



SUN RESOURCES NL

ABN 69 009 196 810
(INCORPORATED IN WESTERN AUSTRALIA)

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27 January 2010

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

Dear Sir/Madam

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2009

Please find attached above referenced quarterly report document, including the summary of operations.

Yours faithfully
SUN RESOURCES NL

Craig Basson
Company Secretary



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QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2009

HIGHLIGHTS

THAILAND L20/50 BLOCK

- Newly acquired 2D seismic data totalling 550 line kilometres was processed during the quarter and forwarded to Carnarvon Petroleum Limited (the Operator) for integration with previous data; interpretation of the new updated database was continuing at the end of the quarter.
- Sun Resources completed a preliminary, in-house [time only] interpretation of the excellent quality, new 2D seismic data to confirm the exciting prospectivity of L20/50 by identifying a number of prospects that coincide with previously mapped leads plus others that are new additions to the inventory.
- The Operator's full, in-depth interpretation of all data is now expected in February 2010 to allow the joint venture to rank the prospects for selection of between 1-4 exploration wells for drilling in calendar year 2010.

USA

- Production continued at the Lake Long #9 well in Louisiana, plus the JSGU#1 well in the Margarita Project and the Flour Bluff Field, both in Texas, as domestic gas prices start to rise.
- US domestic gas prices improve.

Sun Resources NL (“Sun Resources”) is continuing its strategy of building cash flow in the USA Onshore Gulf Coast and applying this revenue to capture and participate in larger scale, high impact exploration projects, particularly in South East Asia.

1 THAILAND

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

Update

The Year 2 2D seismic survey was completed on 28 August 2009 by the Operator Carnarvon Petroleum Limited (“Carnarvon”) (“the Operator”) and processing of the data at a processing centre in Perth was completed in November 2009 with copies of the new data forwarded to both the Operator and Sun Resources. Sun Resources completed a preliminary, in-house [time only] interpretation of the new 2D seismic data at the end of the quarter and its preliminary assessment has confirmed the exciting prospectivity of L20/50, identifying a number of prospects that coincide with previously mapped leads as well as others that are new additions to the inventory.

Sun Resources is now waiting for Carnarvon to complete the full [time and depth] interpretation of both old and new seismic data that will be integrated with all other available geological data. The Operator’s interpretation will allow the joint venture to fully review the finalised prospect inventory, including potential volumetric analysis, to prioritise the prospects to be drilled during the 2010 drilling campaign, subject to government drilling approval and a suitable rig contract. 1 to 4 prospects could be the subject of drilling. The joint venture review is expected to be completed in February 2010.

The exploration program is targeting an oil resource of similar size to that of Carnarvon and Pan Orient who are producing up to 15,000 bopd (with > 50 mmbœ estimated ultimate recovery) from a number of new oil pools in the “volcanic play” in the adjacent Phetchabun Basin, 50 kilometres to the east.

Background

Sun Resources and Carnarvon accepted the L20/50 block award from the Thai Government at the official signing ceremony in Bangkok on 21 January 2008 and Carnarvon, as Operator, commenced exploration activities on the concession. L20/50 lies in the onshore Phitsanulok Basin and is 20 kilometres to the south of and adjacent to the largest onshore oil and gas accumulation in onshore Thailand, the Sirikit Field, which to date has produced ~180 million barrels of oil equivalent (“mmbœ”) and currently has reserves in excess of 100 million barrels. L20/50 has only been lightly explored with the last effort some 25 years ago, in a time of much lower oil prices. The primary exploration play is the “volcanic play”, previously overlooked; shallow, fractured, stacked volcanic reservoirs within fault block structures, similar to those now producing up to 15,000 barrels of oil per day from Carnarvon and Pan Orient’s new oil fields in the adjacent Phetchabun Basin. A secondary play is the deeper sandstone reservoir that produces most of the oil from the prolific Sirikit Oil Field, 20 kilometres northwest of L20/50.

Carnarvon, the operator of L20/50, has evaluated the petroleum system within the L20/50 Block by utilising recently digitized 2D seismic data, resulting in the delineation of thirteen significant structural leads. The mapped leads vary in size, but preliminary calculations by Sun Resources indicate the largest of the leads could contain a speculative resource in excess of 150 million barrels of oil in place. These structural leads were the focus of the Year 2 seismic survey which was aimed at maturing the lead inventory to prospects for drilling in 2010 with emphasis on better defining the size and potential oil resource contained within each lead. Good quality seismic data was the key to Carnarvon unlocking the potential of its adjacent Phetchabun Basin Oil Fields in the fractured “volcanic play.

Technical studies undertaken by the Joint Venture have determined the existence of a mature oil source kitchen in the deepest basinal areas adjacent to the identified leads and have demonstrated the potential for stacked volcanic reservoir targets in the leads. The technical studies have also confirmed that all previous exploration wells in the permit are “off-structure” mainly on deeper sandstone plays as per the Sirikit Oil Field, 20 kilometres northwest of L20/50, and are therefore not valid tests of this play. Despite the record of oil and gas shows in the Nong Bua-1 well, it too has been shown to be sufficiently beyond closure to not warrant twinning of the well at this location until further seismic has been run to further delineate the prospect’s target sandstone reservoirs.

2 UNITED STATES OF AMERICA

A. OIL AND GAS DEVELOPMENT & PRODUCTION

The table below summarises Sun Resources’ actual net working interest (WI%) production for the quarter and compares it with the previous quarter. Both oil and gas production for the quarter fell due to natural decline in the current completions within the Flour Bluff field. Gas and oil prices increased slightly during the quarter but revenue was down due to significant increases in operating costs for the quarter. The average prices received for product during the December 2009 quarter were US\$68.40 per barrel of oil and US\$3.50 per 1,000 cubic feet of gas.

Production (Sun WI%)	December 2009 Quarter	September 2009 Quarter	Variance (%)
Gas (mmscfd)	49.02	57.43	-15
Oil (bo)	406	653	-38
Net Revenue (US\$)	11,201	77,486	-86

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

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

The SL328 #9 well has produced continuously during the quarter at a gross average of 3.04mmscfd gas and 24bopd, ie 3.185mmscfdge. Production will continue to produce from 24 feet of net pay in the Middle Hollywood Sands. At a later date, after depletion of reserves in the Middle Hollywood, the 13 feet of net pay in the Upper Hollywood Sands will be completed through tubing for further production from this level. Gross reserves at both levels are approximately 3 billion cubic feet of gas equivalent (“bcfge”).

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

Gas production from the F1 discovery (JSGU#1) continues with an average gross flow rate of 0.2 mmscfd at the end of the quarter.

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

Amalgamated gross production from the fields during December quarter 2009 averaged 0.780mmscfd with 9bod, ie 0.834mmscfdge. A 3D seismic programme is still planned over the West Flour Bluff Gas Field, which will detail current reserves and target additional reserves in late 2010. Following the 3D seismic programme, development drilling will commence to increase production rates.

B OIL AND GAS EXPLORATION

Drilling Activity during the quarter

There was no exploration drilling activity during the December 2009 quarter

Future Drilling Activity

Sun Resources will have a material equity position in the following exploration wells currently scheduled for drilling in 2010:

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 in part 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 farm-out. The Cazadores Prospect (20 to 60 bcfg) is the most advanced prospect with the joint venture currently generating farm-in interest for possible drilling in 2010.

Prospect	Gross Potential	Comments
Cazadores	20 to 61 bcf	Upper Wilcox
W2A	100 to 200 bcf	Wilcox
W2B	16 to 32 bcf	Wilcox
W3	15 to 38 bcf	Wilcox
Agave	67 to 208 bcf	Cook Mountain
CM1	5 to 8 bcf	Cook Mountain
CM2	4 to 9 bcf	Cook Mountain

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

Leasing is completed on the top-ranked prospect in the prospect inventory, Redback R-1.95, and farm out for drilling in 2010 is scheduled to commence in the March quarter 2010. 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 bcfe). On trend to the Redback area are production analogues of the Redback R-1.95 prospect from the targeted stratigraphic level. Individual wells from these analogues have produced at high initial daily well production rates of 3 to 4 mmcf/d with 100 to 140 bod. Participation in these prospects remains subject to farm-out, but Sun Resources expects to farm down from the current 37.5% WI to retain a 20% WI through the first well.

3 MALTA EXPLORATION

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

Update

Pancontinental Oil & Gas NL’s (“Pancontinental”) advised that its representatives were arranging to meet with the Oil Exploration Department of the Ministry of Resources and Rural Affairs of Malta (“OED”) in January 2010. The outcome of that meeting will be reported in the next quarter.

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. Operatorship reverted to Pancontinental in the March 2009 quarter as Anadarko International Energy Company (“Anadarko”), who farmed in three years ago, withdrew from the permit in late December 2008 due to the lack of progress on the border issue. Since resuming operatorship, Pancontinental has been engaged 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.

In late May 2009, Pancontinental received a letter from the OED claiming that the ESA expired in August 2008. Pancontinental in a written reply to the OED disputed the expiry of the ESA and sought clarification of the reasons for the claim whilst reserving its rights and potential remedies. The OED responded in early July 2009 by stating that Pancontinental/Sun Resources/Anadarko’s July 2008 request via then Operator Anadarko for the grant of a 2-year extension to the term of the ESAs was not acceded to. Pancontinental has sought legal advice about this matter from a firm of Maltese lawyers as the ESAs were under force majeure as per the provisions of the ESA agreement with the Government of Malta.

4. AUSTRALIA EXPLORATION

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

The Operator of WA-254-P, Apache Northwest (“Apache”), continues to review the exploration potential of the permit from reprocessed and new 3D seismic data and evaluate commercial development options for the Sage-1 oil discovery. Sun Resources and two other joint venture parties continue an active divestment process of their combined 24.8% to 29.8% working interest in the permit that contains the Sage-1 well.

5. MINERAL EXPLORATION/INVESTMENT

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.

6. CORPORATE – FUND RAISING

As at 31 December 2009, Sun Resources had cash at bank of A\$2.91 million and A\$2.2 million held as bonds which will be repaid to Sun Resources following completion of work programmes on L20/50, Thailand. A\$1.8 million is expected to be received by Sun Resources in relation to these bonds in February this year.

BY ORDER OF THE BOARD



**M 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 28 years experience in the practice of geology and more than 25 years experience in petroleum geology.