

10 October 2011

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

Dear Sir/Madam

PLACEMENT OF ENTITLEMENT ISSUE SHORTFALL COMPLETED

Please find attached the announcement advising the completion of the Company's Entitlement Issue Shortfall.

Yours faithfully
SUN RESOURCES NL



Craig Basson
Company Secretary

Monday, 10 October 2011

Placement of Entitlement Issue Shortfall Completed

*Placement and Rights Issue Will Raise \$10.8 Million,
Fully Funding Sun's Delta Oil Project*

- Sun has placed the shortfall of approximately 48.4 million shares from its recently completed Entitlement Issue
- Sun will raise a total of \$10.8 million pursuant to Entitlement Issue and the previously announcement Placement, ensuring Sun is fully financed to complete the acquisition of up to 10,000 acres in the highly prospective Delta Oil Project, along trend of the Eagle Ford Shale, onshore Texas

The Board of Sun Resources NL (**Sun Resources, Sun** or the **Company**) (**ASX:SUR**) is pleased to advise that it has received firm commitments, including from existing Sun shareholders, for the placement of the shortfall from the recently completed Entitlement Issue, being approximately 48.4 million shares, resulting in Sun raising gross proceeds of approximately \$1.9 million pursuant the Entitlement Offer.

In conjunction with the placement to raise \$8.9 million, which was announced to the ASX on 31 August 2011 ("Placement"), Sun will raise gross proceeds of approximately \$10.8 million, ensuring Sun is fully funded to progress its Delta Oil Project.

Hartleys Limited was Broker to the Offer in respect of the Placement and the Entitlement Issue. Sun wishes to thank Hartleys for successfully completing Sun's capital raisings in testing market conditions.

Commenting from Texas, Sun's Managing Director Matthew Battrick said, *"There was strong support from existing shareholders for the Entitlement Issue, with many Sun shareholders applying for shortfall shares. In addition, there has been significant demand from a number of domestic broking firms, which in the context of the highly volatile stock market, is a fantastic outcome for Sun's shareholders, demonstrating strong support for Sun's entry into the Eaglebine oil play in Texas."*

Sun has already secured a significant a 100% working interest in a total of 2,922 acres of oil and gas leases along trend of the Eagle Ford Shale oil fairway, and will continue progressing the acquisition of further acreage in the Delta Oil Project (up to 10,000 net acres in total), subject to certain conditions including the completion of due diligence and shareholder approval of tranche 2 of the Placement. Mr Matthew Battrick will acquire \$5,000 pursuant to the Entitlement Issue shortfall, subject to shareholder approval.

Sun is currently conducting its due diligence on a further 1,562 acres of the Delta Oil Project which, if acquired by Sun, will bring Sun's total interest in this highly prospective Eaglebine oil play to 4,484 acres.

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Company Secretary

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About the Delta Oil Project

On 26 August 2011 Sun Resources announced that it had entered into a binding term sheet with a Houston based private oil and gas company to acquire up to 10,000 net acres of oil and gas leases¹ (**Delta Oil Project**), all located within the oil zone of the Eagle Ford Shale trend in Texas, USA. Sun will acquire a 100% working interest in all of the leases, each with a minimum 75% net revenue interest, a three year lease term, and in most instances, also have a 2 years option to extend the lease term.

The Delta Oil Project leases are located in the rapidly expanding new 'Eaglebine' play within the overall Eagle Ford Shale trend in Houston, Madison, Leon and Robertson Counties, Texas. In this new resource play, horizontal fraced wells have obtained significant oil production from brittle, sandy units (**Woodbine Sands**) near the base of the Eagle Ford Shale at relatively shallow depths.

Recent horizontal wells within 35 miles of the Delta Oil Project have obtained initial flow rates of 900 to 1,200 barrels of oil per day from multi-staged fraced laterals of 6,000 to 7,000 feet in sandstone units and operators are reporting Estimated Ultimate Recoveries (**EUR**) of 300,000 to 600,000 barrels of oil per well. These results are comparable to wells in the Eagle Ford Shale oil zone in the well-known producing areas. In addition, the Eaglebine target reservoir depths of 5,000 to 8,000 feet are shallower than typical Eagle Ford Shale wells resulting in materially lower well costs which should materially improve the net present value (**NPV**) of individual wells.

Early recognition of the potential of the emerging Eaglebine play has enabled Sun to acquire a substantial lease holding at lease costs significantly lower than those in the well-known areas of the Eagle Ford Shale oil trend. Utilising information from old vertical wells situated within the boundaries of the leases and recent horizontal well production history from nearby Eaglebine producing wells, independent Houston based petroleum engineering and geological consultants, Ralph E Davis Associates Inc. (**Ralph E. Davis**) has estimated ***unrisked net Prospective Resources within the Delta Oil Project of 10 million barrels of oil from one sand unit and potential upside of a further unrisked 10 to 20 million barrels of oil from other sand units within the 400 feet thick target zone.***

The Ralph E. Davis net Prospective Resource estimate uses the following assumptions:

- a total of 30 wells spaced at 320 acres (i.e. 30 wells across 10,000 acres);
- each well with an Initial Production (**IP**) rate of 700 barrels of oil per day (**Bopd**);
- each well with an EUR of 452,000 barrels of oil (**bo**) per well from one 20 feet thick sand unit located over all of the Delta Oil Project area;
- oil at US\$90 per barrel and gas at US\$4 per thousand cubic feet (**Mcf**) held flat for the well life of 30 years;
- each well with a productive life of 30 years;
- capital cost of US\$6 million per well; and
- operating costs of US\$10,000 per month per well.

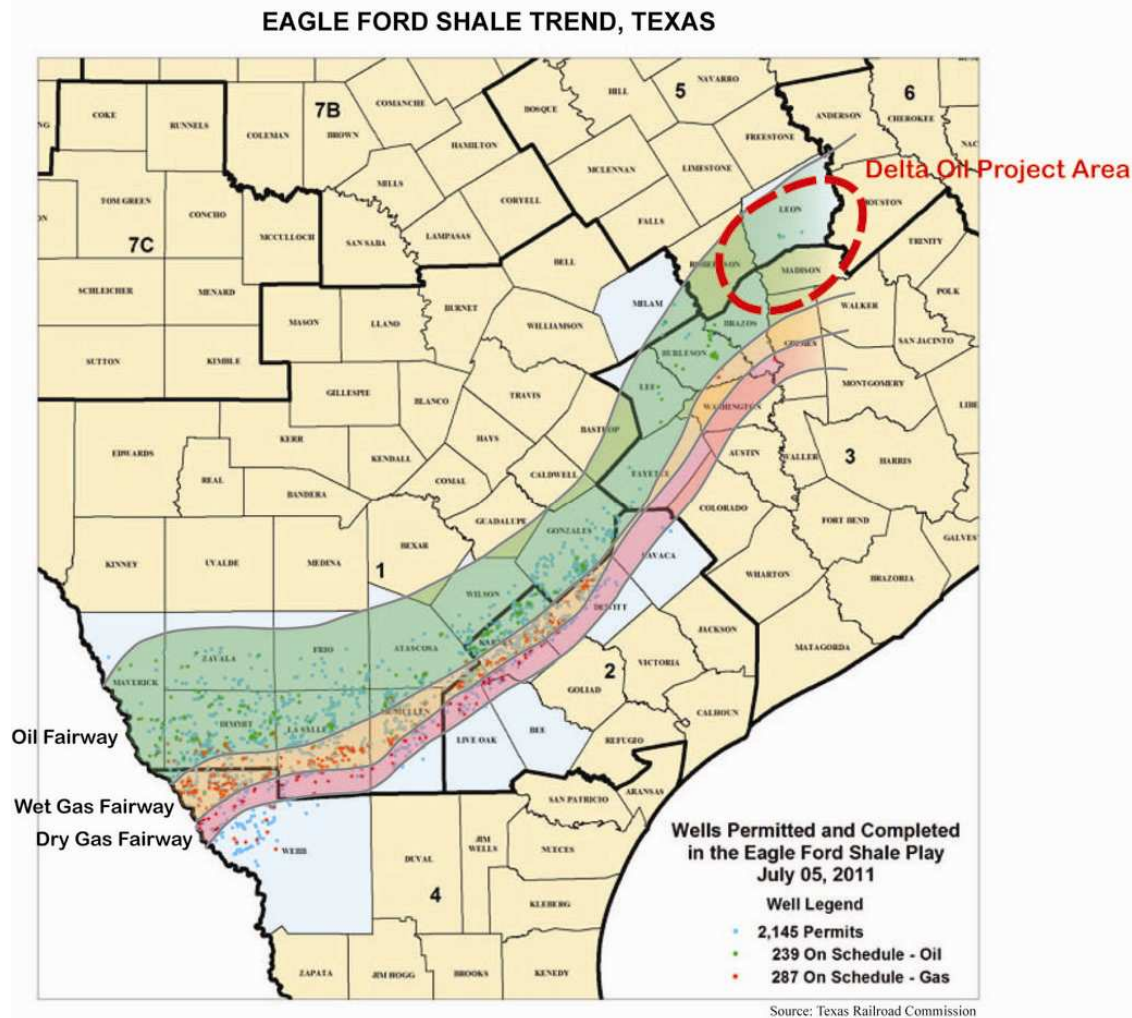
Assuming production of the 10 million barrels of Prospective Resources, Ralph E. Davis estimated the NPV of the Delta Oil Project of **US\$310 million**² which equates to:

- NPV of **US\$10,333,333 per well**; and
- NPV of US\$31 per barrel of oil for 10 million barrels of oil from one 20 feet thick sand unit.

¹ Sun will work with the Vendor to acquire up to 10,000 acres, however, less than 10,000 acres may ultimately be acquired. The numbers throughout this announcement are based on the acquisition of 10,000 acres

² Discounted at 10%, net of royalties, capital costs, operating costs and state taxes but excluding company income taxes

Figure 1: Eagle Ford Shale Position and Location of Delta Oil Project plotted on Texas County map.



Information contained in this report was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 30 years' experience in the practice of geology and 30 years' experience in petroleum geology.

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Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this document. Such assumptions include, but are not limited to, general economic, market and business conditions and corporate strategy. Accordingly, investors are cautioned not to place undue reliance on such statements.

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