favour of this Resolution.

7.2 ASX Listing Rule 7.1

Resolution 8 is required to be approved in accordance with ASX Listing Rule 7.1. Details regarding the nature and purpose of ASX Listing Rule 7.1 are contained in section 3.2.

7.3 Information required by ASX Listing Rule 7.3

ASX Listing Rule 7.3 sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 7.3, the following information is provided to allow Shareholders to assess the issue of the Class G, Class H and Class I Performance Options the subject of Resolution 8:

- (a) up to 75,000,000 Class G Performance Options, up to 75,000,000 Class H Performance Options and up to 40,000,000 Class I Performance Options will be issued to the nominees of Carina Energy (being the parties who beneficially own or are beneficially entitled to any sale proceeds of the Delta Oil Project);
- (b) other than the relevant Class G, Class H and Class I Performance Options to be issued to JDK Nominees Pty Ltd (as one of the parties who beneficially owns or is beneficially entitled to a portion of the sale proceeds of the Delta Oil Project) and the Class G, Class H and Class I Performance Options which relate to the next 1,653 acres of the Delta Oil Project to be acquired by the Company, Class G, Class H and Class I Performance Options the subject of Resolution 8 will be issued in one tranche on or about 12 September 2012 but, in any event no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules). In the case of the 12,397,500 Class G Performance Options, 12,397,500 Class H Performance Options and the 6,612,000 Class I Performance Options which relate to the acquisition of the next 1,653 acres of the Delta Oil Project (and which will take the total acres to 10,000 acres) these performance options will be issued progressively as the remaining 1,653 acres of the Delta Oil Project are acquired by the Company but, in any event no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Class G, Class H and Class I Performance Options will be issued for nil cash consideration since they constitute part consideration for the purchase of the oil and gas leases which comprise the Delta Oil Project;

- (d) the Class G, Class H and Class I Performance Options will be issued and allotted to the following nominees of Carina Energy (being the parties who beneficially own or are beneficially entitled to any sale proceeds of the Delta Oil Project):
 - (i) JDK Nominees – up to 11,250,000 Class G Performance Options, up to 11,250,000 Class H Performance Options and up to 6,000,000 Class I Performance Options;
 - (ii) PF Petroleum Pty Ltd – up to 17,531,250 Class G Performance Options, up to 17,531,250 Class H Performance Options and up to 9,350,000 Class I Performance Options; and
 - (iii) Nefco Nominees Pty Ltd – up to 46,218,750 Class G Performance Options, up to 46,218,750 Class H Performance Options and up to 24,650,000 Class I Performance Options;
- (e) the Class G, Class H and Class I Performance Options will be issued on the terms and conditions set out in Schedule 2;
- (f) the Company will not be raising any funds from the issue of the Class G, Class H and Class I Performance Options since they constitute part consideration for the purchase of the oil and gas leases which comprise the Delta Oil Project. However, if all of the Class G, Class H and Class I Performance Options are issued and subsequently exercised, total funds of \$190,000 will be received by the Company; and
- (g) a voting exclusion is included in the Notice.

7.4 ASX Listing Rule 10.11

The Company also seeks Shareholder approval for the purpose of Listing Rule 10.11 to enable the Company to issue part of the Class G, Class H and Class I Performance Options to JDK Nominees, an entity controlled by Mr John Kenny and which is one of the parties who beneficially owns or is beneficially entitled to a portion of any sale proceeds of the Delta Oil Project.

Further details regarding the nature and purpose of Listing Rule 10.11 are contained in section 4.2.

7.5 Information required by ASX Listing Rule 10.13

ASX Listing Rule 10.13 set out a number of matters which must be included in a notice of meeting seeking approval under ASX Listing Rule 10.11.

For the purposes of Listing Rule 10.13, the following additional information is provided to Shareholders to allow them to assess the issue of up to 11,250,000 Class G Performance Options, up to 11,250,000 Class H Performance Options and up to 6,000,000 Class I Performance Options the subject of Resolution 8:

- (a) up to 11,250,000 Class G Performance Options, up to 11,250,000 Class H Performance Options and up to up to 6,000,000 Class I Performance Options will be issued and allotted to JDK Nominees (which is one of the parties who beneficially owns or is beneficially entitled to a portion of any sale proceeds of the Delta Oil Project);
- (b) the Company will issue and allot the relevant Class G, Class H and Class I Performance Options no later than 1 month after the date of the General Meeting

(or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and in the case of the Class G, Class H and Class I Performance Options which relate to the acquisition of the next 1,653 acres of the Delta Oil Project (and which will take the total acres to 10,000 acres), only if these 1,653 acres are acquired by the Company;

- (c) the Class G, Class H and Class I Performance Options will be issued on the terms and conditions set out in Schedule 2;
- (d) the Company will not be raising any funds from the issue of the relevant Class G, Class H and Class I Performance Options to JDK Nominees (which is one of the parties who beneficially owns or is beneficially entitled to a portion of any sale proceeds of the Delta Oil Project) since they constitute part consideration for the purchase of the oil and gas leases which comprise the Delta Oil Project. However, if all of these Class G, Class H and Class I Performance Options are issued to, and subsequently exercised by JDK Nominees, total funds of \$28,500 will be received by the Company. This amount is included in the amount referred to in section 7.3(f) above; and
- (e) a voting exclusion is included in the Notice.

The Company is not seeking Shareholder approval for the purpose of Chapter 2E of the Corporations Act as the Directors believe that the issue of the Class G, Class H and Class I Performance Options to JDK Nominees falls within the "arm's length" exception contained in section 210 of the Corporations Act on the basis that the total number and terms of the Class G, Class H and Class I Performance Options to be issued by the Company were negotiated with Carina Energy (which is not a related party), the number of Class G, Class H and Class I Performance Options to be received by JDK Nominees is based on JDK Nominees' beneficial ownership interest in the Delta Oil Project and the Class G, Class H and Class I Performance Options to be issued to JDK Nominees are on the same terms as the Class G, Class H and Class I Performance Options to be issued to the other nominees of Carina Energy (who are not related parties of the Company).

8. RESOLUTION 9 - ISSUE OF INCENTIVE OPTIONS TO MR DAMIAN KESTEL

8.1 General

This Resolution seeks Shareholder approval for the issue of 5,000,000 Incentive Options to Mr Damian Kestel, a Director of the Company.

The Company seeks to issue the Incentive Options to Mr Kestel in recognition of his efforts to date and as an incentive to help drive the future value of the Company.

8.2 ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act

The Company seeks Shareholder approval for the purpose of Listing Rule 10.11 and under Chapter 2E of the Corporations Act to enable the Company to issue the Incentive Options to Mr Kestel.

Subject to certain exceptions, Listing Rule 10.11 restricts a company from issuing or agreeing to issue equity securities to a related party without shareholder approval. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public

company giving a financial benefit to a related party unless one of a number of exceptions applies or shareholder approval is obtained.

A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in sections 217 to 227; and
- (b) give the benefit within 15 months after the approval.

For the purpose of this Meeting and in accordance with section 228 of the Corporations Act a related party of the Company includes:

- (a) a Director; and
- (b) an entity controlled by a Director.

Accordingly, Resolution 9 also seeks Shareholder approval for the issue the Incentive Options to Mr Kestel (or his nominees) for the purposes of Chapter 2E of the Corporations Act.

8.3 Information required by ASX Listing Rule 10.13 and section 219 of the Corporations Act

In accordance with the requirements of Listing Rule 10.13 and Chapter 2E of the Corporations Act, the following information is provided to Shareholders to allow them to assess the issue of the Incentive Options to Mr Kestel pursuant to Resolution 9:

- (a) the Incentive Options are to be issued to Mr Damian Kestel (or his nominee);
- (b) the total number of Incentive Options to be issued and allotted to Mr Kestel (or his nominee) is 5,000,000;
- (c) the Company will issue and allot the Incentive Options no later than 1 month after the date of the Meeting (or such longer period as ASX may, in its discretion, allow);
- (d) the Incentive Options will be issued for nil consideration and as such no funds will be raised from the grant of the Incentive Options. Shareholders should note that the Company will receive subscription monies if the Incentive Options are exercised however the amount received will depend upon the volume weighted average price of the Company's Shares in the 5 trading days prior to the date of the Meeting and cannot be determined at the date of this Notice;
- (e) the exercise price of the Incentive Options will be 150% of the volume weighted average price of the Company's Shares in the 5 trading days prior to the date of the Meeting. As such, the exercise price will be at a premium to the price at which the Shares are trading on ASX on the issue date;
- (f) the exercise price of the Incentive Options will be advised to Shareholders and the market on the day of the Meeting, prior to the commencement of the Meeting;
- (g) upon exercise of the Incentive Options, Mr Kestel will be issued one Share in the capital of the Company for each Incentive Option exercised. The Shares will rank equally in all respects with the other Shares on issue in the Company;

- (h) the full terms of the Incentive Options are set out in Schedule 3;
- (i) Mr Kestel has an interest in Resolution 9 on the basis that he will receive the Incentive Options if Resolution 9 is passed and therefore believes it inappropriate to make a recommendation. The remaining Directors do not have an interest in the outcome of Resolution 9 and recommend that Shareholders vote in favour of Resolution 9 so that Mr Kestel is adequately incentivised to deliver increased value to the Company through his future efforts and also in recognition of Mr Kestel's efforts to date;
- (j) Mr Kestel has an interest in 10,416,980 Shares;
- (k) Mr Kestel received no remuneration from the Company for the year ended 30 June 2011 and it is expected that he will receive \$20,833 in the current financial year;
- (l) in the twelve months before the date of this Notice, the highest, lowest and last trading price of the Company's Shares were as follows:

	Price	Date
Highest	6.70 cents	15 and 18 June 2012
Lowest	1.64 cents	8 and 11 August 2011
Last	6.30 cents	9 August 2012

- (m) the value of the Incentive Options has been calculated at 2.752 cents each using the Black-Scholes valuation method and based on the assumptions set out in section 8.4;
- (n) based on the valuation in section 8.3(m), the financial benefit to Mr Kestel will be \$137,600;
- (o) the exercise of all 5,000,000 Incentive Options to be issued pursuant to Resolution 9 will result in a dilution of all other Shareholders' holdings in the Company of:
 - (i) 0.44% based on the total number of issued Shares at the date of this Explanatory Statement; and
 - (ii) 0.33% on a fully diluted basis;
- (p) as noted above, the purpose of the issue of Incentive Options is to allow the Company to provide a cost-effective incentive for the ongoing dedication and efforts of Mr Kestel as a Director of the Company and for recognition of Mr Kestel's efforts to date. The Directors do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Incentive Options upon the terms proposed;
- (q) in determining the number and the terms of the Incentive Options to be issued to Mr Kestel, the Company has considered Mr Kestel's past performance, the current market price of the Company's Shares and current market practice, including the number and terms of the options which have been issued to the directors of other ASX listed companies in the Company's peer group;

- (r) Shareholders should note that the practice of granting options to non-executive directors as a part of their remuneration package is not in accordance with the ASX Corporate Governance Council's, Principles of Good Corporate Governance and Best Practice Recommendations (Second Edition). However, the Board considers that equity participation by way of the grant of 5,000,000 Incentive Options to Mr Kestel is appropriate for the Company at this time having regard to the role Mr Kestel will play in achieving the Company's goals and given the circumstances of the Company; and
- (s) other than the information above and otherwise in this Explanatory Statement, the Company believes that there is no other information that would reasonably be required by the Shareholders to pass Resolution 9.

8.4 Valuation of Incentive Options

The Incentive Options have been valued as at 2 August 2012 using the Black-Scholes valuation method.

The valuation has been based upon the following inputs and assumptions:

- (a) a spot Share price of 5.60 cents;
- (b) an exercise price of 8.40 cents;
- (c) a risk free rate of 2.60% per annum;
- (d) a volatility factor of 90% which has been determined with reference to the historical trading of the Company's Shares on ASX; and
- (e) an expiry date of 3 years from the date of issue.

Based on the above, the Incentive Options to be issued pursuant to Resolution 9 have been valued at 2.752 cents each under the Black-Scholes valuation method.

The table below analyses the impact on the value of the Incentive Options in the event of an increase in the assumptions listed above, where all other assumptions remain the same:

Assumption Increased	Effect on Value of Incentive Option
Share Price	Increase
Exercise Price	Decrease
Life of the Option	Increase
Volatility	Increase
Risk Free Interest Rate	Increase

Assuming a variation in the spot Share price of between 4.4 cents and 6.8 cents (being +/- approximately 20% of the spot price referred to in section 8.4(a)), and all other variables remaining unchanged, the variation in the value of the Incentive Options would be as follows under the Black-Scholes valuation method:

Share Price	Value of Incentive Option
6.80 cents	3.342 cents
6.60 cents	3.244 cents
6.40 cents	3.145 cents
6.20 cents	3.047 cents
6.00 cents	2.949 cents
5.80 cents	2.851 cents
5.60 cents	2.752 cents
5.40 cents	2.654 cents
5.20 cents	2.556 cents
5.00 cents	2.457 cents
4.80 cents	2.359 cents
4.60 cents	2.261 cents
4.40 cents	2.162 cents

9. RESOLUTION 10 – INCREASE IN DIRECTORS FEES

This Resolution seeks Shareholder approval to increase or fix the maximum aggregate fees payable to the Directors of the Company by \$125,000 to \$400,000 per annum, with such fees to be allocated to individual Directors as the Board may determine.

Directors' fees have remained unchanged since 2008 when they were increased to \$275,000. At the Company's 2008 Annual General Meeting it was envisaged that the composition of the Board may change in the future. This year there have been changes to the Board of the Company and there may be additional changes required as the Delta Oil Project and associated exploration is progressed. Increasing the maximum aggregate fees will allow the Company the flexibility to make changes to the Board at short notice, if this is required.

10. GLOSSARY

In the Notice of Meeting and this Explanatory Statement:-

- (a) "Acquisition Securities" means up to:
- (i) 9,723,529 Shares;
 - (ii) 8,265,000 Vendor Options;
 - (iii) 10,744,500 Class D Performance Options;
 - (iv) 10,744,500 Class E Performance Options; and

- (v) 12,397,500 Class F Performance Options.
- (b) "Amerril Energy" means Amerril Energy LLC of 3721 Briarpark Drive, Suite 155, Houston, Texas 77042, USA.
- (c) "Amerril Leases" and "Amerril Oil Project" mean the approximately 12,293 net acres of oil and gas leases adjacent to the Delta Oil Project as detailed in the Company's announcements to ASX dated 7 May 2012, 21 May 2012 and 30 July 2012.
- (d) "ASIC" means Australian Securities & Investments Commission.
- (e) "ASX" means ASX Limited or the Australian Securities Exchange, as the context requires.
- (f) "AWST" and "WST" mean Australian Western Standard Time.
- (g) "Board" means the Directors of the Company as at the date of this Notice of Meeting.
- (h) "Carina Energy" means Carina Energy LLC of Suite 300 East, 4801 Woodway Drive, Houston TX 77056, USA.
- (i) "Class B Performance Options" means the Class B performance options, the terms of which are set out in item 1 of Schedule 2 of this Explanatory Statement.
- (j) "Class C Performance Options" means the Class C performance options, the terms of which are set out in item 2 of Schedule 2 of this Explanatory Statement.
- (k) "Class D Performance Options" means the Class D performance options, the terms of which are set out in item 3 of Schedule 2 of this Explanatory Statement.
- (l) "Class E Performance Options" means the Class E performance options, the terms of which are set out in item 4 of Schedule 2 of this Explanatory Statement.
- (m) "Class F Performance Options" means the Class F performance options, the terms of which are set out in item 5 of Schedule 2 of this Explanatory Statement.
- (n) "Class G Performance Options" means the Class G performance options, the terms of which are set out in item 6 of Schedule 2 of this Explanatory Statement.
- (o) "Class H Performance Options" means the Class H performance options, the terms of which are set out in item 7 of Schedule 2 of this Explanatory Statement.
- (p) "Class I Performance Options" means the Class I performance options, the terms of which are set out in item 8 of Schedule 2 of this Explanatory Statement.
- (q) "Company" means Sun Resources NL ABN 69 009 196 810.
- (r) "Constitution" means the constitution of the Company.
- (s) "Corporations Act" means the Corporations Act 2001 (Cth).
- (t) "Delta Oil Project" means up to 10,000 net acres of oil and gas leases within the oil zone of the Eagle Ford Shale trend in Texas, USA as detailed in the Company's announcement to ASX dated 26 August 2011.

- (u) "Director" means a director of the Company.
- (v) "Explanatory Statement" means the explanatory statement to the Notice of Meeting.
- (w) "General Meeting" or "Meeting" means the General Meeting of the Company the subject of the Notice of Meeting.
- (x) "Incentive Options" means the options to be issued to Mr Damian Kestel pursuant to Resolution 9, the terms of which are set out in Schedule 3 of this Explanatory Statement.
- (y) "JDK Nominees" means JDK Nominees Pty Ltd atf the Kenny Capital Trust.
- (z) "Listing Rules" means the Listing Rules of the ASX.
- (aa) "Notice" or "Notice of Meeting" means this notice of general meeting
- (bb) "Proxy Form" means the proxy form attached to the Notice of Meeting.
- (cc) "Resolution" means a resolution contained in this Notice of Meeting.
- (dd) "Richland Oil Project" means the approximately 1,360 net acres of oil and gas leases situated in Leon County, Texas referred to in the Company's announcement to ASX dated 25 July 2012.
- (ee) "Share" means a fully paid ordinary share in the capital of the Company.
- (ff) "Shareholder" means a shareholder of the Company
- (gg) "Vendor" means the vendor of the Delta Oil Project, being Carina Energy.
- (hh) "Vendor Options" means the options to be issued to Carina Energy (or its nominees) pursuant to Resolution 7, the terms of which are set out in Schedule 1 of this Explanatory Statement.

SCHEDULE 1

TERMS OF VENDOR OPTIONS

1. The terms of the Vendor Options are as follows:
 - (a) Each Vendor Option is exercisable on or before 31 March 2014;
 - (b) the exercise price of each Vendor Option is 2.5 cents (\$0.025) payable in cash;
 - (c) the Vendor Options can be exercised in whole or in part;
 - (d) a Vendor Option cannot be exercised if the exercise would result in the Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act;
 - (e) any Vendor Option not exercised by the end of 31 March 2014 will automatically lapse;
 - (f) each Vendor Option will carry the right to subscribe for one Share in the Company which will rank pari passu with existing Shares;
 - (g) a certificate will be issued for the Vendor Options;
 - (h) the Vendor Options will not be quoted on the ASX;
 - (i) the Company will make an application to the ASX for the quotation of Shares issued on exercise of Vendor Options. The Company will not be under any obligation to ensure that such Shares will be quoted on ASX;
 - (j) the Vendor Options can only be exercised by notice in writing to the Company (in such form as the Company may prescribe from time to time) together with payment in cash of the exercise price of the Vendor Options;
 - (k) any notice of exercise of a Vendor Option received by the Company shall be deemed to be a notice of the exercise of the Vendor Option on the first business day after the date of receipt of the notice;
 - (l) the Optionholder will only be permitted to participate in any pro-rata issue of securities of the Company on prior exercise of the Vendor Options, in which case the Optionholder will be afforded the period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the issue to exercise the Vendor Options;
 - (m) the Vendor Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Vendor Options;
 - (n) the Vendor Options are transferrable;
 - (o) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the Vendor Options will be reorganised in accordance with the ASX Listing Rules and in any case in a manner which will not result in any benefits being conferred on the Optionholders which are not conferred on Shareholders and for such purpose the Company may vary the number, exercise price or other terms of the Vendor Options in such manner as may be necessary to comply with the ASX Listing Rules;

- (p) the number of Shares to be issued pursuant to the exercise of the Vendor Options will be adjusted for bonus issues made prior to exercise of the Unlisted Options so that, upon exercise of the Vendor Options, the number of Shares received by the Optionholder will include the number of bonus Shares that would have been issued if the Vendor Options had been exercised prior to the record date for the bonus issues. The exercise price of the Vendor Options will not change as a result of any such bonus issues;
- (q) Shares issued pursuant to the exercise of the Vendor Options will be granted following the receipt of all relevant documentation and payments;
- (r) Shares issued pursuant to the exercise of the Vendor Options will be issued within 10 business days of receipt of all relevant documentation and payments by the Company; and
- (s) Shares that are issued as a result of the exercise of the Vendor Options may be held in the name of the Optionholder's nominee.

SCHEDULE 2

TERMS OF PERFORMANCE OPTIONS

1. The terms of the Class B Performance Options (**Class B Performance Options**) are as follows:
 - (a) Each Class B Performance Option can only be exercised by the holder if the Eaglebine oil play (Woodbine tight sands) of the Delta Oil Project has been farmed out by the Company to a reputable third party (which farm-out will include drilling obligations and be on terms acceptable to the Company, acting reasonably) by no later than 5.00pm WST on 31 August 2012 (**Class B Performance Milestone**);
 - (b) the Company will provide written notice to all Class B Performance Optionholders if the Class B Performance Milestone is satisfied (including the date of satisfaction);
 - (c) the exercise price of each Class B Performance Option is one tenth of one cent (\$0.001), payable in cash;
 - (d) the Class B Performance Options can be exercised in whole or in part;
 - (e) a Class B Performance Option cannot be exercised if the exercise would result in the Class B Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act;
 - (f) each Class B Performance Option must be exercised within 120 days of the date the Class B Performance Milestone is satisfied or, if a Class B Performance Optionholder advises the Company in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class B Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by the Company to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class B Expiry Date**);
 - (g) any Class B Performance Option not exercised by 5.00pm WST on the Class B Expiry Date will automatically lapse;
 - (h) each Class B Performance Option shall carry the right to subscribe for one Share in the Company which once issued and allotted will rank pari passu with the existing Shares of the Company;
 - (i) the Class B Performance Options will not be quoted on the ASX;
 - (j) a certificate will be issued for the Class B Performance Options;
 - (k) the Company will make an application to the ASX for the quotation of the Shares issued on the exercise of the Class B Performance Options. The Company will not be under any obligation to ensure that such Shares will be quoted on ASX;
 - (l) the Class B Performance Options can only be exercised by notice in writing to the Company (in such form as the Company may prescribe from time to time) together with payment in cash of the exercise price of the Class B Performance Options;

- (m) any notice of exercise of a Class B Performance Option received by the Company will be deemed to be a notice of the exercise of the Class B Performance Option on the first business day after the date of receipt of the notice;
 - (n) a Class B Performance Optionholder will only be permitted to participate in a new issue of securities of the Company on the prior exercise of the Class B Performance Options. The Class B Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class B Performance Options;
 - (o) the Class B Performance Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Class B Performance Options;
 - (p) the Class B Performance Options are transferrable;
 - (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the Class B Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a manner which will not result in any benefits being conferred on Class B Performance Optionholders which are not conferred on Shareholders and for such purpose the Company may vary the number, exercise price or other terms of the Class B Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;
 - (r) the number of Shares to be issued pursuant to the exercise of Class B Performance Options will be adjusted for bonus issues made prior to exercise of the Class B Performance Options so that, upon exercise of the Class B Performance Options, the number of Shares received by the Class B Performance Optionholder will include the number of bonus Shares that would have been issued if the Class B Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class B Performance Options shall not change as a result of any such bonus issues;
 - (s) Shares that are issued as a result of the exercise of Class B Performance Options may be held in the name of the Class B Performance Optionholder's nominee; and
 - (t) Shares issued pursuant to the exercise of the Class B Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by the Company.
2. The terms and conditions of the Class C Performance Options (**Class C Performance Options**) are as follows:
- (a) Each Class C Performance Option can only be exercised by the holder in the event a deeper than 10,000 foot horizon (i.e. Travis Peak or Cotton Valley or Bossier horizon) of the Delta Oil Project is farmed out to a reputable third party (which farm-out will include shooting 3D seismic and/or drilling obligations and be on terms acceptable to the Purchaser, acting reasonably) by 5.00pm WST on 31 August 2012 (**Class C Performance Milestone**);
 - (b) the Company will provide written notice to all Class C Performance Optionholders if the Class C Performance Milestone is satisfied (including the date of satisfaction);

- (c) the exercise price of each Class C Performance Option is one tenth of one cent (\$0.001), payable in cash;
- (d) the Class C Performance Options can be exercised in whole or in part;
- (e) a Class C Performance Option cannot be exercised if the exercise would result in the Class C Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act;
- (f) each Class C Performance Option must be exercised within 120 days of the date the Class C Performance Milestone is satisfied or, if a Class C Performance Optionholder advises the Company in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class C Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by the Company to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class C Expiry Date**);
- (g) any Class C Performance Option not exercised by 5.00pm WST on the Class C Expiry Date will automatically lapse;
- (h) each Class C Performance Option shall carry the right to subscribe for one Share in the Company which once issued and allotted will rank pari passu with the existing Shares of the Company;
- (i) the Class C Performance Options will not be quoted on the ASX;
- (j) a certificate will be issued for the Class C Performance Options;
- (k) the Company will make an application to the ASX for the quotation of the Shares issued on the exercise of the Class C Performance Options. The Company will not be under any obligation to ensure that such Shares will be quoted on ASX;
- (l) the Class C Performance Options can only be exercised by notice in writing to the Company (in such form as the Company may prescribe from time to time) together with payment in cash of the exercise price of the Class C Performance Options;
- (m) any notice of exercise of a Class C Performance Option received by the Company will be deemed to be a notice of the exercise of the Class C Performance Option on the first business day after the date of receipt of the notice;
- (n) a Class C Performance Optionholder will only be permitted to participate in a new issue of securities of the Company on the prior exercise of the Class C Performance Options. The Class C Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class C Performance Options;
- (o) the Class C Performance Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Class C Performance Options;
- (p) the Class C Performance Options are transferrable;
- (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the Class C Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a

manner which will not result in any benefits being conferred on Class C Performance Optionholders which are not conferred on Shareholders and for such purpose the Company may vary the number, exercise price or other terms of the Class C Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;

- (r) the number of Shares to be issued pursuant to the exercise of Class C Performance Options will be adjusted for bonus issues made prior to exercise of the Class C Performance Options so that, upon exercise of the Class C Performance Options, the number of Shares received by the Class C Performance Optionholder will include the number of bonus Shares that would have been issued if the Class C Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class C Performance Options shall not change as a result of any such bonus issues;
- (s) Shares that are issued as a result of the exercise of Class C Performance Options may be held in the name of the Class C Performance Optionholder's nominee; and
- (t) Shares issued pursuant to the exercise of the Class C Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by the Company.

3. The terms and conditions of the Class D Performance Options (**Class D Performance Options**) are as follows:

- (a) Each Class D Performance Option can only be exercised by the holder if the Company acquires at least 5,000 net acres of additional oil and gas leases (which have been introduced to the Company by Carina Energy LLC and which have purchase terms acceptable to the Company, acting reasonably) by 5.00pm WST on 28 February 2013 (**Class D Performance Milestone**);
- (b) the Company will provide written notice to all Class D Performance Optionholders if the Class D Performance Milestone is satisfied (including the date of satisfaction);
- (c) the exercise price of each Class D Performance Option is one tenth of one cent (\$0.001), payable in cash;
- (d) the Class D Performance Options can be exercised in whole or in part;
- (e) a Class D Performance Option cannot be exercised if the exercise would result in the Class D Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act;
- (f) each Class D Performance Option must be exercised within 120 days of the date the Class D Performance Milestone is satisfied or, if a Class D Performance Optionholder advises the Company in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class D Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by the Company to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class D Expiry Date**);
- (g) any Class D Performance Option not exercised by 5.00pm WST on the Class D Expiry Date will automatically lapse;

- (h) each Class D Performance Option shall carry the right to subscribe for one Share in the Company which once issued and allotted will rank pari passu with the existing Shares of the Company;
- (i) the Class D Performance Options will not be quoted on the ASX;
- (j) a certificate will be issued for the Class D Performance Options;
- (k) the Company will make an application to the ASX for the quotation of the Shares issued on the exercise of the Class D Performance Options. The Company will not be under any obligation to ensure that such Shares will be quoted on ASX;
- (l) the Class D Performance Options can only be exercised by notice in writing to the Company (in such form as the Company may prescribe from time to time) together with payment in cash of the exercise price of the Class D Performance Options;
- (m) any notice of exercise of a Class D Performance Option received by the Company will be deemed to be a notice of the exercise of the Class D Performance Option on the first business day after the date of receipt of the notice;
- (n) a Class D Performance Optionholder will only be permitted to participate in a new issue of securities of the Company on the prior exercise of the Class D Performance Options. The Class D Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class D Performance Options;
- (o) the Class D Performance Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Class D Performance Options;
- (p) the Class D Performance Options are transferrable;
- (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the Class D Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a manner which will not result in any benefits being conferred on Class D Performance Optionholders which are not conferred on Shareholders and for such purpose the Company may vary the number, exercise price or other terms of the Class D Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;
- (r) the number of Shares to be issued pursuant to the exercise of Class D Performance Options will be adjusted for bonus issues made prior to exercise of the Class D Performance Options so that, upon exercise of the Class D Performance Options, the number of Shares received by the Class D Performance Optionholder will include the number of bonus Shares that would have been issued if the Class D Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class D Performance Options shall not change as a result of any such bonus issues;
- (s) Shares that are issued as a result of the exercise of Class D Performance Options may be held in the name of the Class D Performance Optionholder's nominee; and

- (t) Shares issued pursuant to the exercise of the Class D Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by the Company.
4. The terms and conditions of the Class E Performance Options (**Class E Performance Options**) are as follows:
- (a) Each Class E Performance Option can only be exercised by the holder if the Company attains 2P Reserves (net to the Company) of 10,000,000 barrels of oil and average daily oil production (net to the Company) of 500 barrels of oil per day (from assets introduced to the Company by Carina Energy LLC) by 5.00pm WST on 31 August 2016 (**Class E Performance Milestone**);
 - (b) the Company will provide written notice to all Class E Performance Optionholders if the Class E Performance Milestone is satisfied (including the date of satisfaction);
 - (c) the exercise price of each Class E Performance Option is one tenth of one cent (\$0.001), payable in cash;
 - (d) the Class E Performance Options can be exercised in whole or in part;
 - (e) a Class E Performance Option cannot be exercised if the exercise would result in the Class E Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act;
 - (f) each Class E Performance Option must be exercised within 120 days of the date the Class E Performance Milestone is satisfied or, if a Class E Performance Optionholder advises the Company in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class E Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by the Company to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class E Expiry Date**);
 - (g) any Class E Performance Option not exercised by 5.00pm WST on the Class E Expiry Date will automatically lapse;
 - (h) each Class E Performance Option shall carry the right to subscribe for one Share in the Company which once issued and allotted will rank pari passu with the existing Shares of the Company;
 - (i) the Class E Performance Options will not be quoted on the ASX;
 - (j) a certificate will be issued for the Class E Performance Options;
 - (k) the Company will make an application to the ASX for the quotation of the Shares issued on the exercise of the Class E Performance Options. The Company will not be under any obligation to ensure that such Shares will be quoted on ASX;
 - (l) the Class E Performance Options can only be exercised by notice in writing to the Company (in such form as the Company may prescribe from time to time) together with payment in cash of the exercise price of the Class E Performance Options;

- (m) any notice of exercise of a Class E Performance Option received by the Company will be deemed to be a notice of the exercise of the Class E Performance Option on the first business day after the date of receipt of the notice;
 - (n) a Class E Performance Optionholder will only be permitted to participate in a new issue of securities of the Company on the prior exercise of the Class E Performance Options. The Class E Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class E Performance Options;
 - (o) the Class E Performance Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Class E Performance Options;
 - (p) the Class E Performance Options are transferrable;
 - (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the Class E Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a manner which will not result in any benefits being conferred on Class E Performance Optionholders which are not conferred on Shareholders and for such purpose the Company may vary the number, exercise price or other terms of the Class E Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;
 - (r) the number of Shares to be issued pursuant to the exercise of Class E Performance Options will be adjusted for bonus issues made prior to exercise of the Class E Performance Options so that, upon exercise of the Class E Performance Options, the number of Shares received by the Class E Performance Optionholder will include the number of bonus Shares that would have been issued if the Class E Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class E Performance Options shall not change as a result of any such bonus issues;
 - (s) Shares that are issued as a result of the exercise of Class E Performance Options may be held in the name of the Class E Performance Optionholder's nominee; and
 - (t) Shares issued pursuant to the exercise of the Class E Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by the Company.
5. The terms and conditions of the Class F Performance Options (**Class F Performance Options**) are as follows:
- (a) Each Class F Performance Option can only be exercised by the holder if the Company attains 2P Reserves (net to the Company) of 20,000,000 barrels of oil and average daily oil production (net to the Company) of 1,000 barrels of oil per day (from assets introduced to the Company by the Carina Energy LLC) by 5.00pm WST on 31 August 2016 (**Class F Performance Milestone**);
 - (b) the Company will provide written notice to all Class F Performance Optionholders if the Class F Performance Milestone is satisfied (including the date of satisfaction);

- (c) the exercise price of each Class F Performance Option is one tenth of one cent (\$0.001), payable in cash;
- (d) the Class F Performance Options can be exercised in whole or in part;
- (e) a Class F Performance Option cannot be exercised if the exercise would result in the Class F Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act 2001 (Cth);
- (f) each Class F Performance Option must be exercised within 120 days of the date the Class F Performance Milestone is satisfied or, if a Class F Performance Optionholder advises the Company in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class F Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by the Company to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class F Expiry Date**);
- (g) any Class F Performance Option not exercised by 5.00pm WST on the Class F Expiry Date will automatically lapse;
- (h) each Class F Performance Option shall carry the right to subscribe for one Share in the Company which once issued and allotted will rank pari passu with the existing Shares of the Company;
- (i) the Class F Performance Options will not be quoted on the ASX;
- (j) a certificate will be issued for the Class F Performance Options;
- (k) the Company will make an application to the ASX for the quotation of the Shares issued on the exercise of the Class F Performance Options. The Company will not be under any obligation to ensure that such Shares will be quoted on ASX;
- (l) the Class F Performance Options can only be exercised by notice in writing to the Company (in such form as the Company may prescribe from time to time) together with payment in cash of the exercise price of the Class F Performance Options;
- (m) any notice of exercise of a Class F Performance Option received by the Company will be deemed to be a notice of the exercise of the Class F Performance Option on the first business day after the date of receipt of the notice;
- (n) a Class F Performance Optionholder will only be permitted to participate in a new issue of securities of the Company on the prior exercise of the Class F Performance Options. The Class F Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class F Performance Options;
- (o) the Class F Performance Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Class F Performance Options;
- (p) the Class F Performance Options are transferrable;
- (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the Class F Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a

manner which will not result in any benefits being conferred on Class F Performance Optionholders which are not conferred on Shareholders and for such purpose the Company may vary the number, exercise price or other terms of the Class F Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;

- (r) the number of Shares to be issued pursuant to the exercise of Class F Performance Options will be adjusted for bonus issues made prior to exercise of the Class F Performance Options so that, upon exercise of the Class F Performance Options, the number of Shares received by the Class F Performance Optionholder will include the number of bonus Shares that would have been issued if the Class F Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class F Performance Options shall not change as a result of any such bonus issues;
- (s) Shares that are issued as a result of the exercise of Class F Performance Options may be held in the name of the Class F Performance Optionholder's nominee; and
- (t) Shares issued pursuant to the exercise of the Class F Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by the Company.

6. The terms and conditions of the Class G Performance Options (**Class G Performance Options**) are as follows:

- (a) Each Class G Performance Option can only be exercised by the holder in the event the Company acquires at least 5,000 net acres of additional Woodbine oil and gas leases (which have been introduced to the Company by the Carina Energy LLC and which have purchase terms acceptable to the Company, acting reasonably) by 5.00pm WST on 30 June 2013 (**Class G Performance Milestone**);
- (b) the Company will provide written notice to all Class G Performance Optionholders if the Class G Performance Milestone is satisfied (including the date of satisfaction);
- (c) the exercise price of each Class G Performance Option is one tenth of one cent (\$0.001), payable in cash;
- (d) the Class G Performance Options can be exercised in whole or in part;
- (e) a Class G Performance Option cannot be exercised if the exercise would result in the Class G Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act 2001 (Cth);
- (f) each Class G Performance Option must be exercised within 120 days of the date the Class G Performance Milestone is satisfied or, if a Class G Performance Optionholder advises the Company in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class G Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by the Company to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class G Expiry Date**);
- (g) any Class G Performance Option not exercised by 5.00pm WST on the Class G Expiry Date will automatically lapse;

- (h) each Class G Performance Option shall carry the right to subscribe for one Share in the Company which once issued and allotted will rank pari passu with the existing Shares of the Company;
- (i) the Class G Performance Options will not be quoted on the ASX;
- (j) a certificate will be issued for the Class G Performance Options;
- (k) the Company will make an application to the ASX for the quotation of the Shares issued on the exercise of the Class G Performance Options. The Company will not be under any obligation to ensure that such Shares will be quoted on ASX;
- (l) the Class G Performance Options can only be exercised by notice in writing to the Company (in such form as the Company may prescribe from time to time) together with payment in cash of the exercise price of the Class G Performance Options;
- (m) any notice of exercise of a Class G Performance Option received by the Company will be deemed to be a notice of the exercise of the Class G Performance Option on the first business day after the date of receipt of the notice;
- (n) a Class G Performance Optionholder will only be permitted to participate in a new issue of securities of the Company on the prior exercise of the Class G Performance Options. The Class G Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class G Performance Options;
- (o) the Class G Performance Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Class G Performance Options;
- (p) the Class G Performance Options are transferrable;
- (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the Class G Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a manner which will not result in any benefits being conferred on Class G Performance Optionholders which are not conferred on Shareholders and for such purpose the Company may vary the number, exercise price or other terms of the Class G Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;
- (r) the number of Shares to be issued pursuant to the exercise of Class G Performance Options will be adjusted for bonus issues made prior to exercise of the Class G Performance Options so that, upon exercise of the Class G Performance Options, the number of Shares received by the Class G Performance Optionholder will include the number of bonus Shares that would have been issued if the Class G Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class G Performance Options shall not change as a result of any such bonus issues;
- (s) Shares that are issued as a result of the exercise of Class G Performance Options may be held in the name of the Class G Performance Optionholder's nominee; and

- (t) Shares issued pursuant to the exercise of the Class G Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by the Company.
7. The terms and conditions of the Class H Performance Options (**Class H Performance Options**) are as follows:
- (a) Each Class H Performance Option can only be exercised by the holder in the event a substantial portion of the acres the subject of the Delta Oil Project are farmed out to a reputable third party (which farm-out will include drilling obligations in any target geological horizon in or stratigraphically above the Georgetown Formation or its equivalent position and be on terms acceptable to the Company, acting reasonably) or is the subject of a materially value accretive transaction (along with an associated drilling programme to which the Company must contribute to) with a reputable third party, on or before 5.00pm WST on 31 March 2013 (**Class H Performance Milestone**);
 - (b) the Company will provide written notice to all Class H Performance Optionholders if the Class H Performance Milestone is satisfied (including the date of satisfaction);
 - (c) the exercise price of each Class H Performance Option is one tenth of one cent (\$0.001), payable in cash;
 - (d) the Class H Performance Options can be exercised in whole or in part;
 - (e) a Class H Performance Option cannot be exercised if the exercise would result in the Class H Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act 2001 (Cth);
 - (f) each Class H Performance Option must be exercised within 120 days of the date the Class H Performance Milestone is satisfied or, if a Class H Performance Optionholder advises the Company in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class H Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by the Company to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class H Expiry Date**);
 - (g) any Class H Performance Option not exercised by 5.00pm WST on the Class H Expiry Date will automatically lapse;
 - (h) each Class H Performance Option shall carry the right to subscribe for one Share in the Company which once issued and allotted will rank pari passu with the existing Shares of the Company;
 - (i) the Class H Performance Options will not be quoted on the ASX;
 - (j) a certificate will be issued for the Class H Performance Options;
 - (k) the Company will make an application to the ASX for the quotation of the Shares issued on the exercise of the Class H Performance Options. The Company will not be under any obligation to ensure that such Shares will be quoted on ASX;
 - (l) the Class H Performance Options can only be exercised by notice in writing to the Company (in such form as the Company may prescribe from time to time) together with payment in cash of the exercise price of the Class H Performance Options;

- (m) any notice of exercise of a Class H Performance Option received by the Company will be deemed to be a notice of the exercise of the Class H Performance Option on the first business day after the date of receipt of the notice;
 - (n) a Class H Performance Optionholder will only be permitted to participate in a new issue of securities of the Company on the prior exercise of the Class H Performance Options. The Class H Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class H Performance Options;
 - (o) the Class H Performance Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Class H Performance Options;
 - (p) the Class H Performance Options are transferrable;
 - (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the Class H Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a manner which will not result in any benefits being conferred on Class H Performance Optionholders which are not conferred on Shareholders and for such purpose the Company may vary the number, exercise price or other terms of the Class H Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;
 - (r) the number of Shares to be issued pursuant to the exercise of Class H Performance Options will be adjusted for bonus issues made prior to exercise of the Class H Performance Options so that, upon exercise of the Class H Performance Options, the number of Shares received by the Class H Performance Optionholder will include the number of bonus Shares that would have been issued if the Class H Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class H Performance Options shall not change as a result of any such bonus issues;
 - (s) Shares that are issued as a result of the exercise of Class H Performance Options may be held in the name of the Class H Performance Optionholder's nominee; and
 - (t) Shares issued pursuant to the exercise of the Class H Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by the Company.
8. The terms and conditions of the Class I Performance Options (**Class I Performance Options**) are as follows:
- (a) Each Class I Performance Option can only be exercised by the holder in the event a substantial portion of the acres the subject of the Amerril Oil Project are farmed out to a reputable third party (which farm-out will include drilling obligations in any target geological horizon in or stratigraphically above the Georgetown Formation or its equivalent position and be on terms acceptable to the Company, acting reasonably) or is the subject of a materially value accretive transaction (along with an associated drilling programme to which the Company must contribute to) with a reputable third party, on or before 5.00pm WST on 31 March 2013 (**Class I Performance Milestone**);

- (b) the Company will provide written notice to all Class I Performance Optionholders if the Class I Performance Milestone is satisfied (including the date of satisfaction);
- (c) the exercise price of each Class I Performance Option is one tenth of one cent (\$0.001), payable in cash;
- (d) the Class I Performance Options can be exercised in whole or in part;
- (e) a Class I Performance Option cannot be exercised if the exercise would result in the Class I Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act 2001 (Cth);
- (f) each Class I Performance Option must be exercised within 120 days of the date the Class I Performance Milestone is satisfied or, if a Class I Performance Optionholder advises the Company in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class I Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by the Company to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class I Expiry Date**);
- (g) any Class I Performance Option not exercised by 5.00pm WST on the Class I Expiry Date will automatically lapse;
- (h) each Class I Performance Option shall carry the right to subscribe for one Share in the Company which once issued and allotted will rank pari passu with the existing Shares of the Company;
- (i) the Class I Performance Options will not be quoted on the ASX;
- (j) a certificate will be issued for the Class I Performance Options;
- (k) the Company will make an application to the ASX for the quotation of the Shares issued on the exercise of the Class I Performance Options. The Company will not be under any obligation to ensure that such Shares will be quoted on ASX;
- (l) the Class I Performance Options can only be exercised by notice in writing to the Company (in such form as the Company may prescribe from time to time) together with payment in cash of the exercise price of the Class I Performance Options;
- (m) any notice of exercise of a Class I Performance Option received by the Company will be deemed to be a notice of the exercise of the Class I Performance Option on the first business day after the date of receipt of the notice;
- (n) a Class I Performance Optionholder will only be permitted to participate in a new issue of securities of the Company on the prior exercise of the Class I Performance Options. The Class I Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class I Performance Options;
- (o) the Class I Performance Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Class I Performance Options;
- (p) the Class I Performance Options are transferrable;

- (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the Class I Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a manner which will not result in any benefits being conferred on Class I Performance Optionholders which are not conferred on Shareholders and for such purpose the Company may vary the number, exercise price or other terms of the Class I Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;
- (r) the number of Shares to be issued pursuant to the exercise of Class I Performance Options will be adjusted for bonus issues made prior to exercise of the Class I Performance Options so that, upon exercise of the Class I Performance Options, the number of Shares received by the Class I Performance Optionholder will include the number of bonus Shares that would have been issued if the Class I Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class I Performance Options shall not change as a result of any such bonus issues;
- (s) Shares that are issued as a result of the exercise of Class I Performance Options may be held in the name of the Class I Performance Optionholder's nominee; and
- (t) Shares issued pursuant to the exercise of the Class I Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by the Company.

SCHEDULE 3

TERMS OF INCENTIVE OPTIONS

The terms of the issue of the Incentive Options are as follows:

- (a) each Option is exercisable on or before the date which is 3 years from its date of issue;
- (b) the Options held by the holder can be exercised in whole or in part;
- (c) the exercise price is 150% of the volume weighted average price of the Shares in the Company in the 5 trading days preceding the date of the General Meeting (in cash);
- (d) each Option is exercisable into one Share in the Company which shall rank pari passu with existing Shares;
- (e) the Options will not be quoted on the ASX;
- (f) the Company will make an application to the ASX for the quotation of Shares issued on exercise of Options. The Company will not be under any obligation to ensure that such Shares will be quoted;
- (g) the Options shall be exercisable by the option holder by notice in writing to the Company together with a payment of the exercise price of the Options;
- (h) any notice of exercise of an Option received by the Company shall be deemed to be a notice of the exercise of the Option on the first business day after the date of receipt of the notice;
- (i) the Optionholder will be permitted to participate in any pro-rata issue of securities of the Company on prior exercise of the Options, in which case the Optionholder will be afforded the period of at least 7 business days prior to and inclusive of the record date to determine entitlements to the issue to exercise the Options;
- (j) the Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options;
- (k) the Options are non-transferrable;
- (l) in the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules (if applicable) and in any case in a manner which will not result in any benefits being conferred on Optionholders which are not conferred on Shareholders and for such purpose the Company may vary the number, exercise price or other terms of the Options in such manner as may be necessary to comply with the ASX Listing Rules;
- (m) the number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of the Unlisted Options so that, upon exercise of the Options, the number of Shares received by the Optionholder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for the bonus issues. The exercise price of the Options shall not change as a result of any such bonus issues;
- (n) Shares issued pursuant to the exercise of the Options will be granted following the receipt of all relevant documentation and payments; and

- (o) in the event of the holder dying, the right of the holder to exercise the Options shall vest in his executor and/or administrator and they shall have the same rights to exercise the Options as such deceased holder would have had during the option period but for his death.

Lodge your vote:



By Mail:

Sun Resources NL
PO Box 3332
GREENWOOD WA 6924

Alternatively you can fax your form to
(within Australia) 08 9345 4541
(outside Australia) + 61 8 9345 4541

For all enquiries call:

(within Australia) 08 9345 4100
(outside Australia) + 61 8 9345 4100

By Email:

Email a PDF of your completed proxy form to
the Company Secretary, Mr Craig Basson, at the following email
address: proxies@ricgroup.com.au

Proxy Form



For your vote to be effective it must be received by 9:30am AWST, Monday 10 September 2012

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.

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.

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 9.30am AWST on Monday 10 September 2012. 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 5 Bendsten Place, Balcatta, Western Australia, 6021 or PO Box 332, Greenwood, Western Australia, 6924 or sent by facsimile to the registered office on (+618) 9345 4541 or emailed to the Company Secretary, Mr Craig Basson, at the following email address: proxies@ricgroup.com.au**

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 General Meeting of Members of Sun Resources NL to be held at the office of BDO, 38 Station Street, Subiaco, Western Australia, on Wednesday 12 September 2012 at 9.30am AWST and at any adjournment of that meeting.

IMPORTANT INFORMATION IF APPOINTING THE CHAIRMAN AS YOUR PROXY

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called.

The Chairman of the Meeting intends to vote all available proxies in favour of each resolution.

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 – Ratification of prior issue of Shares to Various Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Approval of issue of Shares to Various Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of issue of Shares to Dr Wolf Gerhard Martinick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of issue of Shares to Dr Philip Linsley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval of issue of Shares to Mr Damian Kestel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval of issue of Shares to Amerill Energy LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Approval of issue of Acquisition Securities to Carina Energy LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Approval of issue of Class G, Class H and Class I Performance Options to Carina Energy LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Approval of issue of Incentive Options to Mr Damian Kestel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Approval of increase in Directors fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Security Holder 2

Security Holder 3

Sole Director and
Sole Company Secretary

Director

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 General Meeting of Sun Resources NL to be held on Wednesday 12 September 2012 at 9.30am AWST and at any adjournments of that meeting.

DATED

.....2012

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 appointor Company and the name or position of the appointee (eg "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 (eg 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 5 Bendsten Place, Balcatta, Western Australia, 6021 or PO Box 332, Greenwood, Western Australia, 6924 or sent by facsimile to the registered office on (+618) 9345 4541 or send by email to proxies@ricgroup.com.au