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Sun Resources NL: Update on the Delta Oil Project, Texas, USA

- Leasing continues towards Sun's target of 10,000 net acres in the highly prospective oil play along the trend of the prolific Eagle Ford Shale Fairway.
- Sun Resources currently undertaking due diligence on its 7th tranche of leases, expected to take Sun's total lease position in this exciting play beyond 8,000 net acres.
- Strong oil production rates being reported in nearby Woodbine/Eaglebine horizontal production wells validate Sun's entry into the Delta Oil Project.
- Strong industry interest in nearby Woodbine/Eaglebine acreage confirms potential of Sun's significant acreage position.

The Board of Sun Resources NL ("Sun Resources", "Sun" or "the Company") is pleased to provide an update on positive developments with respect to Sun's Delta Oil Project, Texas.

Sun Resources controls a 100% working interest in 7,605 acres of leases in the Delta Oil Project in Leon County, Texas, USA, along trend of the prolific Eagle Ford Shale oil and gas fairway. Sun is continuing to work with the vendor to complete the acquisition of the target 10,000 acres, subject to completion of due diligence. To this end Sun is currently completing due diligence on a 7th tranche of leases which will take Sun's total lease position in this exciting play to beyond 8,000 acres.

Sun Resources' Managing Director, Mr Matthew Battrick commented on the acquisition, saying:

"Sun Resources is pleased to continue to grow its outstanding, and now very sought-after, lease position. We will shortly have a 100% working interest (75% NRI), in over 8,000 acres of a high quality oil and gas area in the Eaglebine play of Leon County, Texas, on trend with the world-class, Eagle Ford Shale oil and gas fairway. Sun is also very encouraged by the reported successful drilling and production activity in nearby Woodbine/Eaglebine wells which lie only 10 to 15 kilometres south of our lease position."

Sun Resources is aware of significant demand for land leasing and competitive sale activity within Leon County, as shown by the number of large independent drilling operators that now have substantial lease positions around the Sun acreage (Figure 1). There are unconfirmed reports of lease sales targeting Woodbine/Eaglebine objectives for up to US\$2,500 per acre near Sun's Delta Oil Project. It has been reported that the following companies are now also active in Leon County: Gastar, Halcón, Petromax, Encana and Chesapeake.

Sun Resources also reports that during discussions with other operators and drilling contractors, most operators in Leon and Madison Counties are having greatest success with horizontal well bore lengths of 6,000 -7,000 feet (1,830-2,130 metres) delivering initial production rates of 800bopd and more after multi-stage fracture stimulations, or "fracs" and draining lease areas of at least 120 acres (about 50 hectares). These wells are being drilled, fraced and brought into production for an investment of about US\$5-6 million (figure 2). Operators are also reporting that oil production decline rates are more modest than previously forecast, adding to the strong commercial potential in the Eaglebine/Woodbine play.

These nearby drilling results indicate that pay-back can be achieved within 12 months, delivering strong rates of return and net present values comparable with the conclusions of the independent resource and economics assessment commissioned by Sun Resources, through Ralph E Davis. The Ralph E Davis report concluded that wells within this play could deliver an NPV10 of \$10.333 million per well (see detail below under the heading: "About the Delta Project").

Recent industry research has listed the following characteristics of the Woodbine/Eaglebine oil play (Figure 3).

- Organic-rich, laminated sand above Buda
- ~40% silica and clastics = natural fractures
- Geologically equivalent to EFS in South Texas
- Modern drilling/completion skills critical
- Multiple, high quality sand lenses
- Premium pricing for oil, NGL's and gas
- 10%+ porosity, 4-5% TOC
- Current IP's 3-4 times higher than previous estimates
- Well cost = \$5.5-6.5 million
- Spud to Production = 60-90 days
- Well Spacing = 160 acres
- EUR = 467 mboe per well per zone
- Potential from 5,500-11,500 feet depth
- Responds to multi-stage fracs (10-20 stages)
- High porosity = high storage capacity sands
- Downdip permeability traps hydrocarbons

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

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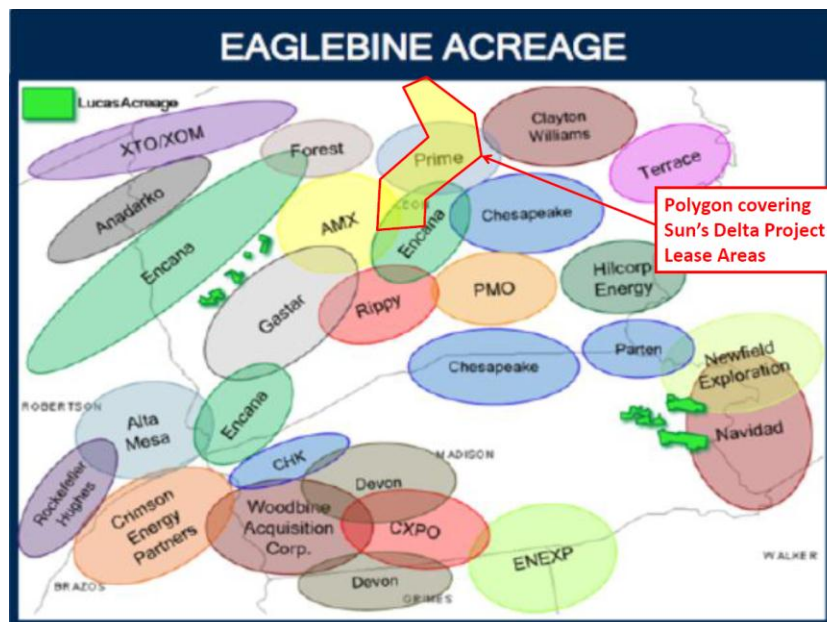


Figure 1: Eaglebine operators within Leon and Madison counties (Source: Lucas Energy Inc)

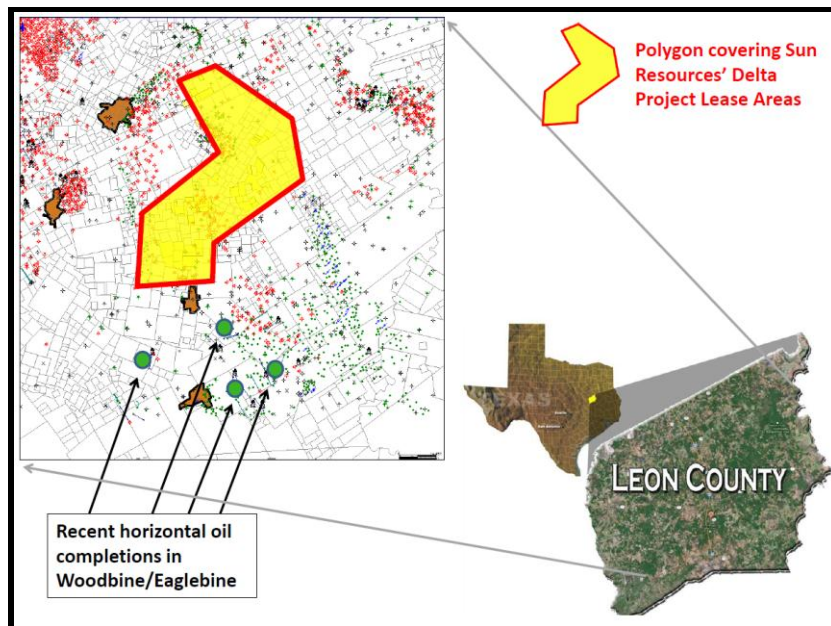


Figure 2: Location map of polygon covering the Delta Project lease position in relation to recent successful horizontal Woodbine/Eaglebine oil wells

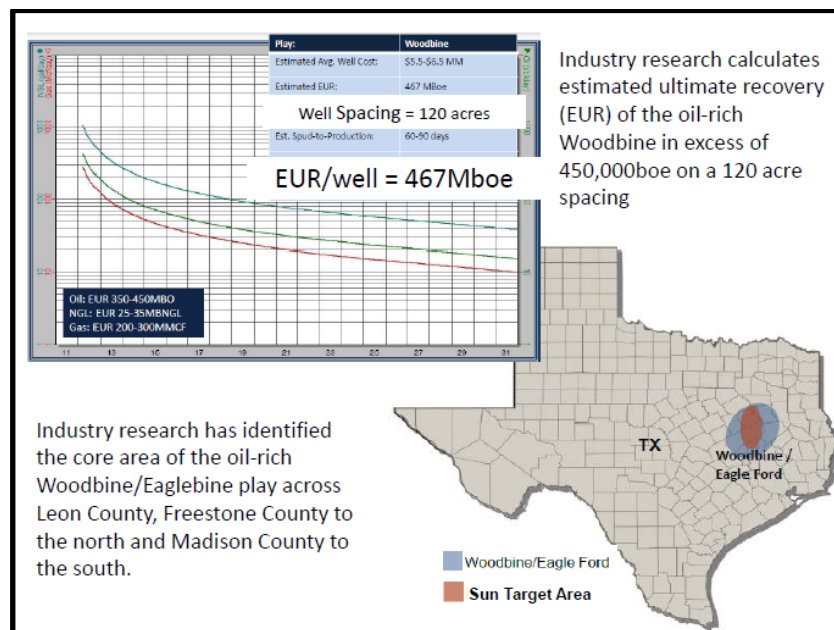


Figure 3: Eaglebine/Woodbine target map area and estimated ultimate recovery chart from recent industry research

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 leases¹ (**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.

¹ 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.

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 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; at a 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 million²** 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.

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.

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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.

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