



SUN
resources

INVESTOR PRESENTATION

BOWSPRIT PROJECT
CONVENTIONAL OIL DEVELOPMENT:
OFFSHORE LOUISIANA

Alex Parks
Managing Director and CEO

August 2019

▪ Focus on Gulf of Mexico Conventional Oil

- *Sun made a strategic shift to development of oil reserves in a neglected portion of Gulf of Mexico with Co-Venture participant Pinnacle Exploration Pte Ltd “Pinnacle”*
- *2017/2018 Sun secured a 50% working interest in 1,154 acres leased in Breton Sound Area, inland shallow waters offshore Louisiana 70km southeast of New Orleans.*
- ***July 2019 – Sun Purchased Pinnacles 50% interest, to move to 100% and total control of the project.***
- *Immediate move to fund drilling via farm out or capital raising with a view to drilling first well in Q1 2020.*

▪ The Bowsprit Lease

- *Lease overlies a field first developed by Shell in the 1960s for deep gas (450ft column)*
- ***Oil & gas has been proven to flow from shallower oil zones but was sub commercial to fully develop in 1960s***
- *The field is a re-development project with proven, conventional, good quality reservoir, light-sweet oil*
- ***Minimum economic field size is ~0.5MMbbls***
- ***Sun’s Conceptual Development plan assumes (gross) 2.5MMbbls of oil from 5 wells, with a Breakeven oil price of ~US\$30/bbl***
- ***RISC modelled a 1,200ft Horizontal Bowsprit well at IP of 2,000bopd and an EUR of 670,000 bbls***
- ***Cost for a horizontal well only US\$3.6 million***
- *To prove the field potential, Sun is targeting drilling appraisal well in Q1 2020*
- *Full field development and first oil potentially in mid 2020*

Capital Structure: As at 29 July 2019

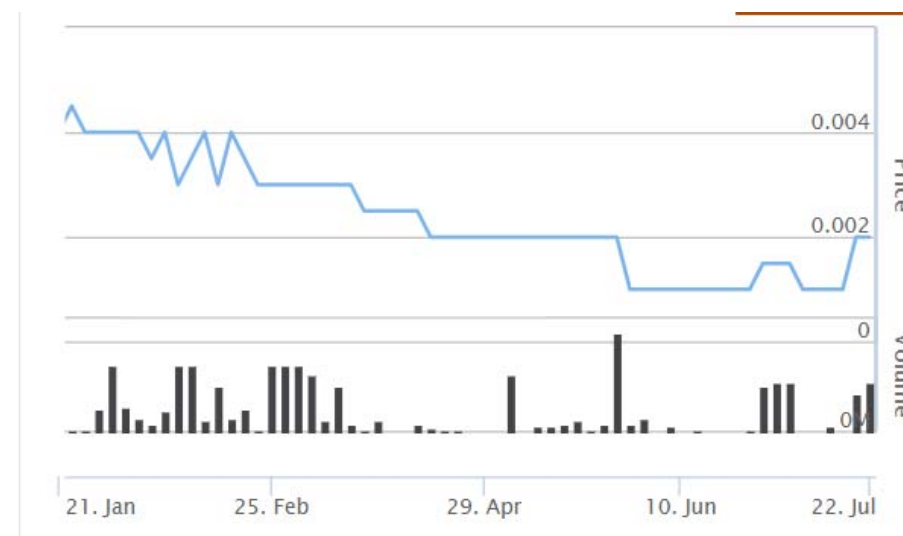
| | |
|---|----------|
| ASX code | SUR |
| Ordinary shares on issue as at 29 July 2019 | 956m |
| Listed options (A\$0.01) exp. 19 October 2020 | 393.8m |
| UnListed options (A\$0.004) exp. 31 Dec 2020 | 50m |
| Share price as at 29 July 2019 | A\$0.002 |
| Market capitalisation (@ A\$0.002) | A\$1.9m |
| Cash at 29 July 2018 | A\$105k |

Top Six Shareholders: As at 29 July 2019

| | |
|------------------------|--------------|
| Fast Lane Aust. P/L | 21.41% |
| Bellarine Gold P.L | 6.35% |
| CM super Fund P/L | 3.55% |
| Mrs Noreen McColl | 3.35% |
| Mr Ian James McCubbing | 3.24% |
| Mr William Bloking | 2.56% |
| Total | 40.5% |

*Note: The top 50 shareholders, including Board, hold 75.9% of shares currently on issue.
The Board and Management own 7.0% (all purchased)*

Share Price History: As at a 29 July 2019



Board of Directors

| | |
|---------------------------|--|
| Mr Ian McCubbing | Non-Executive Director, Chairman |
| Mr Alex Parks | Managing Director & Chief Executive Office |
| Mr William Bloking | Non-Executive Director |

Convertible Note

Sun has a convertible note with Winform Nominees P/L (a subsidiary of Hancock Prospecting) for \$1million plus interest. The loan is repayable out of future production from Bowsprit by 31 March 2021

Hancock has sold out in 2019 – creating some downward pressure on share price

FOCUS AREA - BRETON SOUND, LOUISIANA



Prolific Hydrocarbon Province

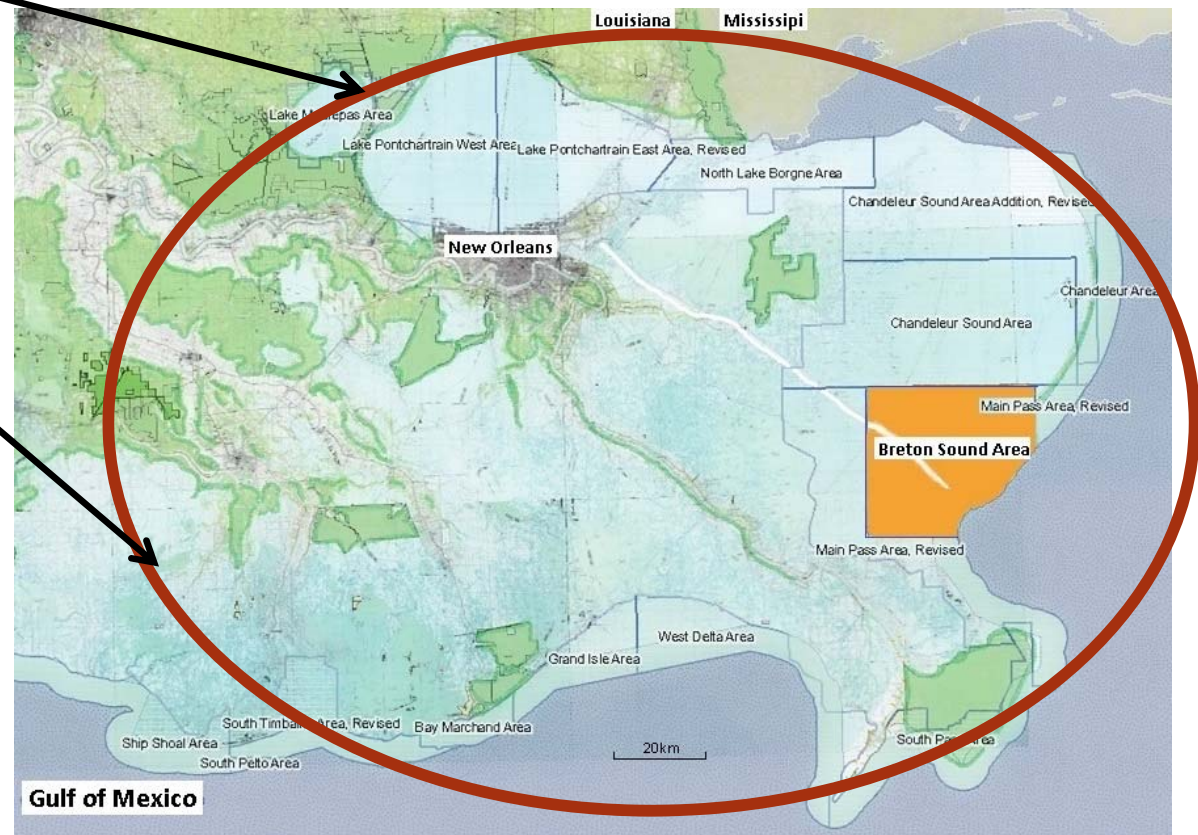
- *St Bernard & Plaquemines Parishes (Red Oval) have produced 1.2 billion bbls of oil and 5.2 Tcf of gas since 1978*
- *Favourable sedimentary circumstances combine with a variety of structures to provide excellent conditions for accumulation*
- *Miocene sediments have yielded more than three billion barrels of oil from approximately 380 fields along the Louisiana Gulf Coast*

Oil-rich Eastern GoM Fairway

- *Shallow water, barge accessible*
- *Production & Sales infrastructure adjacent*
- *Services & equipment available locally*
- *Assessed to be commercial at current oil prices*

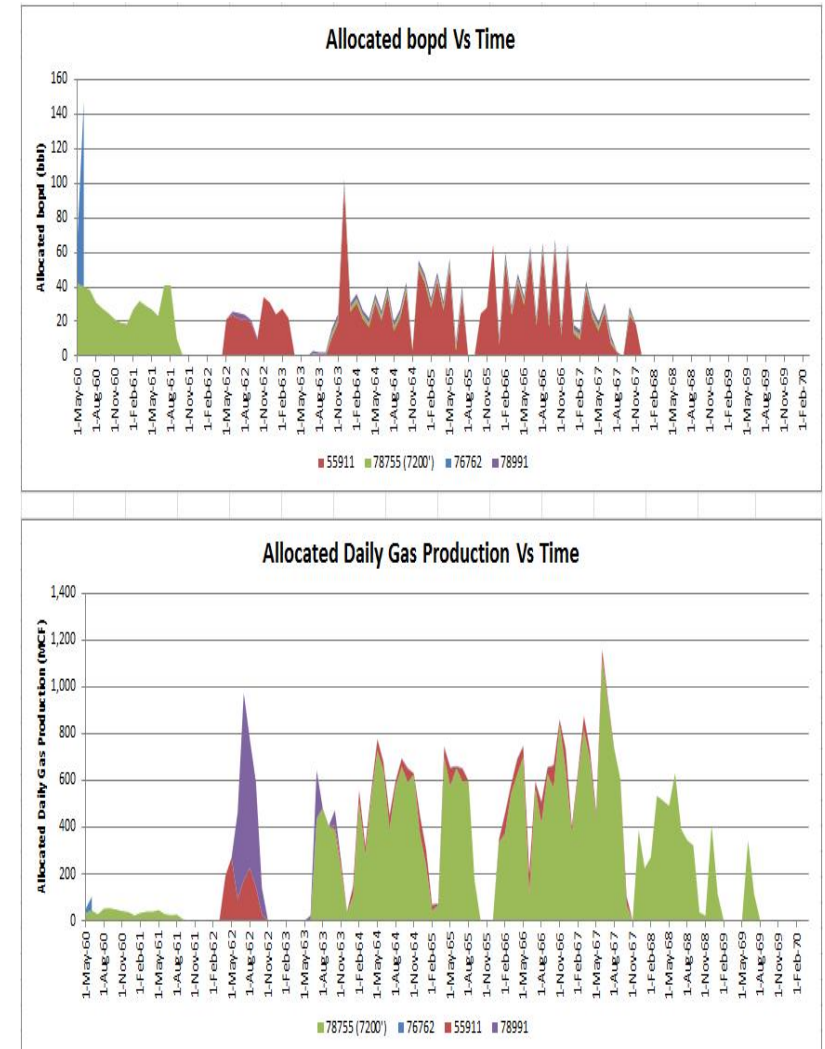
Sun's Bowsprit Project

- *Proven oil in reservoir that has flowed 75,000 bbls*
- *Horizontal well development*
- *Minimum Economic pool size estimated to be 0.5MMbbls*



Bowsprit Lease History

- Shell discovered deep field in 1955
- Produced gas & condensate for 25+ years from deeper zones
- Small Operators produced 1Bscf & 75k bbls from 7,200' & 7,400' sand from vertical wells
- 7,400' Zone consists of deltatic/shelf sands and shales with up to 55' feet of oil column in target sands.
- < 3m of water, extensive existing infrastructure, ready offtake arrangements and low unmanned operating costs
- Sands are thin for vertical offshore wells but horizontal wells should increase IP's and EUR's to commercial volumes
- Horizontal well in nearby analogous field was production tested at 1,500bopd. RISC modelled a 1,200ft horizontal crestal well in Bowsprit capable of IP of 2,000bopd and EUR of 670,000bbls (Ref ASX release 5 April 2018)
- Up to 5 horizontal wells to be drilled into main target sand at 7,400 ft, constrained to an average IP of ~1,000bopd to extend field life
- Secondary potential in undeveloped shallower oil reservoirs

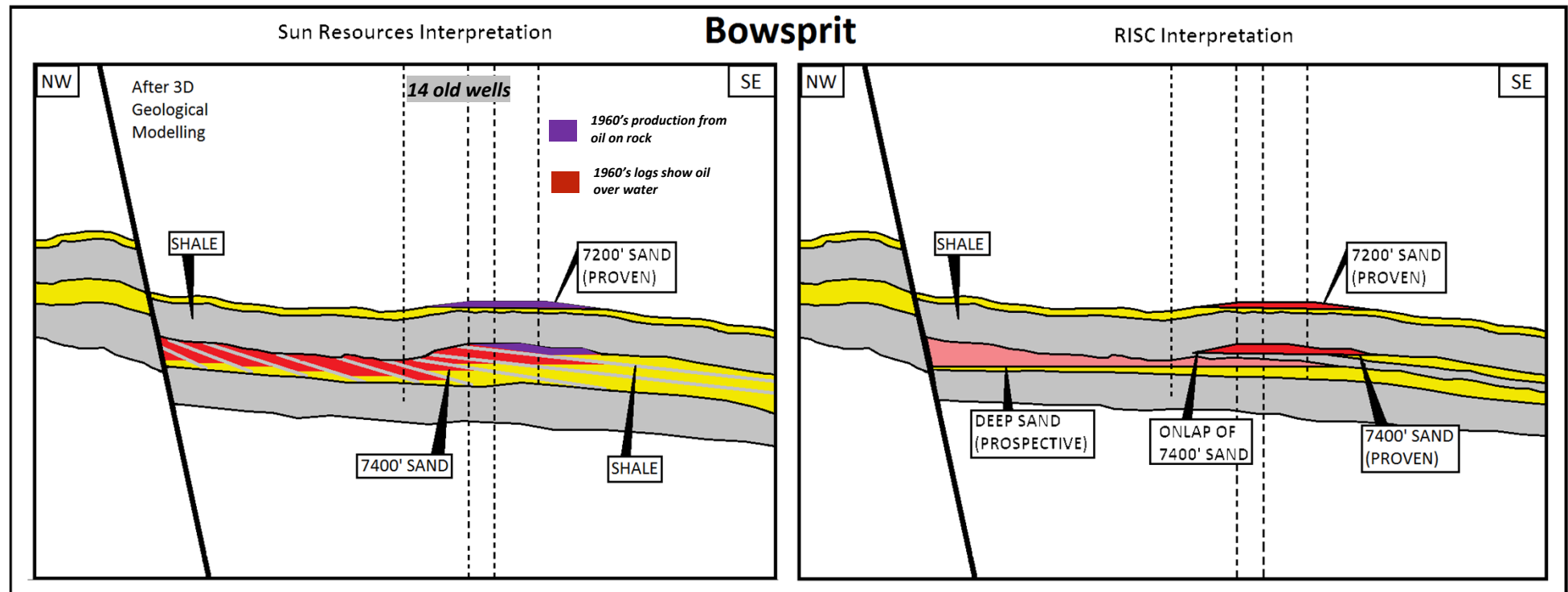


**Production History of the Bowsprit Field
1960 to 1969**

BOWSPRIT CROSS SECTION

Field schematic and alternative interpretations

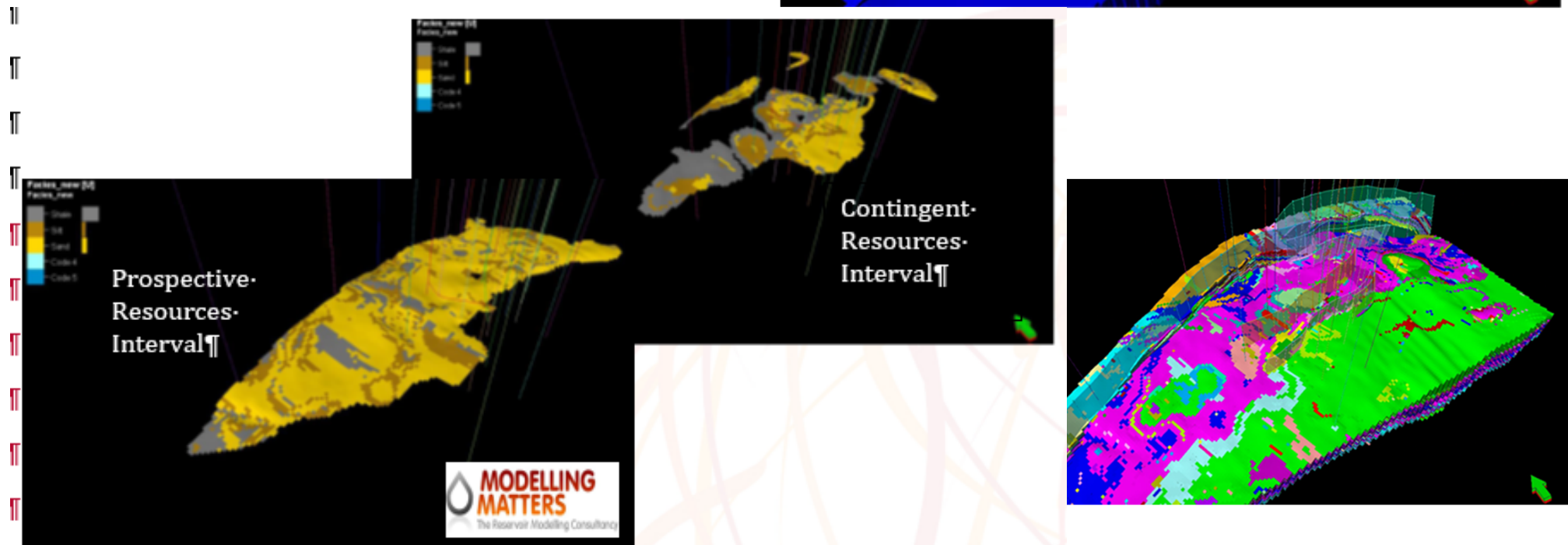
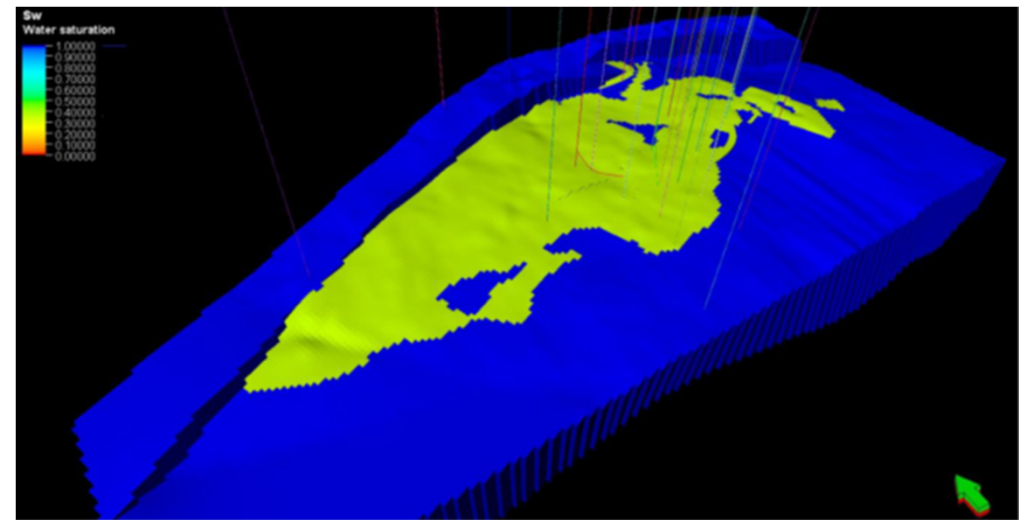
- The Bowsprit Field is covered by high quality 3D seismic, it has an area of approximately 1,000 acres (4km²)
- The gas in the 7,200' sand stands out on seismic and conforms to structure. The 7,200' sand is juxtaposed against the 7,400' sand to the north of the fault and appears to be water saturated beneath the gas
- The 7,400' sand package contains moveable oil (75,800bbls produced) and appears to juxtapose against a thick shale to the north of the fault
- RISC separate the 7,400' into two sands. Following 3D geological modelling Sun interprets it as multiple oil bearing interbedded sand and shales with separate sand bodies giving the field multiple OWC's.
- This will ideally be produced via horizontal wells



BOWSPRIT 3D STRUCTURE

- Map and Area of Contingent Resources, Prospective Resources and Suns Top Structure Map

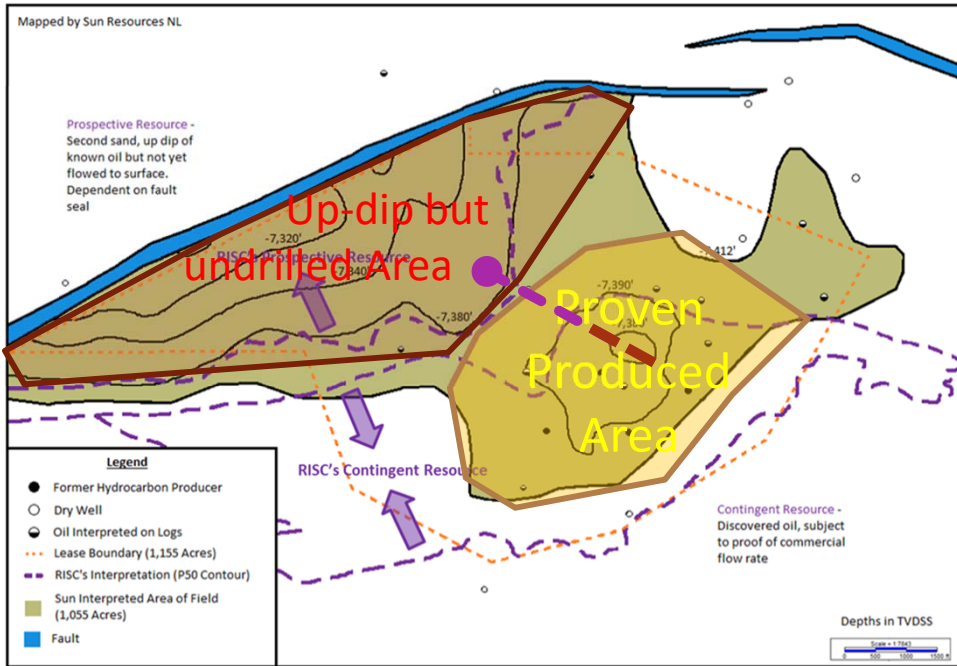
- Sun maps a package of sands under the 200ft thick shale that separates the 7,200' and 7,400' zones*
- RISC maps an onlap (7,400' sand) and underlying deeper sand (7,400' deep)*



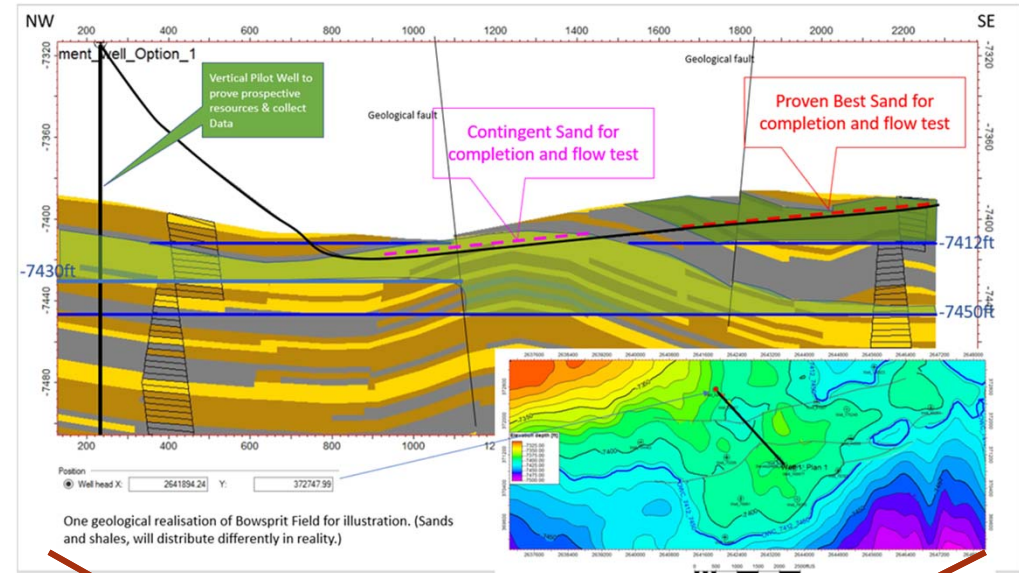
3D Modelling of the Bowsprit Field by Modelling Matters

APPRAISAL PROGRAM Vertical Pilot + Horizontal

Work Program

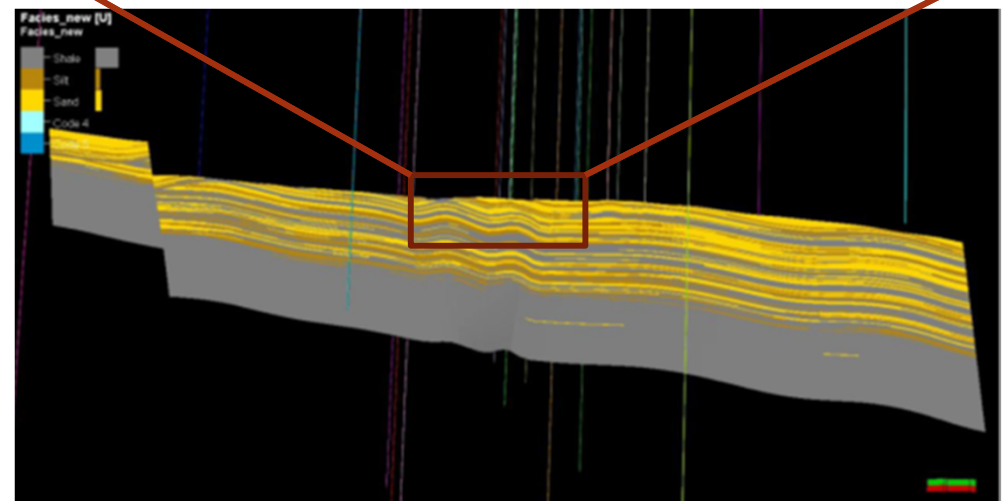


Well 1 in Proven Area – to show commercial Rate possible (~1,000bopd) from Horizontal well. 75,000bbls flowed in 1960's at ~100bopd



Sun's Target Timetable

| | |
|--------------------------------------|----------------|
| Select well locations using 3D model | Jan 2019 |
| Permit surface locations | 4-6 months |
| Permit to drill | October 2019 |
| Drill and interpret results | Q1 2020 |
| FID – fund and design facilities | by end Q2 2020 |
| Develop & First oil | Q3 2020 |



RESOURCE SUMMARY



RISC Advisory Ltd probabilistically estimated the following contingent and prospective resources for the Bowsprit Project as of 15 March 2018: *RISC's independent estimate of resources for the field within polygon of held leases is tabulated below (Sun increased from 50% to 100% Working Interest July 2019¹)*

| | Contingent Resources 100% of Field | | | |
|-----------------------|------------------------------------|------|------|--------|
| Sand | 1C | 2C | 3C | Units |
| 7,200' | 0.14 | 0.42 | 0.76 | Bscf |
| 7,400' | 0.08 | 0.76 | 1.7 | MMbbls |
| 7,400' Associated Gas | 0.08 | 0.84 | 1.9 | Bscf |

Contingent on appraisal well confirming horizontal well deliverability at commercial rates

| | Unrisked Prospective Resources 100% of Field | | | |
|----------------------------|--|------|------|--------|
| Sand | Low | Best | High | Units |
| 7,400' Deep | 0.1 | 1.72 | 6.08 | MMbbls |
| 7,400' Deep associated Gas | 0.1 | 1.66 | 8.88 | Bscf |

Contingent on appraisal well confirming "resistivity kick" on logs is actually moveable oil

Sun's Conceptual Field Development Plan

- An appraisal well is planned for Q1 2020 to:
 - Vertical Pilot to establish the Prospective Resources are present and moveable (Sun interprets oil on logs)
 - Ideally a Horizontal section to be drilled and flow tested to prove deliverability of Contingent Resources
- Subject to results of the appraisal well – Sun estimates approximately 2.5MMbbls of Oil and 3.5Bscf of Gas may be produced from 5 horizontal development wells with a breakeven oil price of ~US\$25-30/bbl

RISC assesses the chance of success for the prospective resources as 20% (1 in 5)

Due to the old data set, RISC have assumed a wide range of parameters, that will narrow dramatically once an appraisal well is drilled

1. See ASX Release of 5 April 2018 for the full Initial Resource Assessment disclosure and Cautionary Statements

Sun increase from 50% to 100% of the Field – subject to completion of buy out of Pinnacle.

STOIP SUMMARY



RISC Advisory Ltd has probabilistically estimated the following STOIP & GIIP for the Bowsprit Project as of 15 March 2018:

| Sand | Potential Hydrocarbons Initially in Place | | | Units | Status |
|----------------|---|------|-------|--------|--|
| | P90 | P50 | P10 | | |
| 7,200' | 1.47 | 1.89 | 2.37 | Bscf | Proven in Place Flowed 1Bscf in 1960's |
| 7,400' | 0.7 | 5.01 | 12.6 | MMbbls | Proven in Place Flowed 75,700bbls in 1960's |
| 7,400' Deep | 0.99 | 11.8 | 49.00 | MMbbls | Prospective Possible separate sand unit. Up dip of know (flowed) oil, resistivity on logs, but not yet flowed to surface |

Cautionary Statement – See ASX release 5 April 2018 for detailed Initial Resource Assessment and full cautionary Statements
RISC assesses the chance of success for the prospective resources as 20% (1 in 5)

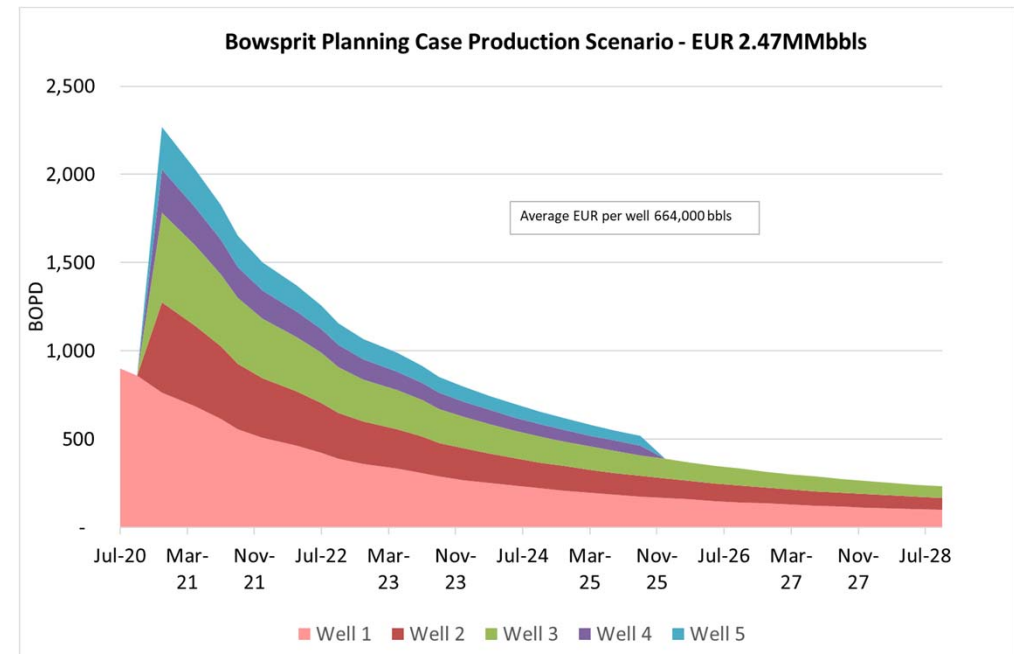
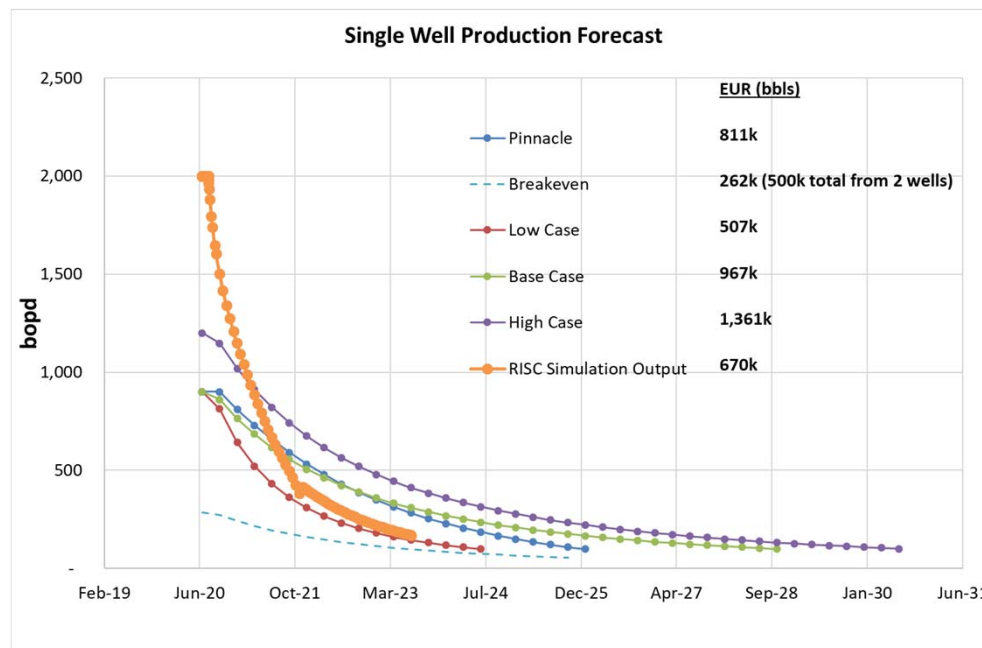
Recovery Factor

- RISC estimated a horizontal well could produce at initial rates of 2,000bopd (EUR of approx 670,000 bbls of oil)
- RISC has assumed a Recovery Factor of 15% to 25% of the Field STOIP assuming full field development
- RISC estimates P50 EUR for 7,400' sand (whole Structure) as 0.97MMbbls + gas
- Subject to Prospective Resources being present and moveable RISC estimates P50 EUR for 7,400' Deep sand (whole Structure) as 2.33MMbbls + gas
- **Subsequent to the RISC Resource Estimate Report - Sun constructed a 3D geological model of the field. The Deterministic STOIP estimate was 30-40MMbbls (within the RISC range).**

Implementation Team Appointed

- Louisiana based FensterMaker to survey & permit the well and facility site location
- Louisiana based Brammer Engineering have been appointed to implement the project
 - Provided Pre- AFE well cost estimates, CAPEX and OPEX estimates based on local experience
 - Is to provide (in conjunction with Sun), detailed well engineering, rig selection and well drilling management, facilities design and installation management
 - Potential future sub-contract Field Operator and HS&E services

Well and Field Production Forecasting



THE PROJECT – FIELD DEVELOPMENT PLAN



Conceptual Field Development Plan

2.5MMbbls & 3Bscf of associated gas is produced

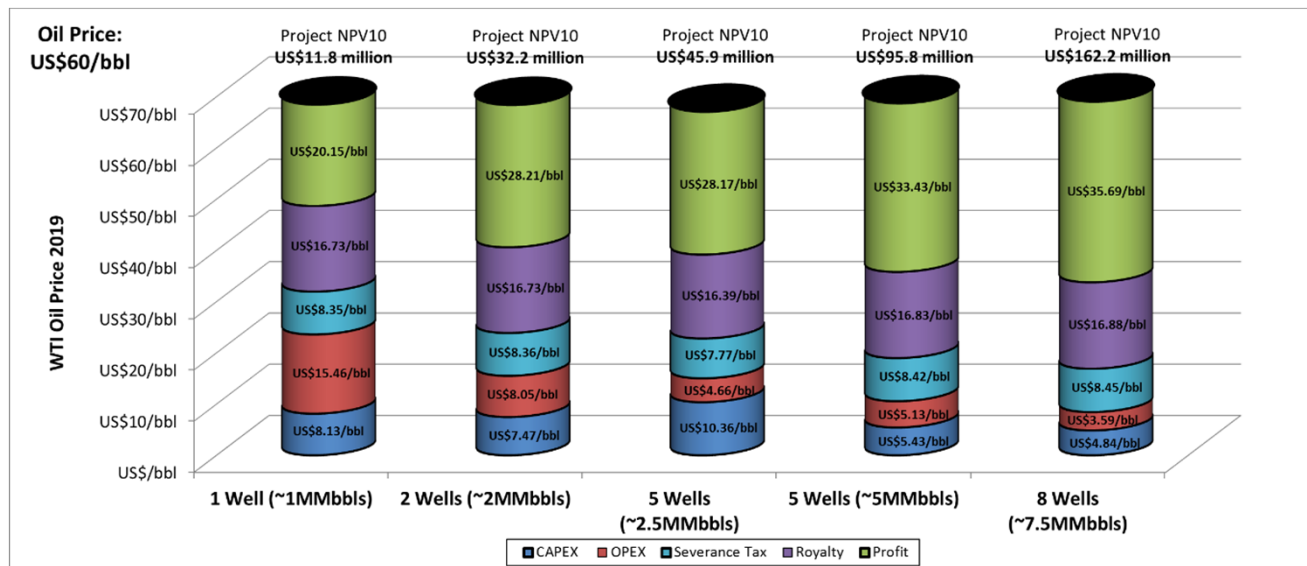
Source

- 5 horizontal wells US\$ 15.5 Million Brammer Engineering (pre AFE)
- Unmanned production facility US\$ 4.5 Million installed Checked by Brammer
- 2.5km parallel export pipelines to tie in point US\$ 0.6 Million installed Brammer Engineering (pre AFE)
- OPEX ~US\$1.8 million per annum for 5 Years US\$ 9.00 Million Checked by Brammer
- Royalty 26% (21% State + 5% Pinnacle)
- Severance Tax 12.5% after drill cost recovery

*Assumed export Tariff of ~US\$3/bbl offset by anticipated premium to WTI

As most costs are essentially fixed – the more oil produced the higher the profit margin

Plan is to commence production with 2 wells and add (up to) 3 more development wells ~6 months after first oil



RISC Resources Summary

Contingent Resources (CR)

Prospective Resources (PR)

CR 1C = 0.08MMbbls

PR - low Case = 0.1 MMbbls

CR - 2C = 0.76 MMbbls

PR - Best Case = 1.72 MMbbls

CR 3C = 1.7 MMbbls

PR - High Case Pros = 6.08 MMbbls

FIT FOR PURPOSE, LOW COST DEVELOPMENT OPTIONS



Shallow-draft barge drilling rig



Suspended well with protection cage



Typical production facility



Production facility



Typical well head with walk way to facilities



Storage tanks with walk way to well head

■ **Foundation Asset – Bowsprit Lease (Sun 100%)**

- *Primary field on known accumulation with redevelopment potential*
- *3D modelling and visualization, permitting in progress,*
- *Farm –out & funding support for drilling*
- *Drill & flow test well 1 to prove commercial rates & prove whole structure contains moveable oil*
- *Install production facilities, produce first oil – 2-4 further development wells*
- ***Sun's prime focus will be on progressing Bowsprit to production ASAP***

■ **Expansion - Identify and secure follow up Projects 2/3/4 in area**

- *Data purchase and detailed work up of opportunities, development and appraisal concepts*
- *Nominate and secure acreage*
- *Detailed planning and desk top work, FEED etc*
- *Fund development planning from Bowsprit cashflow and farm out to fund drilling / development*

■ **Long Term Growth**

- *Identify new exploration and use new, cable-less 3D Seismic to identify deeper fields*
- *Use Quantitative Seismic Interpretation techniques on areas never before covered by high resolution 3D Seismic*

- ***Sun is 100% holder and Operator of a Low CAPEX, high margin, oil appraisal / development project.***
- ***Sun seeks to deliver project value for Shareholders***
 - *Project offers significant potential compared to current Market Cap of A\$1.9million*
 - *Sun intend to raise funds to drill and/or farm out , although substantial compared to the company market cap, it is less substantial compared to the project value.*
 - *The major Shareholders support the Company's strategy*
 - *Will see Sun:*
 - *Positioned for drilling Q1 2020 (Ideally a horizontal well subject to Funding/farm-out)*
 - *Re-rateable by research companies and supporting broker*
 - *Prospective News flow*
 - ✓ *Partners working interest acquired*
 - ✓ *Well location picked, site permitting underway*
 - *Farmout / Funding – next goal*
 - *Rig identified*
 - *Drilling planned to commence Q1 2020*

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