



SUN RESOURCES NL

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(INCORPORATED IN WESTERN AUSTRALIA)

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Monday, 7 July 2003

Announcements

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

Dear Sir/Ms,

RE: KILAUEA 1 UPDATE, WA-257-P, OFFSHORE CARNARVON BASIN, WA.

Following a drilling update this morning from the WA-257-P Operator Apache Energy ("Apache"), Sun Resources NL ("Sun Resources") advises Shareholders that Kilauea 1 at 0600 hours WST, on Monday, 7 July, was at second casing point at 2,447 metres RT.

Current operations are running, and eventually cementing and setting 244mm casing, reinstalling and testing the BOP to drill ahead in 216mm hole in the next 12-24 hours to secondary and primary targets and final total depth of ~3512 metres RT. Normal operations on location are not expected to be concluded until July 20.

The primary target of Kilauea 1 is a similar Lower Jurassic to Triassic North Rankin – Mungaroo Formation buttress trap located below 3,265 metres RT in the same fault block as the on trend Corvus gas discovery in eastern adjacent WA-246-P. Corvus 1 intersected two separate gas columns differentiated by pressure within the Lower Jurassic North Rankin Formation and Triassic Mungaroo Formation. The upper of the two gas columns had a 423 metre extent from top porosity in the North Rankin Formation whilst the lower intersected Intra-Mungaroo column was open, ie being 64 metres of gas above the final depth of the well. A flat spot is visible on seismic in Kilauea which is coincident with the gas-water contact of the upper North Rankin gas column in Corvus. Notwithstanding Kilauea is on the spill chain from Corvus, it is likely to have been also charged with hydrocarbons from a separate source cell which is less mature than that charging Corvus giving rise to the strong possibility that there will be liquid entrapment as accompanying condensate with gas or an oil leg accompanying gas in the prospect. Quality reservoir to Corvus 1 is also expected in the prospect given its location away from the Rosemary Fault and its shallower depth.

Potential of the primary Kilauea target ranges from; a mean case of 419 billion cubic feet of gas with a possible oil leg of 10 million barrels of oil, to a P₁₀ case of 938 billion cubic feet of gas with a possible oil leg of 26 million barrel of oil, if hydrocarbons are present in the prospect.

Significant shallower hydrocarbon shows were also encountered in Corvus 1 in lowermost Cretaceous and Mid to Upper Jurassic levels that are respectively indicative of palaeo-oil accumulations or significant oil migration through structure. These stratigraphic levels are currently in front of the drill bit.

Because of the Operator's extensive knowledge base of the targeted reservoir the well may not be flow tested in the event of a discovery, but will be evaluated by wireline and possibly a sidetrack may be undertaken to obtain core. Following this the well will be plugged and abandoned. Information from both the geological and geophysical evaluation of the reservoirs will be adequate to determine the significance of any hydrocarbons encountered to make a decision on future operations on the prospect. This exploration methodology has become best practice for offshore exploration in the Carnarvon Basin.

Participants in Kilauea 1 are:

*	Sun Resources NL	7.50%
	Apache Northwest Pty Ltd	40.25% (Operator)
	Kufpec Australia Pty Ltd	30.00%
	Wandoo Petroleum Pty Ltd	<u>22.25%</u>
		100.00%

* ASX listed

Yours sincerely
SUN RESOURCES NL



Dr Brad L Farrell
MANAGING DIRECTOR

This report is lodged on the Company's website, www.sunres.com.au