

14 March 2013

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

Dear Sir/Madam

**RE: LODGEMENT OF HALF-YEAR FINANCIAL REPORT AT DECEMBER 2012**

Please find attached the Interim Financial Report of Sun Resources NL for the period ending 31 December 2012.

Yours faithfully  
**SUN RESOURCES NL**

A handwritten signature in black ink, appearing to be 'Craig Basson', written over a white background.

Craig Basson  
**Company Secretary**



**SUN RESOURCES NL**  
ABN 69 009 196 810  
AND ITS CONTROLLED ENTITIES

**INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**SUN RESOURCES NL  
31 DECEMBER 2012**

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**SUN RESOURCES NL**  
**31 DECEMBER 2012**

**CORPORATE DIRECTORY**

**Directors**

Dr Wolf Gerhard Martinick  
B.Sc, Ph.D., FAIMM

**Non-Executive Director and Chairman**

Mr Matthew A Battrick, B.Sc. (Geol)  
MPESA, MPESGB, MAAPG, GAICD

**Executive Director and Managing Director**

Mr John Damian Kenny  
B.Com (Hons), LLB

**Non-Executive Director**

Mr Damian Kestel  
B.Com and B.Laws (Hons)

**Non-Executive Director**

Dr Philip Linsley, B.Sc. (Hons Geol) (London)  
Ph.D. (London), MBA (Kingston)

**Non-Executive Director**

**Company Secretary and CFO**

Mr Craig Basson  
B.Com (Hons), FCA, FCIS, GAICD

**Head Office**

Unit 16, Subiaco Village  
531 Hay Street  
Subiaco, Western Australia 6008  
Telephone: (08) 9388 6501  
Facsimile: (08) 9388 7991  
Email: [admin@sunres.com.au](mailto:admin@sunres.com.au)  
Website: [www.sunres.com.au](http://www.sunres.com.au)

**Registered Office**

5 Bendsten Place  
Balcatta, Western Australia 6021  
Telephone: (08) 9345 4100  
Facsimile: (08) 9345 4541

**Bankers**

National Australia Bank Limited  
District Commercial Branch  
Unit 7, 51 Kewdale Road  
Welshpool, Western Australia 6106

**Corporate Managers**

Corpserv Pty Ltd  
5 Bendsten Place  
Balcatta, Western Australia 6021  
Telephone: (08) 9345 4100  
Facsimile: (08) 9345 4541

**Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco, Western Australia 6008

**Solicitors**

HopgoodGannim  
Level 4, 105 St Georges Terrace  
Perth, Western Australia 6000

**Share Registry**

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth, Western Australia 6000  
Telephone: (08) 9323 2000  
Facsimile: (08) 9323 2096

**Home Exchange**

Australian Securities Exchange Limited  
Exchange Plaza  
2 The Esplanade  
Perth, Western Australia 6000  
ASX Code: SUR

**SUN RESOURCES NL**  
**31 DECEMBER 2012**

**DIRECTORS' REPORT**

The Directors of Sun Resources NL present their report on the consolidated entity consisting of Sun Resources NL ("Sun" or "Company") and the entities it controlled ("Consolidated Entity" or "Group") at the end of, or during, the half-year ended 31 December 2012.

**DIRECTORS**

The names of the Directors of the Company in office at any time during the financial period or since the end of the financial period are:

Dr W G Martinick	Director – Chairman and Non-Executive
Mr M A Battrick	Managing Director – Executive
Mr J D Kenny	Director – Non-Executive
Mr D Kestel	Director – Non-Executive
Dr P Linsley	Director – Non-Executive

Unless otherwise stated each Director held their office from 1 July 2012 until the date of this report.

**PRINCIPAL ACTIVITIES**

The principal activity of the Consolidated Entity during the period was oil and gas exploration. No significant change in the nature of this activity occurred during the financial period.

**DIVIDENDS**

No dividends have been declared, provided for or paid in respect of the half-year (30 June 2012: none).

**CONSOLIDATED RESULTS**

The consolidated net loss for the Consolidated Entity for the period under review was (\$5,647,794) [2011: (\$2,653,430)].

**EVENTS OCCURRING AFTER REPORTING PERIOD**

The following events occurred subsequent to the end of the period:

- Ongoing flow back operations at the Richland Oil Project with all four wells producing oil to surface at varying rates from the Woodbine Formation.
- Ongoing drilling operations at the Amerril Oil Project with all wells recording strong oil shows in the Woodbine Formation.
- As announced by the Company to ASX Limited on 5 March 2013, Amerril Energy LLC ("Amerril") has been appointed as the Operator of the Richland Oil Project.

The new Operator has commenced an audit of the work done up to the operatorship changeover date by the previous operator of the Richland Oil Project, Richland Resources Corporation ("Richland"). This audit will provide the Company with a detailed assessment from a qualitative and quantitative perspective of the work undertaken by the prior operator. The Company has formed the view for budgeting purposes that no further monies are due to the prior operator in respect of the Richland Oil Project.

The Company has become aware of the existence of claims of non-payment from a number of contractors who may have provided products or services to the prior operator of the Richland Oil Project. Those claims are directed at Richland.

**SUN RESOURCES NL  
31 DECEMBER 2012**

**EVENTS OCCURRING AFTER REPORTING PERIOD (Continued)**

The Company has received legal advice from its US lawyers that under US law there is the potential for any proven unpaid creditors of Richland to lodge liens over the leases that comprise the Richland Oil Project in an attempt to secure payment of any outstanding amounts owed by Richland.

From the perspective of a contingent liability, should such liens be lodged and have validity and remain undischarged, then in order to discharge any such liens the Company may have to satisfy any such proven claims by paying the Company's proportionate share. Assuming the need to discharge any such liens the Company's maximum liability would be \$2,000,000. The current liability of the Company is nil.

The Company is currently investigating whether and to what extent it may be liable for these amounts and will advise shareholders as soon as it is able to determine these issues.

Other than as disclosed above, no event has occurred since 31 December 2012 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

The significant changes in the state of affairs of the Consolidated Entity during the financial period are set out in the review of operations below.

**REVIEW OF OPERATIONS**

Sun Resources is applying its strategy of focussing on unconventional "Shale Oil" plays in the USA.

**1. United States of America**

**1.1. OIL AND GAS EXPLORATION:**

During the period, Sun delivered on its stated objective of growing its acreage position above and beyond the original target of 10,000 net acres in the Delta Oil Project. Sun also delivered on its commitment to drill and complete multiple horizontal wells in the Woodbine Tight Oil Play. At the time of this report, four horizontal wells had been drilled and completed, with the fifth drilling ahead. In addition, two vertical wells were successfully drilled and completed.

**The first three horizontal wells: Beeler #1H, John Beeler #1H and Ellis #1H have all produced oil to surface from multi-stage fracing of the laterals, confirming the oil potential and the stacked pay potential in the Woodbine formation. Also, the high quality oil and gas shows seen in the Seale and T. Keeling wells are cause for optimism that there may be further oil potential in the Woodbine within the Amerril Project areas also.**

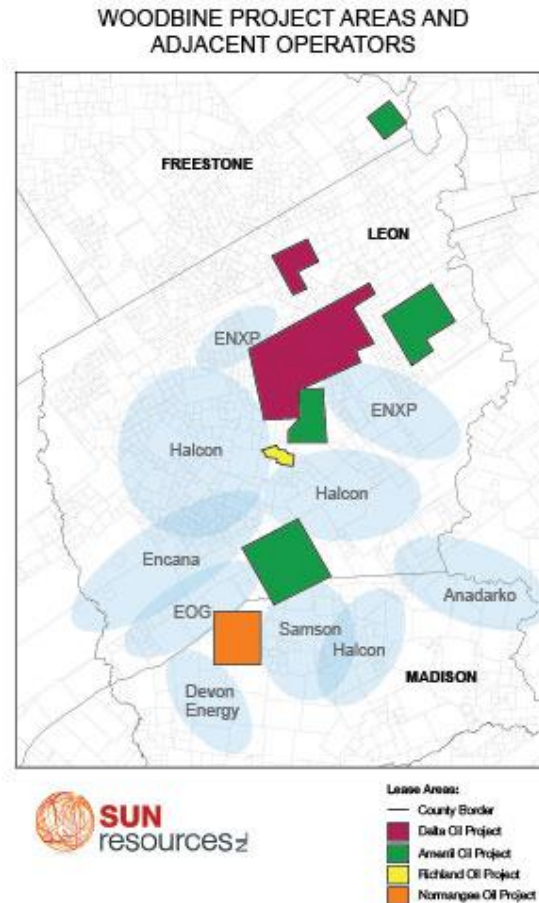
During the Period, Sun continued to expand its footprint in the Woodbine Tight Oil Play in Leon County and surrounding counties in Texas, targeting a gross acreage position of at least 35,000 acres. Significant progress has been made in this regard. At the time of this report, Sun's footprint in the Woodbine Tight Oil Play is 20,020 net acres (29,084 gross acres), refer Figure 1 below.

**SUN RESOURCES NL  
31 DECEMBER 2012**

Acquisitions completed during the December Period included:

- a 100% working interest in an additional 1,184 gross acres in the Delta Oil Project;
- a 50% working interest in 3,652 gross acres in the Normangee Oil Project.

Further details in relation to the above noted acquisitions, plus operational updates on the “proof-of-concept” drilling and fracking processes from the Richland and Amerril Oil Projects are provided below:



**Figure 1: Woodbine Oil Projects Location Map showing activity areas of neighbouring Operators.**

**Richland Project Onshore, East Texas (Sun Resources –13.54 – 16.67% WI)**

The operator of the Richland Oil Project completed the drilling and fracking of three horizontal wells and one vertical well during the period and flow back operations on all four wells were continuing at the time of this report:

**Beeler #1H (renamed CW Brown) – Horizontal Woodbine Well**

A 16 stage fracking operation was successfully completed on the 6,100ft horizontal bore in the Upper Woodbine (A) Formation. Clean-up and flow back commenced with a mixture of oil, gas and fracking fluids being recovered during the Period. On 24 January, it was announced that clean-up and flow back operations at the Beeler #1H horizontal oil well had been suspended due to paraffin build up in the well. Frac fluid recovery was around 10% at the time. Clean-up and flow back will recommence once the paraffin build-up had been cleared and a rod pump installed. An initial production (IP) oil flow rate will be provided when oil production has stabilised.

### John Beeler #1H – Horizontal Woodbine Well

A 31 stage fracturing operation was completed on the 7,300 feet of horizontal well bore in the target Upper Woodbine (A) Formation at the John Beeler #1H well. Clean-up and flow back commenced with a mixture of oil, gas and fracturing fluids being recovered during the Period. Operations were suspended during the fracturing operations at the Ellis #1H well and clean-up and flow back operations recommenced after completion of the 19-stage hydraulic frac at Ellis #1H. Approximately 25% of total frac fluids have been recovered to date and a mixture of oil, gas, frac water and fracturing fluids is flowing to surface as clean-up and flow back progresses. Gas lift equipment has been installed with gas lift now supporting the recovery of fracturing fluids. The latest reported 24-hour flow period (pre gas lift) had delivered 880 barrels of fracturing fluid with a 20% oil-cut. An initial production (IP) oil flow rate will be provided when oil production has stabilised.

### Ellis #1H – Horizontal Woodbine Well

Ellis #1H has been drilled and completed with a successful 19-stage fracturing operation on the 7,000 foot, Middle Woodbine (B) section conducted subsequent to the end of the period. The John Beeler #1H and John Beeler #2 wells were shut during the Ellis #1H frac job in order to avoid any risk of communication between fractures. At the time of this report a mixture of oil and frac water was flowing at rates of approximately 1,000 barrels per day with 25% oil cut and less than 20% frac fluid recovered. An initial production (IP) oil flow rate will be provided when oil production has stabilised.

### John Beeler #2 – Vertical Fraced, Multi-zone Well

John Beeler #2 spudded on 20 October and was drilled to a total vertical depth of 7,200 feet (MD) before being logged and cased ready for fracturing and completion during the period. The John Beeler #2 vertical well has subsequently been successfully fraced over the six planned stages covering the Sub-Clarksville, Upper, Middle and Lower Woodbine, Lower Eagle Ford Shale and the Buda Formations.

Clean-up and flow back operations on the John Beeler #2 vertical well continue beyond the end of the Period. No reservoir fluids were recovered from the Sub-Clarksville zone and formation damage is suspected. The Woodbine zones were now flowing back with approximately 14% of frac fluids recovered to date and a trace of oil now being recovered. An initial production (IP) oil flow rate will be provided when oil production has stabilised.

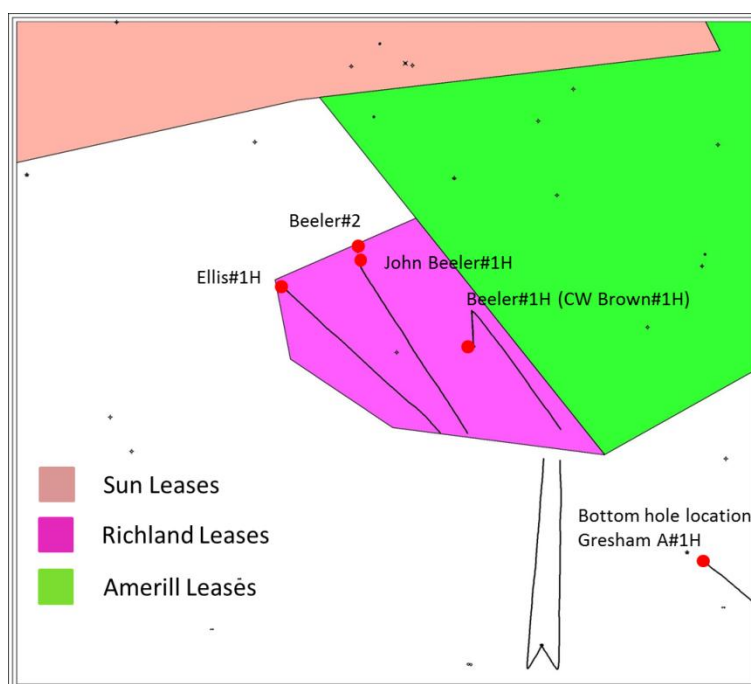


Figure 2: Horizontal Well locations Richland Oil Project



**Amerril Oil Project, Onshore, East Texas (Sun Resources - 50% WI)**

On 4 November the operator, Amerril Energy LLC, commenced a multi-well drilling program in the “SW Leona” area of the Amerril Oil Project leases. The **Seale #1** vertical well was the first well to be drilled, logged and sampled as a ‘pilot hole’, then cased for a later vertical fracing and completion program; targeting the Sub-Clarksville and Woodbine sequences, as well as the deeper Buda-Georgetown Formation, above a planned total depth (TD) of 8,175 feet MD. On 22 November, the Seale #1 vertical well had reached a [deeper] final TD measured depth (MD) of 9,938 feet in the Glen Rose Formation and a complete set of wireline logs was run. The logs identified potential hydrocarbon pay in multiple stacked formations: Sub-Clarksville; the Woodbine, and the Glen Rose Formations. The Seale #1 vertical well was cased for future fracing and ‘multi-zone’ production planned to occur in the first half of 2013.

The **T. Keeling #1H**, was drilled immediately after the Seale #1 vertical pilot hole to target up to 7,500 feet of horizontal well section in the Woodbine Formation. The lateral well was drilled in a northerly trajectory to maximise the length of the lateral while remaining within the boundaries of the lease. Subsequent to the end of the Period, on 24 January, Sun announced the T. Keeling #1H horizontal well had been drilled and cased to a depth of 14,400 feet, delivering almost 6,400 feet of lateral in the Woodbine Formation. Excellent oil and gas shows were observed while drilling along the length of the lateral and these strong oil shows were supported by ‘thru-bit’ logging of the lateral by the Operator, Amerril, after drilling was completed.

The rig was then ‘skidded’ a few meters to permit spudding of the **Seale #1H** horizontal well location on 19 January. This is the third well in the proposed multi-well drilling campaign, with Seale #1H targeting up to 6,000 feet of horizontal well section (lateral) in the Woodbine Formation. The lateral well is being drilled in a southerly trajectory to maximise the length of the lateral while remaining within the boundaries of the lease and was operating below 8,000 feet MD at the time of this report. The Seale #1H well is now being targeted as the first well to be fraced in the Amerril Oil Project area, given the quality of the oil shows in this section of the Woodbine Formation.

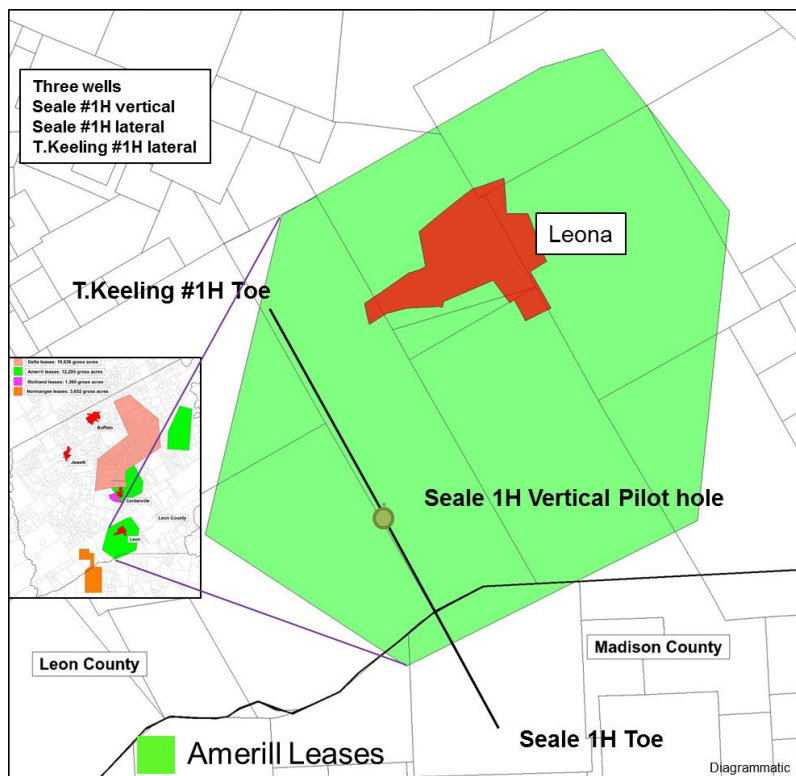


Figure 2: Well locations Amerril Oil Project

**SUN RESOURCES NL  
31 DECEMBER 2012**

**Delta Oil Project, Onshore, East Texas (Sun Resources – 100% WI)**

On 24 December 2012, Sun announced it had purchased a further tranche of leases in the Woodbine Tight Oil Play expanding its Delta Oil Project from 10,636 to 11,820 acres. Sun is continuing to leverage off the land group skills available to Carina Energy LLC, the vendor of these additional Woodbine acres, in building its lease position.

**Normangee Oil Project, Onshore, East Texas (Sun Resources 50% WI)**

On 22 October, Sun Resources announced that, pursuant to a binding Sale and Purchase Agreement with an unrelated third party vendor, it had purchased a 50% working interest in a 3,652 gross acre package of oil and gas leases located on the Leon County-Madison County border, Texas, USA (Normangee Oil Project). The balancing 50% WI in the Normangee Oil Project was purchased by Amerril. Sun's 50% share of the acquisition cost was approximately US\$3.3 million, which was met from existing cash reserves.

The Normangee Oil Project extends Sun's footprint in the Woodbine Tight Oil Play along the strike of the fairway which extends from Leon County west and south into Madison and Grimes Counties (see Figure 1 above). The Normangee Oil Project is on trend to the southwest of Sun's existing Delta, Amerril and Richland Oil Projects, providing additional scale to the lease position in the highly prospective Woodbine Tight Oil Play that Sun commenced building approximately 18 months ago. There is existing oil production in both vertical and horizontal wells drilled into the Sub-Clarksville and Woodbine formations, immediately to the east of the Normangee Oil Project.

The original Woodbine Tight Oil Play discovery field, the Kurten Field, is only 10 miles (15km) to the southwest. There is evidence of oil shows in historical vertical wells located within the boundaries of the acreage that constitutes the Normangee Oil Project within the Sub-Clarksville, Woodbine and Buda Formations, again delivering the potential for stacked pay zones.

**Margarita & Redback Projects, Onshore, South Texas (Sun Resources 20-37.5% WI)**

Sun Resources has a 37.5% WI position in a 400 acre lease covering the TBF 1.46 oil exploration prospect that has the potential for 500,000 barrels of prospective oil resources in the Lower Frio Formation. The exploration well for this prospect will likely be the subject of future farm-out marketing. Sun also has an AMI with Wandoo Energy LLC and Strata-X covering a number of conventional oil and gas prospects that would be the subject of potential future leasing and farm-out.

**1.2. OIL AND GAS production**

The table below summarises Sun Resources' actual net working interest ("WI%") production for the December 2012 Quarter and compares it with the previous Quarter, with gas and oil production being derived from the Flour Bluff gas plant in Corpus Christie in South Texas and oil production from the Richland Project in Leon County, East Texas. USA gas prices improved slightly from the September Quarter average of approximately \$2.90 to an average of around \$3.10 per 1,000 cubic feet of gas (mcf) and oil prices hovering around US\$90 per barrel for West Texas Intermediate (WTI).

<b>PRODUCTION (Sun WI% share)</b>	<b>Dec. 2012 Quarter</b>	<b>Sept 2012 Quarter</b>
<b>Gas (mmscfg)</b>	8.6	10
<b>Oil (bo)</b>	426	181

Units: mmscfg – million cubic feet gas; bo – barrels of oil

**SUN RESOURCES NL**  
**31 DECEMBER 2012**

**2. THAILAND: L20/50 Block, Onshore Phitsanulok Basin (Sun Resources – 45% WI)**

On 29 October 2012 it was announced that Carnarvon Petroleum Ltd (Carnarvon) and Sun had farmed out 100% of the L20/50 Concession to Siam Moeco Limited (SML). As a result Carnarvon and Sun would have no further exploration or development commitments in relation to this Concession. SML would pay Carnarvon and Sun US\$8.5 million upon the commencement of commercial production (Sun's share being 45%). SML would also pay Carnarvon and Sun a 2.0% royalty capped to US\$10 million (Sun's share being 45%).

**3. MALTA: ESA Area 4, Block 3 and ESA Area 5, Offshore Malta (Sun Resources - 20% WI)**

There was no activity during the December 2012 period. The Operator is considering its options in relation to an arbitration hearing and/or further negotiations with the government of Malta.

**4. AUSTRALIA: WA-47-R, Offshore Carnarvon Basin, W.A. (Sun Resources - 9.25% WI)**

On 30 October it was announced that, pursuant to a binding Sale and Purchase Agreement with Hydra Energy (WA) Pty Ltd, pursuant to which Sun has agreed to sell its 9.25%WI in the WA-47-R Retention License. The agreement and sale is now subject only to regulatory approvals. The WA-47-R block contains the small, undeveloped Sage field which was not considered a strategic fit with Sun's focus on high potential exploration and production in the Woodbine Tight Oil Play of Leon County, Texas.

**5. NEW PROJECT DEVELOPMENT: NW Europe**

As previously reported, Sun has executed a non-binding term sheet with an as yet undisclosed party (due to commercial sensitivities) for Sun to participate in the drilling of a high impact well onshore North-West Europe, which is planned to test a 720 bcf conventional gas exploration target. Full details of the terms are available in the announcement of the farm-in, announced on 10 November 2010. Negotiations by the Operator were continuing at the end of the Period with local government on the approval process for the well. Further details relating to this farm-in will be announced to the market following the receipt of necessary local government approvals and the execution of a definitive Farm-in Agreement.

**6. CORPORATE**

Sun held cash of A\$8.3 million at the end of the December 2012.

**ENVIRONMENTAL REGULATION**

During financial period, the Consolidated Entity was not aware of any material breach of any particular or significant Australian or US Federal or State regulation in respect to environmental management.

A review of the Consolidated Entity's operations during the half-year, determined that the Consolidated Entity did not exceed the energy consumption or carbon dioxide emission reporting thresholds set by The National Greenhouse and Energy Reporting Act 2007.

**SUN RESOURCES NL  
31 DECEMBER 2012**

**LIKELY DEVELOPMENTS**

The review of operations of the Consolidated Entity provides an indication, in general terms of the likely developments and the expected results of operations, based on the current drilling program for the remainder of 2013.

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 on page 12 forms part of the Directors' Report for the half-year ended 31 December 2012.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) (a) of the *Corporations Act 2001*.

**ON BEHALF OF THE DIRECTORS**

A handwritten signature in black ink, appearing to read 'M. Battrick', written in a cursive style.

Matthew A Battrick  
**Managing Director**

Perth, Western Australia  
Dated this 13<sup>th</sup> day of March 2013

**SUN RESOURCES NL  
31 DECEMBER 2012**

**TENEMENT DIRECTORY**

<b>PROSPECT</b>	<b>TENEMENTS</b>	<b>INTEREST</b>	<b>COMMENTS</b>
<b>OIL &amp; GAS</b>			
<b>Texas, USA</b>			
<i>Delta Oil Project</i>	Private lease land	100%	11,820 net acres
Amerril Oil Project	Private lease land	50%	6,147 net acres
Richland Oil Project	Private lease land	16.67%	227 net acres
Normangee Oil Project	Private lease land	50%	1,826 net acres
<i>Texas Gulf Basin</i>			
East Flour Bluff Gas Field	State lease land	24.17%	
West Flour Bluff Gas Field	BLM lease land	20.00%	
Pita Island Gas Field	State lease land	20.00%	
Agavero Gas Field	Private lease land	20.00%	
Milagro Oil Field	Private lease land	20.00%	
Dona Carlota Gas Field	Private lease land	20.00%	
El Viejito Gas Field	Private lease lands	20.00%	
Bondi	Private lease land	15.00%	
<i>South Texas</i>			
Margarita	Private mineral	15% to 37.5%	
<b>Malta</b>			
<i>Pelagian Platform</i>	Area 4, Block 3 ESA	20.00%	
	Area 5, ESA	20.00%	
<b>MINERALS</b>			
<b>Western Australia</b>			
<i>North Coolgardie Mineral Field</i>			
Butterfly	M40/110	5.00% NPI	Joint Venture with Kookynie Resources NL on that portion of the lease covered by former P40/462.



13 March 2013

The Board of Directors  
Sun Resources NL  
5 Bendsten Place,  
BALCATTWA WA 6021

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF SUN RESOURCES NL**

As lead auditor for the review of Sun Resources NL for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sun Resources NL and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'B McVeigh'.

**Brad McVeigh**  
Director

**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

**SUN RESOURCES NL**  
**31 DECEMBER 2012**

**DIRECTORS' DECLARATION**

The directors of Sun Resources NL declare that:

- (a) the consolidated financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes set out on pages 14 to 24 are in accordance with the Corporations Act 2001, and:
  - (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and
  - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001 together with other mandatory professional reporting requirements; and
- (b) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Matthew A Battrick  
**Director**

Perth, Western Australia  
Dated this 13<sup>th</sup> day of March 2013

**SUN RESOURCES NL**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

		<b>Consolidated</b>	
	Notes	<b>31 December 2012</b>	<b>31 December 2011</b>
		<b>\$</b>	<b>\$</b>
Revenue from continuing operations		365,838	92,827
Other income – interest received		37,356	46,350
Administration expense		(606,449)	(393,329)
Depreciation		(2,688)	(3,183)
Finance expense		-	(71,742)
Occupancy expense		(35,918)	(35,551)
Employees expense		(315,731)	(283,512)
Exploration impairment expense	3	(4,783,118)	(698,764)
Production impairment expense	4	(135,408)	(1,046,712)
Share based expense	11	(171,676)	(259,814)
		<hr/>	<hr/>
<b>Loss before income tax expense</b>		<b>(5,647,794)</b>	<b>(2,653,430)</b>
<b>Income tax expense</b>		<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Loss for the half-year attributable to owners of Sun Resources NL</b>		<b>(5,647,794)</b>	<b>(2,653,430)</b>
<b>Other comprehensive income items that will be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		(96,355)	67,436
		<hr/>	<hr/>
<b>Other comprehensive income/(loss) for the period, net of income tax</b>		<b>(96,355)</b>	<b>67,436</b>
		<hr/>	<hr/>
<b>Total comprehensive loss for the half-year attributable to owners of Sun Resources NL</b>		<b>(5,744,149)</b>	<b>(2,585,994)</b>
		<hr/>	<hr/>
Basic (loss) per share (cents)		(0.351)	(0.377)

*The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 18 to 24.*



**SUN RESOURCES NL**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

	Notes	<b>Consolidated</b>	
		<b>31 December 2012 \$</b>	<b>30 June 2012 \$</b>
<b>Current assets</b>			
Cash and cash equivalents		8,393,065	1,224,499
Trade and other receivables		183,361	16,604
Financial assets		900	900
<b>Total current assets</b>		<u>8,577,326</u>	<u>1,242,003</u>
<b>Non-current assets</b>			
Receivables		317,687	305,400
Plant and equipment		19,870	18,228
Exploration and evaluation expenditure	3	48,076,704	16,720,865
Oil and gas production assets	4	-	-
<b>Total non-current assets</b>		<u>48,414,261</u>	<u>17,044,493</u>
<b>Total assets</b>		<u>56,991,587</u>	<u>18,286,496</u>
<b>Current liabilities</b>			
Trade and other payables		2,755,212	94,948
<b>Total current liabilities</b>		<u>2,755,212</u>	<u>94,948</u>
<b>Total Liabilities</b>		<u>2,755,212</u>	<u>94,948</u>
<b>Net assets</b>		<u>54,236,375</u>	<u>18,191,548</u>
<b>Equity</b>			
Contributed capital	5	89,785,153	55,486,635
Share based payment reserve	11	10,504,809	3,014,351
Foreign exchange translation reserve		(2,269,969)	(2,173,614)
Accumulated losses		(43,783,618)	(38,135,824)
<b>Total equity</b>		<u>54,236,375</u>	<u>18,191,548</u>

*The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 18 to 24.*

**SUN RESOURCES NL**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the six months ended 31 December 2012**

	Attributable to equity holders of the Company				Total equity
	Share capital	Accumulated losses	Share-based payments reserve	Foreign Exchange Translation Reserve	
	\$	\$	\$	\$	
Balance at the 1 July 2012	55,486,635	(38,135,824)	3,014,351	(2,173,614)	18,191,548
<b>Total comprehensive loss for the period</b>	-	(5,647,794)	-	-	(5,647,794)
<b>Other comprehensive income</b>					
Exchange differences on translation of Foreign Entities	-	-	-	(96,355)	(96,355)
<b>Total other comprehensive income</b>	-	-	-	(96,355)	(96,355)
<b>Total comprehensive income/(loss) for the period</b>	-	(5,647,794)	-	(96,355)	(5,744,149)
<b>Transactions with owners, in their capacity as owners</b>					
Share-based payment transactions	15,488,589	-	7,490,458	-	22,979,047
<b>Contributions by and distributions to owners</b>					
Contributions of Equity	20,024,944	-	-	-	20,024,944
Equity Transaction Costs	(1,215,015)	-	-	-	(1,215,015)
<b>Total transactions with owners</b>	18,809,929	-	-	-	18,809,929
<b>Balance at the 31 December 2012</b>	89,785,153	(43,783,618)	10,504,809	(2,269,969)	54,236,375

**For the six months ended 31 December 2011**

	Attributable to equity holders of the Company				Total equity
	Share capital	Accumulated losses	Share-based payments reserve	Foreign Exchange Translation Reserve	
	\$	\$	\$	\$	
Balance at the 1 July 2011	43,935,216	(33,716,740)	733,248	(2,211,500)	8,740,224
<b>Total comprehensive loss for the period</b>	-	(2,653,430)	-	-	(2,653,430)
<b>Other comprehensive income</b>					
Exchange differences on translation of Foreign Entities	-	-	-	67,436	67,436
<b>Total other comprehensive income</b>	-	-	-	67,436	67,436
<b>Total comprehensive income/(loss) for the period</b>	-	(2,653,430)	-	67,436	(2,585,994)
<b>Transactions with owners, in their capacity as owners</b>					
Share-based payment transactions	161,000	-	617,415	-	778,415
<b>Contributions by and distributions to owners</b>					
Contributions of Equity	10,808,570	-	-	-	10,808,570
Equity Transaction Costs	(667,168)	-	-	-	(667,168)
<b>Total transactions with owners</b>	10,141,402	-	-	-	10,141,402
<b>Balance at the 31 December 2011</b>	54,237,618	(36,370,170)	1,350,663	(2,144,064)	17,074,047

*The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 18 to 24.*

**SUN RESOURCES NL**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	6,724	571
Payments to suppliers and employees	(1,006,621)	(602,387)
Interest received	48,642	46,350
Interest paid	-	(71,742)
<b>Net cash outflow from operating activities</b>	(951,255)	(627,208)
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(4,330)	(9,565)
Payments for production	(171,147)	(88,241)
Payments for exploration	(10,715,155)	(5,897,043)
<b>Net cash outflow from investing activities</b>	(10,890,632)	(5,994,849)
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	18,815,389	10,141,402
Proceeds from short-term loan facility	-	2,000,000
Payment of short-term loan facility	-	(2,000,000)
<b>Net cash inflow from financing activities</b>	18,815,389	10,141,402
<b>Net increase in cash and cash equivalents</b>	6,973,502	3,519,345
<b>Cash and cash equivalents at beginning of period</b>	1,224,499	1,946,964
<b>Effects of exchange rate changes on cash and cash equivalents</b>	195,064	88,506
<b>Cash and cash equivalents at end of the half-year</b>	8,393,065	5,554,815

*The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 18 to 24.*

## SUN RESOURCES NL

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

#### 1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

The financial report consists of consolidated financial statements for Sun Resources NL and its subsidiaries ("Group" or "Consolidated Entity").

These general purpose financial statements for the half-year reporting period ended 31 December 2012 have been prepared in accordance with Australian Accounting Standard 134 "Interim Financial Reporting" and the Corporations Act 2001.

The half-year financial statements do not include all of the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2012 and any public announcements made by Sun during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared to the most recent financial statements, except as follows:

- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of items of Other Comprehensive Income.

Comparatives have been reclassified to be consistent with the current year presentation. The reclassification does not have an impact on the results presented.

#### **Going Concern**

The Company has recorded a net loss after tax of (\$5,647,794) for the half-year ended 31 December 2012 and has net assets of \$54,236,375 as at reporting date.

Notwithstanding the above, the directors of the Company have prepared the interim financial report on the going concern assumption. To enable the Company to continue its activities, the Company may seek to raise funds in the future. Over the course of the next 12 months, the directors consider that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and that the going concern basis of preparation remains appropriate when preparing the half-year report. However, the Company may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the interim financial report of the Company at 31 December 2012.

#### 2. SEGMENT INFORMATION

Segment information is provided on the same basis as the information used for internal reporting purposes by the chief operating decision maker. This has resulted in the business being analysed in two geographical segments namely, Australasia and the United States of America (USA). The principal activity in these locations is the exploration, development and production of oil and gas projects. The following table presents revenue, expenditure and certain asset information regarding geographical segments for the half years ended 31 December 2012 and 31 December 2011.

**SUN RESOURCES NL**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**2. SEGMENT INFORMATION (Continued)**

	Australasia \$	USA \$	Unallocated \$	Consolidated \$
<b>31 December 2012</b>				
Revenue – oil and gas sales	353,551	12,287	-	365,838
Other Income	-	-	37,356	37,356
<b>Total segment revenue</b>	<b>353,551</b>	<b>12,287</b>	<b>37,356</b>	<b>403,194</b>
Segment result after income tax	(5,519,742)	(165,408)	37,356	(5,647,794)
Total segment assets	379,692	48,218,830	8,393,065	56,991,587
Segment liabilities	43,234	2,711,978	-	2,755,212
Segment amortisation and depreciation	2,688	-	-	2,688
Segment exploration impairment	4,783,118	-	-	4,783,118
Segment production impairment	-	135,408	-	135,408

**31 December 2011**

Revenue – oil and gas sales	-	92,827	-	92,827
Other Income	-	-	46,350	46,350
<b>Total segment revenue</b>	<b>-</b>	<b>92,827</b>	<b>46,350</b>	<b>139,177</b>
Segment result after income tax	(1,426,486)	(1,365,550)	138,606	(2,653,430)
Total segment assets	6,407,484	5,162,896	5,554,815	17,125,195
Segment liabilities	51,148	-	-	51,148
Segment amortisation and depreciation	3,183	-	-	3,183
Segment exploration impairment	392,994	305,770	-	698,764
Segment production impairment	-	1,046,712	-	1,046,712

Unallocated segment amounts relate to cash balances and any interest received on these balances.

<b>Consolidated</b>	
<b>31 December 2012</b>	<b>31 December 2011</b>
<b>\$</b>	<b>\$</b>

**3. EXPLORATION AND EVALUATION EXPENDITURE**

Carrying value – at 1 July	16,720,865	5,561,754
Net expenses incurred in the period and capitalised	36,042,603	6,290,002
Foreign exchange movement	96,354	54,965
Expenditure impairment	(4,783,118)	(698,764)
Net carrying value – at 31 December	<u>48,076,704</u>	<u>11,207,957</u>

Net expenses for the period ended 31 December 2012 includes an amount of \$14,597,954 for shares issued to Ameril Energy LLC as part consideration of the Ameril Oil Project (Note 5). Sun has a 50% interest in the Ameril Oil Project joint venture.

Expenditure impairment in 2012 relates to \$4,783,118 to write-off the carrying value of L20/50 in Thailand.

**SUN RESOURCES NL**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<b>Consolidated</b>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>\$</b>	<b>\$</b>
<b>4. OIL AND GAS PRODUCTION ASSETS</b>		
Carrying value – at 1 July	-	946,000
Net expenses incurred in the period and capitalised	135,408	88,241
Foreign exchange movement	-	12,471
Expenditure impairment	(135,408)	(1,046,712)
Amortisation of oil and gas properties	-	-
Net carrying value – at 31 December	-	-
<b>5. SHARE CAPITAL</b>		
Issued and paid-up capital 1,869,888,460 (December 2011: 1,087,162,987) ordinary shares, fully paid	89,785,153	54,237,618

**Movement in ordinary shares on issue**

**2012**

	<b>Date</b>	<b>Number of Shares</b>	<b>Capital \$</b>
Opening balance	1 July 2012	1,140,262,104	57,988,655
Share placement issued at a price of 5 cents per share – 15% share capacity	6 August 2012	167,000,000	8,350,000
Share placement issued at a price of 5 cents per share	12 September 2012	233,000,000	11,650,000
Share placement to Amerril Energy LLC in part consideration for the Amerril Oil Project	12 September 2012	291,959,077	14,597,954
Share placement issued to the Vendor of the Delta Oil Project as part consideration	12 September 2012	9,723,529	680,635
Share placement in consideration for the expansion of the Delta Oil Project	12 September 2012	3,000,000	210,000
Class D partial Performance Option conversion	1 October 2012	24,943,750	24,944
		1,869,888,460	93,502,188
Less: Cumulative issue costs of share capital			(3,717,035)
Closing balance	31 December 2012		89,785,153

The value of the share placement for the expansion of the Delta Oil Project on the 12 September 2012 is determined not by the value based on service, but on the value of the shares as quoted by the Australian Securities Exchange Limited at this date. The value of the service at this date could not be determined as there was not an active market for these services.

## SUN RESOURCES NL

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

#### 5. SHARE CAPITAL (Continued)

##### Movement in ordinary shares on issue (Continued)

2011

	Date	Number of Shares	Capital \$
Opening balance	1 July 2011	444,369,734	45,751,821
Share placement issued at a price of 1.7 cents per share – 15% share capacity	12 September 2011	66,655,460	1,133,143
Entitlement issue at a price of 1.7 cents per share	11 October 2011	85,164,909	1,447,803
Entitlement issue shortfall at a price of 1.7 cents per share	24 October 2011	25,633,404	435,768
Share placement issued at a price of 1.7 cents per share as approved	24 October 2011	451,444,480	7,674,556
Share placement issued at a price of 1.7 cents per share to Directors as approved	24 October 2011	6,900,000	117,300
Share placement in consideration for the acquisition of the Delta Oil Project	26 October 2011	7,000,000	161,000
		1,087,167,987	56,721,391
Less: Cumulative issue costs of share capital			(2,483,773)
Closing balance	31 December 2011		54,237,618

The value of the share placement on the 26 October 2011 is determined not by the value based on service, but on the value of the shares as quoted by the Australian Securities Exchange Limited at this date. The value of the service at this date could not be determined as there was not an active market for these services.

#### 6. EVENTS SUBSEQUENT TO REPORTING DATE

The following events occurred subsequent to the end of the period:

- Ongoing flow back operations at the Richland Oil Project with all four wells producing oil to surface at varying rates from the Woodbine Formation.
- Ongoing drilling operations at the Amerril Oil Project with all wells recording strong oil shows in the Woodbine Formation.
- As announced by the Company to ASX Limited on 5 March 2013, Amerril Energy LLC (“Amerril”) has been appointed as the Operator of the Richland Oil Project.

The new Operator has commenced an audit of the work done up to the operatorship changeover date by the previous operator of the Richland Oil Project, Richland Resources Corporation (“Richland”). This audit will provide the Company with a detailed assessment from a qualitative and quantitative perspective of the work undertaken by the prior operator. The Company has formed the view for budgeting purposes that no further monies are due to the prior operator in respect of the Richland Oil Project.

## SUN RESOURCES NL

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

#### 6. EVENTS SUBSEQUENT TO REPORTING DATE (Continued)

The Company has become aware of the existence of claims of non-payment from a number of contractors who may have provided products or services to the prior operator of the Richland Oil Project. Those claims are directed at Richland. The Company has received legal advice from its US lawyers that under US law there is the potential for any proven unpaid creditors of Richland to lodge liens over the leases that comprise the Richland Oil Project in an attempt to secure payment of any outstanding amounts owed by Richland.

From the perspective of a contingent liability, should such liens be lodged and have validity and remain undischarged, then in order to discharge any such liens the Company may have to satisfy any such proven claims by paying the Company's proportionate share. Assuming the need to discharge any such liens the Company's maximum liability would be \$2,000,000. The current liability of the Company is nil.

The Company is currently investigating whether and to what extent it may be liable for these amounts and will advise shareholders as soon as it is able to determine these issues.

Other than as disclosed above, no event has occurred since 31 December 2012 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements.

#### 7. CONTINGENT LIABILITIES

There have been no changes to contingent liabilities since the last annual reporting date.

#### 8. CONTINGENT ASSET

On 29 October 2012, Sun (45% interest) together with Carnarvon Petroleum Limited announced the farmout of the L20/50 Concession to Siam Moeco Limited ("SML").

The material terms of the farmout are as follows:

- Sun has no further exploration of development commitments in relation to this Concession;
- SML will pay Sun US\$3,825,000 upon the commencement of commercial production; and
- SML will also pay Sun a 2% royalty capped to US\$4,500,000.

Sun has not recognised any contingent asset for this SML farmout due to the difficulty in measuring the value based on the probability of exploration success.

#### 9. RELATED PARTIES TRANSACTIONS

There have been no changes to related parties transactions since the last annual reporting date other than unlisted options issued to Mr D Kestel and shares and unlisted options issued to Mr J D Kenny as a nominee of the Vendor of the Delta Oil Project.

#### 10. CAPITAL AND LEASING COMMITMENTS

There have been no changes to capital and leasing commitments since the last annual reporting date.



**SUN RESOURCES NL**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**11. SHARE BASED PAYMENTS**

	<b>Consolidated</b>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>\$</b>	<b>\$</b>
Share based payments made during the period:		
Share placement to Amerril Energy LLC in part consideration for the Amerril Oil Project	14,597,954	-
Share placement issued to the Vendor of the Delta Oil Project as part consideration	680,635	-
Share placement in consideration for the Delta Oil Project to brokers	210,000	161,000
	15,488,589	161,000
Share based option payments made during the period:		
Unlisted options issued to directors, staff and consultants	171,676	259,814
Unlisted options issued for the Delta Oil Project to brokers	991,009	357,601
Unlisted options issued to the Vendor of the Delta Oil Project as part consideration - progressive issue	409,534	-
Unlisted class D performance options issued to the Vendor of the Delta Oil Project as part consideration - progressive issue	741,656	-
Unlisted class G performance options issued to the Vendor of the Delta Oil Project as part consideration	5,176,583	-
	7,490,458	617,415

**2012**

The Company issued 5,000,000 unlisted options on 12 September 2012 to a director with an exercise price of \$0.105 per option on or before 12 September 2015 as an incentive. The fair value calculated as \$171,676 for these three year options at the date of issue was independently determined using the Black-Scholes option pricing model that takes into account the exercise price (\$0.105), the share price at grant date (\$0.07), expected volatility of the share price (90%) and the risk-free interest rate (2.45%).

The Company issued 20,000,000 unlisted options on 12 September 2012 to a stockbroking firm with an exercise price of \$0.025 per option on or before 31 March 2014 in consideration for services rendered in relation to the expansion of the Delta Oil Project. The fair value calculated of \$991,009 for these 18 month options at the date of issue was independently determined using the Black-Scholes option pricing model that takes into account the exercise price (\$0.025), the share price at grant date (\$0.07), expected volatility of the share price (90%) and the risk-free interest rate (2.45%).

The Company issued 8,265,000 unlisted options on 12 September 2012 to the Vendor of the Delta Oil Project with an exercise price of \$0.025 per option on or before 31 March 2014 in consideration for the acquisition of the Delta Oil Project. The fair value calculated of \$409,534 for these 18 month options at the date of issue was independently determined using the Black-Scholes option pricing model that takes into account the exercise price (\$0.025), the share price at grant date (\$0.07), expected volatility of the share price (90%) and the risk-free interest rate (2.45%).

## SUN RESOURCES NL

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

#### 11. SHARE BASED PAYMENTS (Continued)

The Company issued 10,744,500 class D performance options on 12 September 2012. These options can be exercised if the Company acquires at least 5,000 net acres of additional oil and gas leases (introduced by the Delta Oil Project Vendor on acceptable terms to the Company, acting reasonably) by 5pm WST on 28 February 2013. The Company determined that it was "more likely" rather than "less likely" that the performance milestone would be achieved. A Black-scholes valuation was completed for this 3<sup>rd</sup> progressive issue using an applicable exercise price of \$0.001 per option on or before 28 February 2013 in consideration for the acquisition of the Delta Oil Project. The fair value calculated as \$741,656 for these options at the date of issue was independently determined using the Black-Scholes option pricing model that takes into account the exercise price (\$0.001), the share price at grant date (\$0.07), expected volatility of the share price (90%) and the risk-free interest rate (2.45%).

The Company issued 75,000,000 class G performance options on 12 September 2012. These options can be exercised if the Company acquires at least 5,000 net acres of additional Woodbine oil and gas leases (introduced by the Delta Oil Project Vendor on acceptable terms to the Company, acting reasonably) by 5pm WST on 30 June 2013. The Company determined that it was "more likely" rather than "less likely" that the performance milestone would be achieved. A Black-scholes valuation was completed for this issue using an applicable exercise price of \$0.001 per option on or before 30 June 2013 in consideration for the acquisition of the Delta Oil Project. The fair value calculated as \$5,176,583 for these options at the date of issue was independently determined using the Black-Scholes option pricing model that takes into account the exercise price (\$0.001), the share price at grant date (\$0.07), expected volatility of the share price (90%) and the risk-free interest rate (2.45%).

#### 2011

The Company issued 24,650,000 unlisted options on 16 November 2011 to directors, staff and consultants with an exercise price of \$0.036 per option on or before 16 November 2014 as an incentive. The fair value calculated as \$259,814 for these three year options at the date of issue was independently determined using the Black-Scholes option pricing model that takes into account the exercise price (\$0.036), the share price at grant date (\$0.024), expected volatility of the share price (80%) and the risk-free interest rate (3.78%).

The Company issued 30,000,000 unlisted options on 26 October 2011 to stockbroking firms with an exercise price of \$0.025 per option on or before 31 March 2014 in consideration for services rendered in relation to the acquisition of the Delta Oil Project. The fair value calculated as \$357,601 for these options at the date of issue was independently determined using the Black-Scholes option pricing model that takes into account the exercise price (\$0.025), the share price at grant date (\$0.023), expected volatility of the share price (80%) and the risk-free interest rate (3.78%).

Only class D and G performance options issued have been valued as it is considered probable that these options will be exercised. All other performance options issued have been given a value of nil.



## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUN RESOURCES NL**

We have reviewed the accompanying half-year financial report of Sun Resources NL, which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Sun Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Sun Resources NL, would be in the same terms if given to the directors as at the time of this auditor's review report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sun Resources NL is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report. The company will have to seek additional funding if it is to continue as a going concern, repay its debts and carry out its exploration and evaluation activities. If the company is unable to obtain additional funding it may cast significant doubt about the group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

## BDO Audit (WA) Pty Ltd

A handwritten signature in black ink. The word 'BDO' is written in a simple, blocky font. Below it, the name 'Brad McVeigh' is written in a cursive, handwritten style.

**Brad McVeigh**  
Director

Perth, Western Australia  
Dated this 13th day of March 2013