



SUN RESOURCES NL

ABN 69 009 196 810
(INCORPORATED IN WESTERN AUSTRALIA)

Unit 16, Subiaco Village,
531 Hay Street, SUBIACO WA 6008 Australia
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Telephone: 61 8 9388 6501
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9 October 2009

Australian Securities Exchange Limited
Company Announcements
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

**RE: ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2009,
NOTICE OF ANNUAL GENERAL MEETING, EXPLANATORY STATEMENT
& PROXY FORM**

We advise that the Company's Annual Report for the twelve month financial period ending 30 June 2009, Notice of Annual General Meeting, Explanatory Statement and Proxy Form were dispatched to Shareholders today.

We attach herewith a copy of the Annual Report and a copy of the Notice of Annual General Meeting, Explanatory Statement and Proxy Form.

A P Woods
Director/Company Secretary

COPY: ASX
ASIC
DD
Directors
CB/XL
Hartleys



Sun Resources NL
ANNUAL REPORT

ABN: 69 009 196 810

CORPORATE DIRECTORY

Directors

Dr Bradford Lawrence Farrell, B.Sc.
(Hons Econ Geol), M.Sc., Ph.D., FAIMM
MMICA, CP(Geol), MIMM, CEng, MPESA
30 Sudbury Way
City Beach, Western Australia 6015
Non-Executive Director and Chairman

Mr Matthew Arthur Battrick, B.Sc. (Geol)
MPESA, MPESGB, MAAPG, GAICD
11 Meadowbanks Gardens
Hillarys, Western Australia 6025
Executive Director and Managing Director

Alan Peter Woods
FCPA, FTIA, MAICD
10 Palmer Street
Attadale, Western Australia 6156
Executive Director, Chief Financial Officer and
Company Secretary

Dr Philip Linsley, B.Sc. (Hons Geol)
Ph.D., MBA
4 Birds Hill Road
Oxshott, Surrey KT22 ONJ
England
Non-Executive Director

Dr Wolf Gerhard Martinick
B.Sc, Ph.D., MAIMM, CP (Env)
60 Jutland Parade
Dalkeith, Western Australia 6009
Non-Executive Director

Company Secretary

Alan Peter Woods
FCPA, FTIA, MAICD
10 Palmer Street
Attadale, Western Australia 6156

Technical/Administration Office

Unit 16, Subiaco Village
531 Hay Street
Subiaco, Western Australia 6008
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Email: admin@sunres.com.au
Website: www.sunres.com.au

Registered Office

4 Bendsten Place
Balcatta, Western Australia 6021
Telephone: (08) 9345 4100
Facsimile: (08) 9345 4541

Notice of AGM

The annual general meeting of Sun Resources NL will be held at 11am on 12 November 2009. This meeting will be held in the offices of BDO Kendalls located at Level 8, 256 St Georges Terrace, Perth

Corporate Managers

APSL Pty Ltd
4 Bendsten Place
Balcatta, Western Australia 6021
Telephone: (08) 9345 4100
Facsimile: (08) 9345 4541

Auditors

BDO Kendalls Audit and
Assurance (WA) Pty Ltd
128 Hay Street
Subiaco, Western Australia 6008

Solicitors

Simon Watson LL.B., B.Ec
17 Ord Street
West Perth, Western Australia 6005

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Bankers

National Australia Bank Limited
District Commercial Branch
Unit 7, 51 Kewdale Road
Welshpool, Western Australia 6106

Trustee for Convertible Note Holders

Australian Executor Trustees Limited
Level 22, 207 Kent Street
Sydney, New South Wales 2000

Home Exchange

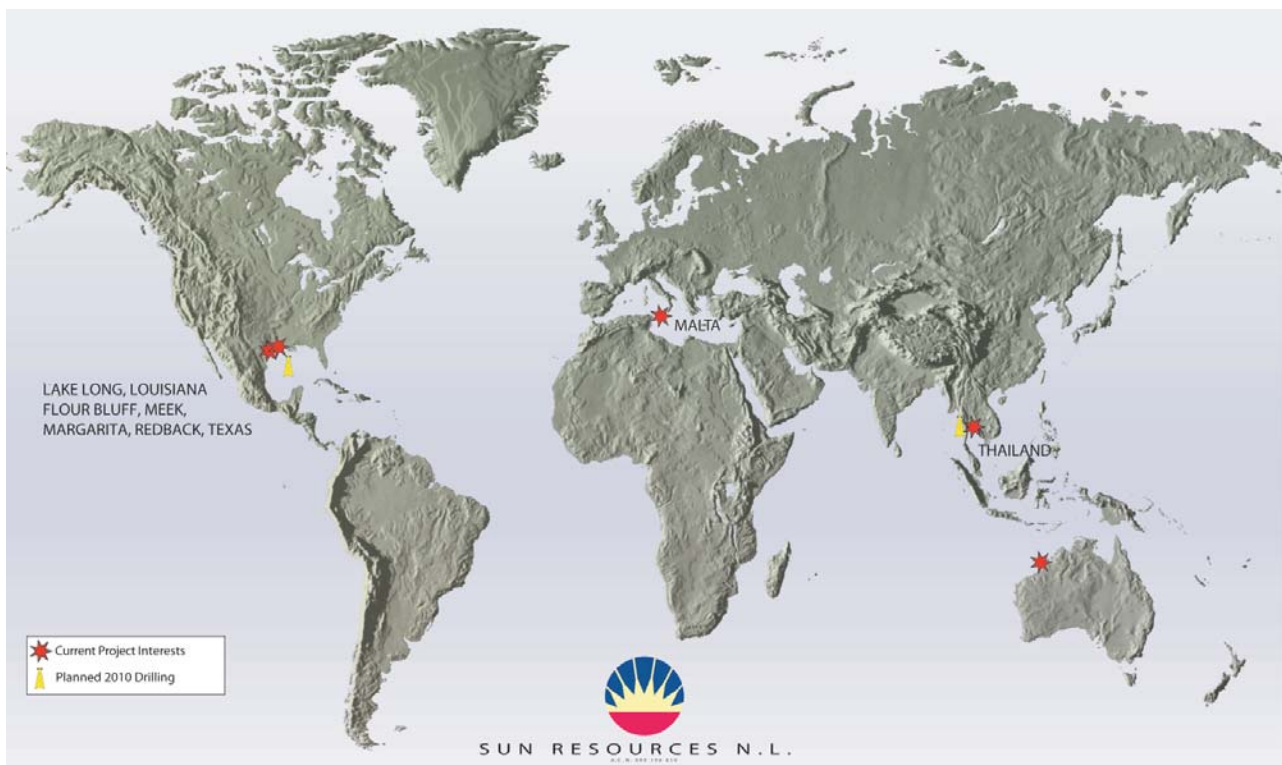
Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000
ASX Code: SUR

ABN: 69 009 196 810

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LOCATION OF INTERESTS



HIGHLIGHTS

USA



- The Meek Prospect well (AHGU #1) was completed with testing continuing at the end of the reporting period
- Stable production continued at the Lake Long #9 well in Louisiana and from the newly completed F1 (JSGU #1) well in the Margarita Project, Texas



CORPORATE

- The Company raised A\$5 million through an equity placement

THAILAND

- Approval received for 2D seismic survey with acquisition completed following the end of the reporting period
- Strong potential identified for fractured volcanic analogous to Carnarvon Petroleum's Phetchabun Basin oil fields
- Several large leads mapped have been the focus of the comprehensive new 2D seismic survey

CHAIRMAN'S LETTER

Dear Shareholders,

What a difference a year makes. In last year's letter I wrote about high commodity prices, a strong demand economy and the Company's increasing operating cash flow, offset by the challenges of competition for assets and people, and an emerging global financial crisis. Since that letter was written we have endured the worst recession since the Great Depression and the largest correction in share market indices. Coupled with that, we have experienced the most dramatic movement in both oil and gas prices that the industry has seen in the last twenty years.

Our 2009 financial year goal was to commence field exploration on the highly prospective L20/50 permit in Thailand, and attempt to double our revenue stream in the USA. The first is proceeding particularly well. Partner and operator, Carnarvon Petroleum Limited, is targeting analogous structures in the permit to those containing recently discovered oil pools in its nearby Phetchabun Basin permits. These structures have the potential to contain oil in stacked fractured volcanic reservoirs as well as classic deeper sandstone reservoirs. Previous drilling in the permit, has demonstrated oil has been generated in local deep source kitchens in basin areas adjacent to identified leads and has migrated into deeper sandstone reservoirs, as in Nong Bau-1 which was drilled off structure. Thirteen structural leads delineated from the interpretation of digitised old 2D seismic data, have been followed up by an encompassing, and recently completed, 598 line kilometre 2D seismic survey. The interpretation of the new seismic data is eagerly awaited as it should better define the size and potential resources of the leads in the inventory and move them to ranked prospect status. The leads, as presently mapped, vary in size, but four could each contain a speculative resource of greater than 50 million barrels of oil in place whilst one of these four could contain a speculative resource of greater than 150 million barrels of oil in place. A drilling program is currently planned in 2010 on up to four of the best prospects.

The task of doubling revenue stream in the USA has been difficult due to the particularly severe ongoing financial crisis in the USA. The fall in gas and oil prices in the USA in the last nine months of the financial year has been dramatic which has been caused by low domestic and industrial demand reflecting the financial crisis. However, it is expected energy prices will increase in the future as the USA economy emerges from the financial crisis. Our revenue mainstay, gas production in Texas and Louisiana, has seen a 75% decline in unit gas prices to a current prevailing US\$3.10 to \$3.50 price range; a level of prices not seen since 2001. Of importance gas has also lost relative value, i.e. its price parity with respect to oil, notwithstanding oil prices have also fallen to a current US\$65 to \$70 price range. The decrease in prices, especially with respect to gas, has meant the Company has reappraised prospects in its current exploration portfolio and is moving to explore and develop more oil-rich opportunities that have low operating costs and high profit margins, even in a low oil and gas price environment.



Notwithstanding a modest operating loss was recorded at the 2009 financial year end, the current USA operating environment is particularly challenging for the Company to fund its overall ongoing business plan from cash flow. The Company's share price has benefited from the momentum of activity in Thailand, rising over 300% from a low of A\$0.03 in March 2009. As a consequence of this, the Company was able to raise A\$5,822,275 in June 2009. The total funds raised consisted of a A\$5,000,000 private placement of equity (100 million shares at A\$0.05) to various sophisticated and exempt client investors of Hartleys Limited that was completed on 8 July 2009 after approval by shareholders at a general meeting on that date; and, A\$822,275 from the conversion to ordinary shares of 1,495,045 non secured convertible notes of 7,272,800 currently on issue. The latter raising is significant as the balance of our convertible notes maturing 30 June 2011 has now fallen to below \$3.2 million.

The outcome of the raisings is very positive for the Company. It is now well placed to fund commitments in Thailand and also to continue to review new opportunities in the USA and SE Asia, with the aim of adding one new venture in each region over the next twelve to eighteen months. The target is more oil-rich opportunities, especially in the USA, until a sustained increase in gas price occurs there. However, the Company is presently not averse to considering gas opportunities in SE Asia where market economics are far more robust than the USA.

In summary, the Board continues to endorse the Company's current and continuing business focus in the two regions we understand best and is hopeful that this strategy will bear fruit in the near future. In closing, I would like to thank the Board, all our employees, loyal shareholders and corporate partners that have helped facilitate business outcomes and opportunities in the financial year.

A handwritten signature in black ink, appearing to read 'Dr B L Farrell', written in a cursive style.

Dr B L Farrell
CHAIRMAN

REVIEW OF ACTIVITIES

REVIEW OF ACTIVITIES

“Sun Resources has remained focussed on its growth strategy and targets despite an extremely challenging external environment and mixed results from this year’s program.”

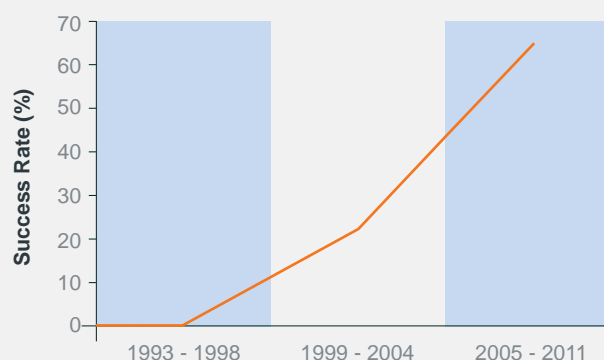
“The Company has secured the capital needed to test its Thailand oil play in the most volatile equity market the industry has seen in over 20 years.”

Mathew Battrick, Managing Director



The continuing falls in global commodity prices throughout the year and reduced confidence in equity markets has made it difficult to justify aggressive efforts in exploration spending. The consequence has been that not all prospects in our Texas inventory were tested during the reporting period. Also, the cost of drilling throughout the world has been slow to follow falling commodity prices and that had a negative impact on the potential of an early exploration well in Thailand. Yet for Sun Resources, exploration momentum continued during the reporting period with both exploration wells in Texas finding gas. The exploration drilling success rate in the USA for the latest six year cycle has increased to 64%, up from 58% last year. However the severe drop in gas prices in the USA to an eight year low had a negative impact on exploration momentum due to a collapse in the farm out market. The Board believes the Company’s strategy for growth remains sound with revenue from low risk exploration success in the USA being redeployed to high impact opportunities in SE Asia. Future focus in the USA will target predominantly oil and high rate, low operating cost gas prospects within the company’s cash flow constraints. International new venture efforts will target onshore oil and high value gas opportunities to meet the growing energy demands within SE Asia.

Historic Drilling Success Rates



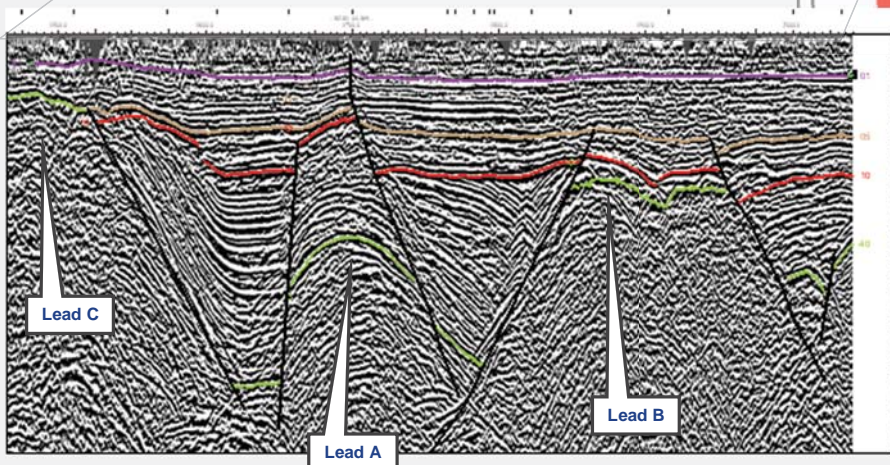
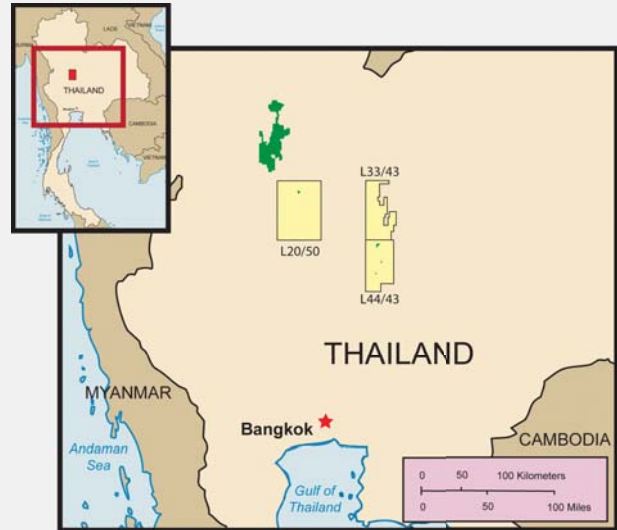
First well drilled in 1993
Discovery rate includes potentially commercial discoveries
Discovery rate is current to 30 June 2009

THAILAND

The L20/50 exploration block lies at the southern end of the Phitsanulok Basin, Thailand’s largest onshore Tertiary sedimentary basin. The L20/50 permit also lies on trend to the south of the largest onshore oil field in Thailand, the Sirikit Field. The work program for the first permit year, reprocessing and mapping of the existing vintage seismic data, was completed by the operator, Carnarvon Petroleum Ltd.

THAILAND (cont.)

That effort developed thirteen structural leads, four of which have the potential to hold in excess of 50 million barrels of oil in place and one of the four has the potential to hold in excess of 150 million barrels of oil in place. In particular, the seismic mapping identified a horizon that should correspond with the fractured volcanic layers that are the reservoir host to the now prolific oil fields being discovered in the adjacent Phetchabun Basin. The architecture of the depocenter was also better defined and burial modelling of the deepest parts of the graben demonstrated the expected potential for oil charge from the source rocks in the axis of the basin to both fractured volcanic and sandstone reservoirs. The mapping effort concluded that all previous exploration wells were drilled off structure and that the “twinning” [in close proximity] of the Nong Bua-1 well, in which oil was discovered in a deeper sandstone reservoir, was not the most efficient use of capital and it was best to defer drilling decisions until the year-2 seismic survey program was acquired and interpreted. That activity was approved by the DMF in late June 2009 and acquisition commenced on 14 July 2009. The survey was completed on 28 August 2009, with a total of 548 line kilometres of two dimensional seismic data being recorded, against a commitment of 500 line kilometres. The new data set is currently being processed and integrated with the existing interpretation to refine the existing lead inventory in terms of size and resource potential as well as bringing them to ranked prospect status for drilling. This effort will allow for the selection of up to 4 exploration wells to be drilled during 2010, subject to Joint Venture approval.



UNITED STATES OF AMERICA

Exploration activities continued throughout the year across the USA portfolio with up to three prospects targeted for drilling. Two prospects, F1 and TBF 18, were selected for drilling, from the shallow inventory of prospects in the Margarita Project. However, leasing issue precluded the drilling of the TBF 18 prospect. The F1 prospect, drilled as the Jones Stewart Gas Unit #1 well, was successfully completed as a gas producer at a flow rate of 240mcf/d during September 2009, but gas sales were delayed due to the need to install a scrubber to remove small amounts of hydrogen sulphide gas from the sales gas stream. The well continues to produce at variable rates between 180-200mcf/d. Potential reserves are in the region of 0.6bcf gross. The TBF 18 prospect is still viable at current gas prices and is likely to be drilled relatively quickly if land owner issues can be resolved.

The deep Wilcox prospect inventory of the Margarita Project, including the mature prospect Cazadores, is still the subject of farm out efforts which are difficult in the current gas price regime. Leasing was completed during the reporting period to cover the drilling location of the primary prospect (Redback 1.95) of the Redback Project prospect inventory in San Patricio County, South Texas. Redback 1.95 is a gas prospect with an anticipated, accompanying, relatively high potential, liquids yield in structured Vicksburg Sands that has a target potential of 58bcfge. This prospect is now the subject of an active farm out process with Sun Resources reducing its current 35% interest to 20% in the anticipation of drilling the well during 2010.

The Meek prospect was added to the Sun Resources prospect inventory during March 2008, but drilling was delayed until February 2009. The Meek prospect was drilled by a new operator, Mueller Exploration Inc. to test the Meek sands of the Middle Wilcox Formation, with secondary objectives in the Upper Wilcox Formation. The well was drilled without major incident and production casing was set at a total depth of 3,768m on 13 March 2009 after encountering strong gas shows over 18 separate intervals within the Upper and Middle Wilcox Formations. All intervals on initial testing to sales produced only small flows of gas and water with poor tubing pressures. Subsequent stimulation of these gas-bearing intervals by fracking failed to produce sustained commercial flow



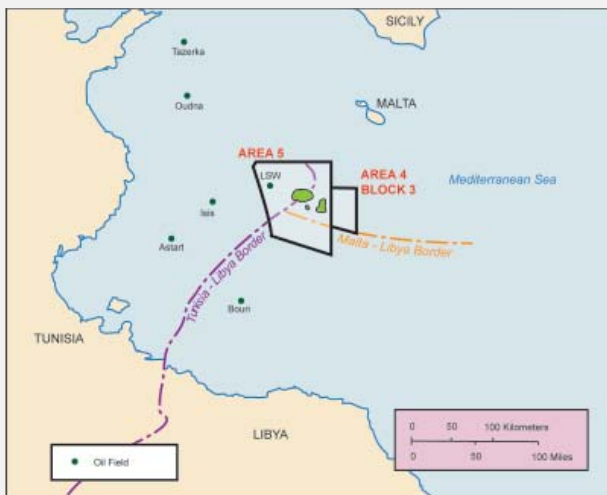
rates. Following reservoir engineering advice, re-testing of the Middle Meek Sands was continuing at the time of going to press. If this retest is not successful the well will be plugged and abandoned.

AUSTRALIA

Sun Resources has continued with its strategy to rationalise its exploration portfolio through the divestiture of high cost and/or high risk projects. Sun Resources' plan to exit all projects in California progressed and was largely complete by the end of the financial year. The exit from WA-257-P was reported last year and at that time, Sun Resources also elected to pursue the sale of its interest in WA-254-P. Sun Resources is coordinating that process on behalf of Joint Venture partners Victoria Petroleum NL and First Australian Resources NL. The combined interest is being actively marketed with a view to securing a buyer before March 2010.

MALTA

Sun Resources retains a 20% working interest in the offshore Malta Exploration Services Agreement (ESA) with Pancontinental Oil & Gas NL ("Pancontinental") and the Government of Malta on contiguous ESA Area 4, Block 3 and ESA Area 5 in the southern Mediterranean Sea. The permits remain in "Force Majeure" while border issues between Malta, Libya and Tunisia are resolved. The Joint Venture ("JV") was advised in December 2008, that Anadarko International Energy Company ("Anadarko") who farmed in three years ago, had elected to withdraw from the Participation Agreement it had signed with the JV because of the lack of progress on the border issues. Subsequent to the withdrawal of Anadarko, Pancontinental as Operator for the JV was advised by the Government of Malta that the ESA was no longer in force. Pancontinental has sought legal advice as to the validity of the claims by the Government of Malta that the ESA is no longer in force since the permits were under Force Majeur as per the provisions of the ESA agreemen. The JV continues to reserve its rights and potential remedies on the matter.



PRODUCTION REVIEW

Production and revenue from Sun Resources' Texas and Louisiana assets peaked during the June and September 2008 quarters of 2008, due to high oil and gas prices coupled with strong and steady flow rates across the portfolio during that six month period. Both production and revenue declined during the December 2008 quarter of the financial year due to the Lake Long #9 well being shut-in for a work over operation and the commencement of the decline in oil and gas prices. The well was off-line for 3 months after some operational difficulties with the work over and three hurricane events in the region. Production stabilised through the remainder of the financial year with Lake Long # 9 back on-line offset by natural decline of Margarita Project wells and Flour Bluff field. However revenue saw a further decline in this period due to a further reduction in gas prices to an 8 year low. Sun Resource's reserves are currently 95% gas and efforts in the forthcoming year will target an increase in oil production and revenue through new exploration activity of more oil-rich opportunities that have low operating costs and high profit margins, even in a low oil and gas price environment.

Production from the Agavero and Donna Carlota gas fields depleted during the financial year, as did the Milagro oil field. All three wells are shut-in pending a decision on abandonment. The only active producing Margarita Project well at the end of the reporting period was the Jones Stewart Gas Unit #1 well. Production from the Flour Bluff Field has remained relatively stable during the reporting period with an average, gross daily flow rate between 1.0-1.5mmcfgd. Sun Resources' net 3P reserves have declined from 20 BCFE at 30 June 2008 to a net 3P reserves position of 19 BCFE at 30 June 2009. Sun Resources continues to work with the operator of the Flour Bluff field to deliver reserve additions by acquiring 3D seismic over the core areas of the field. Sun Resources also continues to work with its relationship partners to identify new targets for reserve additions within its broader asset base and adjacent areas within Texas and Louisiana.

TENEMENT DIRECTORY

Prospect	Tenements	Interest	Comments
Thailand (onshore) Phitsanulok Basin	L20/50	50%	Awarded 21 January, 2008
Western Australia (offshore) Northern Carnarvon Basin Dampier Sub-Basin	WA-254-P	7.86% to 9.25%	Blocks 1,3 & 4 - 7.86% Block 2 – 9.25%
Louisiana, USA (onshore) Gulf of Mexico Basin Lake Long Gas Field	SL328	10.00%	L.L. #9 well only
Texas, USA (onshore) Gulf of Mexico Basin East Flour Bluff Gas Field West Flour Bluff Gas Field Pita Island Gas Field Agavero Gas Field Milagro Oil Field Dona Carlota Gas Field El Viejito Gas Field Bondi Margarita Meek	State lease land BLM lease land State lease land Private lease land Private lease land Private lease land Private lease land Private lease land Private lease land Private Mineral Private Mineral	24.17% 20.00% 20.00% 20.00% 20.00% 20.00% 20.00% 20.00% 15.00% 15 to 37.5% 12.5%	Various prospects AHGU#1
Malta (offshore) Pelagian Platform	Area 4, Block 3 ESA Area 5, ESA	20.00% 20.00%	Awaiting clarification of title issues Awaiting clarification of title issues
Western Australia North Coolgardie Mineral Field Butterfly	M40/110	5.00% NPI	Joint Venture with Kookynie Resources NL on that portion of the lease covered by former P40/462.

OIL AND GAS

MINERALS

DIRECTORS' REPORT

DIRECTORS' REPORT



Left to Right: Wolf Martinick, Peter Woods, Brad Farrell, Philip Linsley, Matthew Batrick

The Directors of Sun Resources NL present their report on the consolidated entity consisting of Sun Resources NL and the entities it controlled at the end of, or during, the year ended 30 June 2009.

Directors

The following persons were Directors of Sun Resources NL during the whole of the financial year and up to the date of this report:

Dr B L Farrell	Director and Chairman (Non-Executive)
Mr M A Batrick	Managing Director (Executive)
Mr A P Woods	Director and Company Secretary (Executive)
Dr P Linsley	Director (Non-Executive) (Independent)
Dr W G Martinick	Director (Non-Executive) (Independent)

All directors held their positions as a director throughout the entire financial year and up to the date of this report.

Bradford L Farrell

B.Sc (Hons Econ Geol), M.Sc, Ph.D.

Non-Executive Director and Chairman

Dr Farrell was appointed to the Board on 1 May 1987. Dr Farrell is a graduate of the University of Adelaide where he obtained a Bachelor of Science, Honours Economic Geology. Subsequently post graduate qualifications of Master of Science and Doctor of Philosophy were obtained at the University of Leicester, United Kingdom. He is a Fellow of the Australasian Institute of Mining and Metallurgy, Member of the Mineral Industry Consultants Association, Chartered Professional Geologist, and a Member of the Institution of Mining and Metallurgy, a Chartered Engineer of that body and a Member of the Petroleum Exploration Society of Australia. He has had forty one years experience in resource exploration and senior project management and evaluation. During this time he has managed numerous and extensive exploration programmes within Australia and overseas for a variety of mineral commodities for both major and junior exploration companies. Some of these programmes have resulted in significant discoveries, which are currently in production or will see future production. Dr B L Farrell held no other directorships in listed companies in the last 3 years.

Dr Farrell holds 23,262,626 fully paid ordinary shares and 1,200,000 unlisted partly paid contributing shares in the Company.

Matthew Batrick

B.Sc (Geol), MPESA, MPESGB, MAAPG, GAICD

Executive Director and Managing Director

Mr Batrick was appointed to the Board on 15 January 2008 as Managing Director. He obtained a Bachelor degree in Geology from the Royal Melbourne University of Technology (RMIT) in 1981. He has had a long, international career with both major and large independent oil and gas companies (LASMO, Ampolex, ExxonMobil, Eni) before joining ASX-listed Pancontinental Oil & Gas NL in 2004 as Exploration Manager and then General Manager. He is a member of the Petroleum Exploration Societies of Australia and Great Britain and a member of the American Association of Petroleum Geologists. He is also a member of the Australian Institute of Company Directors and a graduate of the AICD Company Directors Course. He is a director of the Activ Foundation (Inc.), a Western Australian-based, non-government organisation for people with intellectual disabilities, since 2001.

Mr Batrick holds 2,000,000 unlisted options in the Company.

Alan P Woods

FCPA, FTIA, MAICD

Executive Director and Company Secretary

Mr Peter Woods was appointed to the Board on 17 October 1989. Mr Peter Woods is a shareholder and founding Managing Director of APSL Pty Ltd which commenced operations in June 1984. APSL Pty Ltd provides corporate and management services to exploration, mining and technology companies in Australia and overseas. He is a Fellow of the Taxation Institute of Australia, a Member of the Australian Institute of Company Directors and he has thirty-nine years experience in corporate accounting and financial management areas. He has had extensive experience in the provision of management, financial and taxation advice to clients, including several public companies. In recent years, he has developed a close involvement with oil, gas, gold exploration and mining companies. This work has included professional advice in respect to equity capital raisings, corporate reconstructions, mergers, acquisitions, developing extensive gold hedging programs and financing packages in relation to a number of public companies. Mr A P Woods held no other directorships in listed companies in the last 3 years.

Mr Woods holds 8,313,202 fully paid ordinary shares and 1,200,000 unlisted partly paid contributing shares in the Company.

Philip Linsley

B.Sc. (Hons Geol), Ph.D, MBA

Non-Executive and Independent Director

Dr Linsley was appointed to the Board on 7 May 1997. Dr Linsley is a Non-Executive Director whose primary role is to assist the Board in the acquisition of oil production and to investigate exploration opportunities outside Australia and Oceania. Dr Linsley is a Director of PXP Management Limited, a well known United Kingdom based consultancy firm focusing on the oil and gas exploration and production industry. He has had some thirty four years experience in oil exploration and production in many parts of the world (Australia, South East Asia, Africa, America, Kazakhstan, Europe and the Middle East) initially in employment with Texaco and Mesa and later as a consultant to companies that include Occidental, Tricentrol, Ashland, Ranger, Svenska and Chase Manhattan Bank. Dr Linsley is a member of the Audit and Remuneration Committees and attended where applicable all meetings held. Dr P Linsley was a Director of ASX and AIM listed Carpathian Resources Limited until April 2007.

Dr Linsley holds 1,524,383 fully paid ordinary shares and 1,200,000 unlisted partly paid contributing shares in the Company.

Wolf G Martinick

B.Sc, Ph.D.

Non-Executive and Independent Director

Dr Martinick was appointed to the Board on 19 February 1996. Dr Martinick is a scientist with extensive experience in the resource industry. For over thirty five years he has been associated with the exploration and mining industry in Australasia, especially with respect to environmental, water, land access and Native Title issues. He is a Fellow and Chartered Professional of the Australian Institute of Mining and Metallurgy and a past Vice President of the Association of Mining and Exploration Companies. In 2003 he became Executive Chairman of ASX listed Ezenet Limited, in 2005 Non-Executive Chairman of AIM listed Weatherly International PLC, in 2006 a Non-Executive Director of ASX listed Windimurra Vanadium Limited and Uran Limited and in September 2007, a Non-Executive Director of Azure Minerals Limited; and he is also Non-Executive Chairman of MBS Environmental, a company that provides environmental consultancy services to the resource industry. Dr Martinick is a member of the Remuneration Committee and attended, where applicable, all meetings as required.

Dr Martinick holds 12,921,828 fully paid shares and 1,200,000 unlisted partly paid contributing shares in the Company.

DIRECTORS' REPORT

Company Secretary

The Company Secretary is Mr A P Woods FCPA, FTIA, MAICD. Mr Woods was appointed to the position of Company Secretary in 1993 and has held many similar positions in listed public companies.

Board Committees

The Company has three committees at the date of this report:

- Nomination Committee
- Audit Committee
- Remuneration Committee

(1) Nomination Committee

The Nomination Committee comprises the full Board and meets as a Committee at least once a year and as required. The Committee ensures the Board has the appropriate number and blend of directors with the necessary commercial, financial and relevant industry experience to oversee the corporate direction and daily management of the Company, and is functional in its own right in its performance and competency.

(2) Audit Committee

The purpose of the Audit Committee is to assist the Board in discharging its responsibility to exercise due care, diligence and skill to the Company, in the areas of:

- Application of accounting policies, standards, and reporting of financial information;
- Business risk management;
- Internal control systems;
- Corporate conduct and business ethics; and
- Reporting requirements.

The Board requires that the Company conducts itself in accordance with acceptable ethical standards and complies with all applicable laws, regulations, Board policies and directives. In addition, it requires that adequate procedures and mechanisms should be in place to mitigate the risk that the Company's business goals and objectives are met.

The Board is responsible for the establishment of the Audit Committee, its composition and Charter.

The Audit Committee met four times during the financial year.

A majority of the members of this committee are independent of the management of the Company.

The members of the Audit Committee are:

- | | |
|-----------------|--------------------------|
| Mr S J Mann | (Independent Chairman) |
| Dr P Linsley | (Non-Executive Director) |
| Mr M A Battrick | (Managing Director) |

(3) Remuneration Committee

The purpose of the Remuneration Committee is to discharge the board's responsibility relating to the compensation of the Company's directors and executives. The Remuneration Committee makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director, senior management and directors themselves.

The Remuneration Committee operates in accordance with its charter and ensures that the levels of remuneration are sufficient to attract and retain the directors and key executives needed to run the Company successfully, while avoiding paying more than is necessary for this purpose.

The committee meets as frequently as may be required to undertake its role effectively, but generally no less than once per year to:

- Determine the remuneration policy including fixed, performance based and equity based remuneration;
- Determine the remuneration of executive directors and key executives; and
- Review and approve all equity based plans, equity based remuneration and equivalent incentive plans.

The Remuneration Committee met three times during the financial year. A review of remuneration in general in early financial year 2009 resulted in a freeze in remuneration due to the Global Financial Crisis.

A majority of the members of this committee are independent of the management of the Company.

The members of the Remuneration Committee are:

- | | |
|------------------|--------------------------|
| Mr S J Mann | (Independent Chairman) |
| Dr W G Martinick | (Non-Executive Director) |
| Dr P Linsley | (Non-Executive Director) |

Principal Activities of the Consolidated Entity

The principal activities of the Company and controlled subsidiaries during the financial year were oil and gas exploration and investment. There was no significant change in these activities during the year.

The economic entity's production activities and operations on exploration projects are summarised in the "Review of Activities" preceding this report.

Operating Results

The consolidated net loss of the economic entity for the financial year after income tax was (\$2,753,596) 2008: (\$5,767,237).

Dividends

No dividends were paid or declared during the financial year or subsequent to the year end.

Environmental And Occupational Health And Safety Regulation Performance

The Company's environmental and occupational, health and safety ("OHS") obligations are regulated under both State and Federal Law or in the case of Company's overseas interests, by the governing laws of that country. All environmental and OHS performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The Company has a policy of at least complying, but in most cases exceeding its performance obligations. No environmental breaches or OHS incidents have occurred or have been notified to or by any Government agencies during the year ended 30 June 2009. The Company ensures that it complies with all necessary conditions when exploring its permits. The Company has established Environmental and OHS Board Policies under which all exploration is carried out. Both Policies ensure all employees, contractors and other service providers are fully acquainted with the Company's environmental and OHS programs. The Company's primary goal in the environmental management of exploration activities is to prevent unnecessary environmental impact and reinstate sites where disturbance cannot be avoided, whilst its goal in OHS is to provide and foster a culture of carrying out exploration activities in a safe working environment at best exploration practice.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007, which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009 the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Significant Changes in the State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Significant Events after Balance Date

A General Meeting was held on the 8 July 2009 with the following outcomes ratified by the Shareholders.

1. Resolution 1 – Ratification of Issue of Shares

As an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of 33,750,000 fully paid ordinary shares in the capital of the Company."

2. Resolution 2 – Authorisation of Issue of Shares

As an ordinary resolution:

"That, in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue up to 66,250,000 Shares."

3. Resolution 3 – Authorisation of Director Participation in Share issue

As an ordinary resolution:

"That, in accordance with ASX Listing Rule 10.11 and for all other purposes Shareholders approve and authorise the Company to issue 1,000,000 Shares to the directors of the Company."

4. Resolution 4 – Section 195 Approval

As an ordinary resolution:

"That, for the purposes of section 195 (4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the directors to complete the transactions as contemplated."

Likely Developments and Expected Results - Review of Operations

The information required under this section has been included in the "Review of Activities". The review of operations for the group and its business strategies and prospects is set out within pages 5 to 9.

Remuneration Report

This report details the nature and amount of remuneration for each director of Sun Resources NL. There were no specified executives involved in the management of the company who were not directors.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration (audited)
- B Details of remuneration (audited)
- C Service agreements (audited)
- D Share-based compensation (audited)
- E Additional information (audited)

A Principles used to determine the nature and amount of remuneration (audited)

The performance of Sun Resources NL depends upon the quality of its directors, executives and staff. To achieve its financial and operating activities, the Company must attract, motivate and retain highly skilled directors and executives.

The Company embodies the following principles in its remuneration framework:

- Provide competitive awards to attract high calibre executives;
- Structure remuneration at a level and mix commensurate with their position and responsibilities within the Company so as to reward executives for Company and individual performance;
- Align executive incentive rewards with the creation of value for shareholders; and
- Link rewards with the performance of the Company.

Executive Remuneration

Remuneration is not linked to performance. Remuneration paid to executives is agreed with each executive and is based predominately on the performance of the Company, which is determined by exploration success and an increase in the Company's share price. Long-term incentives are provided to executives in the form of options and other incentives as determined by the Board. The policy is designed to attract the highest calibre of executives and reward them for Company performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in employee share and option arrangements. The options are not issued in relation to past performance, but are considered to promote continuity of employment and provide additional incentive to key management personnel to increase shareholder wealth.

Sun Resource's security trading policy provides acceptable transactions in dealing with the Company's securities, including shares and options. The full policy can be read on the Company's website.

The executive directors receive a superannuation guarantee contribution required by the government, which is 9%. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation. Mr A P Woods has a post employment benefit on termination or expiry of his consultancy contract refer page 18.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes model with contributing shares valued using the binomial valuation model.

Non-Executive Remuneration

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company. The maximum aggregate amount of fees (inclusive of the 9% superannuation guarantee contribution required by government) that can be paid to directors is currently \$275,000.

Key Management Personnel

The board's policy for determining the nature and amount of compensation of key management for the

group is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis. Upon retirement key management personnel are paid employee benefit entitlements accrued to the date of retirement. Mr A P Woods has a separate consultancy contract and has a retirement benefit on termination or on expiry of the contract. The Company is required to pay 1.2 months of present annual monthly fees for each year or part year of service since 1 July 1993.

The remuneration committee determines the proportion of fixed and variable compensation for each key management personnel.

B Details of remuneration (audited)

Amounts of remuneration

Details of the remuneration of the directors and key management personnel of Sun Resources NL are set out in the following tables:

The key management personnel included the Directors who had the responsibility for planning, directing and controlling the activities of the entity during the financial year:

- i) **Chairman - Non-Executive**
Dr B L Farrell
- ii) **Executive Directors**
Mr Matthew Battrick - Managing Director
Mr A P Woods - Chief Financial Officer
- iii) **Non-Executive directors and deemed Independent**
Dr P Linsley
Dr W G Martinick

Other than the Directors there were no other key management personnel or other specified executives.

The Company Secretary of the Company is Mr A P Woods.

Key management personnel and other executives of the Group Remuneration

2009

Name	Short-term employee benefits			Post employment benefits		Share based payments		Performance related %
	Cash salary, consulting fees and directors' fees \$	Non monetary benefits \$	Other expenses \$	Superannuation \$	Retirement benefits \$	Equity and options \$	Total \$	
Executive								
Mr M A Battrick	277,523	5,107	-	24,977	-	4,977	312,584	-
Mr A P Woods	111,600	-	-	-	-	-	111,600	-
Sub-total	389,123	5,107	-	24,977	-	4,977	424,184	
Non-executive								
Dr B L Farrell	26,383	6,500	-	91,825	-	-	124,708	-
Dr P Linsley	30,000	-	4,402	-	-	-	34,402	-
Dr W Martinick	30,000	-	-	-	-	-	30,000	-
Sub-total	86,383	6,500	4,402	91,825	-	-	189,110	
Total	475,506	11,607	4,402	116,802	-	4,977	613,294	

2008

Name	Short-term employee benefits			Post employment benefits		Share based payments		Performance related %
	Cash salary, consulting fees and directors' fees \$	Non monetary benefits \$	Other expenses \$	Superannuation \$	Retirement benefits \$	Equity and options \$	Total \$	
Executive								
Dr B L Farrell	134,120	15,330	-	102,585	-	-	252,035	-
Mr M A Battrick	138,184	2,581	-	11,537	-	39,802	192,104	-
Mr W J Ashby	72,191	646	-	17,770	-	-	90,607	-
Mr A P Woods	106,200	-	-	-	-	-	106,200	-
Sub-total	450,695	18,557	-	131,892	-	39,802	640,946	
Non-executive								
Dr P Linsley	30,000	-	9,790	-	-	-	39,790	-
Dr W Martinick	30,000	-	-	-	-	-	30,000	-
Sub-total	60,000	-	9,790	-	-	-	69,790	
Total	510,695	18,557	9,790	131,892	-	39,802	710,736	

DIRECTORS' REPORT

Remuneration consists of the following key elements:

- Fixed remuneration: being base salary, superannuation and other benefits (including non-monetary);
- Variable remuneration: being short term incentive (STI); and long term incentive (LTI).

Fixed Remuneration

Fixed remuneration is reviewed annually by the remuneration committee. The process consists of a review of group and individual performance, relevant comparative remuneration information from a variety

of sources including industry associations, and where considered, appropriate external advice on policies and practices.

Variable Remuneration - Short Term Incentive (STI)

The objective of the STI program is to link the achievement of the Group's performance measures with the remuneration received by the executives charged with achieving those measures of exploration success and share price increase. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the performance measures of the group.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2009	2008	2009	2008	2009	2008
Executive						
Mr M A Battrick	100%	100%	0%	0%	0%	0%
Mr A P Woods	100%	100%	0%	0%	0%	0%
Non-executive						
Dr B L Farrell	100%	100%	0%	0%	0%	0%
Dr P Linsley	100%	100%	0%	0%	0%	0%
Dr W G Martinick	100%	100%	0%	0%	0%	0%

C Service agreements (audited)

Dr B L Farrell

Term of agreement: One year commencing on the 1 July 2008.

Base consultancy: \$160 per hour on a part-time basis (as required) plus statutory superannuation and \$10,000 car allowance.

Director fees: \$50,000.

Incentives: Share based incentives as determined.

Mr M A Battrick

Term of agreement: Three years commencing on the 15 January 2008.

Base Salary: \$250,000 plus statutory superannuation and \$11,700 car allowance.

Director fees: \$30,000.

Incentives: Share based incentives as determined.

Mr A P Woods

Term of agreement: One year commencing on the 1 July 2008.

Base consultancy: \$81,600 plus necessary expenses to be reimbursed.

Director fees: \$30,000.

Incentives: Share based incentives as determined.

Termination: 1.2 months of the present annual monthly fees for every year or part year of service since 1 July 1993.

Dr P Linsley

Term of agreement: Retires as determined by director rotation.

Director fees: \$30,000.

Incentives: Share based incentives as determined.

Dr W G Martinick

Term of agreement: Retires as determined by director rotation.

Director fees: \$30,000.

Incentives: Share based incentives as determined.

D Share-based Compensation (audited)

The board does not have any specific criteria when deciding on the terms of option incentives, but will look at conditions prevailing in the market for executives in other companies.

2009 and 2008

The following incentive options convertible to shares on payment of an exercise price on or before expiry date of the options were granted to Mr M A Battrock as part of his remuneration package following his effective appointment as Managing Director on 15 January 2008. Issued on appointment - 1,000,000

options with an expiry date of 1 February 2010 and exercise price of \$0.10 per share. On 1 February 2009, 1,000,000 options with an expiry date of 1 February 2011 and exercise price of \$0.125 per share. The options granted, have vested. To be issued; 1 February 2010, 1,000,000 options with an expiry date of 1 February 2012 and exercise price of \$0.15 per share, and on 31 January 2011, 1,000,000 unlisted options with an expiry date of 3 February 2013 and exercise price of \$0.20 per share.

The incentive options package that had been granted and vested during the year, has a fair value of \$4,977.

E Additional Information (audited)

Share-based compensation: Options

Further details relating to options are set out below.

Name	A Remuneration consisting of options	B Value at grant date \$	C Value at exercise date \$	D Value at lapse date \$	E Total of columns B-D \$
2009					
Dr B L Farrell	-	-	-	-	-
Mr M A Battrock	2%	4,977	-	-	4,977
Mr A P Woods	-	-	-	-	-
Dr P Linsley	-	-	-	-	-
Dr W G Martinick	-	-	-	-	-
2008					
Dr B L Farrell	-	-	-	-	-
Mr M A Battrock	21%	39,802	-	-	39,802
Mr W J Ashby [#]	-	-	-	-	-
Mr A P Woods	-	-	-	-	-
Dr P Linsley	-	-	-	-	-
Dr W G Martinick	-	-	-	-	-

A= The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B= The value at grant date calculated in accordance with AASB 2 Share-based payment of options granted during the year as part of remuneration.

C= The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options on that date.

D= The value at lapse date of options that were granted as part of remuneration and that lapsed during the year. Lapsed options refer to options that vested but expired unexercised.

[#] Resigned 2 October 2007

No options were exercised during the current or previous year.

Loans to subsidiaries, directors and executives

Information on loans to subsidiaries, directors and executives, including amounts, interest rates and repayment terms are set out in Note 19 to the financial statements.

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
5 October 2007	30 June 2011	\$0.10	4,000,000
15 January 2008	2 February 2010	\$0.10	1,000,000
15 January 2009	1 February 2011	\$0.125	1,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. All options granted, have vested.

DIRECTORS' REPORT

E Additional Information (audited) (continued)

An analysis of the Company's performance over the past five years is as follows:

	2009 \$	2008 \$	2007 \$	2006 \$	2005 \$
Loss attributable to shareholders of the parent entity	(2,753,596)	(5,767,237)	(3,018,979)	(617,325)	(689,142)
Dividends paid	-	-	-	-	-
Contributed equity	34,249,542	31,846,066	27,909,806	25,819,806	20,140,667
Changes in share price (prices at 30 June)	0.08	0.08	0.07	0.11	0.22
Return on contributed equity	(8.04%)	(18.11%)	(10.82%)	(2.39%)	(3.42%)

The Company has followed an aggressive exploration programme in the past five years. This has resulted in significant exploration success, particularly in the USA. The Company has adjusted any oil and gas assets where there has been an impairment of the asset with the resultant write downs reflected in the loss attributable to shareholders.

The share price of the Company, as listed on the ASX, has remained in a band between 7 and 22 cents depending on the market during the previous five years.

Indemnification of Officers

Insurance and indemnity arrangements established in the previous year concerning officers of the Company were retained during the year ended 30 June 2009. The Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses' insurance contracts, for current and former directors and officers, including executive officers, directors and secretaries of the Company. The insurance premiums relate to:

- (i) costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome;
- (ii) other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Meetings of the Company's Directors

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2009, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
	A	B	Audit		Remuneration	
			A	B	A	B
Dr B L Farrell	6	6	**	**	**	**
Mr M A Battrick	6	6	3	4	**	**
Mr A P Woods	6	6	**	**	**	**
Dr P Linsley	6	6	4	4	3	3
Dr W G Martinick	4	6	**	**	2	3

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

** = Not a member of the relevant committee

In addition a total of 32 circular resolutions were resolved during the financial year ended 30 June 2009.

Retirement, election and continuation in office of directors

The directors retire by election in terms of the Constitution of the Company. The directors that are due to retire at the Annual General Meeting to be held in November 2009 are Dr B L Farrell and Dr W G Martinick who being eligible, will offer themselves for re-election as Directors.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-audit services

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2009	2008
	\$	\$
a. Audit Services		
BDO Kendalls Audit and Assurance (WA) Pty Ltd		
Audit and review of financial reports	34,833	33,039
Non-BDO Kendalls (WA) for the audit and review of financial reports of an entity in the Group	-	-
Total remuneration for audit services	34,833	33,039
b. Non-audit services		
BDO Kendalls (WA)		
Taxation compliance services	14,411	12,563
Total remuneration for non-audit services	14,411	12,563

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

For and on behalf of the Board in accordance with a resolution of directors.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307c of the Corporations Act 2001 on page 22 forms part of the Directors' Report for the financial year ended 30 June 2009.

Board of Directors' Declaration for Year Ended 30 June 2009

The Board of Directors' Declaration for year ended 30 June 2009 on page 61 forms part of the above Directors' Report.

This relates to the integrity of the financial statements, risk management and internal compliance and control systems of the Company for the financial year as set out in this Annual Report.



Matthew A Battrick
Director
Perth, Western Australia
14 September 2009



Alan P Woods
Director
Perth, Western Australia
14 September 2009

AUDITOR'S INDEPENDENCE DECLARATION



BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay St
Subiaco WA 6008
PO Box 700 West Perth WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

15 September 2009

The Directors
Sun Resources NL
4 Bendsten Place
BALCATTA, WA 6021

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF SUN RESOURCES NL

As lead auditor of Sun Resources NL for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sun Resources NL and the entities it controlled during the period.

BG McVeigh
Director

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Sun Resources NL (“the Company”) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group’s main corporate governance practices is set out below. All these practices unless otherwise stated, were in place for the entire year. They comply with the revised August 2007 ASX Principles of Good Corporate Governance and Best Practice Recommendations.

The revised Principles of the ASX Corporate Governance Council are set out below:

- Principle 1: Lay solid foundations for management and oversight.
- Principle 2: Structure the Board to add value.
- Principle 3: Promote ethical and responsible decision-making.
- Principle 4: Safeguard integrity in financial reporting.
- Principle 5: Make timely and balanced disclosure.
- Principle 6: Respect the rights of shareholders.
- Principle 7: Recognise and manage risk.
- Principle 8: Remunerate fairly and responsibly.

The Council has clarified the “if not, why not” approach to compliance. Non-compliance with one or more of the recommendations does not in itself indicate that the Company’s corporate governance practices are deficient. Investors and other market participants should consider that explanation given by the Company as to why it has chosen not to comply with a recommendation, and evaluate the Company’s practices in light of that explanation and the Company’s overall governance framework.

Principle 1:

Lay solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Group’s long-term success. The Directors are responsible to the shareholders for the performance of the Group in both the short and longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

The responsibilities of the Board include:

- Providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy.
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Overseeing and monitoring:
 - Organisational performance and the achievement of the Group’s strategic goals and objectives.
 - Compliance with the Company’s Codes of Conduct.

- Progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments.
- Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company’s auditors.
- Appointment, performance assessment and, if necessary, removal of the Managing Director.
- Ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the CFO and the Company Secretary.
- Ensuring there are effective management processes in place and approving major corporate initiatives.
- Enhancing and protecting the reputation of the organization.
- Overseeing the operation of the Group’s system for compliance and risk management reporting to shareholders.
- Ensuring appropriate resources are available to senior management.

Day to day management of the Group’s affairs and the implementation of the corporate strategy and policy initiatives are delegated by the Board to the Managing Director and senior management.

The Managing Director has an annual performance review completed by the Board. From 2010 a Director’s Questionnaire: Evaluation of CEO Performance, will be completed and discussed as part of this process.

A performance assessment for senior management last took place in February 2009.

Senior executives and employees will be evaluated every six months in June and December in terms of the completion of an Employees’ Questionnaire: Employee Performance and Development Review, with a subsequent discussion. This process has recently been approved by the Board with the first evaluation to be completed at the end of the 2009 calendar year.

Principle 2:

Structure the Board to add value

Board composition

The Board is comprised of both executive and non-executive Directors with a majority of non-executive Directors. Non-executive Directors bring a fresh perspective to the Board’s consideration of strategic, risk and performance matters.

In recognition of the importance of independent views and the Board’s role in supervising the activities of management, the Chairperson should be a non-executive and independent Director. Dr B L Farrell is a non-executive Director who is deemed not to be independent due to his previous involvement in management and being a substantial shareholder. The majority of the Board should be independent of management and all Directors are required to exercise independent judgement and constructively challenge the performance of management.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Chairperson is elected by the full Board and is required to communicate regularly with the Managing Director. The Company is to maintain a mix of Directors on the Board from different backgrounds with complementary skills and experience. The Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

The Board seeks to ensure that:

- At any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Group and Directors with an external or fresh perspective.
- The size of the Board is conducive to effective discussion and efficient decision-making.

Director's independence

The Board has adopted specific principles in relation to Director's independence. These state that when determining independence, a Director must be a non-executive and the Board should consider whether the Director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- Is or has been employed in an executive capacity by the Company or any other Group member within the last three years.
- Within the last three years has been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided.
- Is a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the Company or a controlled entity other than as a Director of the Group.
- Is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's independent exercise of their judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases.

The Board assesses independence each year. To enable this process, the Directors must provide all information that may be relevant to the assessment.

Conflict of Interest

In the event that a potential conflict of interest may arise, involved Directors must withdraw from all deliberations concerning the matter. They are not permitted to exercise any influence over other Board members.

Board members

Details of the members of the Board, their experience, expertise, qualifications, term of office, relationships affecting their independence and their independent status are set out in the directors' report. At the date of signing the Directors' Report there are two executive Directors and three non-executive Directors, two of whom have no relationships adversely affecting independence and so are deemed independent under the principals set out above.

Term of office

Under the Constitution the minimum number of Directors is three and the maximum is ten. Directors are not appointed for a fixed term. At each annual general meeting one third of the Directors other than the Managing Director must resign by rotation, with those serving the longest resigning first. Resigning Directors may stand for re-election.

Role of the Chairperson

The Chairperson is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives. The focus should be on ensuring that the Board and the CEO act in an ethical manner with strong values that support the governance principles of the Company.

Role of the CEO

The CEO, Mr M A Batrick, is responsible for implementing Group strategies and policies. The CEO is primarily responsible for the day-to-day running of the business and to ensure accurate and timely reporting to the Board. The CEO is delegated with the responsibility of managing the personnel and finances of the Company with the exception of any roles deemed important enough to involve the Board or its committees. The CEO is also required to be present at meetings of the various committees of the Board that meet from time to time.

Induction

The induction provided to new directors and senior managers enables them to actively participate in Board decision-making as soon as possible. It ensures that they have a full understanding of the Company's financial position, strategies, operations and risk management policies. It also explains the respective rights, duties, responsibilities and roles of the Board and senior executives.

Commitment

The Board held six Board meetings during the year. The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2009, and the number of meetings attended by each director is disclosed on page 20. The commitments of non-executive Directors are considered by the Board prior to the Director's appointment to the Board of the Company.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Independent professional advice and access to information

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairperson is required, but this will not be unreasonably withheld. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

Performance assessment

The Board undertakes an annual self assessment of its collective performance, the performance of the Chairperson and of its committees. The assessment also considers the adequacy of induction, access to information and the support provided by the Company Secretary. The results and any action plans are documented together with specific performance goals which are agreed for the coming year. The Chairperson undertakes an annual assessment of the performance of the Managing Director and meets privately to discuss this assessment.

Board committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current separate committees of the Board are the remuneration and audit committees. The committee structure and membership is reviewed on an annual basis. A policy of rotation of committee members applies.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All matters determined by committees are submitted to the full Board as recommendations for Board decisions.

Minutes of committee meetings are tabled at the subsequent Board meeting with a covering letter from the relevant committee's Chairperson. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees.

Nomination committee

The nomination committee comprises the full Board and meets as a committee at least once a year or as required. The Committee ensures the Board has the appropriate number and blend of Directors with the necessary commercial, financial and relevant industry experience to oversee the corporate direction and daily management of the Company, and is functional in its own right in its performance and competency.

When a new Director is to be appointed the Board reviews the range of skills, experience and expertise on the Board, identifies its needs and prepares a short-list of candidates with appropriate skills and experience. Where necessary, advice is sought from independent search consultants.

The full Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the Company. The Board's nomination of existing directors for reappointment is not automatic and is contingent on their past performance, contribution to the Company and the current and future needs of the Board and Company.

New directors are provided with a letter of appointment setting out the Company's expectations, their responsibilities, rights and the terms and conditions of their employment. All new Directors participate in an induction program which covers the operation of the Board and its committees and financial, strategic, operations and risk management issues.

Principle 3:

Promote ethical and responsible decision making

Codes of Conduct

The Company has developed a separate Board Code of Conduct and an Employee Code of Conduct (the codes) which has been fully endorsed by the Board and applies to all Directors and Employees. The codes are regularly reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Codes require that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The Codes and the Company's trading policy are discussed with each new employee as part of their induction training.

The Directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

A copy of the Codes and the Securities Trading Policies and Guidelines are available on the Company's website.

Principle 4:

Safeguard integrity in financial reporting

Audit committee

The audit committee consists of the following Directors with an independent Chairperson who is a qualified Chartered Accountant.

Mr S J Mann	(Independent Chairperson)
Dr P Linsley	(Non-Executive Director)
Mr M A Batrick	(Managing Director)

Details of these Directors' qualification and attendance at audit committee meetings are set out in the Director's Report on pages 13 and 20.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

All members of the audit committee are financially literate and have an appropriate understanding of the industry in which the Group operates. One member, Mr S J Mann has relevant qualifications and experience by virtue of being a former managing partner of a major accounting firm.

The audit committee operates in accordance with a charter which is available on the Company website.

The main responsibilities of the committee are to:

- Review, assess and approve the annual report, the half-year financial report and all other relevant financial information published by the Company.
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
 - Effectiveness and efficiency of operations.
 - Reliability of financial reporting.
 - Compliance with applicable laws and regulations.
- Oversee the effective operation of the risk management framework.
- Recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance.
- Consider the independence and competence of the external auditor on an ongoing basis.
- Review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence.
- Review and monitor related party transactions and assess their propriety.
- Report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the audit committee:

- Receives regular reports from management, and the external auditors.
- Meets with the external auditors if necessary.
- Reviews the processes the CEO and CFO have in place to support their certificates to the Board.
- Reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved.
- Provides the external auditors with a clear line of direct communication at any time to either the Chairperson of the audit committee or the Chairperson of the Board.

The audit committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External auditors

The Company and audit committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. BDO Kendall's was appointed as the external auditor in 1994. It is BDO Kendall's policy to rotate audit engagement partners on listed companies at least every five years, and in accordance with that policy a new audit engagement partner was introduced for the year ended 30 June 2009.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Director's report and in a note to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principles 5 and 6:

[Make timely and balanced disclosures and respect the rights of shareholders](#)

Continuous disclosure and shareholder communication

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities. A summary of these policies and procedures is available on the Company's website.

The Company Secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX) in collaboration with the CEO. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

All shareholders can receive a copy of the Company's annual and half-yearly reports. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. Initiatives to facilitate this include making all Company announcements

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

for the last four years and financial reports for the last three years available on the Company's website, including a broadcast of the Company's annual general meeting. In addition the Company's website includes a section on media and Broker's reports.

The website also enables users to provide feedback and has an option for shareholders to register their email address for direct email updates under "contact us", together with useful links to other related websites.

Principle 7:

Recognise and manage risk

The Board, through the audit committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority

The Company risk management policy and the operation of the risk management and compliance system are executed by the CEO in collaboration with the audit committee.

Privacy

The Company has resolved to comply with the National Privacy Principles contained in the Privacy Act 1988, to the extent required for a company the size and nature of Sun Resources NL

The environment, health and safety management system (EHSMS)

The Company recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest level of performance. To help meet this objective the EHSMS was established to facilitate the systematic identification of environmental and OH&S issues and to ensure they are managed in a structured manner. This system has been operating for a number of years and allows the Company to:

- Monitor its compliance with all relevant legislation.
- Continually assess and improve the impact of its operations on the environment.
- Encourage employees to actively participate in the management of environmental and OH&S issues.
- Work with trade associations representing the Group's businesses to raise standards.
- Use energy and other resources efficiently, and
- Encourage the adoption of similar standards by the Group's principal suppliers, contractors and distributors.

Information on compliance with significant environmental regulations is set out in the Directors' Report.

Corporate reporting

The Managing Director and CFO have made the following certifications to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material aspects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards.
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material aspects in relation to financial reporting risks.
- The categories of risk reported in the annual report are: market risk, credit risk and liquidity risk.

Principle 8:

Remunerate fairly and responsibly

Remuneration committee

The remuneration committee consists of the following non-executive directors, the majority of whom are independent with an independent Chairperson.

Mr S J Mann	(Independent Chairperson)
Dr P Linsley	(Non-Executive Director)
Dr W G Martinick	(Non-Executive Director)

The remuneration committee has recommended a freeze on Director Fees and employee wages until the worst of the global financial crisis has passed, which has been approved by the Board.

Details of these Directors attendance at remuneration committee meetings are set out in the Director's Report on page 20.

The remuneration committee operates in accordance with its charter which is available on the Company website. The remuneration committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination.

Further information on Directors and executives remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading "Remuneration Report". In accordance with Group policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other invested entitlements.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Explanations for departures from best practice recommendations under the “If Not, Why Not” approach.

As at the end of the reporting period, there are a few recommendations of the ASX Corporate Governance Council that the Company does not follow.

These are described more fully as follows:

	Departure (from Recommendation)	Explanation
1.3	No statements of matters reserved for the Board or delegated to senior management are publicly available.	The Board considers that the Company is not of a size to warrant this disclosure.
2.1	Only two of the five directors are considered to be independent.	Given the size and scope of the Company's operations the Board considers that it is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and day-to-day operations perspective, and to achieve the objectives of the Company. The Board will continue to monitor the effectiveness of its structure and will make any changes that are deemed desirable as the Company continues to grow.
2.2	The Chairman is not considered to be independent by virtue of his involvement in the management of the Company during the past three years and being a substantial shareholder.	In this regard, the Board considers that the scope for conflict between the interests of the Chairman and the other shareholders is minimal. To the contrary, the Board considers that Dr B L Farrell's interests are aligned with that of the other shareholders, and in this regard he has acted, and continues to act, in the best interests of the Company's shareholders. Dr B L Farrell resigned as an executive effective at 30 June 2008.
2.4	There is no separate nomination committee.	The full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

FINANCIAL REPORT

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INCOME STATEMENTS | For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 \$	2008 \$	2009 \$	2008 \$
Revenue	3a	2,020,145	1,639,668	-	-
Other income	3b	835,683	75,311	468,009	776,682
Administration expense		(560,487)	(463,001)	(484,309)	(429,755)
Depreciation and amortisation expense	3c	(2,380,526)	(2,860,576)	(9,922)	(11,871)
Employee benefits expenses		(427,138)	(499,204)	(427,138)	(499,204)
Exploration and evaluation expenditure	3d	(99,265)	(3,494,744)	(72,446)	(992,486)
Finance costs	3e	(730,957)	(4,404)	(730,958)	(4,404)
Foreign currency translation		-	(102,708)	-	(726)
Occupancy expense		(58,566)	(57,579)	(58,567)	(57,579)
Production expense written off	3f	(1,352,485)	-	-	-
Impairment - intercompany		-	-	(5,385,482)	(134,656)
Loan from Subsidiary forgiven	3h	-	-	10,438,916	-
Profit/(Loss) before income tax		(2,753,596)	(5,767,237)	3,738,103	(1,353,999)
Income tax (expense)/benefit	4	-	-	-	-
Profit/(Loss) for the year after income tax		(2,753,596)	(5,767,237)	3,738,103	(1,353,999)
Profit/(Loss) for the year attributable to equity holders of Sun Resources NL		(2,753,596)	(5,767,237)	3,738,103	(1,353,999)
Basic (loss) per share (cents)	27	(1.21)	(2.85)		
Diluted (loss) per share (cents)	27	n/a	n/a		

The above income statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS | As at 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 \$	2008 \$	2009 \$	2008 \$
Current assets					
Cash and cash equivalents	5	4,316,128	1,150,225	3,778,697	125,571
Trade and other receivables	6	2,030,144	2,418,896	7,296	-
Financial assets - available for sale	7	900	4,100	900	2,050
Total current assets		6,347,172	3,573,221	3,786,893	127,621
Non-current assets					
Receivables	8	891,725	-	10,189,892	14,976,755
Other financial assets	9	-	-	4,708,373	4,568,681
Plant and equipment	10	23,577	30,981	23,577	30,981
Exploration and evaluation expenditure	11	3,032,180	1,531,433	1,654,044	1,039,537
Oil and gas production assets	12	10,073,023	11,667,406	-	-
Total non-current assets		14,020,505	13,229,820	16,575,886	20,615,954
Total assets		20,367,677	16,803,041	20,362,779	20,743,575
Current liabilities					
Trade and other payables	13a	855,016	123,002	855,016	123,002
Total current liabilities		855,016	123,002	855,016	123,002
Non-current liabilities					
Payables	13b	-	-	-	10,437,131
Borrowings	14	3,177,765	-	3,177,765	-
Total non-current liabilities		3,177,765	-	3,177,765	10,437,131
Total liabilities		4,032,781	123,002	4,032,781	10,560,133
Net assets		16,334,896	16,680,039	16,329,998	10,183,442
Equity					
Contributed equity	15a	34,249,542	31,846,066	34,249,542	31,846,066
Reserves	15c	553,094	548,117	553,094	548,117
Accumulated losses		(18,467,740)	(15,714,144)	(18,472,638)	(22,210,741)
Total equity		16,334,896	16,680,039	16,329,998	10,183,442

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY | For the year ended 30 June 2009

Consolidated

	Contributed Equity \$	Accumulated losses \$	Share-based payments reserves \$	Total Equity \$
Balance at the 30 June 2007	27,909,806	(9,946,907)	410,898	18,373,797
Net loss for the period	-	(5,767,237)	-	(5,767,237)
Total recognised income and expense for the year	-	(5,767,237)	-	(5,767,237)
Transactions with equity holders in their capacity as equity holders:				
Issued share capital	4,450,966	-	-	4,450,966
Share transaction costs	(514,706)	-	-	(514,706)
Share-based payment expense	-	-	137,219	137,219
Balance at the 30 June 2008	31,846,066	(15,714,144)	548,117	16,680,039
Net loss for the period	-	(2,753,596)	-	(2,753,596)
Total recognised income and expense for the year	-	(2,753,596)	-	(2,753,596)
Transactions with equity holders in their capacity as equity holders:				
Issued share capital	2,509,775	-	-	2,509,775
Share transaction costs	(106,299)	-	-	(106,299)
Share-based payment expense	-	-	4,977	4,977
Balance at the 30 June 2009	34,249,542	(18,467,740)	553,094	16,334,896

Parent Entity

	Contributed Equity \$	Accumulated losses \$	Share-based payments reserves \$	Total Equity \$
Balance at the 30 June 2007	27,909,806	(20,856,742)	410,898	7,463,962
Net loss for the period	-	(1,353,999)	-	(1,353,999)
Total recognised income and expense for the year	-	(1,353,999)	-	(1,353,999)
Transactions with equity holders in their capacity as equity holders:				
Issued share capital	4,450,966	-	-	4,450,966
Share transaction costs	(514,706)	-	-	(514,706)
Share-based payment expense	-	-	137,219	137,219
Balance at the 30 June 2008	31,846,066	(22,210,741)	548,117	10,183,442
Net profit for the period	-	3,738,103	-	3,738,103
Total recognised income and expense for the year	-	3,738,103	-	3,738,103
Transactions with equity holders in their capacity as equity holders:				
Issued share capital	2,509,775	-	-	2,509,775
Share transaction costs	(106,299)	-	-	(106,299)
Share-based payment expense	-	-	4,977	4,977
Balance at the 30 June 2009	34,249,542	(18,472,638)	553,094	16,329,998

The above changes of equity statements should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS | For the year ended 30 June 2009

Note	Consolidated		Parent Entity	
	2009 \$ Inflows (Outflows)	2008 \$ Inflows (Outflows)	2009 \$ Inflows (Outflows)	2008 \$ Inflows (Outflows)
Cash flows from operating activities				
Receipts from customers	2,020,145	1,781,460	-	-
Payments to suppliers and employees	(1,113,535)	(936,637)	(995,622)	(828,079)
Payments for production	(2,128,706)	-	-	-
Payments for exploration	(1,600,012)	(3,032,084)	(686,953)	(600,251)
Dividends received	-	-	-	-
Interest received	294,392	75,311	160,758	58,499
Finance costs	(775,061)	(4,404)	(775,061)	(4,404)
Net cash flow (used in) operating activities	5a (3,302,777)	(2,116,354)	(2,296,878)	(1,374,235)
Cash flows from investing activities				
Payments for plant and equipment	(2,518)	(14,984)	(2,518)	(14,984)
Payment for exploration bonds	(409,420)	(2,418,896)	-	-
Purchase of shares	-	(100)	-	(50)
Loans advanced to controlled subsidiaries	-	-	(298,844)	(2,844,088)
Investment in controlled subsidiaries	-	-	(139,694)	(386,636)
Net cash flow (used in) investing activities	(411,938)	(2,433,980)	(441,056)	(3,245,758)
Cash flows from financing activities				
Proceeds from issue of shares	1,581,201	4,033,677	1,581,201	4,033,677
Proceeds from share applications	809,639	-	809,639	-
Proceeds from issue of convertible notes	4,000,040	-	4,000,040	-
Net cash flow provided by financing activities	6,390,880	4,033,677	6,390,880	4,033,677
Net decrease in cash and cash equivalents held	2,676,165	(516,657)	3,652,946	(586,316)
Cash and cash equivalents at the beginning of the financial year	1,150,225	1,769,590	125,571	712,613
Effects of exchange rate changes on cash and cash equivalents	489,737	(102,708)	180	(726)
Cash and cash equivalents at the end of the financial year	4,316,127	1,150,225	3,778,697	125,571

The above cash flow statements should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

1. Summary of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated entity of Sun Resources NL and controlled subsidiaries, and Sun Resources NL as an individual parent entity. Sun Resources NL is a listed public company, incorporated and domiciled in Australia.

The financial report of Sun Resources NL and controlled subsidiaries, and Sun Resources NL as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2009.

These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on Group Financial Report	Application date for Group
AASB 3	Business Combinations	Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.	Business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later	As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.	1 July 2009
AASB 2009-5 (issued May 2009)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process	Not urgent but necessary changes to AIFRSs as a result of the IASBs 2008 Annual Improvement Process	Periods commencing on or after 1 January 2010	No impact	1 January 2010

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

1. Summary of Significant Accounting Policies (continued)

Reference	Title	Summary	Application date of standard	Impact on Group Financial Report	Application date for Group
AASB 127	Consolidated and Separate Financial Statements	The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.	Periods commencing on or after 1 July 2009	As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107]	Makes consequential amendments to 20 standards and 2 interpretations arising from the reissue of AASB 3 and AASB 127, including to AASB 128: Investments in Associates and AASB 131: Interests in Joint Ventures. When an investment ceases to be an associate or jointly controlled entity and is subsequently accounted for under AASB 139, the fair value of the investment at the date when it ceases to be an associate or jointly controlled entity is its fair value.	Periods commencing on or after 1 July 2009	As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted. However, in future, if the (group) loses significant influence over associates or joint control in jointly controlled entities which are equity accounted, at that date such investments are recognised at fair value rather than at the carrying value of the equity accounted investment. Where the fair value of such investments exceed the equity accounted carrying amounts, this could result in a significant increase in earnings in the period when significant influence or joint control is lost. There will also be a number of additional/ amended disclosures.	1 July 2009

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

1. Summary of Significant Accounting Policies (continued)

Reference	Title	Summary	Application date of standard	Impact on Group Financial Report	Application date for Group
Improvements to IFRS	Improvements to IFRSs	Accounting changes for presentation, recognition and measurement, as well as terminology and editorial changes.	Periods commencing on or after 1 July 2009	No impact	1 July 2009

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on the historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Critical Accounting Estimates

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(a) Share-based payment transactions

The Group measure the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

(b) Impairment of assets

In the absence of readily available market prices, the recoverable amounts of assets are determined using estimations of the present value of future cashflows using asset-specific discount rates. For Oil & Gas Properties, these estimates are based on assumptions concerning reserves, future production profiles and costs. For amortisation policy refer note 1(f).

As at 30 June 2009, the carrying value of Oil & Gas Properties is \$13,105,203 (2008: \$13,198,839).

(a) Principles of Consolidation

The consolidated entity accounts comprise the accounts of Sun Resources NL and all of its controlled subsidiaries. Control exists, where Sun Resources NL has the power to control the functional and operating policies so as to obtain benefits from its activities. A list of controlled subsidiaries is contained within Note 9 to the accounts.

All inter-company balances and transactions between subsidiaries in the consolidated entity, including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled subsidiaries have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

The investment in subsidiaries is carried at cost less impairment in the parent entity

(b) Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from USA producing operations is recognised when received from the Operator and is two months in arrears due to lag between sales and when received.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from rendering a service is recognised upon delivery of the service.

All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

1. Summary of Significant Accounting Policies (continued)

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where that amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(d) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited to the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic subsidiary will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Sun Resources NL and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Sun Resources NL is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidation group. The tax consolidated group has not entered into a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group. The parent subsidiary will therefore have liability for all tax as the other companies in the group will not be liable.

(e) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the group's subsidiaries is measured using the currency of the primary economic environment in which that subsidiary operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity on net investment hedge.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

1. Summary of Significant Accounting Policies (continued)

(f) Oil and Gas Properties

i) Exploration Costs Carried Forward

Exploration, evaluation and relevant acquisition expenditure incurred is accumulated in respect of each identifiable area of interest. Areas of interest are recognised at the field level. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Economically recoverable reserves are defined as the estimated quantity of product in an area of interest, which can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions.

Exploration and evaluation expenditure, which does not satisfy these criteria, is written off in full against profit in the year in which a decision to abandon the area is made.

Biannual reviews are undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Revenue received from the sale of product, material or services during the exploration and evaluation phase of operations is offset against expenditure in respect of the area of interest or hydrocarbon resource concerned.

ii) Development Costs

Once an area of interest is identified as having commercial potential, exploration costs are transferred to development and further well development costs capitalised.

iii) Producing Projects

When production commences on an area of interest an exploration and evaluating cost relating to the area of interest is transferred to producing projects within their oil and gas properties.

Sun uses the "Units of Production" (UOP) approach when depreciating and amortising field-specific assets. Amortisation of producing projects for the year to 30 June 2009 was calculated based on proved and developed reserves.

Transferred development, exploration and evaluation costs are amortised on the relevant UOP basis for each area of interest. The reserves used in these calculations are updated at least annually. Economic and technical developments are reviewed periodically in determining any rates.

iv) Restoration Costs

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in costs of that state. Currently, the Company does not recognise any restoration liabilities.

(g) Trade and other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

(h) Trade and other Receivables

Trade and other receivables, including receivables from related parties, are initially recognised at fair value and subsequently measured at amortised cost less an allowance for uncollectable amounts. Collectability and impairment are assessed on a regular basis.

An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Any allowance is recognised in a separate account.

(i) Financial Instruments

a) Loans Receivable

Loans receivable from controlled subsidiaries are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for those maturities greater than 12 months, which are classified as non current assets. Loans and receivables are included in trade and other receivables (Note 6) and receivables (Note 8).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

1. Summary of Significant Accounting Policies (continued)

b) Available for Sale Financial Assets

Investments are classified as either available-for-sale or held for trading, and are initially recognised at fair value plus in the case of investments not held for trading, with any directly attributable transaction costs.

After initial recognition, investments are measured to fair value. Changes in the fair value of available-for-sale investments are recognised as a separate component of equity until the investment is sold or until the investment is determined to be impaired, at which time the cumulative change in the fair value previously reported in equity is included in earnings. Changes in the fair value of held for trading investments are recognised in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business.

c) Loans and other Payables

Loans payable to controlled subsidiaries are non-derivative financial liabilities with fixed or determinable payments. They are included in non-current liabilities as they have maturities greater than 12 months after the reporting date.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(k) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

	Depreciation Rate
Plant and equipment	25% - 40%
Furniture and fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(l) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets finite life to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

1. Summary of Significant Accounting Policies (continued)

(m) Interests in Joint Ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the economic entity's expenses are shown at Note 23 in the accounts.

(n) Provisions and Contingent Liabilities

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Contingent liabilities are only disclosed when the probability for payment is not remote.

(o) Earnings per Share

- (i) Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing the entity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.
- (ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Segment Reporting

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, plant and equipment and other assets, net of related provisions. Segment liabilities consist primarily of other creditors and provisions.

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified where products or services are provided within a particular economic environment subject to risks and returns that are different from those segments operating in other economic environments.

(q) Share-based Payments

In order to apply the requirements of AASB2 "Share-based Payments" estimates were made to determine the "fair value" of equity instruments issued to Directors and incorporated into a Black and Scholes Valuation Model for options or Binomial Valuation Model for contributing shares.

The fair value at grant date is independently determined using the Black and Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is recognised as an employee benefit expense with a corresponding increase in equity.

(r) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributed to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(s) Convertible Note

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. This is recognised and included in shareholders' equity, net of income tax effects. For the convertible note issued in July 2008 the liability portion was calculated as Nil.

(t) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

1. Summary of Significant Accounting Policies (continued)

The Group contributes to its employees' superannuation plans in accordance with the requirements of the Superannuation Guarantee (Administration) Act. Contributions by the group represent a defined percentage of each employee's salary. Employee contributions are voluntary.

(u) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

2. Segment Information

The Group's primary segment reporting format is by geographical segment as the Groups risks and rates of return are affected predominately by differences in the particular economic environments in which it operates. Secondary segment reporting is by business segments.

Geographical segments - Primary reporting

The Group operates in Australasia and the United States of America (USA) which are managed on a global basis. The principal activity in these locations is the exploration, development and production of oil and gas projects.

The following tables present revenue, expenditure and certain asset information regarding geographical segments for the years ended 30 June 2009 and 30 June 2008.

	Australasia \$	USA \$	Unallocated \$	Consolidated \$
30 June 2009				
Revenue - oil and gas sales	-	2,020,145	-	2,020,145
Other income	541,292	-	294,392	835,684
Total segment revenue	541,292	2,020,145	294,392	2,855,829
Segment result after income tax	(1,323,941)	(1,724,047)	294,392	(2,753,596)
Total segment assets	4,570,292	11,481,257	4,316,128	20,367,677
Segment liabilities	4,032,781	-	-	4,032,781
Segment acquisition of assets	2,518	-	-	2,518
Segment amortisation and depreciation	9,922	2,370,604	-	2,380,526
Segment acquisition of exploration and production assets	395,166	3,333,552	-	3,728,718
Segment exploration expenditure written off	72,446	26,819	-	99,265
Segment production expenditure written off	-	1,352,485	-	1,352,485
30 June 2008				
Revenue - oil and gas sales	-	1,639,668	-	1,639,668
Other income	-	-	75,311	75,311
Total segment revenue	-	1,639,668	75,311	1,714,979
Segment result after income tax	(2,131,253)	(3,711,295)	75,311	(5,767,237)
Total segment assets	4,518,165	11,134,649	1,150,225	16,803,039
Segment liabilities	123,002	-	-	123,002
Segment acquisition of assets	16,525	-	-	16,525
Segment amortisation and depreciation	11,871	2,848,706	-	2,860,577
Segment acquisition of exploration and production assets	441,515	2,212,269	-	2,653,784
Segment exploration expenditure written off	992,486	2,502,258	-	3,494,744
Segment production expenditure written off	-	-	-	-

Business segments - Secondary reporting

The Group operates in one business segment being the exploration and production of hydrocarbins.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

	Consolidated		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
3. Revenues and Expenses				
a. Revenue				
USA Sale of oil and gas	2,020,145	1,639,668	-	-
b. Other Income				
Net foreign exchange gain	541,291	-	180	-
Interest income from non-related parties	294,392	75,311	160,758	58,499
Interest income from wholly-owned group	-	-	307,071	718,183
	835,683	75,311	468,009	776,682
c. Depreciation Amortisation Expense				
Amortisation - oil and gas production assets	2,370,604	2,848,705	-	-
Depreciation - property, plant and equipment	9,922	11,871	9,922	11,871
	2,380,526	2,860,576	9,922	11,871
d. Exploration and Evaluation Expenditure				
Exploration and evaluation expenditure written off	99,265	3,494,744	72,446	992,486
e. Finance Expense				
Interest expense	448,863	4,404	448,863	4,404
Convertible note expenses	282,095	-	282,095	-
	730,957	4,404	730,957	4,404
f. Production Expense				
Oil and gas production assets expenditure	1,352,485	-	-	-
g. Miscellaneous Expenses				
Rental Expense - operating leases	52,290	42,134	52,290	42,134
Superannuation	67,631	136,587	67,631	136,587
h. Loan from Subsidiary Forgiven				
Loan Forgiven	-	-	10,438,916	-

On the 22 August 2008, Nieuport Pty Ltd, a 100% owned subsidiary, was deregistered as it was dormant.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
4. Income Tax Expense				
a. Current tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-
b. Reconciliation of income tax expense to prima facie tax payable:				
Profit/(loss) before income tax	(2,753,596)	(5,767,237)	3,738,103	(1,353,999)
Prima facie income tax at 30%				
- economic entity	(826,079)	(1,730,171)	-	-
- parent entity	-	-	1,121,431	(406,200)
	(826,079)	(1,730,171)	1,121,431	(406,200)
Tax effect of amounts not deductible in calculating taxable income:				
Impairment losses	960	-	960	-
Diminution of shares in subsidiaries	-	-	1,615,645	-
Waiver of loans from subsidiaries	-	-	(3,131,675)	-
Other permanent differences	642	88	642	88
	(824,477)	(1,730,083)	(392,997)	(406,112)
Difference in overseas tax rates	-	-	-	-
Deferred tax asset on current year losses not recognised	824,477	1,730,083	392,997	406,112
Income tax expense/(benefit)	-	-	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%	0%	0%
The group made an election in order that the Australian companies will form a tax-consolidated group from 1 July 2003. As a consequence, transactions between the member entities will be ignored.				
c. Deferred Tax Liabilities				
Exploration and evaluation expenditure - Australia	-	11,906	-	11,906
Exploration and evaluation expenditure - USA	76,137	76,137	-	-
Temporary differences - Australia	54,343	-	1,875	-
Temporary differences - USA	55,907	55,907	-	-
	186,387	143,950	1,875	11,906
Difference in overseas tax rates	-	-	-	-
Off-set of deferred tax assets	(186,387)	(143,950)	(1,875)	(11,906)
Net deferred tax liabilities recognised	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
d. Unrecognised deferred tax assets arising on temporary differences				
Tax losses - Australia	1,920,323	1,515,209	1,920,323	1,515,209
Tax losses - USA	1,407,418	890,204	-	-
Temporary differences - Australia	17,772	22,137	17,772	22,137
Temporary differences - USA	3,089	3,089	-	-
Expenses taken to equity	113,346	132,317	113,346	132,317
	3,461,948	2,562,956	2,051,441	1,669,663
Difference in overseas tax rates	-	-	-	-
Off-set of deferred tax liabilities	(186,387)	(143,950)	(1,875)	(11,906)
Net deferred tax assets not brought to account	3,275,561	2,419,006	2,049,566	1,657,757

No deferred tax assets have been recognised as it is not probable that future tax profits will be available to offset these balances.

5. Cash and Cash Equivalents

Cash at bank and on hand	2,647,615	1,083,525	2,110,184	58,871
Term Deposits	1,668,513	66,700	1,668,513	66,700
	4,316,128	1,150,225	3,778,697	125,571

Cash at bank bears floating interest rates between 0% and 2.9% (2008: 0% and 4.3%). Term Deposits are for thirty days and bear approximately 3.55% interest (2008: 5.4%).

a. Reconciliation of Profit/(Loss) after income tax with Cash Flow from Operations.

Profit/(Loss) after income tax	(2,753,596)	(5,767,237)	3,738,103	(1,353,999)
Cash flows excluded from profit/(loss) attributable to operating activities				
- Cost of exploration	(1,600,012)	(3,032,084)	(686,953)	(600,251)
- Cost of production	(2,128,706)	-	-	-
Non-cash flows in profit/(loss)				
- Depreciation and amortisation	2,380,526	2,860,576	9,922	11,871
- Exploration expenditure written off	99,265	3,494,744		992,486
- Unrealised exchange rate differences	(51,554)	102,708	-	726
- Production expenditure written off	1,352,485	-	-	-
- Share-based payment	4,977	39,802	4,977	39,802
- Impairment provision	-	-	5,385,482	134,656
- Available for sale adjustment	3,200	-	1,150	-
- Forgiveness of loan to subsidiary	-	-	(10,438,916)	-
Changes in assets and liabilities				
- (Increase)/decrease in trade and other receivables	(489,737)	154,556	(233,020)	(630,108)
- Increase/(decrease) in trade and other payables	(119,625)	30,581	(77,623)	30,582
Cashflow from operations	(3,302,777)	(2,116,354)	(2,296,878)	(1,374,235)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

	Consolidated		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
6. Trade and other Receivables – Current				
Exploration bonds receivable	1,988,144	2,418,896	-	-
Other debtors	42,000	-	7,296	-
	2,030,144	2,418,896	7,296	-

Exploration bond receivable is in relation to L20/50 located in Thailand.
The payment period of other debtors is thirty days.

7. Financial Assets - Current

Available-for-sale

- listed investments, at fair value	900	4,100	900	2,050
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Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

8. Receivables – Non-current

Exploration bonds receivable	891,725	-	-	-
Amounts receivable from controlled subsidiaries	-	-	17,832,849	17,234,229
Allowance for impairment on loans	-	-	(7,642,957)	(2,257,474)
	891,725	-	10,189,892	14,976,755

The movement on the allowance for impairment on loans of \$5,385,483 (2008: \$134,656) is in relation to a net asset deficiency in the USA subsidiaries that has been provided for in the parent entity.

The loan to Sun Delta Inc accrues interest at a rate of 2.2% (2008: 6.35%). This loan was interest free prior to the 30 June 2007 as the Company was evaluating the quality of the income from the USA projects. The loan is repayable on demand, but as Sun Delta Inc is a wholly owned subsidiary of Sun Resources NL, the loan will not be called at a time that would affect the solvency of the USA subsidiary companies. The loan to Sun Beta LLC accrues interest at a rate of 2.2% (2008: 0%).

The impairment allowance is calculated based on the recoverable amounts of loans advanced to subsidiary companies. Events that led to the impairment allowance being increased were the amortisation of production expenditure together with the write-off of exploration and production expenditure in the subsidiary companies. The resultant increase in the net asset deficiency in the subsidiary companies was recognised in the parent entity.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
9. Other Financial Assets – Non-current				
Other financial assets				
- unlisted shares at cost	-	-	4,708,373	4,568,681

Unlisted shares in subsidiaries are stated cost, less impairment.

The movement of \$139,692 (2008: \$386,636) on other financial assets relates to additional capital that was advanced to the USA subsidiaries.

Investment in Controlled Subsidiaries

			2009	2008
	Country of Incorporation		Equity Holding %	Equity Holding %
Sun Resources NL and its subsidiaries:				
Sun Resources NL (parent entity)	(a)	Australia		
Nieuport Pty Ltd	(b)	Australia	-	100
Sun Resources (Investments) Pty Ltd	(c)	Australia	100	100
Sun Resources (Thailand) Pty Ltd	(d)	Australia	100	100
Sun Delta Inc	(e)	Colorado, USA	100	100
Sun Alpha LLC	(f)	Colorado, USA	-	100
Sun Beta LLC	(e)	Colorado, USA	100	100

(a) The ultimate parent entity is Sun Resources NL.

(b) Nieuport Pty Ltd carried out investments until it was deregistered on the 22 August 2008.

(c) Sun Resources (Investments) Pty Ltd carries out general investment activities and was previously Sun Resources (New Caledonia) Pty Ltd until changing its name on the 6 August 2008.

(d) Sun Resources (Thailand) Pty Ltd carries out oil exploration activities in Thailand.

(e) Sun Delta Inc, Sun Beta LLC carry out oil exploration and production in the USA.

(f) Sun Alpha LLC carried out oil exploration until it was deregistered on the 8 April 2009 with all assets and liabilities transferred to Sun Delta Inc.

All of the above subsidiaries are economically dependant on Sun Resources NL.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
10. Plant and Equipment				
Plant and equipment – at cost	60,102	57,584	60,102	57,584
- Accumulated depreciation	(42,318)	(33,845)	(42,318)	(33,845)
	17,784	23,739	17,784	23,739
Furniture and fittings – at cost	29,831	29,831	29,831	29,831
- Accumulated depreciation	(24,038)	(22,589)	(24,038)	(22,589)
	5,793	7,242	5,793	7,242
	23,577	30,981	23,577	30,981

Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

Consolidated and Parent

	Plant and Equipment	Furniture and Fittings	Total
	\$	\$	\$
2009			
Balance at the beginning of the year	23,738	7,243	30,981
Additions	2,518	-	2,518
Disposals	-	-	-
Depreciation	(8,472)	(1,450)	(9,922)
Balance at the end of the year	17,784	5,793	23,577
2008			
Balance at the beginning of the year	20,752	6,524	27,276
Additions	12,831	3,694	16,525
Disposals	-	(949)	(949)
Depreciation	(9,845)	(2,026)	(11,871)
Balance at the end of the year	23,738	7,243	30,981

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
11. Exploration and evaluation expenditure				
- At cost	1,531,433	4,512,625	1,039,537	1,398,022
- Net expenses incurred in the year and capitalised	1,600,012	513,552	686,953	634,001
- Expenditure written off	(99,265)	(3,494,744)	(72,446)	(992,486)
- Net Carrying value	3,032,180	1,531,433	1,654,044	1,039,537

Exploration expenditure is carried forward in accordance with the accounting policy and comprises expenditure incurred on the acquisition and exploration of tenement interests for oil and gas.

Recoverability of the carrying amount of exploration assets is dependant on the successful exploration and sale of oil and gas.

Capitalised costs amounting to \$1,600,012 (2008: \$3,032,084) have been included in cash flows from operating activities in the cash flow statement of the economic entity and \$686,953 (2008: \$600,251) for the parent entity.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
12. Oil and gas production assets				
Producing Projects				
- At cost	11,667,406	12,375,879	-	-
- Net expenses incurred in the year and capitalised	2,128,706	2,140,232	-	-
- Expenditure written off (i)	(1,352,485)	-	-	-
- Amortisation of oil and gas properties	(2,370,604)	(2,848,705)	-	-
- Net Carrying value	10,073,023	11,667,406	-	-

(i) The fair value of the producing projects was reviewed at 30 June 2009. Expenditure in relation to a completed workover at Flour Bluff of \$265,561 and expenditure on unsuccessful wells at the Margarita Project of \$1,086,924 was written off.

13. Payables

a. Current

Other creditors and accruals	45,377	123,002	45,377	123,002
Share application money (i)	809,639	-	809,639	-
	855,016	123,002	855,016	123,002

(i) The share application money was received prior to the 30 June 2009, with the shares issued post year end after the allotment was approved by shareholders on the 8 July 2009.

b. Non-Current

Loan from subsidiary company	-	-	-	10,437,131
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The loan payable was a loan from Nieuport Pty Ltd, a 100% owned subsidiary with the terms of the loan payable on demand and interest free. Nieuport Pty Ltd was deregistered during the financial year and the loan forgiven.

14. Borrowings - Convertible Note

Non-Current

Convertible Notes	3,177,765	-	3,177,765	-
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On the 25 July 2008 the Company allotted 7,272,800 convertible notes to raise \$4,000,040 with the required spread to list the convertible notes under assigned code "SURG".

The funds raised have been predominately applied towards Sun Resource's 50% interest in Block L20/50 onshore Phitsanulok Basin, Thailand, where the Company is in a Joint Venture with Carnarvon Petroleum Limited.

The terms of the issue were that the Notes were issued at a face value of \$0.55, giving each note holder the right to convert each Note into fully paid shares at a conversion reset rate announced to the ASX Limited by the Company at the end of each quarter. A 12% per annum coupon is payable quarterly in arrears, with a redemption date of 30 June 2011.

In the final Quarter of the year, 1,495,045 Notes were converted into ordinary shares quoted on the ASX Limited. An amount of \$822,275 was transferred from Borrowings to Contributed Equity as a result of these conversions.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
15. Contributed Capital				
a. Contributed capital:				
272,541,957 fully paid ordinary shares (2008: 225,097,345)	35,360,721	32,850,946	35,360,721	32,850,946
Issue costs of share capital (cumulative)	(1,111,179)	(1,004,880)	(1,111,179)	(1,004,880)
	34,249,542	31,846,066	34,249,542	31,846,066

b. Movements in shares on issue

	Date	Number of Shares	Capital \$
2009			
i) Ordinary shares			
Opening balance	1 July 2008	225,097,345	32,730,946
Convertible notes converted into ordinary shares	29 May 2009	522,120	31,350
Convertible notes converted into ordinary shares	12 June 2009	1,135,840	68,200
Public equity raising - placement	12 June 2009	33,750,000	1,687,500
Convertible notes converted into ordinary shares	18 June 2009	801,500	48,125
Convertible notes converted into ordinary shares	26 June 2009	6,719,281	403,450
Convertible notes converted into ordinary shares	26 June 2009	4,515,871	271,150
	30 June 2009	272,541,957	35,240,721
ii) Contributing shares			
Opening balance at \$0.025 each	1 July 2008	4,800,000	120,000
Closing balance of contributed capital	30 June 2009		35,360,721
2008			
i) Ordinary shares			
Opening balance	1 July 2007	170,755,785	28,377,397
Public equity raising - rights issue	21 November 2007	28,459,298	1,894,734
Public equity raising - placement	11 December 2007	25,882,262	2,458,815
	30 June 2008	225,097,345	32,730,946
ii) Contributing shares			
Opening balance at \$0.025 each	1 July 2007	4,800,000	120,000
Closing balance of contributed capital	30 June 2008		32,850,946

Contributing shares have no voting rights until fully paid.

c. Reserves

Share Based Payments Reserves

In the 2009 year this reserve was increased by \$4,977 (2008: \$137,219) to reflect share options issued to give a cumulative reserve of \$553,094 (2008: \$548,117).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

16. Options over Unissued Shares

On 5 October 2007, 4 million unlisted free options with an exercise price of \$0.10 per option on or before 30 June 2011, were issued to Zenix Nominees Pty Ltd as per an agreement in consideration for Hartleys Limited providing the Company with corporate advisory services.

On 15 January 2008, 1 million unlisted options with an exercise price of \$0.10 per option on or before 2 February 2010, were issued to Managing Director, Mr M A Battrick, in accordance with his letter of appointment.

On 1 February 2009, 1 million unlisted options with an exercise price of \$0.125 per option on or before 2 February 2011, were issued to Managing Director, Mr M A Battrick, in accordance with his letter of appointment.

17. Capital and Leasing Commitments

Exploration expenditure commitments

The Company has joint venture and statutory expenditure commitments on its areas of interest as at 30 June 2009.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Within one year	4,350,000	3,452,500	3,650,000	100,000
Later than one year, but not later than five years	1,000,000	801,666	250,000	1,000,000
	5,350,000	4,254,166	3,900,000	1,100,000

Financial commitments for subsequent periods are contingent upon future exploration results and cannot be estimated.

Non-cancellable operating lease commitments

The group leases its technical office in Subiaco, Western Australia under a non-cancellable operating lease expiring on the 31 August 2010 with an option to renew for a further three years at the Company's option.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	36,096	33,875	36,096	33,875
Later than one year, but not later than five years	6,016	39,521	6,016	39,521
	42,112	73,396	42,112	73,396

The directors are not aware of any other expenditure commitments other than the termination benefit owed to Mr A P Woods as part of his consultancy contract for \$125,120 at his current monthly fees rate.

18. Share-based Payments

2009

The Company issued 1,000,000 unlisted options on 1 February 2009 to Mr M A Battrick with an exercise price of \$0.125 per option on or before 1 February 2011 as part of his remuneration package as Managing Director. Refer Note 19 (d) for fair value.

These options have vested and are exercisable at the end of the year.

2008

The Company issued 1,000,000 unlisted options on 15 January 2008 to Mr M A Battrick with an exercise price of \$0.10 per option on or before 2 February 2010 as part of his remuneration package as Managing Director. Refer Note 19 (d) for fair value.

The company issued four million unlisted options with an exercise date of 30 June 2011 on the 5 October 2007 to Hartleys Limited in exchange for advisory services.

The fair value of \$97,417 at grant date was independently determined using a Black-Scholes model that takes into account the exercise price (\$0.10), the impact of dilution, the share price at grant date (\$0.09), the expected volatility of the underlying share based on history (40%), the expected dividend yield (0%) and the risk-free interest rate (6.9%) for the term of the option.

These options have vested and are exercisable at the end of the year.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

19. Key Management Personnel Disclosures

a. Directors

The following persons were Directors of the Company during the financial year:

Chairman	Executive directors	Non-executive directors
Dr B L Farrell (non-executive since 1 July 2008)	Mr Matthew Batrick - Managing Director Mr A P Woods - Chief Financial Officer	Dr P Linsley Dr W G Martinick

b. Other key management personnel

Other than the Directors there were no other key management personnel.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
c. Key management personnel compensation				
Short-term employee benefits	491,515	539,042	491,515	539,042
Post-employment benefits	116,802	131,892	116,802	131,892
Long-term benefits	-	-	-	-
Share-based payments	4,977	39,802	4,977	39,802
	613,294	710,736	613,294	710,736

d. Equity instrument disclosures relating to key management personnel

i) Options provided as remuneration and shares issued on exercise of those options

Details of options provided as remuneration and shares issued on the exercise of such options, together with the terms and conditions of the options, can be found in section D of the remuneration report.

ii) Option Holdings

The number of options over ordinary shares in the Company held during the financial year by each Director of the Company and other key management personnel of the Groups, including their personally related parties, are set out below.

2009

	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Director							
Mr M A Batrick	1,000,000	1,000,000	-	-	2,000,000	2,000,000	-

The options issued to Mr M A Batrick were valued at fair value at grant date on the 1 February 2009.

Fair value of \$4,977 at grant date was independently determined using a Black-Scholes option pricing model that takes into account the exercise price (\$0.125), the impact of dilution, the share price at grant date (\$0.04), expected volatility of the underlying share based on history (70%), the expected dividend yield (0%) and the risk-free interest rate (6%) for the term of the option (2 years).

2008

	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Director							
Mr M A Batrick	-	1,000,000	-	-	1,000,000	1,000,000	-

The options issued to Mr M A Batrick were valued at fair value at grant date on the 1 February 2008.

Fair value of \$39,802 at grant date was independently determined using a Black-Scholes option pricing model that takes into account the exercise price (\$0.10), the impact of dilution, the share price at grant date (\$0.09), expected volatility of the underlying share based on history (80%), the expected dividend yield (0%) and the risk-free interest rate (8%) for the term of the option (2 years).

None of the other directors held any options during the current year or in 2008.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

iii) Share Holdings

The number of shares in the Company held during the financial year by each Director of Sun Resources NL and other key management personnel of the Group, including their personally related parties are set out below. There were no shares granted during the reporting year as compensation.

Ordinary Shares

Directors	Balance at start of the year	Received during the year on		Balance at the end of the year	Nominally held
		the exercise of options	Other changes during the year		
2009					
Dr B L Farrell	22,862,626	-	-	22,862,626	22,862,626
Mr M A Battrick	-	-	-	-	-
Mr A P Woods	7,913,202	-	-	7,913,202	7,913,202
Dr P Linsley	1,424,383	-	-	1,424,383	991,664
Dr W G Martinick	12,821,828	-	-	12,821,828	3,392,429
2008					
Dr B L Farrell	19,525,255	-	3,337,371	22,862,626	22,862,626
Mr M A Battrick	-	-	-	-	-
Mr W J Ashby	-	-	-	-	-
Mr A P Woods	6,459,526	-	1,453,676	7,913,202	7,913,202
Dr P Linsley	1,220,902	-	203,481	1,424,383	991,664
Dr W G Martinick	10,984,139	-	1,837,689	12,821,828	3,392,429

Unlisted Contributing Shares

Directors	Balance at start of the year	Granted as compensation		Balance at the end of the year	Nominally held
		Granted as compensation	Exercised		
2009					
Dr B L Farrell	1,200,000	-	-	1,200,000	1,200,000
Mr A P Woods	1,200,000	-	-	1,200,000	-
Dr P Linsley	1,200,000	-	-	1,200,000	-
Dr W G Martinick	1,200,000	-	-	1,200,000	-
2008					
Dr B L Farrell	1,200,000	-	-	1,200,000	1,200,000
Mr A P Woods	1,200,000	-	-	1,200,000	-
Dr P Linsley	1,200,000	-	-	1,200,000	-
Dr W G Martinick	1,200,000	-	-	1,200,000	-

e. Loans to key management personnel

Details of loans made to/from Directors are detailed in Note 20.

f. Other transactions with key management personnel

There were no other transactions with key management personnel.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

20. Related Parties Transactions

a. Parent entity

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

b. Subsidiaries

Interests in subsidiaries are set out in Note 9.

c. Key management personnel

Disclosures relating to key management personnel are set out in Note 19.

d. Loans to/from related parties

i) Loans to/from related parties during the year were \$0 (2008: \$250,000). In October 2007 the Company received a loan of \$250,000 on arms length commercial terms from an entity related to Dr B L Farrell as bridging finance prior to the receipt of funds from a capital raising in November 2007. This loan was repaid in November 2007, once the capital raising was complete. Interest of \$4,160 was paid on this loan.

ii) Loans advanced to subsidiaries during the year were \$598,620 (2008: \$2,844,088) and loans repaid were \$0 (2008: \$0). Interest was charged on these loans.

The terms and conditions of these loans are explained in Note 8 and Note 13.

21. Financing Arrangements

The group and parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Amounts unused:				
Credit card facilities	32,467	34,371	32,467	34,371
Amounts used:				
Credit card facilities	7,533	5,629	7,533	5,629

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

22. Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the performance of the Group. The Group does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures; preferring instead to hold money in bank accounts in the country and currency where significant expenditure is expected to be incurred. Projected capital expenditure on exploration and production will be funded by cash and capital raising (if required).

Risk management is carried out by the executives of the Group and approved by the Board of Directors.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, leases, shares and convertible notes.

The Group and the parent entity hold the following financial instruments:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,647,615	1,083,525	2,110,184	58,871
Term deposits	1,668,513	66,700	1,668,513	66,700
Other receivables	2,030,144	2,418,896	7,296	-
Available-for-sale financial assets	900	4,100	900	2,050
Loans to controlled entities (at fair value)	-	-	10,189,892	14,976,755
Other receivables (non-current)	891,725	-	-	-
	7,238,897	3,573,221	13,976,785	15,104,376
Financial Liabilities				
Loans from controlled entities (at fair value)	-	-	-	10,437,131
Convertible notes	3,177,765	-	3,177,765	-
Payables	45,377	123,002	45,377	123,002
	3,223,142	123,002	3,223,142	10,560,133

a. Market risk

(i) Foreign exchange risk

The Group and the parent entity operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

Management have established a policy requiring group companies to manage their foreign exchange risk against their functional currency and hold money in bank accounts in the country and currency where significant expenditure is expected to be incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2009 USD	2008 USD
Group		
Cash and cash equivalents	431,647	985,204
Other receivables	-	-
Receivables - Bond	2,025,000	2,125,000

The carrying amounts of the parent entity's financial assets and liabilities are denominated in Australian dollars except as set out below:

	2009 USD	2008 USD
Parent		
Cash and cash equivalents	345	245

Group sensitivity

Based on the financial instruments held at the 30 June 2009 as listed above, had the Australian Dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss for the year would have been \$277,499 lower/ \$277,499 higher (2008: \$294,067 lower/ \$294,067 higher), mainly as a result of foreign exchange gains/ losses on translation of US dollar denominated financial instruments as detailed in the above table.

Parent entity sensitivity

Based on the financial instruments held at the 30 June 2009 as listed above, had the Australian Dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss for the year would have been \$39 lower/ \$39 higher (2008: \$23 lower/ \$23 higher), mainly as a result of foreign exchange gains/losses on translation.

(ii) Price Risk

The Group and the parent entity are exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Group is also exposed to commodity price risk based on the prevailing price of oil and gas.

Available for sale investments

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio where possible.

The majority of the Group's, and the parent entity's, equity investments are publicly traded on the ASX Limited.

Currently (for 2009 and 2008) the price risk for listed securities is immaterial in terms of the possible impact on profit and loss or total equity. No sensitivity analysis has therefore been included in the financial report.

(iii) Cash flow and fair value interest rate risk.

Group and parent.

To ensure that the Group has adequate liquidity, detailed cash flow analysis is completed on a monthly basis.

The group's main interest rate risk arises from cash and cash equivalents held, which were \$4,316,128 (2008: \$1,150,336) and for the parent \$3,778,697 (2008: \$125,571). These funds are held at various financial institutions at different interest rates as detailed in the tables under liquidity risk. Interest received on these balances were \$294,392 (2008: \$75,311) and for the parent \$160,758 (2008: \$58,499).

Group sensitivity

Based on the cash and cash equivalent balances held at the 30 June 2009, and assuming that the allocation between term deposits and other cash balances was maintained had the interest rates weakened/strengthened by 10% and all other variables held constant, the Group's post-tax loss for the year would have been \$29,439 lower/ \$29,439 higher (2008: \$7,531 lower/ \$7,531 higher).

Parent entity sensitivity

Based on the cash and cash equivalent balances held at the 30 June 2009, and assuming that the allocation between term deposits and other cash balances was maintained had the interest rates weakened/strengthened by 10% and all other variables held constant, the Parent's post-tax loss for the year would have been \$16,076 lower/ \$16,076 higher (2008: \$5,850 lower/ \$5,850 higher).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

b. Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions only independently related parties with a minimum rating of "A" are accepted. Customers are rated taking into account its financial position, past experience and other factors with compliance with credit limits and terms reviewed monthly.

The parent entity manages the credit risk in regard to loans with subsidiary companies by ensuring that the subsidiary companies are solvent with regular reviews of the fair values of assets and liabilities of these companies. Based on the reviews the loans to the subsidiary companies are adjusted to fair value with any impairment transferred to the income statement.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets summarised below:

	Consolidated		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Loans to controlled entities	-	-	10,189,892	14,976,755
Other receivables	42,000	-	7,296	-
Exploration bonds (non-current)	891,725	-	-	-

c. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and, the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturities of financial assets and liabilities

2009

Consolidated

	Note	Floating interest rate (i) 0-6 months \$	Fixed interest rate			Non-interest bearing 0-6 months \$	Total \$	Average interest rate	
			0-6 months \$	7-12 months \$	Between 1-2 years \$			Floating (i) %	Fixed %
Financial Assets									
Cash assets	5	2,647,615	-	-	-	2,647,615	2.9	-	
Term deposits	5	-	1,668,513	-	-	1,668,513	-	3.55	
Exploration Bonds Receivable	6, 8	-	-	1,988,144	891,725	-	2,879,869	-	0.5
Other receivables	6	-	-	-	-	42,000	42,000	-	-
Available for sale financial assets	7	-	-	-	-	900	900	-	-
		2,647,615	1,668,513	1,988,144	891,725	42,900	7,238,897		
Financial Liabilities									
Payables	13a	-	-	-	-	45,377	45,377	-	-
Convertible notes	14	-	-	-	3,177,765	-	3,177,765	-	12
		-	-	-	3,177,765	45,377	3,223,142		
Net financial assets		2,647,615	1,668,513	1,988,144	(2,286,040)	(2,477)	4,015,755		

(i) Floating interest rates represent the most recently determined rate applicable to the instrument at balance sheet date.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

2009

Parent

	Note	Floating interest rate (i)	Fixed interest rate		Non-interest bearing		Average interest rate		
		0-6 months	0-6 months	Over 5 years	0-6 months	Between 1-2 years	Total	Floating (i)	Fixed
		\$	\$	\$	\$	\$	\$	%	%
Financial Assets									
Cash assets	5	2,110,184	-	-	-	-	2,110,184	2.9	-
Term deposits	5	-	1,668,513	-	-	-	1,668,513	-	3.55
Other receivables	6	-	-	-	7,296	-	7,296	-	-
Available for sale financial assets	7	-	-	-	900	-	900	-	-
Other financial assets	8	-	-	10,189,892	-	-	10,189,892	-	2.2
		2,110,184	1,668,513	10,189,892	8,196	-	13,976,785		
Financial Liabilities									
Payables	13a	-	-	-	45,377	-	45,377	-	-
Convertible notes	14	-	-	-	-	3,177,765	3,177,765	-	12
		-	-	-	45,377	3,177,765	3,223,142		
Net financial assets		2,110,184	1,668,513	10,189,892	(37,181)	(3,177,765)	10,753,643		

(i) Floating interest rates represent the most recently determined rate applicable to the instrument at balance sheet date.

2008

Consolidated

	Note	Floating interest rate (i)	Fixed interest rate	Non-interest bearing		Average interest rate		
		0-6 months	0-6 months	0-6 months	7-12 months	Total	Floating (i)	Fixed (ii)
		\$	\$	\$	\$	\$	%	%
Financial Assets								
Cash assets	5	1,083,525	-	-	-	1,083,525	4.3	-
Term deposits	5	-	66,700	-	-	66,700	-	5.4
Other receivables	6	-	-	-	2,418,896	2,418,896	-	-
Available for sale financial assets	7	-	-	4,100	-	4,100	-	-
		1,083,525	66,700	4,100	2,418,896	3,573,221		
Financial Liabilities								
Payables	13	-	-	123,002	-	123,002	-	-
Net financial assets		1,083,525	66,700	(118,902)	2,418,896	3,450,219		

(i) Floating interest rates represent the most recently determined rate applicable to the instrument at balance sheet date.

(ii) Fixed interest rates are one year or less.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

2008

Parent

	Note	Floating interest rate (i) 0-6 months \$	Fixed interest rate 0-6 months \$	Non-interest bearing		Total \$	Average interest rate	
				0-6 months	Over 5 years		Floating (i) %	Fixed (ii) %
Financial Assets								
Cash assets	5	58,871	-	-	-	58,871	4.3	-
Term deposits	5	-	66,700	-	-	66,700	-	5.4
Available for sale financial assets	6	-	-	2,050	-	2,050	-	-
Other financial assets	7	-	-	-	14,976,755	14,976,755	-	-
		58,871	66,700	2,050	14,976,755	15,104,376		
Financial Liabilities								
Payables	13	-	-	123,002	-	123,002	-	-
Net financial assets		58,871	66,700	(120,952)	14,976,755	14,981,374		

(i) Floating interest rates represent the most recently determined rate applicable to the instrument at balance sheet date.

(ii) Fixed interest rates are one year or less.

d. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision for trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

23. Interest in Joint Venture Operations

The consolidated entity's share of assets employed in joint ventures, referred to in the "Review of Activities" set out on pages 5 to 9 and in the "Tenement Directory" on page 10, are included in the Consolidated Entity Balance Sheets under the classifications shown below. The joint ventures do not have separate books of account and relate solely to contribution/interest in a well or expenditure on an area of interest. This is distinct from operating/producing joint ventures, which have assets and liabilities. Please refer to "Tenement Directory" for details of the Company's percentage interest in each joint venture area.

	Consolidated		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Oil and gas properties	13,105,203	13,198,839	1,654,044	1,039,537

24. Contingencies

Area 4, Block 3 ESA and Area 5, ESA, offshore Malta. In May 2009 the joint venture operator received a letter from the OED claiming that the ESA had expired in August 2008. The operator has written a reply disputing the expiry. For further details on the matter refer to the June 2009 quarterly report which outlines the matter in detail.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2008

25. Discontinued Operations

a. Nieuport Pty Ltd

Nieuport Pty Ltd carried out investments until it was deregistered on the 22 August 2008. On deregistration the Company was owed \$10,438,652 by the parent entity, Sun Resources NL. This loan was forgiven as part of the deregistration process as it had no impact on the group. Apart from this transaction there were no other transactions that impacted on the Income Statement.

b. Sun Alpha LLC

Sun Alpha LLC carried out oil exploration until it was deregistered on the 8 April 2009. All assets and liabilities were transferred to Sun Delta Inc with no transactions impacting on the Income Statement.

26. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
a. Audit services				
BDO Kendalls Audit and Assurance (WA) Pty Ltd				
Audit and review of financial reports	34,833	33,039	34,833	33,039
Non-BDO Kendalls (WA) for the audit and review of financial reports of an entity in the Group	-	-	-	-
Total remuneration for audit services	34,833	33,039	34,833	33,039
b. Non-audit services				
BDO Kendalls (WA)				
Taxation compliance services	14,411	12,563	14,411	12,563
Total remuneration for non-audit services	14,411	12,563	14,411	12,563

It is the Group's policy to employ BDO Kendalls on assignments additional to their statutory audit duties where BDO Kendalls' expertise and experience to the Group are important. These assignments are principally tax compliance services and it is the Group's policy to seek competitive tenders for all major consulting projects.

27. Earnings per Share

Earnings used to calculate basic earnings per share	(2,753,596)	(5,767,236)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	227,014,233	202,332,912

Diluted earnings per share is not reflected as the result is currently anti-dilutive in nature. The issued options however, could be potentially dilutive in the future.

28. Events after the Balance Sheet Date

A General Meeting was held on the 8 July 2009 with the following outcomes ratified by the Shareholders.

1. Resolution 1 – Ratification of Issue of Shares

As an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of 33,750,000 fully paid ordinary shares in the capital of the Company.”

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT |

For the year ended 30 June 2009

2. Resolution 2 – Authorisation of Issue of Shares

As an ordinary resolution:

“That, in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue up to 66,250,000 Shares.”

3. Resolution 3 – Authorisation of Director Participation in Share issue

As an ordinary resolution:

“That, in accordance with ASX Listing Rule 10.11 and for all other purposes Shareholders approve and authorise the Company to issue 1,000,000 Shares to the directors of the Company.”

4. Resolution 4 – Section 195 Approval

As an ordinary resolution:

“That, for the purposes of section 195 (4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the directors to complete the transactions as contemplated.”

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements, comprising the income statements, balance sheets, cash flow statements, statements of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and the consolidated entity.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included on pages 15 to 20 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2009, comply with section 300A of the Corporations Act 2001.
4. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A.

This declaration is made in accordance with the resolution of the Board of Directors and is signed for and on behalf of the directors by:



Matthew A Battrick
Director
Perth, Western Australia
14 September 2009



Alan P Woods
Director
Perth, Western Australia
14 September 2009

INDEPENDANT AUDIT REPORT



BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay St
Subiaco WA 6008
PO Box 700 West Perth WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUN RESOURCES NL

We have audited the accompanying financial report of Sun Resources NL, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDANT AUDIT REPORT



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

- (a) the financial report of Sun Resources NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Sun Resources NL for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls Audit and Assurance (WA) Pty Ltd

A handwritten signature in blue ink that reads 'BDO Kendalls' on the top line and 'BG McVeigh' on the bottom line.

BG McVeigh

Director

Dated this 15th day of September 2009
Perth, Western Australia

ADDITIONAL SHAREHOLDER INFORMATION

The issued capital of the Company as at 28 August 2009 is 339,261,700 ordinary fully paid shares; 1,000,000 2 February 2010 unlisted options with an exercise price of \$0.10 per option; 4,000,000 30 June 2011 unlisted options with an exercise price of \$0.10 per option; 1,000,000 2 February 2011 unlisted options with an exercise price of \$0.125 per option; 4,800,000 30 December 2010 contributing shares paid to \$0.025 with an outstanding call of \$0.225 per share and 5,718,300 12% fully paid convertible notes with a maturity date of 30 June 2011 and conversion price of \$0.55.

Distribution of Shareholding as at 28 August 2009

	Fully Paid Ordinary Shares
Number of Shareholders	2,220
Percentage holdings by twenty largest holders	42.27%
Holders of less than a marketable parcel	224
Number of holders in the following distribution categories:	
0 - 1,000	60
1,001 - 5,000	189
5,001 - 10,000	337
10,001 - 100,000	1,148
100,001 and over	486
	<u>2,220</u>

Twenty Largest Shareholders

The names of the twenty largest shareholders are as follows:

	No. of Shares
1. Suparell Pty Ltd	23,262,626
2. National Nominees Limited	23,009,816
3. Mr Brian Lesleigh Williams & Mrs Valerie Ruby Dawn Williams <Williams S/F A/C>	14,100,000
4. Lehmann Group	13,150,000
5. Martinick Group	12,921,828
6. Mr Darren Roberts	8,384,141
7. Woods Group	8,313,202
8. Sydney Equities Pty Limited	6,800,000
9. Hosking Group	5,977,537
10. Mrs Maria Varoli	3,900,000
11. Berenes Nominees Pty Ltd <Berenes Super Fund A/C>	3,048,616
12. Mr Joe Caudo <The Caudo Super Fund A/C>	3,000,000
13. Ossart Holdings Pty Ltd	3,000,000
14. ANZ Nominees Limited	2,832,555
15. Elko Interiors Pty Ltd Super Fund	2,114,166
16. Mr Robert Andrew Moffitt & Mrs Linda Ann Moffitt <Moffitt Family A/C>	2,094,511
17. Dr Leon Pretorius	2,000,000
18. Mrs Michelle Lidwina Bogaers	1,882,510
19. Mr Robert Lord	1,833,333
20. Forty Traders Limited	1,777,092

ADDITIONAL SHAREHOLDER INFORMATION

Substantial Shareholders

In accordance with Section 671B of the Corporations Act 2001, the Company had been notified of the following substantial shareholders.

Dr Bradford Lawrence Farrell of 30 Sudbury Way, City Beach WA 6015 has a relevant interest in 23,262,626 ordinary shares which represent 6.86% of issued ordinary capital.

Details With Respect To Directors' Shareholding as at 28 August 2009

The interest at 28 August 2009, of the directors in the shares of the Company are as follows:

	Fully Paid Ordinary Shares	Unlisted Contributing Shares	Unlisted Options
Dr B L Farrell	23,262,626	1,200,000	-
Mr M A Battrick	-	-	2,000,000
Mr A P Woods	8,313,202	1,200,000	-
Dr P Linsley	1,524,383	1,200,000	-
Dr W G Martinick	12,921,828	1,200,000	-

Voting Rights

Ordinary Shares

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Convertible Notes

Convertible notes have no voting rights until each convertible note is converted to equivalent shares.

Contributing Shares

Contributing shares have no voting rights until each contributing share is fully paid up.

Listed and Unlisted Options

Both listed and unlisted options have no voting rights until such options are exercised as fully paid shares.



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SUN RESOURCES NL

ABN 69 009 196 810

NOTICE OF ANNUAL GENERAL MEETING, EXPLANATORY STATEMENT

AND

PROXY FORM

Date of Meeting

Thursday, 12 November 2009

Time of Meeting

11.00am

Place of Meeting

BDO Kendalls
Level 8
256 St Georges Terrace
Perth, Western Australia

Sun Resources NL

ABN 69 009 196 810

CONTENTS

- A. Notice of Annual General Meeting
- B. Explanatory Statement
- C. Proxy Form

IMPORTANT NOTE

This booklet sets out information to assist Shareholders to assess the resolutions to be considered at the Annual General Meeting.

You should read this information carefully and in its entirety before making a decision as to how to vote at the Meeting. No responsibility is taken for the contents of this booklet by ASIC, ASX or any of their officers.

If you do not fully understand the contents of this information you should consult your financial or legal adviser for assistance.

A notice of Annual General Meeting, Proxy Form and Appointment of Corporate Representative Form are included in this booklet. Shareholders are urged to complete and return the enclosed Proxy Form as soon as possible, irrespective of whether or not they intend to attend the Meeting.

QUESTIONS

If you have any queries regarding the contents of this booklet or in relation to the Annual General Meeting, please contact the Company Secretary, Mr Alan Peter Woods, on (08) 9345 4100.

ELECTRONIC COPIES OF COMPANY REPORT

The Company Annual Report is now available on the Sun Resources NL website www.sunres.com.au.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Sun Resources NL will be held on:

Thursday, 12 November 2009 commencing at 11.00am

at:

BDO Kendalls
Level 8
256 St Georges Terrace
Perth, Western Australia

HOW TO VOTE

You may vote by attending the Meeting in person, by proxy or authorised representative.

VOTING IN PERSON

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 11.00am.

Sun Resources NL

ABN 69 009 196 810

VOTING BY PROXY

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company Secretary, Mr Alan Peter Woods on facsimile number (08) 9345 4541 (International: + 618 9345 4541); or
- deliver to the Company Secretary, at 4 Bendsten Place, Balcatta, WA, 6021; or
- post to PO Box 332, Greenwood, WA, 6924,

so that it is received not later than 11.00am WST on Tuesday 10 November, 2009.

Your Proxy Form is enclosed

Sun Resources NL

ABN 69 009 196 810

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Sun Resources NL will be held on Thursday, 12 November 2009 at 11.00am, at the office of BDO Kendalls, Level 8, 256 St Georges Terrace, Perth, Western Australia.

The following resolutions are to be considered at the meeting and Resolutions 1 to 4 inclusive are discussed in the Explanatory Statement to Shareholders which forms part of this notice.

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Annual Financial Report, together with the Directors' and Auditor's reports for the year ended 30 June 2009.

2. To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

That, for all purposes, Dr Bradford Lawrence Farrell, who retires from the office of Director by rotation in accordance with ASX Listing Rule 14.4 and Article 16.3 of the Company's Constitution, and being eligible, is re-elected as a Director.

3. To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

That, for all purposes, Dr Wolf Gerhard Martinick, who retires from the office of Director by rotation in accordance with ASX Listing Rule 14.4 and Article 16.3 of the Company's Constitution, and being eligible, is re-elected as a Director.

4. To consider and, if thought fit, pass the following resolution as an Advisory Resolution:

That, for all purposes, the Directors' and Executives' Remuneration Report that forms part of the Directors' Report for the financial year ended 30 June 2009, be approved.

The remuneration report is set out on pages 15 to 21 of the Annual Report. Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

5. To transact any other business that may be brought forward in accordance with the Constitution of the Company.

EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting.

VOTING ENTITLEMENT

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the meeting, at which a "snap shot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

For the purposes of determining voting entitlements at the General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 11.00am WST on Tuesday 10 November 2009. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

PROXIES

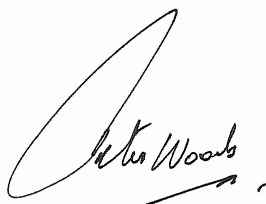
A form of proxy with related information and instructions accompanies this Notice of Meeting.

CORPORATE REPRESENTATIVE

If a representative of a Shareholder corporation is to attend the meeting the attached Appointment of Corporate Representative Form should be completed and produced prior to the meeting commencing.

Dated at Perth this 24 September 2009

By order of the Board of Directors

A handwritten signature in black ink, appearing to read "Alan Peter Woods", with a horizontal line extending to the right from the end of the signature.

Alan Peter Woods
Company Secretary

EXPLANATORY STATEMENT

INTRODUCTION AND BACKGROUND

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of Annual General Meeting of Sun Resources NL.

Shareholders at the Annual General Meeting will be asked to consider resolutions:

- (a) to receive the financial statements;
- (b) to elect Dr Bradford Lawrence Farrell who retires in accordance with the Constitution and being eligible offers himself for re-election;
- (c) to elect Dr Wolf Gerhard Martinick who retires in accordance with the Constitution and being eligible offers himself for re-election; and
- (d) to adopt the Remuneration Report.

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting to be held at the offices of BDO Kendalls, Level 8, 256 St Georges Terrace, Perth, Western Australia on Thursday, 12 November 2009 commencing at 11.00am.

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions.

The Directors recommend that Shareholders read this Explanatory Statement before determining whether to support the resolution or otherwise.

1. FINANCIAL STATEMENTS

The Company seeks approval to receive and consider the financial statements for the year ended 30 June 2009 together with the Directors' Declaration and the reports of the Directors and Auditors.

Shareholders are referred to the Annual Report and more particularly to the Independent Audit Report on page 62 where the Independent Auditors, BDO Kendalls, Audit and Assurance (WA) Pty Ltd, advise that the financial report of the Company is in accordance with the Corporations Act 2001 and other mandatory financial reporting requirements in Australia.

2. RESOLUTION – ELECTION OF DIRECTOR – DR BRADFORD LAWRENCE FARRELL

This resolution seeks approval to elect as a Director, Dr Bradford Lawrence Farrell, who retires in accordance with the Constitution and being eligible, offers himself for re-election as a Director and non-executive Chairman.

ASX Listing Rule 14.4 and Article 16.3 (b) of the Company's Constitution provides that one-third of the Directors shall retire from office at every annual general meeting of the Company and that such Director is eligible for re-election at that annual general meeting.

Shareholders are referred to the Annual Report on page 12 where details of Dr Farrell may be obtained.

Each of the other Directors intends to vote in favour of Dr Farrell's re-election. If approved by Shareholders, the appointment will take effect immediately following the end of the Annual General Meeting.

The Directors recommend that Shareholders vote in favour of this resolution.

3. RESOLUTION – ELECTION OF DIRECTOR – DR WOLF GERHARD MARTINICK

This resolution seeks approval to elect as a Director, Dr Wolf Gerhard Martinick, who retires in accordance with the Constitution and being eligible, offers himself for re-election.

ASX Listing Rule 14.4 and Article 16.3 (b) of the Company's Constitution provides that one-third of the Directors shall retire from office at every annual general meeting of the Company and that such Director is eligible for re-election at that annual general meeting.

Shareholders are referred to the Annual Report on page 13 where details of Dr Martinick may be obtained.

Each of the other Directors intends to vote in favour of Dr Martinick's re-election. If approved by Shareholders, the appointment will take effect immediately following the end of the Annual General Meeting.

The Directors recommend that Shareholders vote in favour of this resolution.

4. RESOLUTION – REMUNERATION REPORT

This resolution seeks the adoption of the Remuneration Report.

Shareholders are referred to the Annual Report which incorporates the Remuneration Report. The Report sets out the remuneration details for each Director and specified executives of the Company. Further details of the Company's remuneration and performance evaluation policies are contained on page 15 of the Company's 2009 Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. Under section 250R(2) of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. This item is included for advisory purposes only and any vote taken at the Meeting does not bind the Directors or the Company.

The Directors recommend that Shareholders vote in favour of this resolution.

5. GLOSSARY

In the Notice of Meeting and this Explanatory Statement:-

- (a) "ASIC" means Australian Securities & Investments Commission.
- (b) "ASX" means Australian Stock Exchange Limited.
- (c) "Corporations Act" means the Corporations Act 2001 (Cth).
- (d) "Listing Rules" means the Listing Rules of the ASX.
- (e) "Sun" and "Company" means Sun Resources NL (ABN 69 009 196 810).

Sun Resources NL

ABN 69 009 196 810

Proxy Form

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of Sun Resources NL and entitled to attend and vote hereby appoint

The Chairman
of the meeting

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

(mark with an 'X')

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting Members of Sun Resources NL to be held at the office of BDO Kendalls, Level 8, 256 St Georges Terrace, Perth, Western Australia, on Thursday the 12th day of November 2009 at 11.00am WST and at any adjournment of that meeting.

IMPORTANT

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called. The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

Voting directions to your proxy – please mark to indicate your directions

Ordinary Business

	For	Against	Abstain*
1 Financial Statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – Dr Bradford Lawrence Farrell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Director – Dr Wolf Gerhard Martinick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointment of a second proxy (see instructions overleaf)

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form

DATED the day of 2009

PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone Date

How to complete this Proxy Form

1 Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If shares are jointly held, please ensure the name and address of each joint Shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

3 Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on (08) 9345 4100 or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
Joint Holding: where the holding is in more than one name, all of the shareholders should sign.
Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

6 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting. i.e. no later than 11.00am WST on Tuesday 10 November, 2009. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at 4 Bendsten Place, Balcatta, WA, 6021 or PO Box 332, Greenwood, WA, 6924 or sent by facsimile to the registered office on (08) 9345 4541.

Sun Resources NL

ABN 69 009 196 810

Appointment of Corporate Representative Form

Shareholder Details

This is to certify that by a resolution of the Directors of:

(Company)

(Insert name of shareholder company)

The Company has appointed:

(Authorised corporate representative)
--

(Insert name of corporate representative)

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at the Annual General Meeting of Sun Resources NL to be held on Thursday the 12th day of November 2009 at 11.00am WST and at any adjournments of that meeting.

DATED

.....2009

Please sign here

Executed by the Company

in accordance with its constituent documents

Signed by authorised representative

Signed by authorised representative

Name of authorised representative (print)

Name of authorised representative (print)

Position of authorised representative (print)

Position of authorised representative (print)

Instructions for Completion

1. Insert name of appointor Company and the name or position of the appointee (eg "John Smith" or "each Director of the Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
3. Print the name and position (eg Director) of each Company officer who signs this Certificate on behalf of the Company.
4. Insert the date of execution where indicated.
5. The certificate must be produced prior to admission to the Meeting. This certificate may be sent or delivered to the Company's registered office at 4 Bendsten Place, Balcatta, WA, 6021 or PO Box 332, Greenwood, WA, 6924 or sent by facsimile to the registered office on (08) 9345 4541.