



SUN RESOURCES NL

ABN 69 009 196 810
(INCORPORATED IN WESTERN AUSTRALIA)

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29 May 2009

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

Dear Sir/Madam

**RE: CONFIRMATION OF CONVERSION OF CONVERTIBLE NOTES
TO ORDINARY SHARES**

The Company advises it has today approved the conversion of 522,120 12% unsecured convertible notes redeemable on or before 30 June 2011, at a conversion price of \$0.06 per share (1 note per 9.16 shares) into ordinary shares.

We attach an Appendix 3B – New Issue Announcement with respect to this issue.

Yours sincerely
SUN RESOURCES NL

A P Woods
Director

CC:ASX DD Computershare Directors CB/XL Hartleys File

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000.

Name of entity

SUN RESOURCES NL

ACN, ARBN or ARSN

69 009 196 810

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Convertible Unsecured Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 522,120 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Conversion of unsecured convertible notes at a rate of 9.16 shares for each note held, in accordance with original application lodged 23 July 2008. |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:
<ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | No

Refer to annexure a (attached) for full details. |

5	Issue price or consideration	\$0.55 per convertible note.	
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets).	Conversion of convertible notes.	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	29 May 2009	
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	Number	+Class
		225,619,465	ORDINARY SHARES
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	7,215,800	UNSECURED CONVERTIBLE NOTES
		Number	+Class
		4,800,000	25 CENT UNLISTED CONTRIBUTING SHARES PARTLY PAID TO 2.5 CENTS.
		1,000,000	UNLISTED OPTIONS AT 10 CENTS EACH EXPIRING 2 FEBRUARY 2010
		4,000,000	UNLISTED OPTIONS AT 10 CENTS EACH EXPIRING 30 JUNE 2010.
		1,000,000	UNLISTED OPTIONS AT 12.5 CENTS EACH EXPIRING 1 FEBRUARY 2011.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	NO CHANGE	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)? N/A

33 ⁺Despatch date N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

(If the additional securities do not form a new class, go to 43)

Tick to indicate you are providing the information or documents

35 The names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 A distribution schedule of the additional ⁺securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over

37 A copy of any trust deed for the additional ⁺securities

(now go to 43)

Entities that have ticked box 34(b)

38 Number of securities for which ⁺quotation is sought N/A

39 Class of ⁺securities for which quotation is sought N/A

<p>40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>N/A</p>
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<p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	<p>N/A</p>
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	Number	⁺ Class
<p>42 Number and ⁺class of all ⁺securities quoted on ASX (<i>including</i> the securities in clause 38)</p>	<p>N/A</p>	

(now go to 43)

All entities

Fees

43 Payment method (tick one)

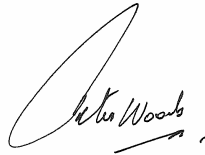
Cheque attached

Electronic payment made
Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

Periodic payment as agreed with the home branch has been arranged
Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant to ASX that the issue of the +securities to be quoted complies with the law and is not for an illegal purpose, and that there is no reason why those +securities should not be granted +quotation. We warrant to ASX that an offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) of the Corporations Law.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 29 May 2009
(Director/Company secretary)

Print name: **ALAN PETER WOODS**
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ANNEXURE A

TERMS AND CONDITIONS OF CONVERTIBLE NOTES

Each Convertible Note entitles the Convertible Noteholder to acquire fully paid ordinary shares in the capital of the Company on the following terms and conditions.

The following is only a summary of the terms and conditions of the Convertible Notes. The full terms and conditions are contained in the Trust Deed.

- Face Value: \$0.55 per Convertible Note.
- Interest Rate: 12% per annum fixed payable in cash quarterly in arrears.
- Conversion: Each Convertible Note will convert to 5 fully paid ordinary share in the Company (subject to the conversion price re-set). The Convertible Notes can be converted at any time between the date of issue and the maturity date. The applicable Conversion Price will be the Conversion Price as at the most recent Re-set Date.
- Conversion Price Re-Set If the volume weighted average share price ("VWAP") for 30 consecutive trading days immediately preceding the end of the relevant Re-Set Date period is lower than the Conversion Price (or Re-Set Conversion Price) on the relevant Re-Set Date the Conversion Price will be adjusted upwards or downwards to be equal to 125% of the VWAP (rounded to the nearest \$0.005) for the period of 30 consecutive trading days immediately preceding each Re-Set Date ("Conversion Price Re-Set").
- Re-Set adjustment thresholds Any re-set adjustments of the Conversion Price pursuant to the re-set provision is limited to a maximum conversion price of \$0.11 per share (1 note converts into 5 shares) and a minimum conversion price of \$0.06 per share (1 note converts into 9.16 shares). The maximum number of shares that 1 Note can be converted into is 9.16 shares.
- Security: Unsecured.
- Term Redemption date 30 June 2011.
- Guarantee from Subsidiary A corporate guarantee has been provided by the Company's wholly owned US subsidiary which owns the producing gas fields, East and West Flour Bluff and Pita Island in Texas, USA (**Guarantee**). Under the terms of the Guarantee, the guarantor has agreed to guarantee the Company's obligations in respect of Trust Deed up to a limit of AUD\$4,000,040.
- Noteholder Redemption Assuming no conversion, the convertible note holders can elect to redeem the full face value of the convertible note if the Issuer raises any new secured or unsecured debt greater than \$250,000 before redemption date, and in other limited circumstances described in the complete terms & conditions of the Convertible Notes as set out in the Trust Deed.
- Quotation The Company has agreed to lodge a disclosure document and apply to the Australian Securities Exchange ("**ASX**") for official quotation of the Convertible Notes. The Company will also apply for official quotation of any shares issued upon conversion of the Convertible Notes in accordance with the terms and conditions.

Shares to rank equally. All shares issued upon conversion of the Convertible Notes will rank pari passu with the existing fully paid ordinary shares of Sun Resources NL.