

31 August 2011

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

Dear Sir/Madam

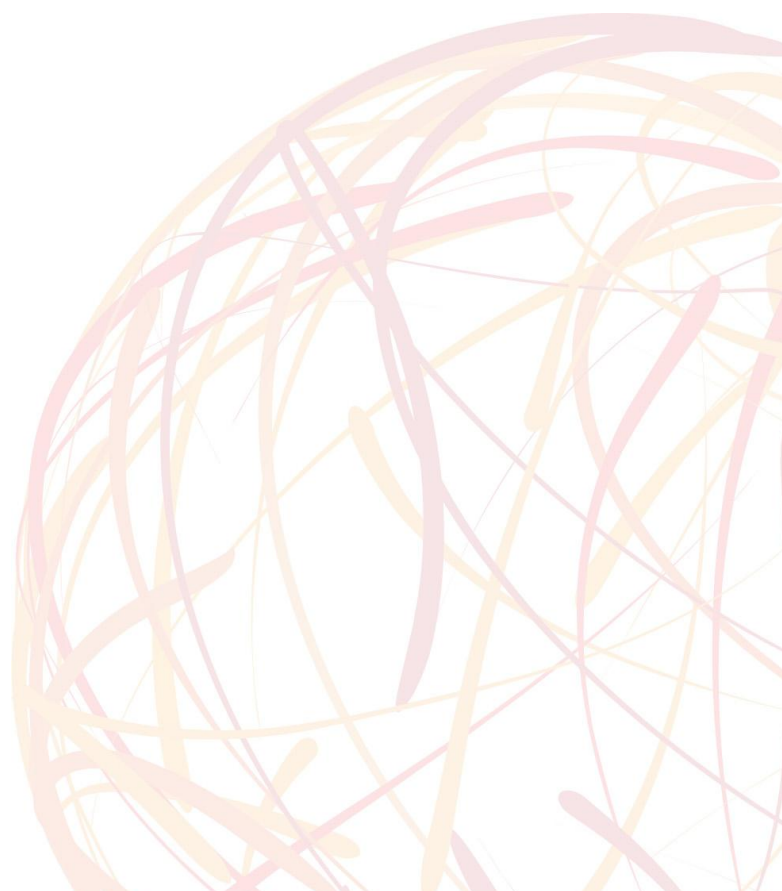
**SUN RESOURCES NL RAISING UP TO \$10.8M**

Please find attached the following announcement in relation to the Capital Raising of up to \$10.8M to secure working interests in the Delta Oil Project in Texas, USA.

Yours faithfully  
**SUN RESOURCES NL**



Craig Basson  
**COMPANY SECRETARY**



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## Capital Raising of up to \$10.8M to Secure Delta Oil Project in Texas, USA

- Sun Resources to raise up to approximately \$8.9 million pursuant to a share placement
- Entitlement Issue to be offered to existing shareholders to raise up to another approximately \$1.9 million
- Completion of capital raising will allow Sun to settle acquisition of the Delta Oil Project, onshore Texas, USA
- Vendors of Delta Oil Project subscribing \$550,000 in share placement, demonstrating strong support for Sun Resources

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The Board of Sun Resources NL ("**Sun Resources**", "**Sun**" or "**the Company**") is pleased to report that it has resolved to raise up to approximately \$10.8 million by way of a share placement for up to approximately \$8.9 million ("**Placement**") and an Entitlement Issue for up to approximately \$1.9 million ("**Entitlement Issue**"). The Placement and Entitlement Issue will be undertaken at 1.7 cents per share. Hartleys Limited is Broker to the Offer and Corporate Advisor in respect of the acquisition of the Delta Oil Project.

### Placement

The Placement will occur in two tranches. In tranche one, Sun will issue up to approximately 66.6 million shares to raise up to approximately \$1.1 million pursuant to its ASX Listing Rule 7.1 15% capacity. In tranche two, Sun will issue up to approximately 459 million shares to raise up to approximately \$7.8 million. The tranche two issue will be subject to shareholder approval at a general meeting of shareholders which is expected to take place in early October 2011. Vendors of the Delta Oil Project will subscribe for \$550,000 pursuant to the Placement. Subject to shareholder approval, Directors of Sun Resources will subscribe \$117,000 in the Placement.

### Entitlement Issue

In addition to the Placement, Sun Resources is pleased to offer existing shareholders the opportunity to participate in the capital raising by undertaking a non-renounceable Entitlement Issue at the same price as the Placement. The Entitlement Issue will allow every eligible Sun Resources shareholder registered as at the close of business on 9 September 2011 ("**Record Date**") to subscribe for 1 new share for every 4 shares held in Sun Resources. The Entitlement Issue will raise up to approximately \$1.9 million if fully subscribed, and Sun's Directors will reserve the right to place any shortfall from the Entitlement Issue at their discretion.

Sun Resources' Managing Director, Mr Matthew Battrick commented on the success of the Placement, saying:

*"Sun Resources is pleased to welcome a large number of new institutional and sophisticated investors to its share register, who are strongly supportive of Sun's entry into the Eaglebine oil play, and is very pleased to be offering existing shareholders the opportunity to participate at the same price, as we take on this exciting new venture for the Company. The placement was undertaken by Hartleys Limited as Broker to the Offer, and also received strong support from a number of other brokers, including CPS Securities".*

The proceeds of the Placement and Entitlement Offer will be applied to the acquisition of the Delta Oil Project, repayment of the short term secured loan from Dr Bradford Farrell, and for working capital purposes.

Details of the Entitlement Offer will be contained in a letter to shareholders to be mailed on 1 September 2011. A Notice of Meeting will be also mailed to shareholders in the coming days, which will contain details in respect of the acquisition of the Delta Oil Project, and the Placement.

#### Indicative Entitlement Issue timetable

Event	Date
Offer Document, Appendix 3B and Cleansing Notice lodged with ASX	31 August 2011
Notice sent to security holders containing Appendix 3B details and indicative timetable	1 September 2011
Shares commence trading ex-Entitlement	5 September 2011
Record Date for determining eligibility for the Entitlement Offer	9 September 2011
Mailing of Offer Document and Entitlement and Acceptance Form to Eligible Shareholders	14 September 2011
Entitlement Offer Opens	16 September 2011
Entitlement Offer Closes	3 October 2011
Shares quoted on a deferred settlement basis	4 October 2011
ASX notified of under-subscription	6 October 2011
Issue and allotment of the New Shares for which valid applications have been received and accepted by Sun Resources	10 October 2011
Despatch of holding statements	11 October 2011
Last day of deferred settlement trading of New Shares under the Entitlement Offer	11 October 2011
Normal trading of New Shares on ASX expected to commence	12 October 2011

These dates are indicative only and subject to change. Subject to the Corporations Act, the ASX Listing Rules and other applicable laws, Sun Resources, in consultation with Hartleys Limited, reserves the right to change any of these dates without notice. This may include extending the Offer, closing the Offer early or accepting late Applications, either generally or in particular cases.

The Company looks forward to providing further updates to shareholders as the acquisition is progressed over the coming weeks, and as Sun Resources progresses towards development of the Delta Oil Project.

#### About the Delta Oil Project

On 26 August 2011 Sun Resources announced that it had entered into a binding term sheet with a Houston based private oil and gas company to acquire up to 10,000 net acres of oil and gas leases<sup>1</sup> (**Delta Oil Project**), all located within the oil zone of the Eagle Ford Shale trend in Texas, USA. Sun will acquire a 100% working interest in all of the leases, each with a minimum 75% net revenue interest, a three year lease term, and in most instances, also have a 2 years option to extend the lease term.

The Delta Oil Project leases are located in the rapidly expanding new 'Eaglebine' play within the overall Eagle Ford Shale trend in Houston, Madison, Leon and Robertson Counties, Texas. In this new resource play, horizontal fraced wells have obtained significant oil production from brittle, sandy units (**Woodbine Sands**) near the base of the Eagle Ford Shale at relatively shallow depths.

Recent horizontal wells within 35 miles of the Delta Oil Project have obtained initial flow rates of 900 to 1,200 barrels of oil per day from multi-staged fraced laterals of 6,000 to 7,000 feet in sandstone units and operators are reporting Estimated Ultimate Recoveries (**EUR**) of 300,000 to 600,000 barrels of oil per well. These results are comparable to wells in the Eagle Ford Shale oil zone in the well-known producing areas. In addition, the Eaglebine target reservoir depths of 5,000 to 8,000 feet are shallower than typical Eagle Ford Shale wells resulting in materially lower well costs which should materially improve the net present value (**NPV**) of individual wells.

Early recognition of the potential of the emerging Eaglebine play has enabled Sun to acquire a substantial lease holding at lease costs significantly lower than those in the well-known areas of the Eagle Ford Shale oil

<sup>1</sup> Sun will work with the Vendor to acquire up to 10,000 acres, however, less than 10,000 acres may ultimately be acquired. The numbers throughout this announcement are based on the acquisition of 10,000 acres.

trend. Utilising information from old vertical wells situated within the boundaries of the leases and recent horizontal well production history from nearby Eaglebine producing wells, independent Houston based petroleum engineering and geological consultants, Ralph E Davis Associates Inc. (**Ralph E. Davis**) has estimated **unrisked net Prospective Resources within the Delta Oil Project of 10 million barrels of oil from one sand unit and potential upside of a further unrisked 10 to 20 million barrels of oil from other sand units within the 400 feet thick target zone.**

The Ralph E. Davis net Prospective Resource estimate uses the following assumptions:

- a total of 30 wells spaced at 320 acres (i.e. 30 wells across 10,000 acres);
- each well with an Initial Production (**IP**) rate of 700 barrels of oil per day (**Bopd**);
- each well with an EUR of 452,000 barrels of oil (**bo**) per well from one 20 feet thick sand unit located over all of the Delta Oil Project area;
- oil at US\$90 per barrel and gas at US\$4 per thousand cubic feet (**Mcf**) held flat for the well life of 30 years;
- each well with a productive life of 30 years;
- capital cost of US\$6 million per well; and
- operating costs of US\$10,000 per month per well.

Assuming production of the 10 million barrels of Prospective Resources, Ralph E. Davis estimated the NPV of the Delta Oil Project of **US\$310 million<sup>2</sup>** which equates to:

- NPV of **US\$10,333,333 per well**; and
- NPV of US\$31 per barrel of oil for 10 million barrels of oil from one 20 feet thick sand unit.

This announcement ends the Trading Suspension requested yesterday.

**For further information please contact:**



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**Managing Director**



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**Company Secretary**

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

This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States nor shall there be any sale of the securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful. The securities offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the Securities Act), or any state securities laws and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act) except in compliance with the registration requirements or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws.

This document contains forward-looking statements which reflect management's expectations regarding expected target dates. These forward-looking statements relate to, among other things, the expected closing dates of tranches 1 and tranche 2, and the closing date of the acquisition, and can generally be identified by words such as "will", "expects", "intends", or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that some or all of the resources and reserves described can be profitably produced in the future.

<sup>2</sup> Discounted at 10%, net of royalties, capital costs, operating costs and state taxes but excluding company income taxes.

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this document. Such assumptions include, but are not limited to, general economic, market and business conditions and corporate strategy. Accordingly, investors are cautioned not to place undue reliance on such statements.

All of the forward-looking information in this document is expressly qualified by these cautionary statements. Forward-looking information contained herein is made as of the date of this document and Sun Resources disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law.

