



ABN69 009 196 810  
(Incorporated in Western Australia)

Level 2, 30 Richardson Street  
West Perth, WA 6005  
PO Box 1786, West Perth WA 6872  
T+61 8 9321 9886 F+61 8 9321 8161

29 April 2016

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 2016**

Please find the Quarterly Activities Report for the period ended 31 March 2016 for Sun Resources NL (ASX: SUR).

Yours faithfully  
**SUN RESOURCES NL**

A handwritten signature in black ink, appearing to read "Craig Basson". The signature is stylized and cursive.

Craig Basson  
**Company Secretary**



## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2016

### **HIGHLIGHTS**

#### **Oil and Gas Exploration and Development**

- Sun Resources NL (“Sun” or “the Company”) maintains a parcel of leases within the Lower Woodbine unconventional oil fairway, with additional potential in the newly emerging Buda-Rose oil play.
- Sun is reviewing other exploration and production opportunities in Texas that may be commercially viable in the current low oil price environment.
- The corporate highlights announced below will position the Company to access new opportunities in Texas and worldwide, including conventional oil production opportunities that have commercial potential in the current oil price environment.

#### **Corporate**

- On the 21 March 2016, Sun announced the details of a A\$1.2 million Equity Capital Raising by placement at a price of 0.1 cents to LUVV Capital Management Partners Ltd or its nominee(s).
- The first tranche of 300 million shares were issued on the 21 March 2016 for A\$300,000 and at the time of reporting, discussions with the investor were continuing regarding conditions under which the second tranche placement will be received by Sun.
- Shareholder approval was given at the General Meeting held on the 13 January 2016 for the Board of Directors to receive shares in Sun in lieu of cash for Directors’ Fees for the reporting period and the Managing Director to receive 50% of his remuneration in the form of shares during the period (1 October 2015 to 31 December 2015).
- The Board supported the continuation of the ‘shares-for-salary’ programme whereby all executives receive 50% of their remuneration in the form of shares, with employees to receive 25% of their salary in the form of shares.

## **UNITED STATES OF AMERICA**

### **OIL AND GAS EXPLORATION AND DEVELOPMENT**

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

Sun continued as Operator while planning to frack the Jack Howe #1H well in the Normangee Oil Project, subject to capital availability. Subsequent to the end of the Quarter, Sun was made aware that fresh lease agreements, covering approximately 263 net mineral acres (132 acres net to Sun and), or ~1/3<sup>rd</sup> of the Jack Howe #1H drilling unit, have been executed between the mineral owners and private company ABRI Advisory Services LLC or ADREW Direct LLC. This has the effect of reducing Sun's and Amerril Energy LLC respective interests in the drilling unit proportionally. Sun's attorneys are reviewing the documents recorded and considering options available while Sun retains its rights in relation to lease interests and the well bore.

#### **Delta Oil Project (Petro Hunt AMI), Onshore, East Texas (Sun: 25% WI)**

There has been no activity on this project during the reporting period due to low oil prices.

#### **Badger Oil Project, Onshore, East Texas (Sun 10% WI)**

There has been no activity on this Eagle Ford and Austin Chalk Unconventional Oil Project during the reporting period due to low oil prices.

#### **Southern Oil Project, Onshore, East Texas (Sun: 100% WI)**

Sun currently controls a total of 2,327 gross acres in the Southern 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.

#### **Centerville AMI, Onshore, East Texas (Sun: 50% WI and Operator)**

Sun assumed operatorship of Centerville during July 2015. The F. Thompson #1H lateral remained shut in during the Quarter due to a high water cut.

#### **SW Leona Oil Project, Onshore, East Texas (Sun: 50% WI and Operator)**

Sun assumed operatorship of SW Leona during July 2015. Oil production continued at the Seale #1H Lower Woodbine well, with approximately 17 barrels of oil per day being recorded.

#### **Beeler Oil Project, Onshore, East Texas (Sun: 16.7% WI)**

This project area remains for sale.

#### **Land Status, Onshore East Texas (based on data current at 31 December 2015)**

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 5,854 net acres of oil and gas leases. The Company actively seeks to identify new opportunities to assist in driving growth. 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 December 2015, based on the information provided by our vendors and operators.

<b>Oil Project Area</b>	<b>Sun's Working Interest (%WI)</b>	<b>Sun's Net Royalty Interest (%NRI)</b>	<b>Project area Gross Acres (1ha = 2.471ac)</b>	<b>Sun's Net Acres (1ha = 2.471ac)</b>
Normangee	50%	37.5%	2,019	1,010
SW Leona (and Centerville AMI)	50% (31.1%)	37.5% (22.5%)	3,329	1,581
Southern Woodbine	100%	77.5%	2,327	2,327
Delta (Petro Hunt AMI)	25%	18%	2,826	706
Beeler	16.7%	12.5%	1,395	230
<b>WOODBINE TOTAL</b>	-	-	<b>11,896</b>	<b>5,854</b>
Badger	10%	7.5%	7,529	753
<b>TEXAS TOTAL</b>	-	-	<b>19,425</b>	<b>6,607</b>

*(Total acres are approximate, as at 31 December 2015)*

## **OIL AND GAS PRODUCTION – ONSHORE USA**

Oil production reported for the March 2016 Quarter was confined to oil production now coming from the SW Leona Oil Project, in Leon County, East Texas.

<b>PRODUCTION (Sun WI% share)</b>	<b>March 2016 Quarter</b>	<b>December 2015 Quarter</b>
<b>Oil (bo)</b>	1,515	1,734

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

## **CORPORATE**

### **BOARD MEASURES TO MANAGE CASH RESERVES**

The Board has extended the issue of shares in Sun to the Directors in lieu of cash payments for Directors' Fees into 2016. During the Quarter, the Board approved that the Managing Director, Matthew Battrick receive 50% of his remuneration package in the form of shares in the Company for three months from 1 January 2016, subject to Shareholder approval. Also during the Quarter, Board agreed to allow all executives to continue to receive 50% of their remuneration in the form of shares, with employees to receive 25% of their salary in the form of shares. The active management of the Company's cash reserves is an inevitable result of the sharp fall in the oil price since August 2014.

## SHARE PLACEMENT

During the reporting period, a General Meeting of shareholders was held on the 13 January 2016 to ratify the placement of shares and refresh the Company's placement capacity. Approval was also received for the issue of Directors' Shares instead of fees and remuneration.

Sun called a trading halt on the 16 March 2016 to conclude preliminary negotiations regarding an equity placement in Sun shares. On the 21 March 2016 Sun announced the details of a A\$1.2 million Equity Capital Raising by placement at a price of 0.1 cents to LUVV Capital Management Partners Ltd ("LUVV") or its nominee(s). The Company plans to issue 1,200 million New Shares under the Placement in a two tranches pursuant to Sun's placement capacity under ASX Listing Rules 7.1 and 7.1A.

The first tranche of 300 million shares were issued on the 21 March 2016 for a consideration of A\$300,000. At the end of the March 2016 Quarter, negotiations were continuing with LUVV regarding agreement terms for the balance of funds to secure the remaining shares.

This effort will position the Company to access new opportunities in Texas and worldwide, including conventional oil production opportunities that have commercial potential in the current oil price environment.

Sun held net cash of A\$416,860 at the end of the March 2016 Quarter.

## BY ORDER OF THE BOARD

Matthew Batrick,  
**Managing Director and CEO**  
Telephone: +61 (08) 9321 9886  
Email: [admin@sunres.com.au](mailto:admin@sunres.com.au)

This report is lodged on the Company's website, [www.sunres.com.au](http://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 Batrick, 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.