

19 March 2018

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

Dear Sir/Madam

SUN ANNOUNCES AWARD OF A NEW LEASE TO EXTEND THE BOWSPRIT OIL PROJECT

The Board of Sun Resources NL (“Sun” or “the Company”) (ASX: SUR) is pleased to announce that the Company and Pinnacle Exploration Pte Ltd (“Pinnacle”) have secured a new lease through bidding on open acreage in the inland waters of the State of Louisiana, USA. This lease is contiguous to the Bowsprit lease and covers a possible field extension identified by interpretation of the 3D seismic purchased in December 2017.

The Joint Venture (JV) parties have named the field “Bowsprit”.

Details of the Louisiana Oil Leases

Sun and Pinnacle have, subject to execution of the formal lease documents with the State of Louisiana in the coming weeks, been awarded a Petroleum Lease of 155 acres (0.63km²) in the Breton Sound Area of Louisiana. Consistent with an MOU between the parties previously executed, the Lease interests will be held on a 50/50 working interest basis. Sun paid 100% of the leasing cost of approximately A\$45,000. The new lease is contiguous to the 1,000 acre (4km²) SL21754 acquired in August 2017. This additional area was considered necessary to cover the total field area following the interpretation of 3D seismic purchased in December 2017.

The leases are located approximately 70km southeast of New Orleans in approximately 3m of water. There are 16 historical wells, drilled between 1952 and 1982, and extensive existing 2D and 3D seismic over the lease area. The leases are near the boundary of St Bernard and Plaquemines Parishes that cover the transition zone from onshore to the federal waters offshore Louisiana. The two Parishes have produced a combined 1.2 billion barrels of oil and 5.2 trillion standard cubic feet of gas since 1978. The area is a prolific hydrocarbon province with over 1,800 wells drilled in the St Bernard parish alone.

Field Potential

Sun and Pinnacle have conducted extensive internal work assessing the project, based on public domain and purchased data and have prepared a conceptual development plan for the field. Sun has commissioned various consultants to review the project and verify its potential, and commissioned an independent resource assessment from Perth based RISC Advisory Ltd, the results of which will be announced in the coming weeks.

The co-venturers have determined that the Bowsprit structure may be developed with up to five horizontal wells and could potentially be produced through a simple unmanned production platform as it is close to existing infrastructure.

Commenting on the acreage award, Ian McCubbing, Chairman of Sun said, “With the award of the new lease, Sun and Pinnacle have now secured the full area of the Bowsprit field. The time required to secure this acreage caused some delay to our plans, but the Company is now in a position to conclude and publish the results of the resource assessment and will be able to approach potential farminees in the coming weeks.”

Yours faithfully
SUN RESOURCES NL

A handwritten signature in black ink, appearing to read 'Craig Basson', with a stylized flourish at the end.

Craig Basson
Company Secretary

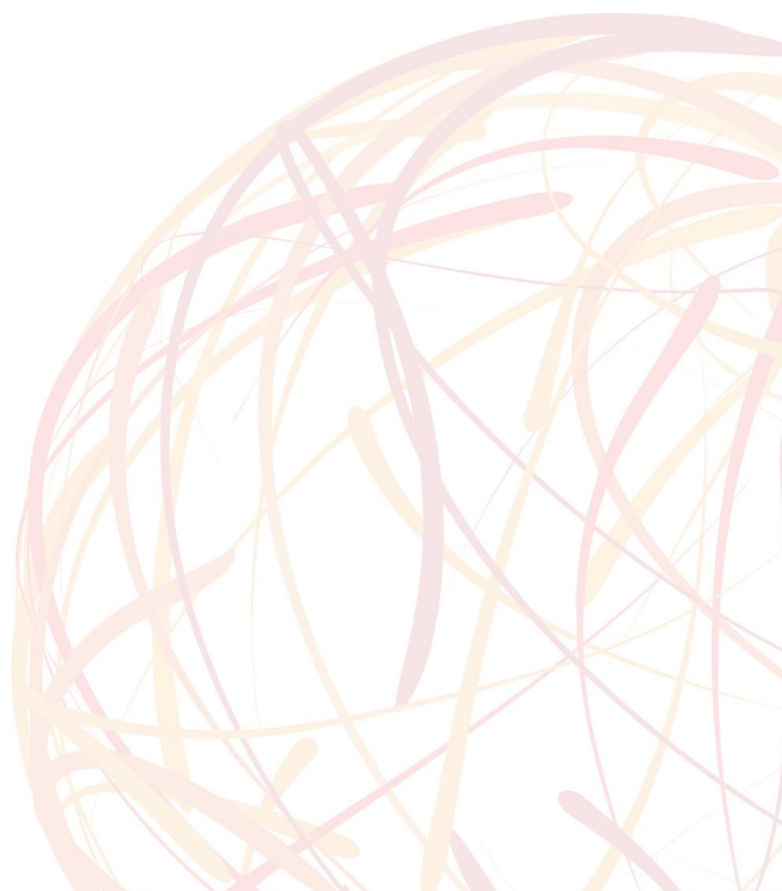


Competent Person - All of the technical information, including information in relation to reserves and resources that is contained in this document has been reviewed internally by the Company's Director, Mr Alexander Parks. Mr Parks is a Petroleum Engineer who is a suitably qualified person with over 20 years' experience in assessing hydrocarbon reserves and has reviewed the release and consents to the inclusion of the technical information.

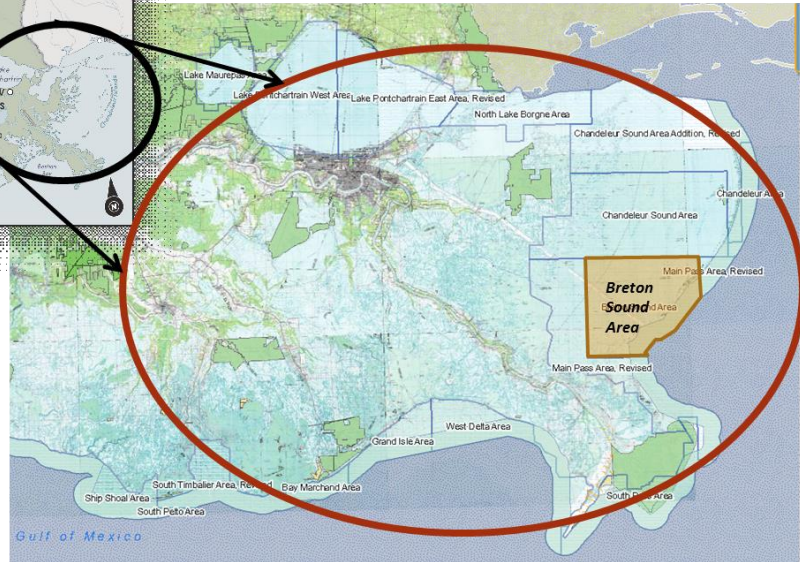
Cautionary Statement This document was prepared with due care and attention and the information contained herein is, to the best of Sun Resources NL's (Sun) knowledge, current as at the date of this release. Some of the data and records relied upon by Sun to assess this project date back to 1960s and whilst believed to be accurate cannot be easily verified and a degree of caution is appropriate. This document includes certain statements, opinions, projections, forecasts and other material, which reflect various assumptions. The assumptions may or may not prove to be correct. Statements contained in this release, including but not limited to those regarding the possible or assumed future costs, performance, returns, production levels or rates, oil and gas prices, reserves, potential growth of Sun Resources NL, industry growth or other projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risk and uncertainties, many of which are outside the control of Sun Resources NL. Actual results, actions and developments may differ materially from those expressed or implied by the statements in this release. All forward-looking statements or estimates made in this release are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements and estimates are not guarantees of future performance and accordingly, investors are cautioned not to rely on forward-looking statements or estimates due to their inherent uncertainty therein.

About Pinnacle

Pinnacle Exploration Pte. Ltd. ("Pinnacle") is a private, upstream oil and gas company incorporated in Singapore. Pinnacle's focus and expertise is the shallow water, oil and gas opportunities in the prolific Salt Dome Basin of the Gulf of Mexico. The Board of Pinnacle have considerable experience in this oil rich province, where much of the historic production of Louisiana Sweet Crude has been from conventional structures and reservoirs at depths less than 3,000 metres. Three of the Directors of Pinnacle are Craig Martin (MD), Robert Fisher (Chairman) and James Brown, who are former colleagues of Alex Parks and Bill Bloking.



Project Location



Breton Sound Location

Key Lease Terms

Issuing Authority	State of Louisiana	
Participants	Sun Louisiana LLC	50%
	Pinnacle Energy International (USA) I LLC	50%
Area	155 Acres (0.63km ²)	
Purpose	Petroleum Lease All Petroleum Rights from Surface to Basement	
Duration	Three Years Primary Term, automatically extended if held by production	
Royalty	21% Royalty payable to the State on all production. No third-party royalties are payable	
Lease Cost (US\$)	Lease Bonus	13,562.5
	First Year Rent	13,562.5
	Leasing Fee	2,712.5
	Department of Water and Fisheries Fund	4,650.0
	Total -----	US\$ 34,488
Commitments	Annual Rent of US\$13,562.5 for two further years unless relinquished The Lease does not have any minimum capital commitment, nor work program commitments such as drilling However, in order to retain the lease beyond three years, the parties need to drill and commence production	