

29 July 2011

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

Dear Sir/Madam

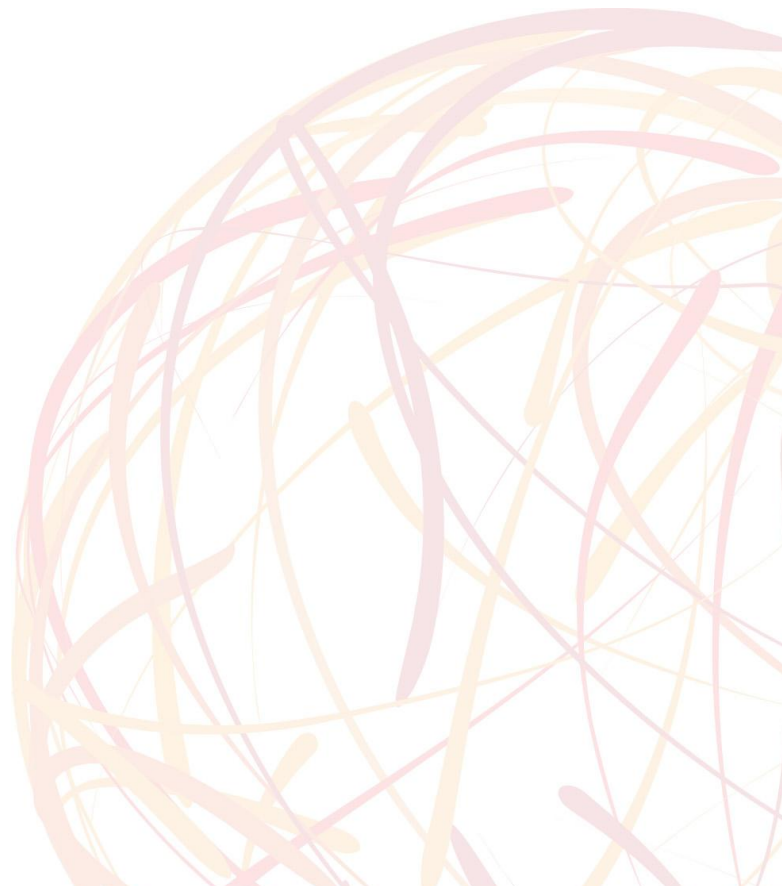
RE: QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2011

Please find attached above referenced quarterly activity report document, including the summary of operations for the June 2011 quarter.

Yours faithfully
SUN RESOURCES NL



Craig Basson
COMPANY SECRETARY



QUARTERLY REPORT FOR THE PERIOD

ENDING 30 JUNE 2011

HIGHLIGHTS

THAILAND L20/50 BLOCK

- The Operator, Carnarvon Petroleum Limited (“Carnarvon”) continued with the integration of the new technical data generated by the drilling of two exploration wells (Tapao Kaew #1 and Krai Thong #1) in Q1 2011. This new data will be utilised in a review of the existing seismic data.
- Two high quality sandstone units identified in the wells are likely to be the effective reservoir targets in any forward exploration program.

USA

- The Lake Long #9 well in Louisiana remained shut-in awaiting a further work over that is due to commence on 30 July 2011.
- Production continued at the Flour Bluff Gas Field and JSGU#1 well in Texas.

NEW PROJECT DEVELOPMENT

- Sun Resources continued negotiations on a definitive farm-in agreement with an as yet undisclosed party (due to commercial sensitivities) to participate in the drilling of a high impact well onshore North-West Europe which will test a 720 bcf conventional gas target early in 2012. Further details relating to this farm-in will be announced to the market following the receipt of necessary local government approvals.
- Sun Resources has been actively evaluating a number of oil and gas opportunities, and will continue to pursue new venture opportunities with a view to adding a significant new asset into the Company’s portfolio.

CORPORATE

- Cash on hand at 30 June 2011 was A\$2 million following the redemption of A\$3.125 million of listed convertible notes. Sun Resources is now debt free.

1. THAILAND

L20/50 Block, Onshore Phitsanulok Basin (Sun Resources – 42.5%)

Update

During the June 2011 quarter, Carnarvon Petroleum Limited continued with the integration of geological data obtained from the two exploration wells in Q1 2011. The discovery of high quality sandstone reservoirs and extensive clay seal lithologies will help improve the chance of success in the remaining 20 or so leads and prospects within 5 different play types over an area of 548km² covered by the 2D seismic survey.

The Tapao Kaew #1 well and Krai Thong #1 well drilled in Q1 2011 has provided encouraging new technical data for the Joint Venture to undertake a review of the existing seismic data which will greatly assist with planning future exploration in the concession.

Drilling of a third well, Chalawan, has been deferred by the joint venture pending a review of the well results and reinterpretation of the seismic data. All three sites have been retained while the joint venture considers the program going forward.

2. UNITED STATES OF AMERICA

2.1 OIL AND GAS DEVELOPMENT & PRODUCTION

The table below summarises Sun Resources' actual net working interest (W.I.%) production for the quarter and compares it with the previous quarter. Oil and gas production for the quarter fell due to lower volumes through Flour Bluff's gas plant in Texas and the unexpected shut-in of the Lake Long #9 well in Louisiana on 12 February 2011. Net revenue received during the quarter was severely curtailed due largely to the LL#9 well being shut in and the relatively high unit cost of production at Flour Bluff. USA oil and gas prices varied during the quarter and were between US\$90-120 per barrel of oil/condensate and US\$3.50-5.50 per 1,000 cubic feet for gas (mcf).

PRODUCTION (Sun WI% share)	June 2011 Quarter	March 2011 Quarter	Variance
Gas (mmscfg)	13.14	22.79	-42%
Oil (bo)	183	112	+63%
Net Revenue (US\$)	-58,380	22,544	-358%

Units: mmscfg – million cubic feet gas; bo – barrels of oil

Lake Long, Louisiana, USA (Sun Resources - 10%)

The SL328 #9 (Lake Long #9) remained off-line during the quarter while the Operator sourced a suitable work over rig to undertake a tubing repair. The work over activity is scheduled to commence on 30 July 2011. Production, once restored, will continue to produce from 24 feet of net pay in the Middle Hollywood Sands with contribution now from 13 feet of net pay in the Upper Hollywood Sands. Gross reserves were originally approximately 3.5 billion cubic feet of gas equivalent ("bcfge") with approximately 1.2bcfge (gross) remaining.

Project Margarita, Texas, USA (Sun Resources - 37.5%)

Gas production from the F1 discovery (JSGU#1) is being produced only intermittently due to elevated readings of hydrogen sulphide gas (H₂S), above the well's gas scrubber capability.

Flour Bluff Gas Field, Texas, USA (Sun Resources - 20.00 to 24.1667%)

Amalgamated gross production from the fields during the June 2010 quarter was an average 0.6 mmscfgd with 12 bopd, up 50% on the March 2011 quarter. This should lead to improved net revenue in the third quarter of 2011 once sales revenue is received.

2.2 OIL AND GAS EXPLORATION

There was no exploration drilling during the June 2011 quarter in the United States of America.

Future Drilling Activity

Sun Resources will have a material equity position in the following exploration wells, subject to ongoing farm-out marketing:

Project	Prospect	Interest	Potential	Comments
Margarita	TB#18	37.5%	1.7bcfe	Frio Fm.
Redback*	R-1.95	20.0%*	58 bcfe	Middle Vicksburg

* Subject to successful farm-out negotiations

Project Margarita, Onshore, South Texas, USA (Sun Resources - 20% to 37.5%)

The TB #18 shallow prospect remains the subject of a leasing process. This prospect has the potential to replace declining production from the existing Frio fields in the "Margarita Shallow" inventory. The "Deep Wells Programme" will test a number of deeper, larger volume, but higher risk, Wilcox prospects in the deep gas prospect inventory having potential un-risked recoverable volumes of 15 to 200 billion cubic feet of gas ("bcfg") (refer table below). Participation in these prospects by Sun Resources remains subject to future leasing and subsequent farm-out.

Prospect	Gross Potential	Target Formation
Cazadores	20 to 61 bcf	Upper Wilcox
W2A	100 to 200 bcf	Wilcox
Agave	67 to 208 bcf	Cook Mountain

Project Redback, Onshore, South Texas, USA (Sun Resources - 20% to 37.5%)

Farm-out marketing of Redback R-1.95 prospect continued during the quarter and Sun Resources expects to farm down from the current 37.5%WI to retain a 20%WI through the first well. The prospect has multiple targets in the productive Vicksburg Sands with high upside potential for both gas and oil as accompanying condensate (ie up to 58 bcfcg). On trend to the Redback area are producing analogues with individual wells having initial daily well production rates of 3 to 4 mmcfgd with 100 to 140 bopd.

3. MALTA

ESA Area 4, Block 3 and ESA Area 5, Offshore Malta (Sun Resources 20%)

Update

Operator, Pancontinental Oil & Gas NL ("Pancontinental") advised that during the quarter it continued to engage with the Ministry of Resources and Rural Affairs (MRA) in Malta with a view to refreshing the ESA and restarting exploration in the licence area. A further meeting was held with the MRA on 21 July to progress matters. Activities on the Company's Malta areas have been suspended since September 2005 under force majeure provisions of the ESA due to border issues between Malta, Libya and Tunisia.

Background

Contiguous ESA Area 4, Block 3 and ESA Area 5, offshore Malta in the southern Mediterranean Sea, is a high impact project that awaits settlement of border issues between Malta, Tunisia and Libya. Activities on the ESA areas have been suspended since September 2005 under force majeure provisions of the ESA agreement with the Government of Malta. Pancontinental has been in discussions with the OED to refresh the ESA title under the continuing force majeure provisions of the ESA agreement to allow exploration of the area to recommence at some time in the future when the border issues are resolved. Pancontinental has engaged a firm of Maltese lawyers to assist in this process.

4. AUSTRALIA

WA-254-P, Offshore Carnarvon Basin, W. Australia (Sun Resources 7.86% to 9.25%)

The Operator of WA-254-P, Apache Northwest ("Apache"), awaits a response to its Retention Lease (RL) application, covering the Sage-1 oil discovery, from the Designated Authority. The remainder of the block's exploration commitments have been suspended pending the RL application. Sun Resources and two other joint venture parties are continuing a divestment process of their combined 24.8% to 29.8% working interest in the permit that contains the Sage-1 well.

5. NEW PROJECT DEVELOPMENT – NW Europe

Update

Negotiations by the Operator were continuing at the end of the quarter with local government on the approval process of the well. A further extension to the end of November 2011 has been agreed between Sun Resources and the Operator to allow the Operator time to complete the well approval process with the local authorities. This is an important condition precedent in the executed Term Sheet. Further details relating to this farm-in will be announced to the market following the receipt of necessary local government approvals and the execution of a definitive Farm-in Agreement.

Background

Sun Resources announced on 10 November 2010 that a non-binding Term Sheet with an as yet undisclosed party (due to commercial sensitivities) had been executed for Sun Resources to participate in the drilling of a high impact well onshore North-West Europe which will test a 720 bcf conventional gas target. Sun Resources will fund €1.645m (A\$2.3m) of past and future drilling costs to earn a 15% working interest in the farm-in concession. The planned well and equity assignment in the permit to Sun Resources is subject to approval by local authorities. The principle terms of the Farm-in are:

- Sun Resources will pay €1.51m (approximately \$2.1m) of the dry hole costs based on a €5.33m estimate (A\$7.48m);
- Sun Resources will pay 15% of total past auditable costs estimated at up to €900,000 (i.e. Sun Resources will pay approximately €135,000 (A\$190,000));
- Sun Resources will execute, subject to due diligence, a Definitive Farm-in Agreement by 30 November 2011, or if a rig contract is to be executed prior to that date, immediately prior to execution of the rig contract.

Sun Resources will then maintain its interest in the project on a heads-up (15%) basis. The Term Sheet to participate in the drilling of this large gas target meets Sun Resources' new venture strategy to explore for high impact, onshore oil or high-rate gas prospects, close to market and infrastructure. The primary play is Triassic sandstone reservoirs charged with gas (and/or oil) from older Permian-Carboniferous shales and coal, which is the principal play in the offshore Southern Gas Basin of the North Sea. Geological modeling, based on 2D seismic and recent interpretation, indicates that gas (with gas liquids) is the most likely hydrocarbon to be found within the prospect, which has a gross target of 720 billion cubic feet of gas (bcf) (Operator's estimate), with upside in excess of 1tcf. The prospect lies on trend with oil and gas fields and adjacent to old wells with oil and gas shows, around oil seeps.

In Europe the gas market is robust due to the lack of alternative supplies, and as a result, the strong gas prices (US\$7-9/mcf compared with US\$4/mcf in the USA) are expected to continue into the foreseeable future. This significant price advantage is one of the key reasons that Sun Resources has targeted this concession in North-West Europe that is prospective for hosting large gas accumulations. The farm-in concession is also considered to have potential to offer an

unconventional gas play within the older Permian-Carboniferous source rocks. Permitting of the well is ongoing and is hoped to be completed in late Q3 2011 or Q4 2011, allowing drilling to commence three to six months later. The non-binding Term Sheet is subject to the completion of due diligence, the execution of a Definitive Farm-in Agreement, and receipt of relevant statutory approvals and governmental consents.

The Board and management of Sun Resources NL continue to actively review high quality new venture opportunities around the world, but particularly the European and African regions. Both conventional and unconventional opportunities in Texas and Louisiana are also being actively pursued by the Board.

6. MINERAL EXPLORATION

No activity for the Quarter. The Joint Venture on the Butterfly gold tenement in the North Coolgardie Mineral Field, Western Australia in which the Company has a 5% NPI interest remains current.

7. CORPORATE

As at 30 June 2011, Sun Resources had cash at bank of A\$2 million and no debt.

BY ORDER OF THE BOARD



MATTHEW A BATTRICK, MANAGING DIRECTOR

This report is lodged on the Company's website, www.sunres.com.au.

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, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has had more than 30 years' experience in the practice of geology and 30 years' experience in petroleum geology.

