

11 May 2012

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

Dear Sir/Madam

**LODGEMENT OF CORPORATE UPDATE INVESTOR BRIEFING**

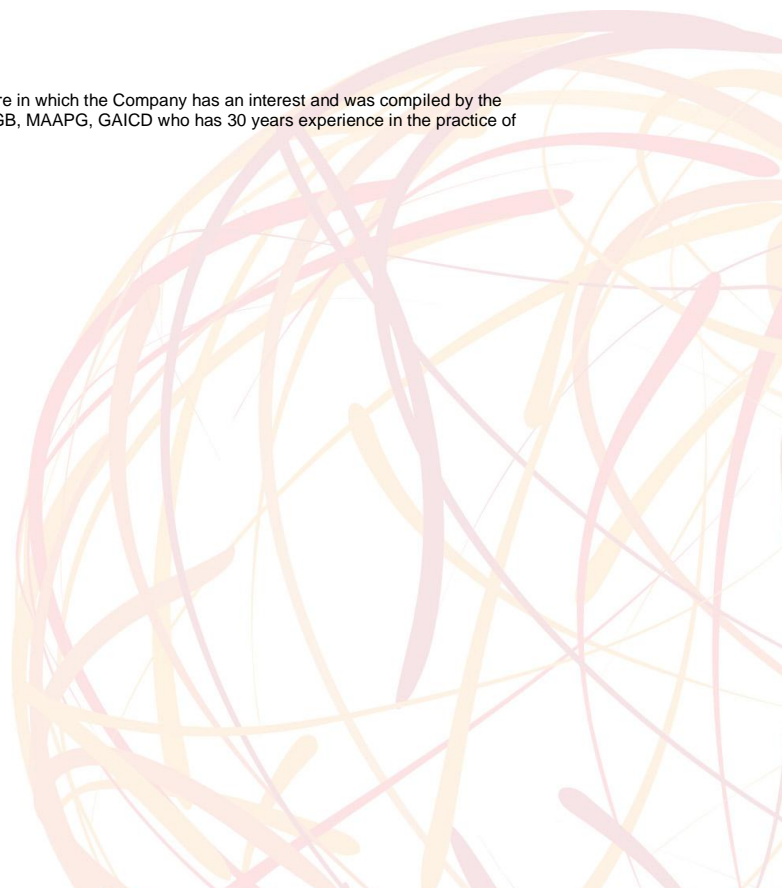
Please find attached the abovementioned presentation prepared by Sun Resources NL. This presentation is also available on our website: [www.sunres.com.au](http://www.sunres.com.au).

Yours faithfully  
**SUN RESOURCES NL**



Matthew Battrick  
**MANAGING DIRECTOR**

Information contained in this report was sourced from the Operator of the Joint Venture in which the Company has an interest and was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has 30 years experience in the practice of geology and more than 25 years experience in petroleum geology.



# **Delta Oil Project**

## **Woodbine Oil Play, Texas**

*Amerril Energy Acquisition, 11<sup>th</sup> May 2012*  
*Matthew Battrick, Managing Director*

# Delta Oil Project – Sun Grows Again

## *Exciting acreage addition in Woodbine tight oil play*

- Sun is acquiring a 50% working interest (37.5% net royalty interest) in additional 12,000 acres adjacent to Sun's existing Delta Project leases
- 8,347 acres acquired to date in original acquisition of Delta Oil Project (100% working interest) with acquisition ongoing
- Both acquisitions deliver Sun a material working interest in over 20,000 acres
- Total net acres after this transaction closes will be over 14,300 acres
- In advanced discussions with a number of potential farm-in partners
- Targeting drilling in Q3 2012 through farm-out
- Successful drilling in new leases will deliver value to Sun's 100%-owned Delta Project leases



# Corporate Overview

## Capital Structure

Ordinary shares <sup>1</sup>	1.14 billion
Performance Options <sup>1, 2, 3</sup>	320 million
Unlisted Options (various prices) <sup>3</sup>	107.3 million
<b>Market capitalisation (at 4.9 cents) (undiluted)</b>	<b>\$55.9 million</b>
Cash <sup>4</sup>	\$3.4 million
<b>Enterprise Value</b>	<b>\$52.5 million</b>

## Share Price Performance (last 12 months)



### Notes

1. The numbers throughout this presentation are based on the acquisition of 10,000 acres pursuant to the Delta Oil Project acquisition. The number of securities to be issued to the vendor will be up to 58.8 million shares, 50 million options and 320 million performance options (all included in table above) however this number of securities will reduce proportionately to the number of acres acquired by Sun as part of the acquisition of the Delta Oil Project if less than 10,000 acres is acquired. In addition, this does not include the 200m shares to be issued to Amerill Energy LLC in respect of the acquisition announced to the ASX on 7 May 2012
2. Performance options convert into ordinary shares upon achievement of certain project milestones (these are detailed in Sun's ASX Release dated 26 August 2011).
3. Inclusive of 50 million options each having an exercise price of 2.5 cents and an expiry date of 31 March 2014 to be issued to the vendor of the Delta Oil Project.
4. Reflects Sun's cash reserves at 31 March 2012. Does not include refundable bonds on L20/50, Thailand of ~\$A0.3 million

## Board of Directors

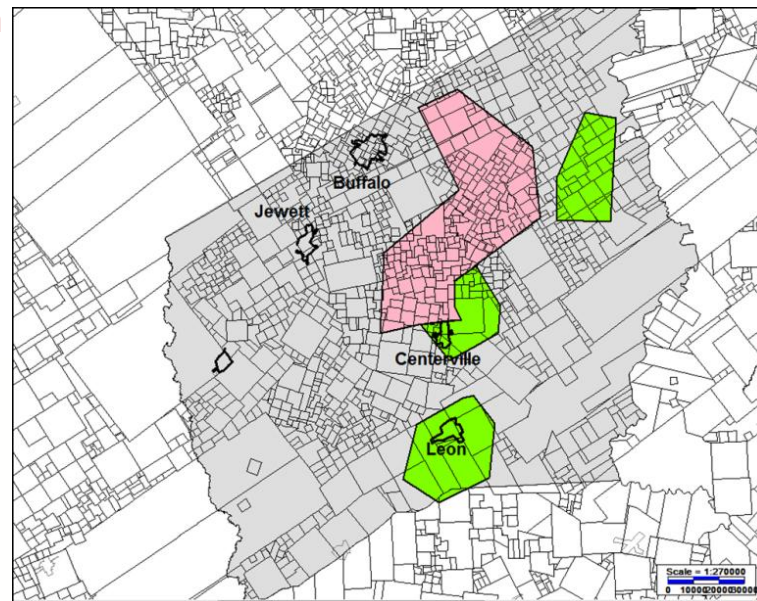
- Wolf Martinick Non-Executive Chairman
- Matthew Battrick Managing Director
- Phil Linsley Non-Executive Director
- Damian Kestel Non-Executive Director
- John Kenny Non-Executive Director



# Ameril Energy Acquisition – Transaction Details

*50% Working Interest in 12,000 acres, immediately adjacent to Delta Oil Project*

- \$15 million consideration - \$5 million cash and 200 million ordinary shares (at 5 cents per share)
- \$750,000 to be paid on or before 21 May 2012, after completion of title due diligence
- Initial payment secures a 2.5%WI in entire lease position
- Balance of purchase price (\$4.25 million plus 200 million shares at 5 cent per share) due by 5 August 2012, secures remaining 47.5%WI in entire 12,000 acres
- Share sale restricted for 6 months and/or minimum required by ASX
- Acquisition is subject to successful capital raising of a minimum of \$9 million
- Acquisition also subject to shareholder and regulatory approvals
- The Vendor is Ameril Energy LLC, a subsidiary of the Chinese Qingdao KingKing Group



# Texas Eagle Ford Trend Map

ASX peer Eureka Energy under takeover by Aurora Oil & Gas for an offer price that values Eureka at >\$17,000 per net acre for ~6,000 acres

Sun Resources

Play Continues

Black Oils grading to gas-condensate

Strike, Eureka, Aurora, Texon etc

High Pressure Oily

High Pressure Gassy

Dry Gas Window

**LEGEND**

- Outcrop  
 - Northern boundary Oil Window  
 - Southern boundary Gas Window  
 - Faulting  
 - Base Eagle Ford Shale ( Top Blue Limestone )

**Well Symbols**

*"Only Eagle Ford & associated wells are shown"*

• Oil Well	• Multi Zone Gas Well
• Water Injection Well	• Dry Hole
• Service Well	• Gas Well
• Platform	• Location Only
• Multi Zone Oil Well	• Juxta'd & Abandoned
• Injector	• Plugged Oil & Gas
• Unknown	• AUSTIN CHALK OIL WELLS
• Shut-in Oil	• Suspended Oil Well
• Abandoned Location	• Steam Injection Well
• Gas Injection Well	• EAGLE FORD OIL WELLS
• EAGLE FORD LOCATION	• EAGLE FORD GAS WELLS
• Multi Zone Oil & Gas Well	• Drilling
• Plugged Gas	• Abandoned Gas Well
• Active	

Scale = 1:144,000  
0 120,000 240,000 360,000 ft

**CORPORATE MONTAGE**  
Houston, Texas, Feb. 1998

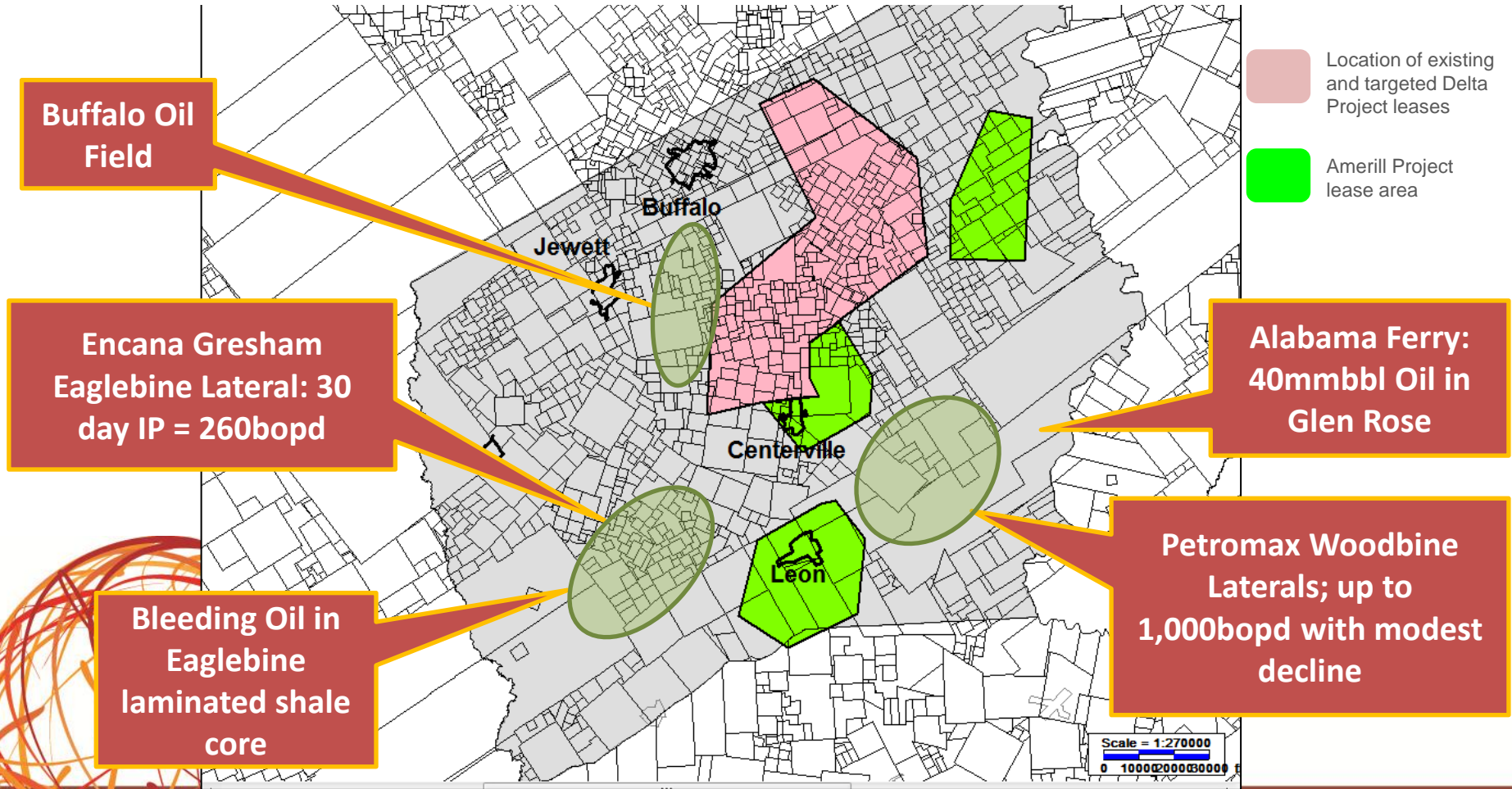
Digital Cartographic and Graphics Center - Houston, Texas - 77058-2022





# Delta Project – Lease Position & Adjacent Success

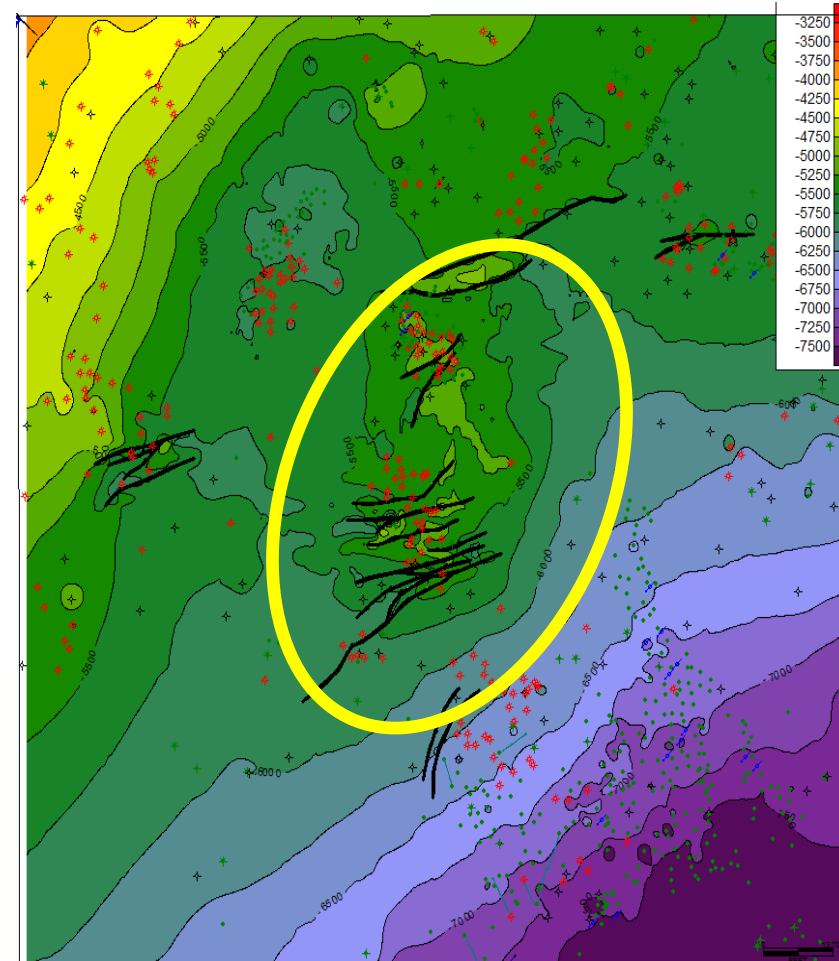
Surrounded by significant Oil & Gas fields, with recent successful horizontal drilling activity.  
All scout activity <5-10km from Sun's lease position



# Delta Oil Project

## Potential in Stacked Horizons

- **Seven “Fraccable” pay intervals identified in local well control:**
  - 1 = Austin Chalk
  - 2 = Sub-Clarksville
  - 3 = Upper Eagle Ford Shale
  - 4, 5, 6 = Upper, Middle & Lower Woodbine
  - 7 = Buda – Georgetown
- All analysed wells within 500 metres of Sun lease boundaries
- Positive structural elements beneath lease position

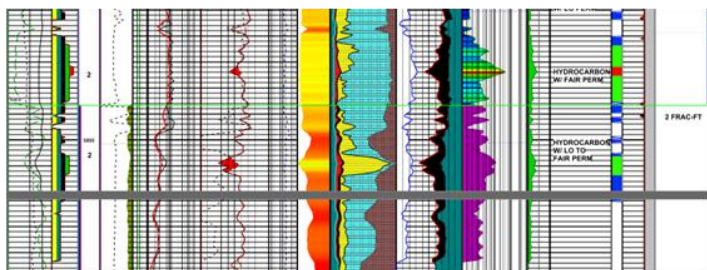




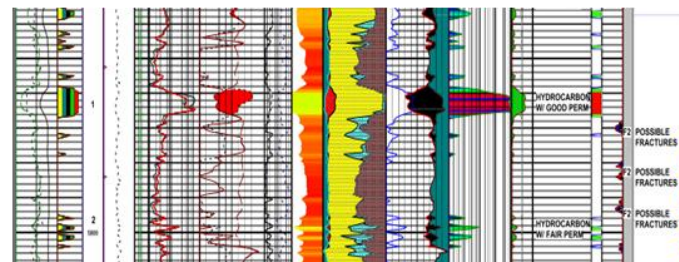
# Delta Oil Project - Potential in Stacked Horizons

Recent technical work has confirmed pay potential in multiple horizons within lease areas

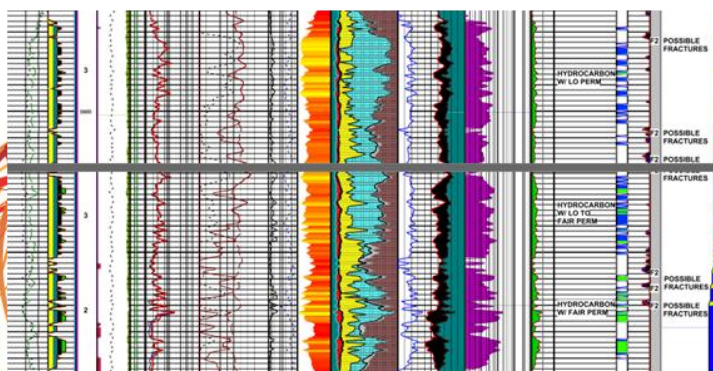
Sub Clarksville: 20+ meters



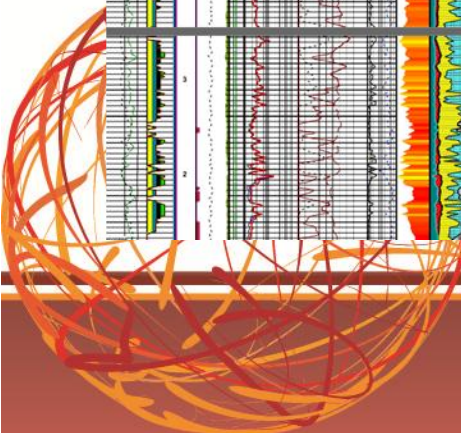
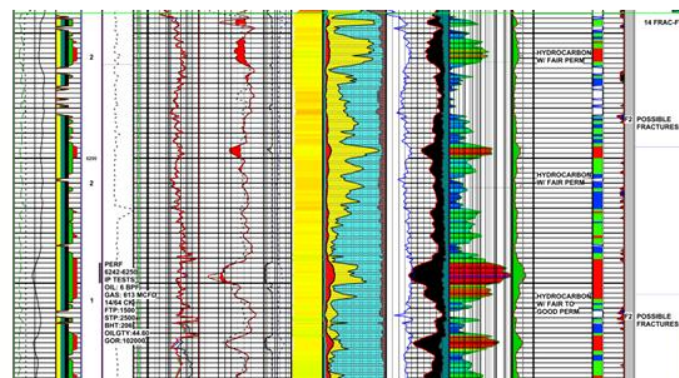
Clean Woodbine in 3/5 wells



Eagle Ford Shale: 20-50 meters



Buda Limestone: 100m pay



# Delta Oil Project

## *Other favourable characteristics*

- Horizontal fraced wells have obtained significant oil production from brittle, sandy units (Woodbine Sands) situated near the base of the Eagle Ford Shale at relatively shallow depths – total section often exceeds **450 feet in thickness**
- The Woodbine presents as a normally pressured and organic rich Cretaceous sandstone that sits above Buda and below Eagle Ford
- Studies and log data indicate a hydrocarbon bearing formation with high resistivity (oil saturated) and **10%+ porosity (storage capacity)**
- Permeability is generally low, but horizontal drilling and multi-stage fracs (10 to 30 stages) have proven successful in enhancing well productivity (as high as 1150boepd peak 30-day average)
- It is possible that some wells have benefitted from contribution from other fraccable zones such as the Austin Chalk
- Generally there is little to no faulting across the Woodbine tight oil play with stratigraphic fingers spread across Leon and adjacent Counties.
- Substantial vertical production history has, to a large extent, de-risked the Woodbine tight oil play in and around Leon and adjacent Counties

# Delta Oil Project

## Recent Industry Research Confirms Significant Potential

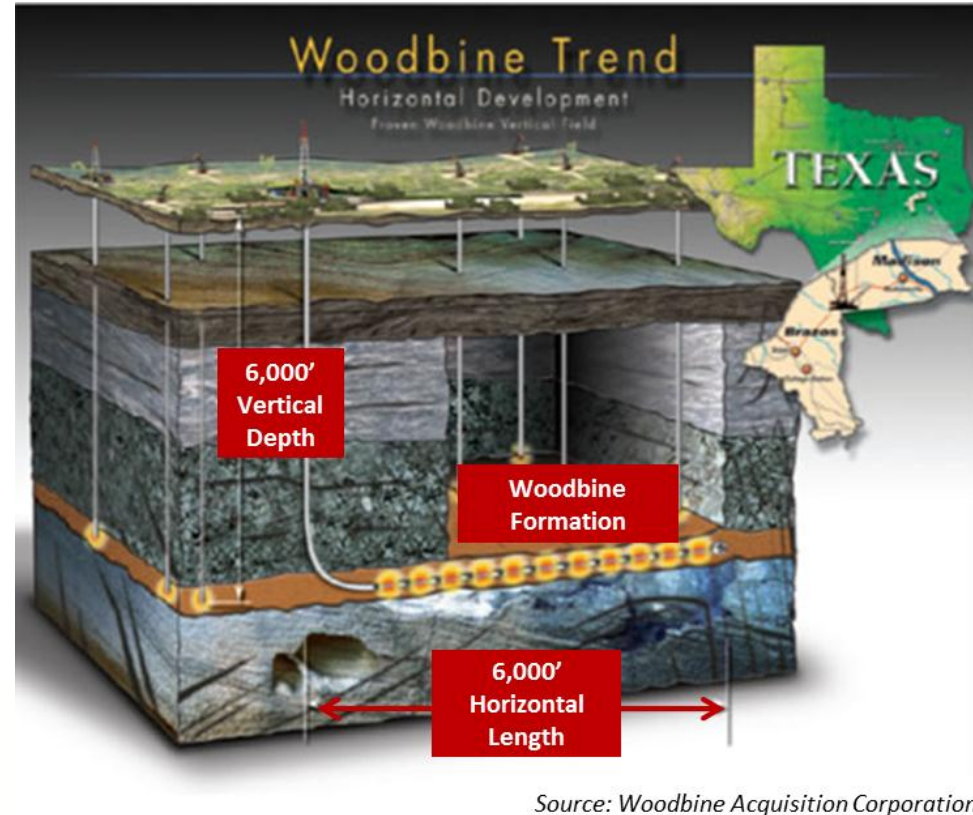
- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>➤ Organic-rich, laminated sand above Buda</li> <li>➤ ~40% silica and clastics = natural fractures</li> <li>➤ Geologically equivalent to EFS in South Texas</li> <li>➤ Modern drilling/completion skills critical</li> <li>➤ Multiple, high quality sand lenses</li> <li>➤ Premium pricing being paid for oil, NGL's and gas</li> <li>➤ 10%+ porosity, 4-5% total organic carbon content (TOC)</li> <li>➤ Current IP's 3-4 times higher than previous estimates</li> </ul> | <ul style="list-style-type: none"> <li>➤ Well cost = US\$5.5 to US\$6.5 million</li> <li>➤ Spud to Production = 60 to 90 days</li> <li>➤ Well Spacing = 160 acres (down from 320 acres)</li> <li>➤ EUR = 467mboe per well <u>per zone</u></li> <li>➤ Potential fraccable target reservoirs existing from 5,500 to 11,500 feet depth</li> <li>➤ Responds to multi-stage fracs (10 to 30 stages)</li> <li>➤ High porosity = high storage capacity fraccable sands</li> <li>➤ Down-dip permeability traps hydrocarbons</li> </ul> |
|--|--|

*Ongoing activity continues to de-risk the play and prove the considerable potential of this play*



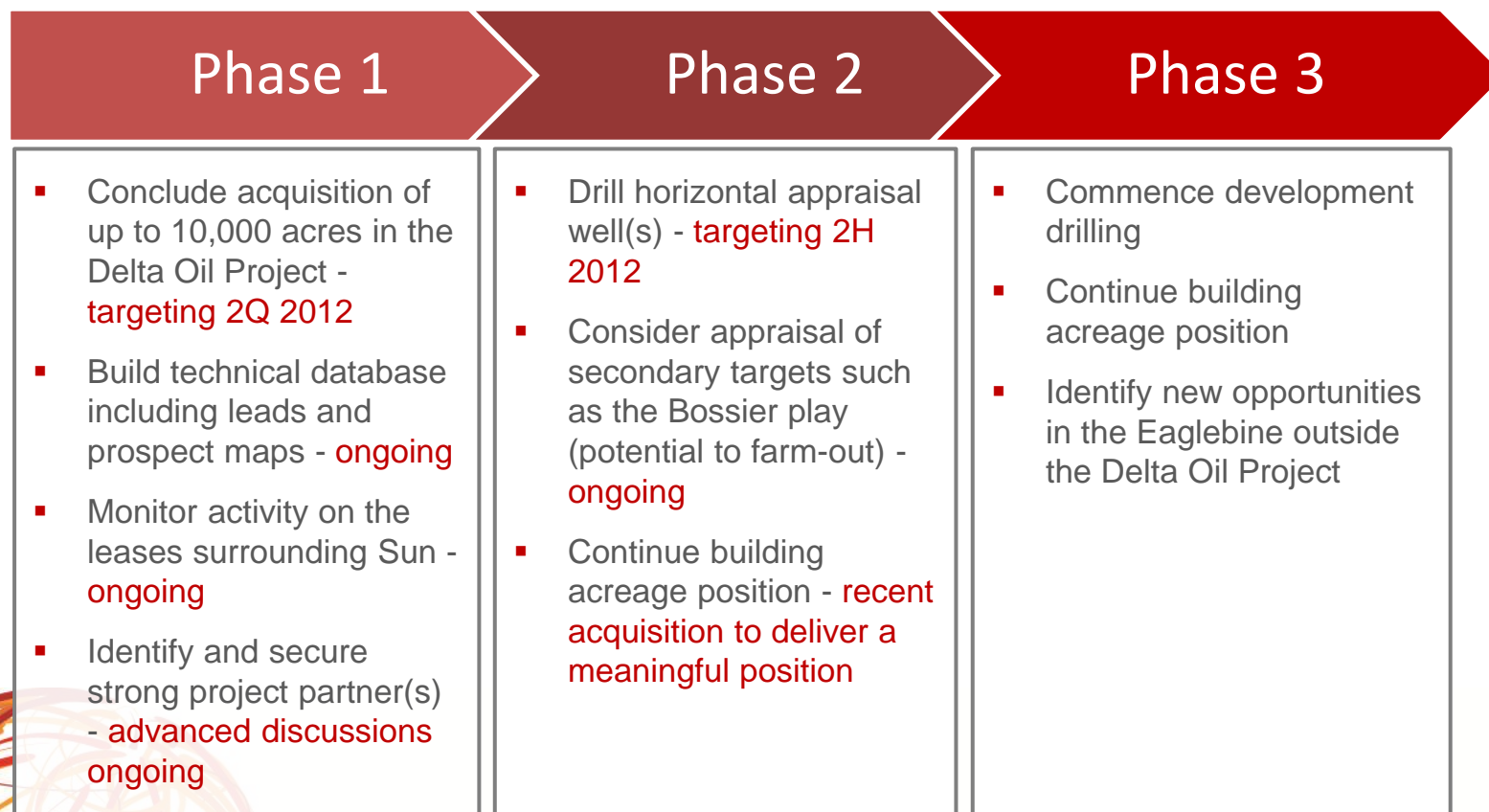
# Delta Oil Project – Intense Industry Interest

- Horizontal well significantly increases the exposure to the productive zone with well costs in the range of \$5.5-\$6.5m per well: drilled, fraced and completed
- Industry interest pushing the cost per acre well above Sun's unit acquisition cost for leases in both areas of Sun Resources' Delta Oil Project
- Halcón Resources CEO quotes the Woodbine as one of the top two tight oil plays in the USA today
- Major oil companies active in acquiring Woodbine acreage include Gatar, Halcón, Petromax, Encana and Chesapeake



# Delta Oil Project

## Delivering on our Development Roadmap



*Plan to minimise project dilution to Sun Resources during the proof of concept phase*

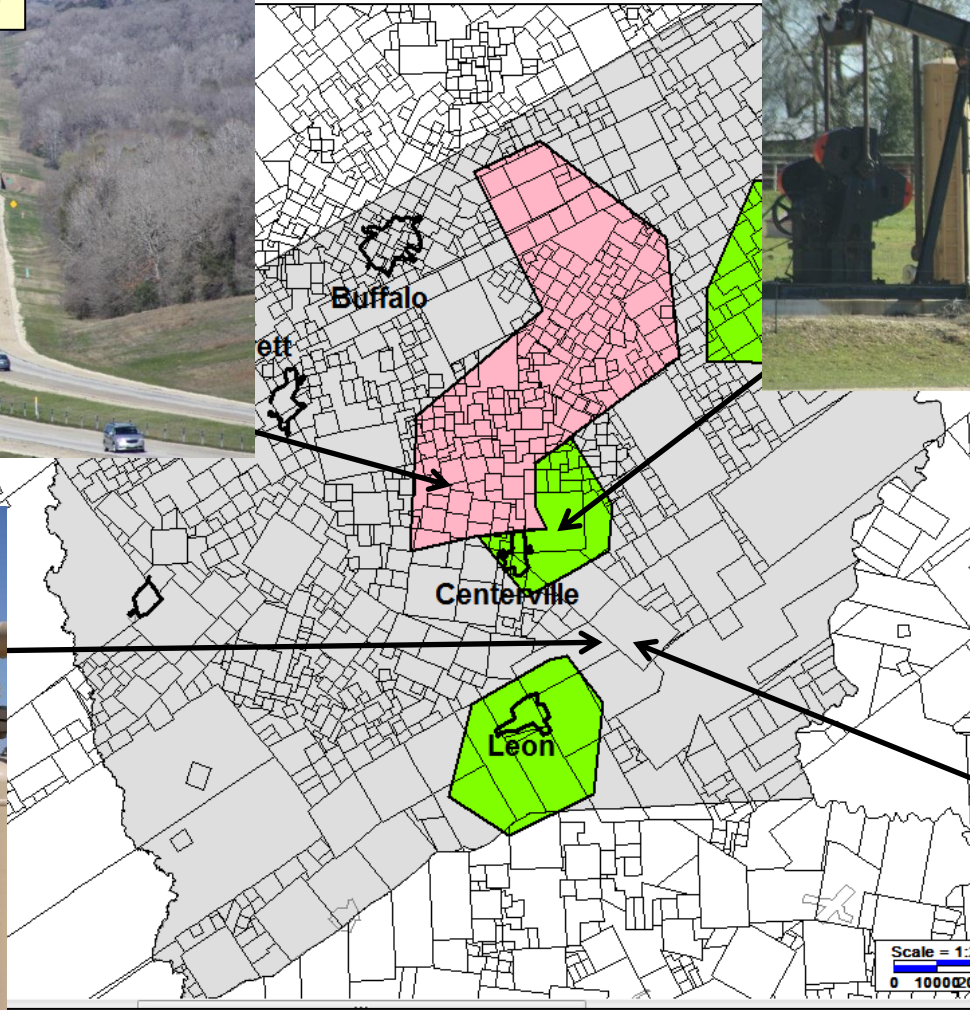


# Delta Oil Project – Local Activity

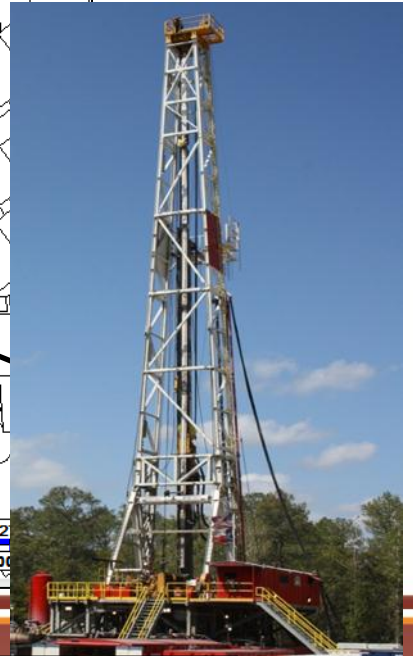
Energy Corridor – I45



Existing vertical oil production



Infrastructure on site in 26 days



Rig drilling 6,000 ft lateral in Woodbine



# Summary

## *Expanding Strategic Lease Position in the Woodbine (EFS) Oil Fairway*

- Existing 100% working interest in 8,347 acres in Woodbine, onshore Texas
- **Acquiring 50% working interest in additional 12,000 acres**
- Advanced discussions ongoing with potential farm-in partners for early drilling
- **On trend with proven production and horizontal, fraced wells**
- Potential of Woodbine acknowledged by Halcón, early movers in Eagle Ford
- **Proximity to infrastructure will allow fast tie into sales**
- Existing wells nearby indicate very favourable well economics



**Sun will continue to grow through focussed investments in the unconventional “shale oil” and tight oil plays of the USA**

# Important Information - Disclaimer

This document has been prepared by Sun Resources NL for the purpose of providing a comprehensive company and technical overview to interested analysts/ investors. This presentation does not constitute an offer, invitation or recommendation to subscribe for, or purchase any security and neither this presentation nor anything contained in it shall form the basis of any contract or commitment.

Any statements, opinions, projections forecasts or other material contained in this document do not constitute any commitments, representations or warranties by Sun Resources NL or its directors, agents and employees. Except as required by law Sun Resources NL shall in no way be liable to any person or body for any loss, claim, or in connection with, the information contained in the document.

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 presentation, including but not limited to those regarding the possible or assumed future costs, performance, dividends, 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 presentation.

Recipients of the document must make their own independent investigations, consideration and evaluation. By accepting this document, the recipient agrees that if it proceeds further with its investigations, consideration or evaluation of investing in the company it shall make and rely solely upon its own investigations and inquiries and will not in any way rely upon the document. None of the information in this presentation can be reproduced without the permission of the Managing Director of Sun Resources NL.

Sun Resources NL recommends that potential investors consult their professional advisor/s as an investment in the company is considered to be speculative in nature.



*For more information and regular updates:*

Visit us @ **[www.sunres.com.au](http://www.sunres.com.au)**

Call us on **+61 8 9388 6501**