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30 April 2015

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

Dear Sir/Madam

RE: QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2015

Please find the Quarterly Activities Report for the period ended 31 March 2015 for Sun Resources NL (ASX: SUR).

Yours faithfully
SUN RESOURCES NL

A handwritten signature in black ink, appearing to read "Craig Basson".

Craig Basson
Company Secretary



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2015

HIGHLIGHTS

Amerril Agreement allows Sun to secure 100% interest in the Woodbine

- Subsequent to the end of the Quarter on the 24 April 2015, Sun announced it had secured control over a 100% working interest (WI) in the Normangee Oil Project, including the Jack Howe #1H well and associated Lower Woodbine lease position, after reaching agreement with Amerril Energy LLC (“Amerril”).
- The Jack Howe #1H well confirmed a 250 feet net oil pay section and the well is being prepared to be fracked.
- Sun also retains a 100% WI in its new ‘Southern Woodbine’ leases acquired within the Normangee and SW Leona Areas of Mutual Interest (AMI’s) with those AMI’s with Amerril now extinguished.
- Sun currently controls 100% of its East Texas “Eaglebine” land position (over 14,600 gross acres); including the SW Leona Project and the Centerville AMI, via an assignment of Amerril’s WI% in the joint interest areas.
- In consideration for the assignments by Amerril, Sun will tender to Amerril US\$2 million as a deferred settlement in the event a new partner joins Sun in these lease positions, via farm-in arrangement, other funding option or outright sale.
- Sun looks forward to working with Amerril, Sun’s second largest shareholder, after Hancock Prospecting Pty Ltd, in deriving maximum value from its Woodbine land position.
- Sun will now focus all its efforts on securing the funding for the multi-stage hydraulic fracturing of the Jack Howe #1H Lower Woodbine well, including via farm-out where the Company has received interest from a number of parties.
- Sun will also look to appraise the commercial potential of the newly emerging Buda-Rose oil play that has been recently tested successfully in the area by EOG and others. This is a new additional layer (or “Bench”) below the prospective Lower Woodbine target identified by Jack Howe #1H.

Normangee Oil Project, Onshore, East Texas (Sun: 50% WI and Operator)

- Sun to re-bid the multi-stage hydraulic fracturing programme on the Jack Howe #1H lateral – currently targeting June 2015 for the fracturing operation.
- Expecting to deliver a 20% well cost reduction with potential for US\$4 million gross revenue in the first 12 months of flow-back (based on the best offset well results).
- Expected pay-back on the frack cost would be circa 12-18 months at US\$50 oil price from a confirmed 250 feet net oil pay section.
- Both EOG and Presco have reported offset horizontal well completions in the Buda Formation that lies immediately beneath Sun’s primary target Lower Woodbine Formation.
- These two completions, within 8 miles (13 km) of Sun’s Normangee, Lower Woodbine lease position confirm the oil potential of a second horizon within the Normangee Oil Project area.
- The one-day flow period (1-day IP) reported for the EOG-operated Golden Wave #1H well was 330 bopd.
- The Presco Samuel #1H (Buda) and Zeus #2H (Lower Woodbine) horizontal wells have not yet been fracked as the operators wait on an anticipated oil price recovery during 2H 2015.

HIGHLIGHTS

Corporate

- Directors to receive shares in Sun in lieu of cash for Directors' Fees for a minimum period of three months and the Managing Director to receive 25% of his salary package in the form of shares for a minimum of three months. These measures are effective from the 1 January 2015.
- Sun entered into a Convertible Loan Agreement on the 18 February 2015 with a subsidiary of Hancock Prospecting Pty Ltd, under which \$957,806 was loaned to the Company.
- Subsequent to the end of the Quarter, the Company offered a Share Purchase Plan to Sun shareholders registered on the 1 April 2015. This Share Purchase Plan closed on the 24 April 2015 with the results of the capital raising expected to be announced on the 4 May 2015.

UNITED STATES OF AMERICA

OIL AND GAS EXPLORATION AND DEVELOPMENT

EOG Completes a Buda Formation Lateral Oil Well Near Sun's Normangee Oil Project

According to reports lodged with the Texas Rail Road Commission ("RRC") and reported in the scout service "DrillInfo", EOG Resources Inc. ("EOG") has completed the Golden Wave Unit #1H, as the fourth well completion on the Grove Unit 4-well pad, in the Buda Formation. The report filed with the RRC for the Golden Wave Unit #1H well shows a 1-day IP of 330 bopd with a GOR of 727 cubic feet per barrel, just 8 miles (13 km) west of the Jack Howe #1H location. Oil and gas shows were recorded while drilling through the Buda-Georgetown formations in both Sun's Jack Howe #1 and Seale #1 vertical pilot wells.

As recently reported, EOG has successfully drilled and completed 11 'laterals' in the Lower Woodbine target, to the east and west of Sun's Normangee Oil Project, and delivered a range of 30-day initial production rates of between 200-600 bopd. The most recent EOG lateral completions, Zeus #1H and #2H were drilled and successfully completed only 6 km east of Sun's Jack Howe #1H lateral well. Zeus #1H is currently in production, having delivered a minimum 500 boepd 30-day IP, as reported and Zeus #2H is awaiting a recovery in oil prices ahead of a multi-stage fracking operation.

Sun further notes that another operator in the area, Texas Presco, Inc., has successfully drilled and cased its first horizontal well targeting the Buda Formation, Samuel #1H. This well is located midway between Sun's Normangee and SW Leona Oil Project areas and immediately north of the EOG-operated Zeus #1H and 2H wells. Strong hydrocarbon shows were reported while drilling up to 8,000 feet of horizontal section in the Samuel #1H well.

Normangee Oil Project, Onshore, East Texas (Sun: 50% WI and Operator)

There have been a number of industry reports that have pointed to 15-40% reduction in drilling rig day rates as a consequence of approximately 50% fall-back in rig utilisation rates in the USA. As a consequence, operators are looking for similar reductions in multi-stage hydraulic fracturing services. This effort should lead to more positive economics in the unconventional Lower

Woodbine play in East Texas, even at US\$50 oil price. Sun is therefore re-bidding the frack AFE for the Jack Howe #1H well ahead of an expected start-up of the operation in June 2015.

Sun has completed internal economic analyses that indicate approximately US\$4 million of net revenue (100% WI) could be generated in the first year of flow-back, based on the best offset well production rates. This would deliver pay-back within 12-18 months of the investment in the frack. Sun also believes a 25% reduction in costs across both drilling and completion could deliver positive economics for future development of the Normangee Oil Project, even at US\$50 oil price.

Sun has engaged with a number of local companies with a view to negotiating a farm-in agreement to help fund the frack at Jack Howe #1H. This effort is speculative in nature at this time and further effort is required before anything of a material nature can be reported to the market. Also, Sun is excited about the potential for the Buda-Georgetown formation to provide a second layer [or 'bench'] of potentially commercial oil resources within Sun's Lower Woodbine land position, as well as exploration potential across Sun's Delta Oil Project leases. However, this will be the focus of future drilling efforts, once the Lower Woodbine of the Normangee Oil Project is confirmed.

Delta Oil Project, Onshore, East Texas (Sun: 25 - 100% WI)

Sun currently controls a 100% working interest in a total of 5,560 (4,854+706) net acres in the Delta Oil Project that should be the subject of future activity, by way of farm-out, joint venture or direct drilling activities in the coming months. Sun will be looking to target the oil-prospective Buda-Rose stratigraphic section as well as evaluating the Lower Woodbine potential in the first vertical pilot well.

Badger Oil Project: Eagle Ford and Austin Chalk Unconventional Oil (Sun 10% WI)

Sun announced, during the December 2014 Quarter, that pursuant to an amended Letter of Intent (LOI) Agreement with Ursa Resources Group II LLC ("Ursa"), the vendor and project operator, Sun has reduced its 50% working interest (WI) in a 10,028 gross acres package of oil and gas leases to a 10% WI within the developing Eagle Ford Shale and its overlying Austin Chalk Formation, located in Bastrop County, Texas, USA (the Badger Oil Project). The remaining 90% WI will be retained by Ursa.

Sun has also agreed to exit its working interest position in the 684-acre drilling unit containing the location of the initial Badger Oil Project lateral well, thereby relieving Sun of all cash obligations for the initial well. As per the Agreement, Sun will retain a 10% WI in the remainder of the Project area (9,344 gross acres), located in Bastrop County, toward the north-eastern end of the traditional fairway of Eagle Ford Shale play. This deal provides Sun with access to the value generated in the acreage if the initial well is successful, without the burden any cash commitments in the initial well. The initial well in the Badger Oil Project was targeting a spud date during the December 2014 Quarter but has since been deferred until oil prices recover to within the range US\$65-US\$70 per barrel.

Southern Woodbine Oil Projects, Onshore, East Texas (Sun: 18-50% WI)

Amerril (40-50% WI) operates a number of oil and gas leases on behalf of Sun in the SW Leona, Centerville, Freestone and Eunice Project Areas. Oil continues to flow from the T. Keeling #1H and Seale #1H lateral wells at low but steady rates, with flow-back operations now going through long term production equipment.

Centerville AMI (Sun ~18% WI)

The operator of the Centerville Area of the Southern Woodbine Oil Project reports that flow-back operations were continuing at the F. Thompson #1H lateral via permanent production facilities during the Quarter.

SW Leona AMI (Sun: 50% WI)

Flow-back operations have continued at the T. Keeling #1H and Seale #1H Lower Woodbine wells, with minor oil flow rates being recorded at each well.

Beeler Oil Project, Onshore, East Texas (Sun: 13.54–16.67% WI)

During the Quarter, the operator, Amerril, continued with production activities at the Ellis #1H well and at the other two lateral Woodbine wells, CW Brown #1H and John Beeler #1H.

Land Status (based on data current at 31 December 2014, East Texas)

At the end of the Quarter, Sun's total net land position in the Woodbine Tight Oil Play within Leon and Madison Counties, East Texas was approximately 12,000 net acres of oil and gas leases. Actual net acres held under lease changed during the Quarter as new leases were added and existing leases extended, renewed or lapsed. In addition to the current activities the Company actively seeks to identify new opportunities to assist in driving growth. In particular, the Company is examining opportunities to increase its lease holdings in the core, Southern Woodbine region, as capital allows. Below is a table showing Sun's net acres of oil and gas mineral leases in the various project areas. Total net acres recorded in the table below are approximate at 31 March 2015, based on the latest information provided by our vendors and operators.

Oil Project Area	Sun's Working Interest (%WI)	Sun's Net Royalty Interest (%NRI)	Sun's Net Acres (1ha = 2.471ac)	Project Area Gross Acres
Delta	100%	75%	4,854	4,854
Badger	10%	7.5%	934	10,028
SW Leona	50%	37.5%	1,566	3,132
Southern (New)*	100%	77.5%	1,980	1,980
Normangee	50%	37.5%	1,263	2,526
Beeler (CW Brown)	13.5%	10.5%	-	-
Beeler Remainder	16.7%	12.5%	230	1,398
Centerville AMI	18%	13.5%	230	1,248
Delta (Petro-Hunt AMI)	25%	18.75%	706	2,826
TOTAL	-	-	11,763	27,992

* Note: some of these leases are subject to AMI provisions of Joint Operating Agreements with Amerril Energy LLC (50%WI).

Subsequent to the end of the Quarter, on the 24 April 2015, the Board of Sun announced that it had secured control of its Woodbine land position, after agreeing to resolve a number of matters with Amerril. In a material commercial arrangement agreed between the two parties, Sun is now independent and free to progress operations in the field with the fracking of the Jack Howe #1H Lower Woodbine oil well, subject to funding and executing a definitive settlement agreement with Amerril.

Sun Secures 100% Working Interest in Normangee Oil Project and Jack Howe #1H

Sun and Amerril have reached an agreed resolution (non-binding "Term Sheet") on a number of matters that have enabled Sun to dissolve all Joint Venture ("JV") arrangements and Areas of Mutual Agreement ("AMI's") with Amerril. Sun's key objective was to secure control of 100% of the Normangee Oil Project area that includes the 'drilled and cased' Jack Howe #1H lateral well completed in the Lower Woodbine Formation. Amerril has agreed to assign its 50% WI in the Normangee leases and the Jack Howe #1H well. Amerril has further agreed to assign to Sun its 50% WI in the SW Leona Oil Project and its working interest in Centerville. In consideration for these assignments, Sun will tender to Amerril US\$2 million in a deferred settlement on completion of a sale or assignment of the Amerril lease interests to a third party. These lease assignments include interests in the [yet to be fracked] Jack Howe #1H well and the currently uneconomic Seale #1H and T. Keeling #1H producing oil wells. The Normangee and the SW Leona AMI's, and their respective Joint Operating Agreements ("JOA's"), will be terminated. The new 'land bank' net to Sun is summarised in the table below and the Woodbine play total is now over 14,600 net acres, an increase of over 3,800 net acres:

Oil Project Area	Sun's Working Interest (%WI)	Sun's Net Royalty Interest (%NRI)	Sun's Net Acres (1ha = 2.471ac)
Normangee	100%	75%	2,526
SW Leona and Centerville	100%	75%	4,380
New Southern Woodbine	100%	77.5%	1,980
Delta (and Petro-Hunt AMI)	100%	75%	5,560
Beeler	16.7%	12.5%	230
WOODBINE TOTAL	--	--	14,676
Badger	10%	7.5%	934
UNCONVENTIONAL TOTAL	-	-	15,610

(Total acres approximate, as at 31 March 2015)

OIL AND GAS PRODUCTION – ONSHORE USA

Oil production for the March 2015 Quarter was confined to oil production now coming from the Woodbine laterals in the Beeler Oil Project, with flow-back continuing at the Centerville and SW Leona Oil Project areas, in Leon County, East Texas. The operator has not provided reports to Sun for the first three months of 2015. Recent communications with the operator have indicated that wells are being considered as candidates for being shut in while oil prices remain low, to minimise unprofitable production.

PRODUCTION (Sun W1% share)	March 2015 Quarter	December 2014 Quarter
Oil (bo)	Not available	2,033

Table 1: Quarterly Production (units: bo – barrels of oil)

CORPORATE

BOARD MEASURES TO MANAGE CASH RESERVES

The Board has approved the issue of shares in Sun to the Directors in lieu of cash payments for Directors' Fees for a minimum of three months from 1 January 2015. In addition, the Board has approved that the Managing Director, Matthew Battrick receive 25% of his salary package in the form of shares in the Company for a minimum of three months from 1 January 2015. The active management of the Company's cash reserves is an inevitable result of the sharp fall in the oil price since June 2014.

CONVERTIBLE LOAN AGREEMENT

Sun entered into a Convertible Loan Agreement, ("Loan Agreement") with Winform Nominees Pty Ltd ("Winform"), a subsidiary of Hancock Prospecting Pty Ltd under which Winform loaned \$957,806 to the Company.

The key terms of the Loan Agreement are as follows:

- The interest payable under the loan is 5% per annum.
- The loan is repayable on the earlier of:
 - a) 18 months from the 18 February 2015; or
 - b) 20 business days after the completion of any capital raising by the Company which raises \$5,000,000 or more ("Qualifying Capital Raising") or a takeover of the Company.
- Subject to the Company obtaining prior shareholder approval, Winform may elect to receive repayment of the loan through the issue of fully paid ordinary shares in the capital of Sun, instead of cash, to be calculated on the date of conversion by dividing the outstanding sum by the lesser of:
 - a) the price per share under a Qualifying Capital Raising; or
 - b) a price per share equal to the VWAP of the shares for the five ASX trading days prior to the repayment date noted above.

The Company has also entered into a Security Pledge Deed under which the Company has granted Winform security over Sun's interest in the Badger Oil Project Leases under the Loan Agreement.

SHARE PURCHASE PLAN

Subsequent to the end of the Quarter, Sun announced that it is to offer eligible shareholders the opportunity to apply for new, fully paid ordinary shares (“New Shares”) in Sun under a Share Purchase Plan (“Plan”) to raise \$1 million. The Plan is fully underwritten by Patersons Securities Limited (“Patersons”) who are acting as Lead Manager and Underwriter to the offer.

The Plan provides the opportunity for shareholders to subscribe for up to \$15,000 worth of New Shares without incurring brokerage or other transaction costs. Directors who are eligible shareholders have agreed to each subscribe for \$15,000 under the Plan. The issue price will be determined at the issue date of New Shares under the Plan based on a 20% discount to the volume weighted average price of Sun’s shares traded on the ASX during the five days immediately prior to the issue date of the New Shares.

Funds raised under the Plan will be used:

- for planning and optimisation of the proposed multi-stage fracking operation at Jack Howe #1H well in the Normangee Oil Project;
- to fund further exploration and geological review of current projects; and
- to provide ongoing working capital.

The Directors have determined that offers under the Plan will be made to eligible shareholders, being those who are the registered holders of fully paid ordinary shares in the Company as at the record date of the 1 April 2015, and whose address in the Company’s register is situated in Australia or New Zealand.

The Plan closed on the 24 April 2015 and the results of the capital raising are expected to be announced on the issue date of the 4 May 2015.

Sun held net cash of \$0.4 million at the end of the March 2015 Quarter.

BY ORDER OF THE BOARD



Matthew Battrick,
Managing Director and CEO
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This report is lodged on the Company’s website, www.sunres.com.au. Technical information contained in this report was sourced from the Operators of various Joint Ventures in which the Company has interests and was compiled by the Managing Director of Sun Resources NL, Mr Matthew Battrick, BSc (App. Geol), MPESA, MPESGB, MAAPG, GAICD who has had more than 30 years’ experience in the practice of geology generally and more than 30years’ experience in petroleum geology.