

Prospectus

Sun Resources NL ACN 009 196 810 (Company)

A pro-rata renounceable rights issue of one (1) New Share for every five (5) Shares held by Eligible Shareholders at the Record Date at an issue price of \$0.01 each per New Share to raise approximately \$6,087,362 (before costs), with one (1) free-attaching New Option for every two (2) New Shares allotted. Each New Option is exercisable at \$0.025 per Share and expires on the date which is 3 years from the date of issue (**Offer**).

The Offer is lead managed and partially underwritten by Patersons Securities Limited up to \$5,250,000.



Underwriter to the Offer

Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. The New Securities offered by this Prospectus should be considered as speculative.

This is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

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Offer Statistics

Number of Shares on issue prior to the Offer	3,043,680,885
Number of New Shares to be issued	608,736,177
Number of free-attaching New Options to be issued	304,368,089
Offer Price	\$0.01

Timetable for important dates

Announcement of Placement and Rights Issue to ASX	28 August 2014 (pre-market open)
Lodgement of Prospectus with ASIC and ASX and Appendix 3B	29 August 2014
Notice sent to Optionholders	29 August 2014
Notice to Shareholders containing Appendix 3B information	1 September 2014
Rights trading commences	1 September 2014
Shares commence trading on an ex rights basis	2 September 2014
Record Date for the Offer (3:00pm Perth time)	4 September 2014
Prospectus and Entitlement and Acceptance Form despatched to Shareholders and despatch announced to ASX	10 September 2014
Opening Date of Offer (7:00 am Perth time)	10 September 2014
Rights trading ends	12 September 2014
Shares quoted on a deferred settlement basis	15 September 2014
Closing Date of Offer (3:00pm Perth time)	19 September 2014
Advise ASX of any Shortfall	24 September 2014
Issue date	26 September 2014
Commencement of trading of New Shares on ASX	29 September 2014
Expected date of despatch of holding statements for New Shares	30 September 2014

**The dates set out in the above table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time, subject to the Corporations Act and the Listing Rules, without notice. This may have a consequential effect on the other dates, including the date the New Securities are expected to commence trading on ASX.*

Important notice

This Prospectus is dated 29 August 2014 and was lodged with the ASIC on that date. Neither the ASIC nor the ASX, nor any of their officers, takes any responsibility as to the contents of this Prospectus. No securities will be issued on the basis of this Prospectus any later than 13 months after the date of issue of this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of securities to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain

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matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. The Prospectus is also issued for the purposes of offering the Underwritten Securities to the Underwriter and any other investors identified by the Underwriter or the Directors.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the Offer has not been, and will not be, registered under the U.S. Securities Act or the securities law of any state of the United States, and may not be offered or sold in the United States or to or for the account or benefit of any U.S. Persons, except in a transaction exempt from the registration requirements of the U.S. Securities Act and applicable United States of America state securities laws.

Investors should be aware that past Share price performance of the Company provides no guidance to its future Share price performance. Neither the Company, its Directors nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to this Prospectus.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. If you have any questions you should seek professional advice before deciding to invest. An investment in New Shares and New Options that are offered under this Prospectus should be considered speculative.

Please refer to Sections 1.14 and 5 for details relating to risks involved with an investment in the Company.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this document which is not contained in this document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

Forward Looking Statements

Some of the information contained in this Prospectus constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'should', 'will', 'expects', 'plans' or similar expressions. These statements discuss future objectives or expectations concerning results of operations or financial conditions or provide other forward-looking information. The Company's actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements. This Prospectus details some important factors that could cause the Company's actual results to differ from the forward-looking statements made in this Prospectus.

Foreign Shareholders

This document does not constitute an offer of New Securities in any jurisdiction in which it would be unlawful to make such an offer. New Securities may not be offered or sold in any country outside Australia or New Zealand except to the extent permitted below.

The Offer is made only to those Eligible Shareholders with registered addresses in Australia and New Zealand and only those Eligible Shareholders will be offered New Securities.

New Zealand

In making this offer to Eligible Shareholders in New Zealand, the Company is relying on the *Securities Act (Overseas Companies) Exemption Notice 2002 (NZ)*, by virtue of which this Prospectus is not required to be registered in New Zealand.

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United States

This document may not be released or distributed in the United States of America. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States of America. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States of America except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

The Company has not investigated the regulatory requirements that may prevail in any country in which the Company's Shareholders may reside outside of Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

See Section 1.13 for further information on Offer restrictions with respect to shareholders who do not have registered addresses in Australia or New Zealand.

How to accept your Entitlement to New Securities

Shareholders should be aware that past Share price performance of the Company provides no guidance to its future Share price performance. Neither the Company nor any other person warrants or guarantee the future performance of the New Shares or any return on any investment made pursuant to this Prospectus. You should also have regard to other publicly available information about the Company, including ASX announcements.

Entitlements to New Securities can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is accompanying this Prospectus or making payment of Acceptance Monies by BPAY® in accordance with the instructions set out in this Prospectus and on the Entitlement and Acceptance Form.

This Prospectus is available in electronic form on the internet at www.sunres.com.au. If you wish to obtain a free copy of this Prospectus, please contact the Company on +61 8 9321 9886.

Not Investment Advice

The information provided in this Prospectus is not investment advice or financial product advice and has been prepared without taking into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus in full before deciding to take up your Entitlements and consider all of the risk factors that could affect the performance of New Shares, including those set out in Section 5. You should carefully consider these risks and your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek independent professional advice from your stockbroker, accountant or other professional advisor before deciding to invest in New Shares.

Enquiries

If you are an Eligible Shareholder and have any questions in relation to the Offer, please contact your stockbroker or professional adviser. If you have questions in relation to the Shares upon which your Entitlement has been calculated, or how to complete the Entitlement and Acceptance Form, take up your Entitlement or apply for Additional Securities, please call the Share Registry on:

- 1300 850 505 for callers within Australia; or
- (+61 3) 9415 4000 for overseas callers.

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Chairman's letter

29 August 2014

Dear Shareholders,

It is my pleasure to introduce this Prospectus and invite you to take up your Entitlement of New Securities in Sun Resources NL.

The Company announced on 28 August 2014 that it had completed a private placement to professional and sophisticated clients of Patersons Securities Limited of 398,736,175 Shares at an issue price of \$0.01 each per Share with 1 for 2 free-attaching Options to raise \$3,987,361. The Directors now wish to provide the opportunity for Eligible Shareholders to invest in New Securities under the Offer. The Offer is a partially underwritten pro-rata renounceable rights issue of one (1) New Share for every five (5) Shares held by Eligible Shareholders at the Record Date at an issue price of \$0.01 each per New Share to raise approximately \$6,087,362 (before costs) with one (1) free-attaching New Option for every two (2) New Shares allotted exercisable at \$0.025 on or before the date which is 3 years from the date of issue.

The Offer (in conjunction with the Placement), will provide a much needed capital injection into the Company. It is proposed that the funds raised from the Offer be used primarily to advance the development of the Woodbine Oil Project and allow the Company to progress additional leasing in the Southern Woodbine areas, as well as providing general working capital and funding the costs of the Offer.

Under the Offer, as Eligible Shareholders you are entitled to subscribe for the number of New Shares set out in your personalised Entitlement and Acceptance Form enclosed with this Prospectus. Eligible Shareholders are also entitled to apply for Shortfall in excess of their Entitlement.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus or making payment of Acceptance Monies by BPAY® in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

Subscription moneys for the New Shares must be received by the Company at its Share Registry by the Closing Date. Please refer to the timetable for the important dates of the Offer.

Patersons Securities Limited has agreed to partially underwrite the Offer up to \$5,250,000.

On behalf of the Directors, I thank you for your continued support and I invite you to consider this investment opportunity.

Yours sincerely,



Prof Ian Plimer
Chairman
Sun Resources NL

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1. Investment summary

The information set out in this Section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

1.1 The Offer

This Prospectus is for the partially underwritten renounceable rights issue to issue up to 608,736,177 New Shares at an issue price of \$0.01 each per New Share, on the basis of one (1) New Share for every five (5) Shares held by Eligible Shareholders as at the Record Date with the issue of one (1) free-attaching New Option for every two (2) New Shares allotted. Each New Option is exercisable at \$0.025 each on or before the date which is 3 years from the date of issue.

The Offer is partially underwritten up to the Underwritten Amount.

On the same date as announcing the Offer, the Company applied to the ASX for the New Securities to be granted Official Quotation. Official Quotation of the New Securities is expected to occur on or about 29 September 2014.

The Prospectus is also issued for the purposes of offering and issuing the Underwritten Securities to the Underwriter and any other investors identified by the Underwriter or the Company.

The Directors may at any time decide to withdraw this Prospectus and the offer of New Securities made under this Prospectus, in which case the Company will return all Acceptance Monies (without interest) within 28 days of giving notice of such withdrawal.

1.2 New Share terms

Upon issue, each New Share will rank equally with all existing Shares then on issue. A summary of the rights attaching to the New Shares is set out in Section 6.5.

1.3 New Option terms

The New Options are a new class of Options. A summary of the rights attaching to the New Options is set out in Section 6.6.

1.4 Acceptance of Entitlement to New Shares

The number of New Securities to which an Eligible Shareholder is entitled and the total amount an Eligible Shareholder would have to pay if they choose to take up all of their rights to subscribe for New Securities is shown on the Entitlement and Acceptance Form accompanying this Prospectus. This Prospectus is for the information of Eligible Shareholders who are entitled and may wish to apply for the New Securities. Fractional entitlements will be rounded down to the nearest whole number.

Entitlements to New Securities can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus or making payment of Acceptance Monies by BPAY® in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

Subscription moneys for the New Securities must be received by the Company at its Share Registry by the Closing Date. Please refer to the timetable for the important dates of the Offer.

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1.5 Shortfall

In the event that not all Eligible Shareholders accept their full entitlement pursuant to the Offer, subject to the terms of the Underwriting Agreement, the Underwriter (in consultation with the Directors) reserve the right, subject to any restrictions imposed by the Corporations Act and the ASX Listing Rules, to issue Shortfall at its sole and absolute discretion (**Shortfall Offer**).

The offer of any Shortfall is a separate offer made pursuant to this Prospectus and will remain open after the Closing Date for a period of up to three (3) months from the Closing Date (or such shorter date as determined by the Directors in consultation with the Underwriter). Shortfall will be offered at the same price as the Offer Price.

The Shortfall, once issued, will have the same rights as the New Shares issued pursuant to the Offer.

The Directors do not represent that any application to participate in the Shortfall Offer will be successful. The Underwriter (in consultation with the Directors) reserves the right to issue to an applicant for Shortfall a lesser number of Shortfall than the number applied for or reject an application or not proceed with the issuing of Shortfall or part thereof. If the number of Shortfall issued is less than the number applied for, surplus Acceptance Monies will be refunded in full. Interest will not be paid on any refunded Acceptance Monies.

If Eligible Shareholders wish to apply for Shortfall they should complete the relevant section of the Entitlement and Acceptance Form.

1.6 Renounceable Offer and Entitlements trading

The Offer is renounceable.

You may sell all or part of your Entitlements in accordance with Sections 2.3 and 2.4(a) or (b). Any Entitlements not taken up by the Closing Date will lapse in which case the Shortfall will be dealt with in accordance with Section 1.5.

1.7 Directors Intentions in respect of Entitlements

As at the date of this Prospectus, some of the Directors of the Company have either a direct or indirect interest in Shares. Set out below is a table summarising the Entitlement of each Director (based on their current holding) and how they intend to treat their Entitlement.

Director	Shares	Entitlement	Intentions
Prof Ian Plimer ¹	Nil	Nil	N/A
Mr Damian Kestel ²	18,216,368	3,643,273	Full Entitlement
Dr Wolf Gerhard Martinick ³	29,000,000	5,800,000	Full Entitlement

Notes:

1. Prof Plimer has entered into a sub-underwriting agreement with Patersons for a total amount of \$50,000. Refer to Section 6.12 for further details;
2. Mr Kestel has entered into a sub-underwriting agreement with Patersons for a total amount of \$63,567. Refer to Section 6.12 for further details;
3. Dr Martinick has entered into a sub-underwriting agreement with Patersons for a total amount of \$242,000. Refer to Section 6.12 for further details.

1.8 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer to:

- (a) progress the hydraulic fracturing of the Jack Howe well and secure additional leasing in the immediate area of the Southern Woodbine leases;

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- (b) exploration and development activities;
- (c) general working capital; and
- (d) costs of the Offer.

It is proposed that the funds raised under the Offer be allocated, upon successful completion of the Offer, in the following manner:

Proposed Use of Funds	A\$
Hydraulically fracture the Jack Howe #1H well (Sun 50%WI)	2,000,000
Lease bonus payments for new oil & gas mineral leases (up to approximately 2,200 acres)	2,000,000
Working capital for other joint venture operations	1,000,000
Corporate overheads for Texas and Perth offices	1,087,362
Total	\$6,087,362

Notwithstanding the allocations set out above, in the event that circumstances change or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders. The Company will provide details of its actual expenditure in its periodic reports and as otherwise required by the ASX Listing Rules.

Further details on the Company's operations and the effect of the Offer on the Company are set out in Section 4.

1.9 Investment Highlights

The capital injection from the completion of the Placement and the Offer will enable to Company to continue with its extensive work programs on the existing asset package. Near-term activity includes:

- (a) completion of drilling, hydraulic fracturing and production facilities at the Jack Howe #1H lateral in the Lower Woodbine target;
- (b) continue the acquisition of oil & gas leases in the Southern Woodbine area, targeting approximately 2,200 net mineral acres;
- (c) resolve the contentious matters with Amerril Energy LLC (**Amerril**) in respect of SW Leona Oil Project;
- (d) prepare for further drilling in the Southern Woodbine leases; and
- (e) exploration activity in the Badger Oil Project area.

The Board is currently evaluating a number of investment opportunities, including additional acreage in Texas to complement existing operations, as part of a wider strategy to acquire interests in projects located in stable jurisdictions which have the potential for large-scale development.

1.10 Underwriter

Patersons Securities Limited has agreed to partially underwrite the Offer.

Further details of the terms of appointment of the Underwriter are set out in Section 6.11.

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1.11 The Placement

The Company announced on 28 August 2014 that it had completed a private placement to professional and sophisticated clients of Patersons Securities Limited of 398,736,175 Shares at an issue price of \$0.01 each per Share with 1 for 2 free-attaching Options to raise \$3,987,361 (**Placement**). The Placement was lead managed by Patersons Securities Limited. Winform Nominees Pty Ltd (**Winform**), an entity controlled by Hancock Prospecting Pty Ltd (the Company's largest Shareholder at 19.5%), also participated in the Placement to the extent necessary to maintain its shareholding at the pre-existing level.

The Placement is to be completed in 2 tranches. Tranche 1 (comprising of the Shares) was completed under the Company's 25% placement capacity pursuant to Listing Rule 7.1 and 7.1A on 28 August 2014. Completion of tranche 2 (comprising of the free-attaching Options) is subject to receiving Shareholder approval at a general meeting of Shareholders to be held on or around October 2014.

Pursuant to the terms of the placement agreement between the Company and Patersons, where Shareholders do not approve the issue of the free-attaching Options, the Company is required to pay a fee to each of the subscribers under the Placement of \$0.002 (0.2 cents) per Option that the subscriber would have otherwise received. This may result in a maximum fee payable of \$398,736 should Shareholders not approve the resolution.

1.12 Shortfall and Dilution of Shareholder's Interests

The Offer is partially underwritten up to the Underwritten Amount.

Shareholders should be aware that to the extent that they do not accept their Entitlements in full, a Shortfall will arise and all of the Shortfall will be placed by the Underwriter (in its sole and absolute discretion, after consultation with the Directors and in accordance with the Underwriting Agreement) to other parties in which case their interest in the Company may be significantly diluted (see Section 4.3 for further details).

Further, the Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders in the Company will be diluted by the Offer. Given the terms of the Offer, the interests of a Shareholder in the Company may be diluted by up to approximately 0.44% in the event that they are not eligible to participate.

Acceptance of Entitlements or the placement of any Shortfall may also result in existing Shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the Shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the Corporations Act, which restricts a person and their associates from having a relevant interest in the Company of not more than 20%, subject to a number of exemptions.

1.13 Treatment of Ineligible Shareholders

The Company is of the view that it is unreasonable to extend the Offer to Shareholders outside of Australia or New Zealand having regards to:

- (a) the number of Ineligible Shareholders in each place where the Offer would be made;
- (b) the number and value of the Shares which would be offered to Ineligible Shareholders; and
- (c) the cost of complying with the legal requirements and the requirements of the regulatory authorities, in the respective overseas jurisdictions.

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Accordingly, the Company is making the Offer to Eligible Shareholders with a registered address in Australia and New Zealand only. Where this Prospectus has been sent to Shareholders with registered addresses outside Australia or New Zealand who are not entitled to participate in the Offer, it is sent to them for information purposes only.

No action has been taken to register any offer or otherwise permit a public offering of securities outside Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of or invitation to subscribe for securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The Offer and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities law of any state of the United States, and may not be offered or sold in the United States or to or for the account or benefit of any U.S. Persons, except in a transaction exempt from the registration requirements of the U.S. Securities Act and applicable United States state securities laws.

By lodging a completed Entitlement and Acceptance Form an investor is taken to have warranted that it is able to participate in the Offer without breach of the law and related matters in their respective jurisdiction. The Company reserves the right to treat as invalid any Entitlement and Acceptance Form that appears to have been submitted by an Ineligible Shareholder or person not entitled to receive an offer or invitation.

Notwithstanding the above, the Company may (in its absolute discretion) extend the Offer to certain institutional Shareholders and other parties who have registered addresses outside Australia and New Zealand (but not in the United States) in accordance with applicable law.

The Company has appointed Patersons Securities Limited as nominee to sell the Entitlements of Ineligible Shareholders. A summary of the terms of the appointment of the Nominee is set out in Section 6.12

1.14 Risk Factors

Investing in the Company involves risk. There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. If you are unsure about subscribing for New Securities, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The following sets out a summary of some of the key risks relevant to the Company and its operations (further detail is contained in Section 5):

Risk	Details
Uncertainty of development of projects and exploration risk	<p>The primary business of the Company is exploration for, and commercial development of, unconventional oil reservoirs, which is subject to the risks inherent in these activities. The Company is in the initial development phase of the Normangee Oil Project, whilst other projects are in the exploration and evaluation phase. The current and future operations of the Company may be affected by a range of factors, including:</p> <ul style="list-style-type: none"><li data-bbox="523 1912 831 1944">• geological conditions;<li data-bbox="523 1946 1251 1977">• limitations on activities due to seasonal weather patterns;<li data-bbox="523 1980 1150 2011">• alterations to exploration programs and budgets;

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Risk	Details
	<ul style="list-style-type: none"> • unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities; • mechanical failure of operating plant and equipment; • adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events; • unavailability of drilling, mining, processing and other equipment; • unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour; • prevention of access by reason of inability to obtain regulatory or landowner consents or approvals, or native title issues; • terms imposed by government on development of mining-related projects including conditions such as environmental rehabilitation, royalty rates and taxes; • delays in completing feasibility studies and obtaining development approvals; • risks of default or non-performance by third parties providing essential services.
Litigation risk	<p>The Company is involved in a dispute with the operator of the Beeler Project. In 2013, the Company announced that Richland Resources Corp. was removed as operator by the non-operating working interest owners in the Beeler Prospect. Richland Resources Corp had failed to pay certain vendors and these vendors then filed liens against the entire Beeler Project, including Sun's 16.67% non-operating working interest. Richland Resources Corp has subsequently filed for Bankruptcy. In Bankruptcy Court, Richland Resources Corp has filed a lawsuit against Sun and the other non-operating working interest owners. The Company's estimated liability is \$172,000.</p> <p>The Company is currently in a legal dispute with Amerril regarding certain drilling, completion and production issues within the T. Keeling #1H and Seale #1H production units. The outstanding recorded amounts unpaid relating to previous operations are subject to further negotiation and could become due and payable. The amounts are likely to be less than \$2.3 million. The Company expects to progress this matter through the court system in Texas. Amerril has also advised that there is a lien over the Seale #1H well from Weatherford Inc. that could lead to a future contingent financial liability of \$2.5 million. However, that is currently the subject of litigation between the Amerril and Weatherford Inc. whereby Amerril and Sun have claims against Weatherford in the amount of approximately \$4-5 million, net to Sun.</p>
Reliance on and sourcing of key personnel	<p>The Company is dependent on its Directors', managers' and consultants' ability to implement the Company's strategy in respect of the exploration and possible development of the Company's unconventional oil lease interests. A number of factors, including the departure of senior management of the Company, could adversely affect the Company's ability to implement its strategy.</p> <p>The success of the Company's operations may also depend on continued access to competent management and technical expertise, prudent financial administrators and the availability of appropriately skilled and experienced employees, contractors and consultants operating in relevant sectors. In the event that the Company is unable to source such personnel, the Company could be adversely affected.</p>

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Risk	Details
Future financing	<p>Whilst development of the Normangee and other Southern Woodbine Oil Projects is in progress, the Company does not have any current operating revenue. Accordingly, it must continue to fund its exploration, feasibility and possibly development programs through its cash reserves, equity capital or debt. The continued viability of the Company is therefore dependent upon:</p> <ul style="list-style-type: none"> • the success of the Offer; and • if the cash reserves currently available to the Company and the funds to be raised under the Offer are not sufficient to meet all the capital costs and working capital required to bring the unconventional Woodbine Oil Projects to their break even cash flow position, then there may be a need for the further raising of debt or equity funds in the future. There can be no guarantee that the Company will be able to successfully raise project debt or equity finance for development of a mining operation at the Normangee Oil Project.
Energy market conditions	<p>The ability of the Company to successfully enter the commercialisation phase of its activities will depend upon its ability to sell oil and gas on commercial terms and prices. There can be no assurance that the Company will ultimately be able to sell oil and gas it may produce on acceptable commercial terms.</p> <p>The Company's ability to benefit from any future mining operations will depend on market factors, some of which may be beyond its control. The world market for oil and gas is subject to many variables and may fluctuate markedly.</p>
Environmental risks	<p>The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. The Company may be required to comply from time to time with environmental management issues that arise from factors beyond its control. The conduct of exploration and mining activities, if any ultimately takes place, on the Company's properties is subject to receipt of all necessary environmental approvals. There can be no guarantee that such approvals will be forthcoming and the conditions imposed for the grant of such approvals may be so onerous that they render the project uneconomic.</p>
Operating risks	<p>The Company and its operations in the United States of America will be subject to usual industry operating risks including fire, accidental damage caused by employee errors or negligence, adverse weather conditions and industrial action.</p> <p>The occurrence of any of these risks could result in substantial liability being incurred by the Company.</p>
Tenure risk	<p>The tenement interests held by the Company are subject to applicable laws regarding exploration, expenditure and renewal of such interests.</p> <p>If a tenement interest is not granted or renewed (as the case may be) or access cannot be secured to carry out operations, the Company could be adversely affected as a result of the consequential loss of opportunity to discover and develop any resources within those tenement interests.</p>
Taxation	<p>In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows.</p>

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Risk	Details
Contractual risks	The Company's ability to efficiently conduct its operations in a number of respects depends upon a number of contracts. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action.

In addition, there are a number of general risks that are common to all investments in shares and are not specific to the business model and operations of the Company. Further details regarding risks which may affect the Company in the future are set out in Section 5.

The New Securities offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

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2. Details of the Offer

2.1 Offer to Eligible Shareholders

The Directors have approved a partially underwritten renounceable rights issue of approximately 608,736,177 New Shares at \$0.01 each per New Share to raise approximately \$6,087,362 (before Offer costs) with one (1) free-attaching New Option for each two (2) New Shares allotted exercisable at \$0.025 per Share on or before the date which is 3 years from the date of issue. Only those Shareholders shown on the Register on the Record Date with a registered address in Australia or New Zealand will be entitled to participate in the Offer.

The Company has applied to ASX for the New Securities to be granted Official Quotation. Official Quotation of the New Securities is expected to occur on or about 29 September 2014. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Securities either as principal or agent until Official Quotation is granted.

2.2 Offer of Underwritten Securities

The offer and issue of the Underwritten Securities to the Underwriter and any other investors identified by the Underwriter or the Directors is also made pursuant to this Prospectus. The offer of the Underwritten Securities is not an offer made to the general public or all Eligible Shareholders.

2.3 Renounceable Offer

The Offer is renounceable. Accordingly, there will be trading of Entitlements on ASX meaning Shareholders may choose to sell or transfer all or any part of their Entitlements instead of paying the Offer Price for the New Securities. Refer to Section 2.4 for details about how to deal with your Entitlements in this manner. If you decide not to take up your Entitlements, you should consider whether to sell all or part of your Entitlement during the rights trading period.

This does not mean you have to sell your existing Shares. Your Entitlements to subscribe for New Securities may be sold or transferred without selling the Shares you presently hold.

Prices obtainable for Entitlements during the rights trading period for the Offer may rise and fall and will depend upon many factors, including the demand for and supply of Entitlements on the ASX and the value of Shares relative to the Offer Price. There is no guarantee of a liquid market in traded Entitlements. If you sell your Entitlement on the ASX during the trading period you may receive a higher or lower price than a person who sells their Entitlement at a different time during the trading period. Entitlements traded on the ASX may incur brokerage costs.

If you sell or transfer your Entitlement, or if you allow your Entitlements to lapse, you will forgo exposure to increases or decreases in the value of New Shares issued if you had taken up the Entitlement and your percentage shareholding in the Company will be diluted.

Entitlements which are not taken up will lapse in which case the Shortfall will be dealt with in accordance with Section 1.5.

2.4 How to sell your Entitlement or accept your Entitlement

Eligible Shareholders may accept their Entitlement either in whole or in part. The number of New Securities which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Form which accompanies this Prospectus.

Eligible Shareholders may participate in the Offer as follows:

- (a) **Take up your Entitlement in full and apply for Additional Securities**

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If you are an Eligible Shareholder and you wish to take up all of your Entitlement and apply for Shortfall in excess of your Entitlement, please:

- complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Securities for which you wish to accept the Offer under this Prospectus plus the number of Shortfall (being more than your Entitlement as specified on the Entitlement and Acceptance Form); and
- forward the completed Entitlement and Acceptance Form together with your cheque or bank draft for the total amount payable (including the amount payable for the Additional Securities) to reach the Share Registry,

so that it is received by no later than 3.00pm (Perth time) on the Closing Date or such later date as the Directors determine.

Cheques and bank drafts, in **Australian currency** should be made payable to Sun Resources NL and crossed "Not Negotiable".

You should ensure that sufficient funds are held in the relevant account(s) to cover the Acceptance Monies. If the amount of your cheque for Acceptance Monies is insufficient to pay in full for the number of whole New Securities you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Securities as your cleared Acceptance Monies will pay for (and to have that number of New Securities on your Entitlement and Acceptance Form). Alternatively, your Application will be rejected. If your cheque does not clear due to insufficient funds in your account, your Application will be rejected.

If you intend to pay for the New Securities by BPAY®, there is no need to return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 3:00pm (Perth time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY® may take 1 or more Business Days to clear. Please refer to the information below regarding payment by BPAY®.

(b) **Take up your Entitlement in full**

If you are an Eligible Shareholder and wish to take up all of your Entitlement, please:

- complete the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions set out on the form; and
- forward your completed Entitlement and Acceptance Form, together with your cheque or bank draft for the amount shown on your Entitlement and Acceptance Form, in the reply paid envelope to reach the Company's Share Registry,

so that it is received by no later than 3:00pm (Perth time) on the Closing Date or such later date as the Directors determine.

Cheques and bank drafts, in **Australian currency** should be made payable to Sun Resources NL and crossed "Not Negotiable".

You should ensure that sufficient funds are held in the relevant account(s) to cover the Acceptance Monies. If the amount of your cheque for Acceptance Monies is insufficient to pay in full for the number of whole New Securities you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Securities as your cleared Acceptance Monies will pay for (and to have that number of New Securities on your Entitlement and Acceptance Form).

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Alternatively, your Application will be rejected. If your cheque does not clear due to insufficient funds in your account, your Application will be rejected.

If you intend to pay for the New Securities by BPAY®, there is no need to return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 3:00pm (Perth time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY® may take 1 or more Business Days to clear. Please refer to the information below regarding payment by BPAY®.

Shareholders can also purchase additional Entitlements on ASX during the Entitlements trading period.

(c) **Take up part of your Entitlement**

If you are an Eligible Shareholder and wish to take up only some of your Entitlement, please:

- complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Securities for which you wish to accept the Offer under this Prospectus (being less than your Entitlement as specified on the Entitlement and Acceptance Form); and
- forward the completed Entitlement and Acceptance Form together with your cheque or bank draft for the total amount payable to reach the Company's Share Registry,

so that it is received by no later than 3.00pm (Perth time) on the Closing Date or such later date as the Directors determine.

Cheques and bank drafts, in **Australian currency**, should be made payable to Sun Resources NL and crossed "Not Negotiable".

If you intend to pay for the New Securities by BPAY®, there is no need to return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 3:00pm (Perth time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY® may take 1 or more Business Days to clear. Please refer to the information below regarding payment by BPAY®.

(d) **Take up part of your Entitlement and sell the balance**

If you are an Eligible Shareholder and you wish to take up part of your Entitlement and sell the balance, please:

- instruct your stockbroker personally and provide details as requested which appear on the back of the Entitlement and Acceptance form, which accompanies this document;
- complete the Entitlement and Acceptance Form for the balance of your Entitlement by inserting the number of New Securities for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form); and
- forward the completed Entitlement and Acceptance Form together with your cheque or bank draft for the total amount payable to reach the Company's Share Registry,

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so that it is received by no later than 3:00pm (Perth time) on the Closing Date or such later date as the Directors determine.

Cheques and bank drafts, in **Australian currency**, should be made payable to Sun Resources NL and crossed "Not Negotiable".

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If you intend to pay for the New Shares by BPAY®, there is no need to return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 3:00pm (Perth time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY® may take 1 or more Business Days to clear. Please refer to the information below regarding payment by BPAY®.

Entitlement trading will commence on 1 September 2014. Sale of your Entitlements must be completed by 12 September 2014 when Entitlement trading is expected to cease.

(e) **Sell your Entitlement in full**

If you are an Eligible Shareholder and you wish to sell all of your Entitlement, please instruct your stockbroker personally and provide details as requested which appear on the back of the Entitlement and Acceptance form, which accompanies this document.

Entitlement trading will commence on 1 September 2014. Sale of your Entitlements must be completed by 12 September 2014 when Entitlement trading is expected to cease.

(f) **Do nothing**

You may do nothing, in which case you will have no right to subscribe for New Securities and no New Securities will be issued to you. However, if you are an Eligible Shareholder and you do nothing, then New Securities representing your Entitlement may be issued to the Underwriter or other third parties procured by the Directors in exercising their discretion in placing any Shortfall.

You should also note that, if you do not take up your Entitlement, then although you will continue to own the same number of Shares, your percentage shareholding in the Company will decrease.

Your Entitlements may have value. You should contact your stockbroker or professional adviser with regards to whether or not you should deal with your Entitlements rather than allow them to lapse.

(g) **General**

If you have any queries concerning your Entitlement, please contact the Share Registry on 1300 850 505 (within Australia) or (+61 3) 9415 4000 (outside Australia) or contact your stockbroker or professional adviser.

Entitlement and Acceptance Forms and accompanying cheques or bank drafts may be lodged at any time before the Closing Date. Applications received after the Closing Date may not be accepted. The Company will not be responsible for postal or delivery delays.

The Offer Price per New Share is payable in full on acceptance of part or all of your Entitlement.

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If an Eligible Shareholder elects to make payment using BPAY®, they must contact their bank, credit union or building society to make payment of the Acceptance Monies from their cheque or savings account. Refer to the Entitlement and Acceptance Form for the Biller Code and Customer Reference Number. Eligible Shareholders who have multiple holdings will have multiple Customer Reference Numbers.

Payment will only be accepted in Australian currency and cheques, bank drafts, money orders and BPAY® payments must be drawn on an Australian bank.

No stamp duty, brokerage or handling fees are payable by the Applicant for the New Shares offered by this Prospectus. Completed Entitlement and Acceptance Forms and accompanying cheques should be forwarded to the following address:

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne, VIC 3001

The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Monies will be held in trust in a subscription account until allotment of the New Securities. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Acceptance Monies will be retained by the Company irrespective of whether allotment takes place.

2.5 Allotment and allocation policy

The Company will proceed to allocate New Securities as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Securities.

Successful Applicants will be notified in writing of the number of New Securities allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Securities allocated to them prior to trading in New Securities. Applicants who sell New Securities before they receive notice of the number of New Securities allocated to them do so at their own risk. No New Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

2.6 ASX listing

On the same date as announcing the Offer, the Company applied to the ASX for the New Securities to be issued pursuant to this Prospectus to be listed for Official Quotation. If granted, quotation of the New Securities will commence as soon as practicable after allotment of the New Securities.

Should the New Securities not be granted Official Quotation within 3 months after the date of this Prospectus, none of the New Securities offered under this Prospectus will be issued and all acceptance money will be refunded without interest to Applicants within the time prescribed by the Corporations Act.

2.7 CHESS

The Company will apply to the ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**) for the New Securities to participate in the Securities Clearing House Electronic Subregister System known as CHESS. After allotment of the New Securities, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

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The CHESS statements, which are similar in style to bank account statements, will set out the number of New Securities allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their Holder Identification Number (HIN). Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

2.8 **Electronic prospectus**

An electronic version of this Prospectus is available on the Internet at www.sunres.com.au.

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Offer period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company, the Share Registry or a financial adviser.

Prospectus

3. Company Information

3.1 Introduction

The Company is engaged in the drilling and development of unconventional oil in oil and gas leases situated in Leon and Madison Counties of East Texas, and Bastrop County of Central Texas. All of these leases have the potential to produce oil from unconventional oil reservoirs such as the Austin Chalk, Eagle Ford Shale and Woodbine/Eaglebine formations.

These formations have the potential to produce at commercial oil flow rates by applying the appropriate technology of horizontal drilling and multi-stage, hydraulic fracturing ("fracking"). The Company has participated in 6 horizontal wells with multi-stage fracking across the Upper, Middle and Lower Woodbine formations and all have produced oil with associated gas to surface. However, only 1 well has delivered a commercial initial oil production rate (IP rate).

3.2 Company Update

The Company has recently drilled the Jack Howe #1 vertical pilot well and is embarking on the drilling of the horizontal well within the target Lower Woodbine formation. This target has been successfully drilled, fraced and completed by neighbouring operators in leases adjacent to the Jack Howe lease. The funds raised from the Offer will be used to conduct fracking operations at Jack Howe.

In addition to the above activities, the Board is continuing to assess other investment opportunities in the global unconventional gas sector. If and when a viable investment opportunity that will complement existing operations is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint-venture or earn-in arrangement which may involve the payment of consideration in cash, equity or a combination of both.

3.3 The Directors

The Directors bring relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience to the Board.

The following persons are Directors as at the date of this Prospectus

Professor Ian Plimer (Non-Executive Chairman)

Prof Ian Plimer was appointed to the Board on 23 September 2013 and became Chairman on 7 November 2013. Prof Plimer is an Emeritus Professor at The University of Melbourne where he was Professor and Head of the School of Earth Sciences (1991-2005). He was Professor of Geology (University of Newcastle 1985-1991) and Professor of Mining Geology (University of Adelaide 2005-2012).

He has been awarded the Leopold von Buch Medal for Science, the Centenary Medal, the Eureka Prize (twice) and is a Fellow of the Academy of Technological Sciences and Engineering, a Fellow of the Geological Society of London and a Fellow of the Australasian Institute of Mining and Metallurgy. Prof Plimer has published more than 130 scientific papers and is author of multiple best-selling books for the general public. Prof Plimer's main geological interests are in resources.

Prof Plimer serves on the boards of several listed companies including Silver City Minerals Ltd (ASX: SCI), Lakes Oil NL (ASX: LKO), Niuminco Group Ltd (ASX:NIU), and Kefi Minerals (AIM: KEFI).

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Mr Damian Kestel (Non-Executive Director)

Mr Kestel was appointed to the Board on 1 February 2012 as a Non-Executive Director. Mr Kestel has over 15 years research, sales and management experience in Asian equity capital markets, most recently with CLSA Asia-Pacific Markets for ten years, to whom he remains a consultant. He holds a Bachelor of Law degree with Honours from the University of Adelaide, a Bachelor of Commerce degree from the University of Western Australia and a Graduate Diploma in Securities and Investment from the Australian Securities Institute.

Dr Wolf G Martinick (Non-Executive Director)

Dr Martinick is a Non-Executive Director of Sun. He joined its Board on 19 February 1996 and was Chairman from 1 March 2011 to 7 November 2013. He is an environmental scientist with extensive experience in the resource industry. For over 40 years he has been associated with the exploration and mining industry in Australasia and elsewhere, especially with respect to environmental and social issues and strategic planning and funding. He is a Fellow and retired Chartered Professional of the Australian Institute of Mining and Metallurgy and a past Vice President of the Association of Mining and Exploration Companies.

Dr Martinick is currently the Executive Chairman of ASX listed Chilean focused gold/copper explorer Oro Verde Limited (ASX:OVL), Non-Executive Director of Weatherly International PLC (AIM: WTI) and Non-Executive Director of Azure Minerals Limited (ASX: AZS).

Constraints on availability

Save as noted in this Prospectus, each Director has confirmed to the Company that he anticipates being available to perform his duties as Director of the Company without constraint from other commitments.

Independence of Directors

The Board considers that Prof Ian Plimer is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgment and are able to fulfil the role of an Independent Director for the purposes of the Corporate Governance Principles.

Details of the current interests of the Directors in the Company and their intentions in respect of the Offer are set out in Section 1.7.

3.4 Senior Management

The following persons form the senior management of the Company as at the date of this Prospectus:

Mr Matthew Battrick – Interim CEO

Mr Battrick was appointed as interim Chief Executive Officer of Sun Resources NL on 9 July 2014. Once a new Managing Director has been contracted, Matthew will revert back to General Manager, Technical. Mr Battrick was assigned General Manager, Technical on 23 September 2013 after originally being appointed to the Board on 15 January 2008 as Managing Director. He obtained a Bachelor degree in Applied Geology from the Royal Melbourne Institute 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, 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 (GAICD) and a graduate of their Company Directors Course (CDC).

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Mr Craig Basson – CFO and Company Secretary

Mr Basson has over 20 years' experience in auditing, accounting and financial management companies in multiple industries, including the resources sector.

Mr Basson is a Fellow of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia, Graduate of the Australian Institute of Company Directors and holds a Bcom (Hons) degree in accounting and finance from the University of the Witwatersrand, Johannesburg.

Mr Steve Smith – Vice President, USA

Mr Smith has over 36 years of international and US-based oil & gas experience including drilling, well engineering, related logistics, planning and operations.

Mr Smith has previously held upstream senior management and leadership roles with Anadarko and independent operator in the USA. Mr Smith is a full-time employee of the Company.

Mr Rodney Kilborn - Commercial

Mr Kilborn is a senior advisor to the Company in the areas of corporate finance and business development and is currently on long term contract to the Company.

Mr Kilborn has 20 years' experience in corporate finance, enterprise strategy, operations management, mergers and acquisitions, and divestitures. He is an expert in multi-industry turn-around and restructure with excellent connections amongst global institutional capital markets.

Prospectus

4. Effect of Offer

4.1 Financial position

The Offer will have a material effect on improving the Company's and the Group's financial position. Set out below are the unaudited consolidated statements of financial position as at 30 June 2014 and the unaudited pro-forma accounts. The unaudited pro-forma statement incorporates the effects of the Offer, if fully subscribed. There have been no other material events since 30 June 2014 except for the acquisition of additional acres on 1 August 2014.

	Unaudited Pro Forma	Consolidated Unaudited 30 June 2014	Audited 30 June 2013
	\$	\$	\$
Current assets			
Cash and cash equivalents	12,220,630	2,657,972	3,550,749
Trade and other receivables	1,476,158	3,298,326	342,046
Total current assets	13,696,788	5,956,298	3,892,795
Non-current assets			
Plant and equipment	128,804	128,804	152,043
Exploration and evaluation expenditure	49,401,821	47,579,653	56,941,014
Oil and gas production assets	742,690	742,690	2,271,792
Total non-current assets	50,273,315	48,451,147	59,364,849
Total assets	63,970,103	54,407,445	63,257,644
Current liabilities			
Trade and other payables	5,328,595	5,328,595	6,107,815
Total current liabilities	5,328,595	5,328,595	6,107,815
Total Liabilities	5,328,595	5,328,595	6,107,815
Net assets	58,641,508	49,078,850	57,149,829
Equity			
Contributed capital	118,413,423	108,850,765	89,900,211
Share based payment reserve	11,124,830	11,124,830	11,124,830
Foreign exchange translation reserve	5,452,995	5,452,995	4,508,608
Accumulated losses	(76,349,740)	(76,349,740)	(48,383,820)
Total equity	58,641,508	49,078,850	57,149,829

Basis of preparation

The Consolidated statements of financial positions have been prepared as an abridged version for the purposes of the Prospectus and do not include all the disclosures required under Australian accounting standards as required for annual financial statements or a half year report.

The Consolidated statements of financial positions are based on the accounting policies of the Company as included in the 30 June 2013 audited financial report.

Prospectus

The basis of preparation includes the historical cost basis and, except for the calculation of the fair value of the options to be issued and where elsewhere stated, do not take into account changing money values or fair values of non-current assets.

The financial statements have also been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. Whilst the Directors believe sufficient funds are held for commitments over the next 12 months, including for exploration and development planning purposes, the ability of the consolidated entity beyond that period or for mining and operations purposes, to maintain continuity of normal business activities and to pay its debts as and when they fall due, is dependent on the ability of the consolidated entity to successfully raise additional funding and/or the successful exploration and subsequent exploitation of areas of interest.

The pro-forma consolidated statements of financial position have been prepared based on unaudited consolidated management accounts as at 30 June 2014, adjusted for the effects of the Offer. There were no other post 30 June 2014 transactions that were considered significant that required inclusion in the pro-forma except for the acquisition of additional acres on 1 August 2014.

Notes to the statements of financial position regarding pro forma consolidated statements of financial position and post balance date transactions:

- (a) On 1 August 2014 the Company announced the expansion of its Southern Woodbine Lease Position. The Company had secured the rights to oil and gas leases covering approximately 1,980 gross acres in Southern Leon County targeting the Lower Woodbine Formation. The settlement price of these acres was \$1,822,168.
- (b) The Company has been required to undertake adjustments totalling approximately \$25 million for exploration well impairment, lapsed acreage on the Delta Oil Project and Beeler Oil Project impairment and amortisation. The adjustments are as follows:
 - (1) Exploration wells that were not producing commercial flows of oil were written off at 30 June 2014 to the value of \$12,026,201;
 - (2) For the Delta Oil project the acres that had lapsed and not renewed were considered impaired and the relevant adjustments processed to the value of \$10,746,640;
 - (3) For the Beeler Oil project amortisation adjustments were processed to the value of \$711,422; and
 - (4) At 30 June 2014 the Beeler Oil project production wells were considered to be impaired and a partial adjustment processed to the value of \$1,529,340.

4.2 Principal effects of the Offer

The principal effects of the Offer will be to:

- (a) increase cash reserves and equity by approximately \$5,650,020 immediately after completion of the Offer (after deducting associated costs);
- (b) increase the total number of Shares on issue from 3,043,680,885 as at the date of this Prospectus to 3,652,417,062 following completion of the Offer, and
- (c) issue a new class of Options to subscribe for Shares in the Company at \$0.025 each per Share exercisable on or before the date which is 3 years from the date of issue.

Prospectus

4.3 Capital Structure

The Company will issue 608,736,177 New Shares and 304,368,089 New Options under the Offer.

Assuming that none of the Existing Options are exercised, the capital structure of the Company immediately following completion of the Offer (excluding rounding of Entitlements), will be as follows:

	Shares	Options
Shares on issue at the date of this Prospectus	3,043,680,885	-
Number of New Shares issued under the Offer	608,736,177	-
Options on issue at the date of this Prospectus ¹	-	214,650,000
Number of New Options issued under the Offer	-	304,368,089
Total	3,652,417,062	519,018,089

Notes:

1. This is the total number of Existing Options currently on issue. The exercise prices and expiry dates vary as detailed below.

As at the date of this Prospectus, the Company has the following Existing Options on issue:

Number of Options	Exercise Price	Expiry Date
3,650,000	\$0.036	16/11/2014
20,000,000	\$0.036	16/11/2014
1,000,000	\$0.094	08/08/2015
5,000,000	\$0.105	12/09/2015
15,000,000	\$0.057	03/05/2016
15,000,000	\$0.067	03/05/2016
15,000,000	\$0.076	03/05/2016
65,000,000	\$0.001	30/04/2017
75,000,000	\$0.001	30/04/2017

These Existing Options will not be affected by the Offer and may be exercised by the option holders in accordance with the terms of the Existing Options.

4.4 Effect on control

Section 606 of the Corporations Act restricts a person from acquiring a relevant interest in shares in a listed company if that person's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Item 10 of section 611 of the Corporations Act provides that an increase to a person's voting power which results from a person accepting an entitlement under a rights issue, is exempt from the prohibition set out in section 606 of the Corporations Act.

Eligible Shareholders who take up all of their Entitlement pursuant to the Offer will not have their percentage shareholding in the Company diluted by reason of the Offer.

Prospectus

Eligible Shareholders may apply for any number of Shortfall Shares, regardless of the size of their present holding. However, the Underwriter (in consultation with the Directors) reserve the right to allocate any Shortfall at its sole and absolute discretion. The Underwriter and Directors have determined that no party will be allotted Shortfall such that they would, by virtue of the allotment of such Shares, acquire a relevant interest in voting Shares exceeding 20% or increase the relevant interest in voting shares from a starting point that is above 20%.

The percentage shareholding in the Company of Eligible Shareholders who do not take up all of their Entitlement pursuant to the Offer and Shareholders who are not eligible to participate (being Ineligible Shareholders) will be diluted.

The Company expects both Winform and Amerril to participate in the Offer by accepting their full pro-rata entitlements. Neither Winform nor Amerril will be allocated Shortfall Shares. Accordingly, their pre-existing shareholdings in the Company will be maintained and neither entity will breach the 20% relevant interest prohibition in section 606 of the Corporations Act.

Prospectus

5. Risk factors

5.1 Introduction

The New Securities offered by this Prospectus should be considered speculative. The Directors strongly recommend that you examine the contents of this Prospectus and consult your professional advisors before deciding whether to invest in the Company's Shares.

An investment in the Company will be exposed to a number of key risks related to its specific business operations. Key risks are risks that the Directors and senior management of the Company focus on when managing the business and which would have the potential, upon occurrence, to significantly affect the Company and the value of investments in the Company. An overview of these key risks is provided in Section 5.2.

An investment in the Company is also subject to general risks that are common to all investments in shares and are not specific to the business model and operations of the Company. These include, for example, the volatility of the share prices as a result of economic conditions. An overview of these general risks is provided in Section 5.3.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of the Company and not capable of mitigation. The following risk factors are not exhaustive but represent some of the major risk factors that may affect the future operating and financial performance of the Company and the value of an investment in it.

5.2 Key risks specific to an investment in the Company

Investors should be aware of the key risks specific to an investment in the Company as described below.

(a) Uncertainty of Development of Projects and Exploration Risk

The primary business of the Company is exploration for, and commercial development of unconventional oil reserves, which is subject to the risks inherent in these activities. The Company is in the development phase of the Normangee Project, whilst other projects are in the exploration and evaluation phase. The current and future operations of the Company may be affected by a range of factors, including:

- (1) geological conditions and the flow potential of these unconventional oil reservoirs after stimulation by hydraulic fracturing;
- (2) limitations on activities due to seasonal weather patterns;
- (3) alterations to exploration programs and budgets;
- (4) unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities;
- (5) mechanical failure of operating plant and equipment;
- (6) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (7) unavailability of drilling, mining, processing and other equipment;
- (8) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;

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- (9) prevention of access by reason of inability to obtain regulatory or landowner consents or approvals, or native title issues;
- (10) terms imposed by government on development of exploration or mining projects including conditions such as environmental rehabilitation, royalty rates and taxes;
- (11) delays in completing feasibility studies and obtaining development approvals;
- (12) risks of default or non-performance by third parties providing essential services.

No assurance can be given that future exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited by the Company.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory, including but not limited to, environmental approvals on a timely basis. Development of a commercial mining operation is also dependent on the Company's ability to establish basic infrastructure such as (but not limited to) power, water, transport and housing to support its operations.

(b) Reliance on and sourcing of Key Personnel

The Company is dependent on its Directors', managers' and consultants' ability to implement the Company's strategy in respect of the exploration and possible development of the Company's unconventional oil and gas interests. A number of factors, including the departure of senior management of the Company, could adversely affect the Company's ability to implement its strategy. There can be no assurance that any Director, manager or consultant of the Company will remain a Director, manager or consultant of the Company.

The success of the Company's operations may also depend on continued access to competent management and technical expertise, prudent financial administrators and the availability of appropriately skilled and experienced employees, contractors and consultants operating in relevant sectors. The continued access to such personnel cannot be guaranteed. In the event that the Company is unable to source such personnel, the Company could be adversely affected.

(c) Future Financing

Whilst development of the Normangee Oil Project is in progress, the Company does not have any current operating revenue. Accordingly, it must continue to fund its exploration, feasibility and possibly development programs through its cash reserves, equity capital or debt. The continued viability of the Company is therefore dependent upon:

- (1) the success of the Offer; and
- (2) if the cash reserves currently available to the Company and the funds to be raised under the Offer are not sufficient to meet all the capital costs and working capital required to bring the Normangee Oil Project to its break even

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cash flow position, then there may be a need for the further raising of debt or equity funds in the future. There can be no guarantee that the Company will be able to successfully raise project debt or equity finance for development of a mining operation at the Normangee Oil Project.

(d) Importance of Future Prices, Supply and Demand for Oil and Gas

The revenues which might be generated from the activities of the Company will be highly dependent upon the future prices and demand for oil and gas. Factors which may affect prices and demand for oil and gas include, but are not limited to, the worldwide supply of oil and gas; the price of oil produced in the United States of America or imported from foreign countries; consumer demand for oil and gas; the price and availability of alternative fuels; federal and state regulation; and general, national and worldwide economic political conditions.

In addition to the widely-recognised volatility of the oil market, the gas market is also unsettled due to a number of factors. In the past, production from gas wells in many geographic areas of the United States of America has been curtailed for considerable periods of time due to a lack of market demand, and such curtailments may exist in the future. Further, there may be an excess supply of gas in the area of the Company wells. In that event, it is possible that wells in the area of the Company wells, including the Company wells, will be shut in or that gas in those areas will be sold on terms less favourable than might otherwise be obtained. The combination of these factors, among others, makes it particularly difficult to estimate accurately future prices of oil and gas, and any assumptions concerning future prices may prove incorrect.

(e) Competition

The Company competes with many other companies. Some of these companies have greater financial and other resources available to them than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce oil and gas, but also carry out refining operations on a global scale. There can be no assurances that the Company will be able to compete effectively with these companies. Within the location of the Southern Woodbine Projects, EOG Resources Inc, Hawkwood Energy, Contango and Energy Exploration Partners are all fully operational around the Company's lease positions.

(f) Markets for Sale of Production

The ability of the Company to market oil and gas found and produced, if any, will depend on numerous factors beyond the control of the Company, the effect of which cannot be accurately predicted or anticipated. Some of these factors include, without limitation, the availability of a ready market, the effect of federal and state regulation of production, refining, transportation and sales, and general national and worldwide economic conditions.

There is no assurance that the Company will be able to market any oil or gas produced by it, or, if such oil or gas is marketed, that favourable prices can be obtained by the Company.

(g) Price control and Possible Energy Legislation

There are currently no US Federal Government price controls on oil or gas production so that sales of oil or gas by the Company can be made at uncontrolled market prices. However, there can be no assurance that either Federal or individual State Congress will not enact controls at any time. No prediction can be made as to what additional

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energy legislation may be proposed, if any, nor which bills may be enacted nor when any such bills, if enacted, would become effective.

(h) Environmental Risk

The exploration, development and production of oil and gas are subject to various federal and state laws and regulations to protect the environment. Various US government states and governmental agencies are considering, and some have adopted, laws and regulations regarding environmental control which could adversely affect the business of the Company.

Compliance with such legislation and regulations, together with any penalties resulting from non-compliance therewith, will increase the cost of oil and gas development and production.

Some of these costs may ultimately be borne by the Company.

(i) Operating Risks

The Company and its operations in the United States of America will be subject to usual industry operating risks including fire, accidental damage caused by employee errors or negligence, adverse weather conditions and industrial action.

The occurrence of any of these risks could result in substantial liability being incurred by the Company.

To mitigate this risk the Company intends to ensure that insurance is maintained within ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any potential claims. Insurance cover may not be available for every risk faced by the Company. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(j) Tenure Risk

The tenement interests held by the Company are subject to applicable laws regarding exploration and production, expenditure, plus extension and renewal costs of such interests.

Laws and policies in the United States of America may impact on both the Company's ability to secure and maintain its interests and its ability to access the tenement interests it holds. Tenement interests are granted subject to various conditions including, but not limited to, work and expenditure conditions. Failure to comply with these conditions may expose the licences to forfeiture.

All of the exploration permits and tenement interests held by, or applied for, by the Company (or which the Company has an interest in) may in the future become subject to applications for grant, renewal or extension. Given that the terms on which the Company's permits are granted or renewed (if at all) are generally at the discretion of the land owner or mineral right owner, and subject to relevant governmental or administrative authority, there is a risk that any tenement interest held by the Company may not be renewed in the future, or that any application for grant may be refused, and that the Company may be unable to comply with legislative or regulatory requirements to retain title to its permits or applications.

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If a tenement interest is not granted, extended or renewed (as the case may be) or access cannot be secured to carry out operations, the Company could be adversely affected as a result of the consequential loss of opportunity to discover and develop any resources within those interests. Approximately 5,500 acres of 100%WI-owned Delta Project leases are due to be extended beyond their initial 3-year term during the remainder of the calendar year 2014. This is estimated to cost the Company approximately \$3 million and funds are not yet available to be allocated to this effort. The Board and management will use its discretion during the course of the year to determine the merits of renewing individual leases or investing capital in acquiring new leases in other prospective locations.

(k) Taxation

In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

(l) Government Regulation

The oil and gas business is subject to extensive governmental regulation under which, among other things, rates of production from the Company wells may be fixed.

Governmental agencies may impose a moratorium on drilling, such as the moratorium on deepwater drilling operations in the Outer Continental Shelf of the Gulf of Mexico that occurred in 2010. A drilling moratorium or other regulatory initiatives in response to oil spills in the geographical areas where the Company conducts operations could have a material adverse effect the Company's business. Governmental regulation also may limit or otherwise affect the market for the Company's wells' production and the price which may be paid for that production. Governmental regulations relating to environmental matters could also affect the Company's operations.

The nature and extent of various regulations, the nature of other political developments and their overall effect upon the Company are not predictable.

(m) Contractual Risk

The Company's ability to efficiently conduct its operations in a number of respects depends upon a number of contracts. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms. Most oil field operations are administered between the joint interest parties under a joint operating agreement and this contract included remedies for non-performance of either party, often without the need to resort to litigation.

(n) Litigation Risk

Legal proceedings may also arise from time to time in the course of the Company's business. The Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute, if proven, may impact adversely on the Company's operations, financial performance and financial position. As at the date of this Prospectus, the Company is involved in a dispute with the operator of the Beeler Project. In 2013, the Company announced that Richland

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Resources Corp. (**Richland**) was removed as operator by the non-operating working interest owners in the Beeler Prospect. Richland had failed to pay certain vendors and these vendors then filed liens against the entire Beeler Project, including Sun's 16.67% non-operating working interest. Many of Richland's vendors also filed lawsuits seeking recovery of amounts they were owed by Richland and Richland subsequently filed for Bankruptcy. In Bankruptcy Court in the United States of America (**Bankruptcy Court**), Richland filed a lawsuit against Sun and the other non-operating working interest owners. On 10 July 2014, Sun executed a Settlement Agreement with: (a) the Bankruptcy Trustee representing Richland's interest in the Bankruptcy; (b) the Counsel for the Committee of Unsecured Creditors; and (c) the other non-operating working interest owners. The terms of the Settlement Agreement require Sun to pay the bankruptcy estate an adjusted amount of Sun's unpaid Joint Interest Billings (the adjusted figure is \$172,000) for the period of time Richland was the operator of the Beeler Prospect. In exchange for the payment, all vendor liens, claims and lawsuits against Sun's interest in the Beeler Prospect will be released and the claims brought by Richland against Sun in Bankruptcy Court will also be released. The Settlement Agreement is subject to approval by the Bankruptcy Judge. Objections to the Settlement Agreement may be made by creditors to the bankruptcy estate within 21 days of the filing of the Settlement Agreement. The deadline has been extended to 22 September. The Company does not expect its liabilities to increase.

Sun is currently in a legal dispute with Amerril regarding certain drilling, completion and production issues within the T. Keeling #1H and Seale #1H production units. As a consequence, the outstanding recorded amounts unpaid by Sun relating to previous operations are subject to further negotiation and could become due and payable. The amounts are likely to be less than \$2.3 million, but the actual amount is not yet clearly measurable and is still subject to future and further negotiation. Sun expects to progress this matter through the court system in Texas. Amerril has also advised that there is a lien over the Seale #1H well from Weatherford Inc. that could lead to a future contingent financial liability of \$2.5 million, net to Sun. However, that is currently the subject of litigation between the Amerril and Weatherford Inc. whereby Amerril and Sun have claims against Weatherford in the amount of approximately \$4-5 million, net to Sun.

5.3 General Risks

(a) Share Market Conditions

The value of Shares quoted on ASX will be subject to varied and often unpredictable influences on the market for equities and particularly for speculative stocks such as the Company's. It is important to recognise that share prices may fall as well as rise, and the Company's Shares may trade below or above the issue price. The price of the Company's Shares, when quoted on the ASX, will be influenced by international and domestic factors as well as general equity market fluctuations. Should these produce a negative effect on the Share price, this may also affect the Company's ability to raise development capital.

(b) Dividends

There is no guarantee as to future earnings of the Company or that the Company will be profitable and there is no guarantee that the Company will be in a financial position to pay dividends.

At the time of issue of this Prospectus, the Directors do not anticipate that any dividend will be declared in respect of the current financial year and no dividends are anticipated to be declared for the foreseeable future.

(c) Dilution risk

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The Company may require further financing in addition to amounts raised under the Offer in the future. If any additional funds are raised through the issue of further securities, Shareholders voting and relevant interest in the Company may be diluted if they do not participate in the Offer.

(d) Liquidity

As with all securities listed on ASX, there can be no guarantee that an active market in Shares will develop over and above its current levels. There may be relatively few or many potential buyers or sellers of Shares on ASX at any given time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in shareholders receiving a market price for their Shares that is less or more than the Offer Price.

(e) General Economic Conditions

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation have an impact on operating costs, commodity prices, and the parameters in which the Company operates. Factors that may be beyond the control of the Company include:

- (1) general economic conditions in Australia and the United States and their trading partners and, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;
- (2) financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party;
- (3) insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- (4) industrial disputes.

These as well as other conditions can affect the Company's future revenues and profitability and the price of its securities.

(f) Changes in Government Policies and Laws

Changes in government laws, regulations, policies and administrative regimes, particularly those affecting ownership of mineral interests, taxation, royalties, land access, labour relations, environmental pollution and mining and exploration activities, may adversely affect the financial performance or the current and proposed operations generally of the Company. These changes may increase operating costs and may have a material adverse effect on the Company.

(g) Industrial Risk

Industrial disruptions, work stoppages and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect profitability.

(h) Management Actions

The Directors will, to the best of their knowledge, experience and ability (in conjunction with management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

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5.4 **Speculative Nature of Investment**

The above list of risk factors is not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. Whether or not income will result from projects undergoing exploration, development and production programs is dependent on the successful establishment of exploration operations. Factors including costs, equipment availability, oil prices affect successful project development as does the design and construction of efficient exploration facilities, competent operation and management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced consultants. In particular, changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect the Company's operations and particularly the trading price of the New Shares on the ASX.

The Securities offered under this Prospectus should be considered speculative in nature and investors should be aware that they may lose some or all of the value of their investment.

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6. Additional information

6.1 Transaction specific prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements. The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the New Securities.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

6.2 Continuous reporting and disclosure obligations

The Company is listed on ASX and its Shares are quoted on ASX under the ticker code "SUR". The Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities.

Copies of the documents lodged by the Company with ASIC may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any Shareholder who asks for a copy of the document before the Closing Date:

- (a) audited financial statements for the year ended 30 June 2013;
- (b) half-yearly financial statements for the period ended 31 December 2013;
- (c) any other financial statements lodged in relation to the Company with ASIC and any continuous disclosure notices given to ASX, in the period since the release of the last annual report on 23 September 2013, being the following documents:

ASX Announcement	Date
Reinstatement to Official Quotation	28 August 2014
\$10m Capital Raising to fund High Impact Drilling	28 August 2014
Suspension from Official Quotation	27 August 2014
Trading Halt	25 August 2014
Response to ASX Query	11 August 2014
Investor Presentation	5 August 2014
Sun Expands Southern Woodbine lease Position	1 August 2014
Quarterly Cash Flow Report	31 July 2014

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Quarterly Activities Report	31 July 2014
Lower Woodbine Oil Projects Drilling Update	14 July 2014
Final Director's Interest Notice - GvE	10 July 2014
Resignation of Managing Director	10 July 2014
Lower Woodbine Oil Projects Drilling Update	8 July 2014
Corporate Update	5 June 2014
Investor Presentation	29 May 2014
Acquisition of new Eagle Ford and Austin Chalk Play	27 May 2014
Request for Trading Halt	23 May 2014
Trading Halt	23 May 2014
Lower Woodbine Oil Projects Drilling Update	19 May 2014
Normangee Oil Project Jack Howe Drilling Update	6 May 2014
Quarterly Activities Report	30 April 2014
Quarterly Cashflow Report	28 April 2014
Normangee Oil Project Jack Howe Drilling Update	22 April 2014
Final Director's Interest Notice - AD	17 April 2014
US Projects Update	14 April 2014
Resignation of Director	7 April 2014
Unlisted Options Lapse	31 March 2014
Woodbine Oil Project Operations Update	14 March 2014
Half Yearly Report 2013	14 March 2014
Excellence in Oil and Gas Conference Presentation	12 March 2014
S&P DJ Indicies Announces March Quarterly Rebalance	7 March 2014
Lower Woodbine Oil Projects Drilling Update	3 March 2014
Woodbine Oil Project Operations Update	24 February 2014
Response to ASX Price Query	6 February 2014
Woodbine Oil Project Operations Update	4 February 2014
Quarterly Cashflow Report	31 January 2014
Quarterly Activities Report	31 January 2014
Woodbine Oil Project Operations Update	28 January 2014
Unlisted Employee Options Lapse	13 January 2014
Woodbine Drilling Update	19 December 2013
Ameril Oil Project Woodbine Drilling Update	21 November 2013
Appendix 3Z - JDK	20 November 2013
Resignation of Director	18 November 2013
First Well Spuds in 3 Well Woodbine Drilling Programme	15 November 2013

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Appendix 3B	15 November 2013
Section 708A Notice	13 November 2013
Change in Substantial Holding	7 November 2013
Results of AGM	6 November 2013
Reinstatement	6 November 2013
Sun to Raise \$6.3 Million	4 November 2013
Suspension from Official Quotation - Header Correction	4 November 2013
Trading Halt	31 October 2013
Investor Presentation	31 October 2013
Trading Halt	28 October 2013
Quarterly Activities Report	28 October 2013
Quarterly Cashflow Report	28 October 2013
New 3 Well Programme into the Woodbine	28 October 2013
Notice of Annual General Meeting	4 October 2013
Initial Director's Interest Notice - IP	26 September 2013
Initial Director's Interest Notice - AD	25 September 2013
Appendix 3Z – MAB	23 September 2013
Annual Report 2013	23 September 2013

6.3 Market Share Price

The highest and lowest prices for Shares in the Company on ASX in the 6 month period before the date of this Prospectus and the respective dates of those sales were:

- (a) highest price of \$0.026 on 3 March 2014; and
- (b) lowest price of \$0.011 on 28 August 2014.

The last closing market sale price of the Shares quoted on ASX on the last day that trading took place in the Shares prior to the lodgement of this Prospectus was \$0.011 on 28 August 2014.

The price that New Shares are being issued is \$0.01 each plus one (1) free-attaching New Option for each two (2) New Shares allotted. If the Offer Price is attributable to the New Shares only (and no value is attributed to the New Options), the Offer Price represents a 9.09% discount to the closing price on 28 August 2014.

6.4 Constitution

The Constitution is in a form common to public companies in Australia and was adopted by the Company on 14 December 1995.

The Company will provide a copy of the Constitution to any Shareholder upon request, free of charge.

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6.5 Rights and liabilities attaching to New Shares

The rights attaching to ownership of the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours. The following is a summary of the principal rights of holders of the New Shares, subject to any special rights attaching to any class of share at a future time. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

(a) Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

(b) Dividends

The New Shares will rank equally with all other issued shares in the capital of the Company and will participate in dividend out of profits earned by the Company from time to time. Subject to the rights of holders of shares with any special preferential or qualified rights attaching to them, the profits of the Company are divisible amongst the holders of Shares paid proportionately to the amounts paid on the Shares. The Directors may from time to time pay to Shareholders such interim dividends as in their judgment the position of the Company justifies.

(c) Transfer of the Shares

(1) Uncertificated System

Transfer of Shares may be effected by an instrument of transfer in accordance with any system recognised by the ASX Listing Rules and effected in accordance with the Securities Clearing House Business Rules approved under the Corporations Act or by an instrument of transfer in any usual form or by another form approved by the Directors or recognised by the Corporations Act or the ASX Listing Rules.

(2) Certificated System

Subject to the Constitution and the Corporations Act, a Shareholder's Share may be transferred by instrument in writing in any form authorised by the Corporations Act and the ASX Listing Rules or in any other form authorised by the Corporations Act and the ASX Listing Rules or in any other form that the Directors approve. No fee shall be charged by the Company on the transfer of any Shares.

(3) Acceptance of transfer

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(d) Winding up

Upon accepting the Entitlement to New Shares and paying the Acceptance Monies, Shareholders will have no further liability to make payments to the Company in the

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event of the Company being wound up pursuant to the provisions of the Corporations Act.

(e) Future increases in Capital

The allotment and issue of any new shares is under the control of the Directors. Subject to the Listing Rules, the Company's Constitution and the Corporations Act, the Directors may allot or otherwise dispose of new shares on such terms and conditions as they see fit.

(f) Variation of Rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders, vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of 75% of the holders of the issued shares of that class, or if authorised by a ordinary resolution passed at a separate meeting of the holders of the shares of that class.

(g) General Meeting

Each holder of Shares will be entitled to receive notice of and to attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

For more particular details of the rights attaching to ordinary shares in the Company, investors should refer to the Constitution of the Company.

6.6 Rights and liabilities of the New Options

The New Options will be issued on the following terms and conditions:

Consideration

The New Options are issued as part of the Offer on the basis of one (1) free-attaching New Option for each two (2) New Share issued. No further consideration other than the payment of the Offer Price will be payable by Eligible Shareholders for the New Options.

Terms of Exercise

The exercise price of each New Option is \$0.025 (**Exercise Price**).

The New Options will expire on the date which is 3 years from the date of issue (**Expiry Date**).

Subject to and conditional upon any adjustment in accordance with the conditions set out below, each New Option entitles the holder to subscribe for one fully paid share upon payment of the exercise price prior to the expiry date.

The New Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per New Option to the Company at any time on or after the date of issue and allotment of the New Options, on or before the Expiry Date.

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On the valid exercise of the New Options and payment of the Exercise Price, the Company will issue Shares ranking pari passu with the then issued Shares.

Transferability

The New Options are transferable.

Rights to participate

New Option holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide New Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the New Options, in accordance with the requirements of the ASX Listing Rules.

New Option holders do not participate in any dividends unless the New Options have been exercised and the resultant Shares are issued prior to the record date to determine entitlements to the dividend.

Reconstructions

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

- (a) the number of New Options, the Exercise Price, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the New Options which are not conferred on shareholders; and
- (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the New Options will remain unchanged.

Pro rata issues

The New Option holder will be permitted to participate in any pro-rata issue of securities of the Company on prior exercise of the New Options, in which case the New Option Holder will be afforded a period of at least seven (7) business days prior to and inclusive of the record date to determine entitlements to the issue to exercise the New Options.

Bonus issues

If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which a New Options is exercisable may be increased by the number of Shares which the New Option holder would have received if the New Option had been exercised before the record date for the bonus issue.

The terms of the New Options may only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the New Options must not be changed to reduce the Exercise Price, increase the number of New Options or change any period for exercise of the New Options.

Quotation

The Company will make an application to ASX for quotation of the New Options.

Application will be made for quotation of the Shares issued upon exercise of New Options.

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6.7 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last 2 years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the company in connection with:
 - (1) its formation or promotion; or
 - (2) the Offer; or
- (c) the Offer,

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:

- (a) to induce them to become, or to qualify as, a Director of the Company; or
- (b) for services provided by a director in connection with:
 - (1) the formation or promotion of the Company; or
 - (2) the Offer.

Set out below are details of the interest of the Directors in the securities of the Company immediately prior to lodgement of the Prospectus with the ASIC. Interest includes those securities held directly and indirectly. The table does not take into account any New Shares the directors may acquire under the Offer.

Director	Number of Shares	Number of Options	% Shareholding
Prof Ian Plimer	Nil	Nil	Nil
Mr Damian Kestel	18,216,368	5,000,000 ¹	0.69
Dr Wolf Martinick	29,000,000	5,000,000 ²	1.09

Note:

1. Unlisted Options exercisable at \$0.105 each on or before 12 September 2015.

2. Unlisted Options exercisable at \$0.036 each on or before 16 November 2014.

6.8 Directors Fees

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$400,000 per annum.

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A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration for the previous 2 financial years and the current financial year to date paid to both executive and non-executive directors who are currently Directors as at the date of this Prospectus.

Director	Financial Year ending 30 June 2013	Financial Year ending 30 June 2014	To be paid this Financial Year
Prof Ian Plimer	Nil	\$45,178	\$60,000
Mr Damian Kestel	\$50,000	\$50,000	\$50,000
Dr Wolf Martinick	\$60,000	\$53,767	\$50,000

Note: The above disclosure relates only to current Directors and does not include directors who resigned during the periods shown.

Details of the intention of the Directors' to participate in the Offer are set out in Section 1.7.

6.9 Substantial Holders

The following are details of those Shareholders who hold more than 5% of the Shares prior to the date of this Prospectus:

Substantial Holder	Number of Shares	%
Winform Nominees Pty Ltd	516,557,701	19.53
Amerril Energy LLC	326,915,166	12.36

On completion of the Offer, neither Winform nor Amerril will hold a relevant interest of more than 20% in Shares. Refer to Section 4.4 for further details regarding control.

The Underwriter is not currently a Shareholder. Pursuant to the terms of the Underwriting Agreement, the Underwriter has agreed to subscribe for Shortfall Shares up to the Underwritten Amount.

The following sets out examples of the potential voting interest of the Underwriter in the Company on the basis that the Underwriter does not enter into any sub-underwriting agreements:

	25% Shareholder uptake	50% Shareholder uptake	75% Shareholder uptake	100% Shareholder uptake
Current shares on issue	3,043,680,885	3,043,680,885	3,043,680,885	3,043,680,885
Entitlements accepted	152,184,044	301,368,088	456,552,133	608,736,177
Underwritten Shares	456,552,133	301,368,088	152,184,044	0
Total Voting Power	12.5%	9.9%	5%	Nil

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6.10 Related Party Transactions

From time to time the Company may be party to transactions with related parties including:

- (a) employment and service arrangements;
- (b) rental agreements; and
- (c) payment of directors fees.

The Company believes that it has made appropriate disclosure of past related party transactions and other than any further disclosure specifically set out below or made elsewhere in this Prospectus does not intend to make any further disclosure of such transactions which transactions will have either proceeded on an "arms length" basis or reasonable remuneration basis.

6.11 Underwriting Agreement

By an agreement between the Underwriter and the Company dated 29 August 2014 (**Underwriting Agreement**), the Underwriter has agreed to partially underwrite the Offer up to \$5,250,000 (**Underwritten Amount**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 5% of the total amount raised under the Offer, a management fee of 1% of the total gross amount raised under the Offer and a corporate advisory fee of \$80,000.

The Underwriting Agreement is subject to standard conditions precedent.

The obligation of the Underwriter to partially underwrite the Offer is subject to industry standard events of termination including the following termination rights:

- (a) (**Market conditions**) the Australian equity capital market conditions and/or ASX trading conditions are such that they are not, in the bona fide judgement of Patersons, conducive to the successful completion of this Mandate or other events beyond the control of Patersons are so material and adverse as to make it impracticable or inadvisable to proceed with the new equity issue on the terms and in the manner contemplated herein;
- (b) (**Indices fall**): any of the All Ordinaries Index or the Small Ordinaries Index as published by ASX is at any time after the date of the Underwriting Agreement 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (c) (**Share Price**): the shares of the Company finish trading on the ASX under the code of "SUR" at any time with a closing price that is less than the Offer Price;
- (d) (**Prospectus**): the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus is withdrawn by the Company;
- (e) (**Copies of Prospectus**): the Company fails to comply with clause 4.1(d) and such failure is not remedied within two (2) days;
- (f) (**No Official Quotation**): Official Quotation has not been granted by the date by which the Company must give notice of the shortfall to Patersons or, having been granted, is subsequently withdrawn, withheld or qualified; or

Prospectus

- (g) **(Supplementary prospectus):**
 - (1) Patersons forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as Patersons may reasonably require; or
 - (2) the Company lodges a supplementary or replacement prospectus without the prior written agreement of Patersons; or
- (h) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by the Corporations Act;
- (i) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is a material omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (j) **(Restriction on allotment):** the Company is prevented from allotting the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (k) **(Withdrawal of consent to Prospectus):** any person (other than Patersons) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (l) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (m) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act;
- (n) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (o) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Russia the United Kingdom, the United States of America, the People's Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (p) **(Authorisation):** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;

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- (q) **(Indictable offence)**: a director or senior manager of a the Company or its subsidiaries is charged with an indictable offence;
- (r) **(Termination Events)**: any of the following events occurs (provided Patersons is of the reasonable opinion that the event would, or would be likely to, have a material adverse effect or give rise to a liability of Patersons under the Corporations Act or otherwise):
 - (1) **(Default)**: material default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (2) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material way which results in a material adverse effect;
 - (3) **(Contravention of constitution or Act)**: a material contravention by the Company or its subsidiaries of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (4) **(Adverse change)**: an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriters reasonable opinion, unlikely to be met in the projected time;
 - (5) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was an omission from them;
 - (6) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
 - (7) **(Public statements)**: without the prior approval of Patersons a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus;
 - (8) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company or its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
 - (9) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
 - (10) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
 - (11) **(Prescribed Occurrence)**: a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs;

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- (12) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (13) **(Event of Insolvency)**: an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company or its subsidiaries;
- (14) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$25,000, except where the potential for such judgement has been disclosed in the Prospectus, is obtained against the Company or its subsidiaries and is not set aside or satisfied within 7 days;
- (15) **(Litigation)**: material litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or its subsidiaries, other than any claims foreshadowed in the Prospectus;
- (16) **(Board composition)**: there is a change in the composition of the Board of the Company, or a change in the senior management of the Company, with the exception of the plans already announced to secure the services of a new CEO, before Completion without the Underwriter's consent;
- (17) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or its subsidiaries;
- (18) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 7 Business Days;
- (19) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (20) **(Certain resolutions passed)**: the Company or its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (21) **(Capital Structure)**: the Company or its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus;
- (22) **(Breach of Material Contracts)**: any of the material contracts described in this Section 9 are terminated or substantially modified; or
- (23) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company;
- (24) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets;
- (25) **(Delisting)**: the Company is removed from the Official List.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

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6.12 Sub-Underwriting Agreement

The Offer is partially underwritten by the Underwriter up to the Underwritten Amount. Refer to Section 6.11 for further details of the terms and conditions of the underwriting.

The Underwriter has entered into sub-underwriting arrangements with various parties with respect to the Underwritten Amount. Each of the Directors has separately entered into sub-underwriting arrangements with the Underwriter as follows:

- (a) Prof Ian Plimer - \$50,000;
- (b) Mr Damian Kestel – \$63,567; and
- (c) Dr Wolf Martinick - \$242,000.

Set out below are details of the interest of the Directors in the securities of the Company immediately after completion of the Offer if each are required to satisfy their sub-underwriting obligations in full:

Director	Shares	Entitlement	Sub-underwriting	Total	% ¹
Prof Ian Plimer	Nil	Nil	5,000,000	5,000,000	0.14
Mr Damian Kestel	18,216,368	3,643,273	6,356,700	28,225,341	0.77
Dr Wolf Gerhard Martinick	29,000,000	5,800,000	24,200,000	59,000,000	1.62

Notes:

1. On the assumption that the Offer is fully subscribed.

None of the Directors are receiving sub-underwriting fees. The sub-underwriting agreements otherwise contain terms and conditions that are considered standard for an agreement of this type.

6.13 Nominee Engagement

For the purposes of ASX Listing Rule 7.7 and section 615 of the Corporations Act, and subject to ASIC approval of such appointment being obtained (and in the event that ASIC approval of the nominee appointed is not obtained, ASIC approval of a replacement nominee appointed by the Company), the Company has appointed Patersons Securities Limited (or will appoint such replacement nominee) (**Nominee**) as the nominee to the Offer in respect of the Entitlements of the Ineligible Shareholders. As the Offer is a renounceable rights issue, the Company is required to appoint a foreign nominee to arrange for the sale of the Entitlements that Ineligible Shareholders would have otherwise been entitled to. The Nominee is required to account to the Ineligible Shareholders the net proceeds of the sale.

The ability to sell Entitlements on ASX, and the price at which Entitlements can be sold, will depend on various factors, including market conditions. The maximum extent permitted by law, neither the Company or the Nominee, nor their respective related bodies corporate, nor the Directors, officers, employees, agents and advisors of any of them, will be liable for a failure to sell Entitlements at a particular price.

The Company will pay the Nominee brokerage of 1.5% on the total gross dollar value of all rights sold or \$1,000 (plus GST) (whichever is the greater) for their role as the Nominee.

The number of Entitlements that the Company will transfer to the Nominee will be the same number of Entitlements that would have been available to Ineligible Shareholders if they were able to participate in the Offer.

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If, in the reasonable opinion of the Nominee, there is no market, or no viable market, for the Entitlements of Ineligible Shareholders (**Excluded Rights**), or a surplus of sale proceeds over the expenses of the sale of Excluded Rights cannot be obtained, then the Excluded Rights will be allowed to lapse and they will form part of the Shortfall.

6.14 Interests of experts and advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last two (2) years, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or
- (c) the Offer of New Securities under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) offer of New Securities under this Prospectus.

Patersons Securities Limited is the Underwriter to the Offer, in respect of which it is entitled to receive fees and commission under the Underwriting Agreement as set out in Section 6.11 above.

Patersons Securities Limited has been appointed as the Nominee to the Offer (subject to consent to this appointment being received from ASIC), in respect of which it is entitled to receive fees as set out in Section 6.13 above.

HopgoodGanim are acting as solicitors to the Offer and have performed work in relation to the Prospectus. In doing so, HopgoodGanim have placed reasonable reliance upon information provided to them by the Company. HopgoodGanim does not make any statement in this Prospectus. In respect of this work, the Company estimates that it will pay approximately \$40,000 (excluding disbursements and GST) to HopgoodGanim. HopgoodGanim are also engaged from time to time by the Company on a variety of legal matters. Further amounts may be paid to HopgoodGanim in accordance with its normal time based charges.

6.15 Subsequent events

There has not arisen, as at the date of this Prospectus, any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

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6.16 **Litigation**

The Company is engaged in a number of contentious litigation matters that may have a material adverse effect on either the Company or its business. Refer to Section 5.2 for further details.

6.17 **Privacy**

By submitting an Entitlement and Acceptance Form for shares you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Computershare Investor Services Pty Limited, an external service provider. The Company requires Computershare Investor Services Pty Limited to comply with the National Privacy Principles with performing these services. The Company's register is required under the Corporations Act to contain certain personal information about you such as your name and address and number of shares and options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- (a) when you agree to the disclosure;
- (b) when used for the purposes for which it was collected;
- (c) when disclosure is required or authorised by law;
- (d) to other members in the Company's group of companies;
- (e) to your broker;
- (f) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Computershare Investor Services Pty Limited, except in limited circumstances. If you wish to access, update or correct your personal information held by Computershare Investor Services Pty Limited or by the Company please contact our respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

6.18 **Expenses of the Offer**

The expenses which are payable by the Company in respect of preparing and distributing this Prospectus and in respect of the Offer are estimated to be approximately as follows:

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Item	A\$
ASIC fees	2,100
ASX Quotation fees	5,000
Legal fees	40,000
Printing and despatch	10,000
Share registry	10,000
Underwriting fees	365,242
Miscellaneous	5,000
Total	437,342

6.19 Consents and disclaimers

- (a) Each of the parties referred to in this Section:
- (1) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
 - (2) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.
- (b) HopgoodGanim has given its written consent to being named as the solicitors to the Company in this Prospectus. HopgoodGanim has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.
- (c) The Underwriter has given its written consent to being named as the lead manager, the underwriter and the ASIC appointed nominee for the Company in this Prospectus. The Underwriter has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.
- (d) The Share Registry has given its written consent to being named as the share registry to the Company in this Prospectus. The Share Registry has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

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7. Directors' statement

This Prospectus is dated 29 August 2014 and is issued by Sun Resources NL.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquires and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to investors or their professional advisors. Each of the Directors has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Signed on the date of this Prospectus on behalf of Sun Resources NL by:



Mr Damian Kestel
Director

Prospectus

8. Definitions & glossary

Terms and abbreviations used in this Prospectus have the following meaning:

Acceptance	An acceptance of Entitlements
Acceptance Monies	The Offer Price multiplied by the number of New Shares accepted under an Entitlement
Amerill	Amerill Energy LLC, a company operating in the United States of America
Applicant	A person who submits an Entitlement and Acceptance Form
ASIC	Australian Securities & Investments Commission
ASX	The Australian Securities Exchange operated by ASX Limited ACN 008 624 691
ASX Listing Rules	The listing rules of the ASX
Badger Oil Project	A number of lease tracts totalling 10,028 gross mineral acres in Bastrop County, Texas where Sun has a 50% working interest
Bankruptcy Court	The Bankruptcy Court of the United States of America
Board	The board of directors of the Company
Business Day	A day, other than a Saturday, Sunday or public holiday, on which banks are open for general banking business in Perth
Closing Date	The date by which valid acceptances must be received by the Share Registry being 3.00pm (Perth time) 19 September 2014 or such other date determined by the Board and the Underwriter
Company or Sun	Sun Resources NL ACN 009 196 810
Constitution	The Constitution of the Company
Corporate Governance Principles	Corporate Governance Principles and Recommendations 2nd Edition released by the ASX Corporate Governance Council in August 2007 (as amended)
Corporations Act	<i>Corporations Act</i> 2001 (Cth)
Directors	A director of the Company

Prospectus

Eligible Shareholder	A shareholder of the Company that holds Shares in the Company on the Record Date
Entitlement	The entitlement of a Shareholder to accept New Shares under this Prospectus
Entitlement and Acceptance Form	An entitlement and acceptance form in the form accompanying this Prospectus
Excluded Rights	Unsold Entitlements of Ineligible Shareholders
Existing Option	The Options on issue as at the date of this Prospectus
Group	The Company and each of its wholly owned subsidiaries
Ineligible Shareholders	Shareholder's having a registered address outside Australia and New Zealand
Jack Howe	A vertical pilot well drilled to core and evaluate the Lower Woodbine geological objective with a suspended well bore that will be re-entered to drill and case as a horizontal well bore in the Lower Woodbine oil reservoir target.
Law	The Corporations Act or any relevant and applicable law in Australia
Leona Oil Project	SW Leona is a number of lease tracts totalling approximately 6,000 gross acres where Sun has a historic 50% working interest and participated in to horizontal wells in the Lower Woodbine Formation (Seale & T. Keeling #1H)
Lower Woodbine	A geological formation of Lower Cretaceous age that is oil bearing and being developed as an unconventional oil reservoir
New Securities	The New Shares and New Options to be issued pursuant to this Prospectus
New Shares	The new Shares offered under this Prospectus
Nominee	Patersons Securities Limited ACN 008 896 311
Offer	The offer and issue of New Securities under this Prospectus
Offer Price	\$0.01 for each New Share applied for
Official List	The official list of ASX
Official Quotation	Quotation of securities on the Official List

Prospectus

Opening Date	7.00am (Perth time) 10 September 2014
Options	An option to subscribe for Shares
New Options	The new free-attaching Options offered under this Prospectus
Nominee	Patersons Securities Limited ACN 008 896 311
Placement Shares	The Shares issued without a disclosure document under Part 6D of the Corporations Act as set out in Section 1.11
Prospectus	This prospectus dated 29 August 2014 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
Record Date	3.00pm (Perth time) 4 September 2014
Register	Company register of Shareholders of Sun
Richland	Richland Resources Corp., a company operating in the United States of America
SCH	A securities clearing house approved by the ASIC
SCH Business Rules	The business rule of the SCH
Securities	The New Shares and the New Options
Share	Ordinary fully paid shares in the capital of the Company and Shares has a corresponding meaning
Shareholder	A holder of Shares
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277
Shortfall	Any New Shares not subscribed for by Eligible Shareholders under the Offer
Shortfall Offer	The offer of Shortfall
Southern Woodbine	An area of southern Leon County and Northern Madison County, East Texas, where Sun has interests in a number of oil and gas leases, including the Normangee and SW Leona Oil Project areas
Underwritten Amount	\$5,250,000

Prospectus

Underwritten Securities	The first 525,000,000 New Shares issued under the Offer
U.S. Securities Act	The U.S. Securities Act of 1933
Winform	Winform Nominees Pty Ltd ACN 152 706 717
WST	Western standard time, as observed in Perth, Western Australia

Prospectus

Corporate Directory

Directors and Officers	Underwriter & Lead Manager	Solicitors to the Offer
<p>Prof Ian Plimer Non-Executive Chairman Mr Damien Kestel Non-Executive Director Dr Wolf Martinick Non-Executive Director</p> <p>Mr Matthew Battrick Interim CEO Mr Craig Basson CFO & Company Secretary</p>	<p>Patersons Securities Limited Level 23, Exchange Plaza 2 The Esplanade Perth WA 6000 Telephone: (+61 8) 9263 1111 Facsimile: (+61 8) 9325 5123</p>	<p>HopgoodGanim Level 27, Allendale Square 77 St Georges Terrace Perth WA 6000 Telephone: (+ 61 8) 9211 8111 Facsimile: (+61 8) 9221 9100 www.hopgoodganim.com.au</p>
Administration and Registered Office	Share Registry	Auditor
<p>Level 2 30 Richardson Street West Perth WA 6005 Telephone: (+61 8) 9321 9886 Facsimile: (+61 8) 9321 8161</p>	<p>Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000 Telephone: (+61 8) 9323 2000</p>	<p>BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Telephone: (+61 8) 6382 4600 Facsimile: (+61 8) 6382 4601</p>