

2 February 2012

Mr Wade Baggott
Senior Adviser, Listings (Perth)
ASX Compliance Pty Limited
2 The Esplanade
PERTH WA 6000

Dear Wade

RESPONSE TO ASX QUERY – APPENDIX 5B FOR THE QUARTER ENDED DECEMBER 2011

We refer to your letter to Sun Resources NL (“Sun” or the “Company”) dated 1 February 2012 and respond to your questions, using the numbering in your letter as follows:

1. The Company’s cash expenditure is based on exploration programs which are budgeted with the Company’s financial capabilities in mind, and these exploration programs are monitored on a regular basis.

Past cash expenditure rates are not an accurate reflection of future expenditure rates. In the December 2011 quarter the Company had large expenditures due to the acquisition of the Delta Oil Project as previously announced to the ASX. The Company has now completed the acquisition of the majority of the Delta Oil Project, and future acquisition costs are expected to be significantly reduced. We also note that, whilst Sun intends to acquire the full 10,000 acres in the Delta Oil Project (of which 6,803 have already been acquired), Sun may not acquire the full 10,000 acres, which would significantly reduce the expected cash outflows in the current quarter.

2. As with the majority of junior exploration companies, it is not unusual to have negative operating cash flows prior to commercialisation of a discovery. Of course, the Company’s primary objective is to identify and commercialise a profitable hydrocarbon asset that will provide positive operating cash flows in the future.
3. Sun continues to work closely with all stakeholders to meet its business objectives in terms of its strategic plan and funding objectives. In the past Sun has demonstrated a strong capacity to raise exploration capital as and when required, as recently demonstrated by the strong support shown by new and existing shareholders for the \$10.8 million in equity raised by way of placement and entitlement issue in the second half of CY2011.
4. The Company confirms that it is in compliance with the ASX Listing Rules and in particular, ASX Listing Rule 3.1.
5. The Company is of the opinion that it remains in compliance with ASX Listing Rule 12.2. As disclosed in the most recent audited financial statements at 30 June 2011, the Company’s assets total \$8,840,730 compared to liabilities which total \$100,506.

Yours faithfully
SUN RESOURCES NL



Craig Basson
Company Secretary



ASX Compliance Pty Limited
ABN 26 087 780 489
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

GPO Box D187
PERTH WA 6840

Telephone 61 8 9224 0000
Facsimile 61 8 9221 2020
www.asx.com.au

1 February 2012

Craig Basson
Company Secretary
Sun Resources NL
5 Bendsten Place
BALCATTWA WA 6021

By Email

Dear Craig

Sun Resources NL ("Company")

I refer to the Company's Quarterly Cashflow Report in the form of Appendix 5B for the period ended 31 December 2011, released to ASX Limited ("ASX") on 31 January 2012 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$4,007,000
3. Estimated exploration and evaluation cash outflows of \$3,500,000.
4. Estimated production cash outflows of \$20,000.
5. Estimated administration cash outflows of \$280,000.
6. Cash at end of quarter of \$5,460,000.
7. Credit standby facilities of \$40,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities? Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number +61 8 9221 2020** or email wade.baggott@asx.com.au. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Friday 3 February, 2012**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Wade Baggott
Senior Adviser, Listings (Perth)