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T. Keeling Well - Frac Commences

Amerril Oil Project (Sun 50% WI)

- **T. Keeling #1H Well:** The Operator, Amerril Energy LLC (**Amerril**), has commenced fracking operations at the T. Keeling #1H horizontal well.
- **Seale #1H Well:** The Operator has suspended operations to clear the partially blocked horizontal well bore in order to allow for the fracking operations to commence at the adjacent T. Keeling #1H horizontal well.

Sun Resources NL (**Sun Resources, Sun** or the **Company**) (ASX:SUR) hereby provides an update on its 2 horizontal wells in the Amerril Oil Project located in Leon County, Texas.

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The Operator, Amerril, has commenced the frac of the T. Keeling #1H horizontal well. The fracking operations will initially consist of 5 frac stages across 1,500 feet of the 'toe' of the lateral section of the well.

In the past 8 weeks, various oil companies (Halcon, Clayton Williams, EOG and Silver Oak) have announced oil flow results from 10 horizontal wells, each drilled into the same stratigraphic horizon as the T.Keeling #1H horizontal well. These horizontal fraced wells were drilled into the horizon labelled by oil companies as either the "Eagle Ford", "Dexter", "Manness Shale", "Lower Woodbine" or the "Woodbine C". The various names can be confusing, but the horizon being drilled is the same as Sun, which Sun refers to as the "Lower Woodbine" or the "Woodbine C".

In the last 8 weeks, Amerril and Sun have had extensive discussions with other oil companies, frac design consultants and various frac completion contractors operating in the Lower Woodbine to identify the most optimal frac design and completion techniques - considered critical to successful commercial exploitation of the Lower Woodbine horizon. As a result of these discussions, Amerril and Sun have gained a more comprehensive understanding of the frac design and completion techniques suited to maximising production.

The first 5 stages of the T.Keeling horizontal well will have between 3 to 5 clusters of perforations per frac stage and a frac fluid and proppant pumping program that is similar to those used in successful

Lower Woodbine wells completed nearby. The results of these first 5 stages will then be analysed, including a period of flow back, prior to returning to the well to complete the fracing program across the remaining 5,500 feet of the well lateral. The specialist frac contractor that has been contracted by the Operator to execute the frac program is Fractec, which is the same contractor that is currently used by EOG on its nearby Lower Woodbine horizontal wells.

The Operator has concurrently suspended operations on the Seale #1H horizontal well in order to allow for the fracing operations to commence at the adjacent T. Keeling #1H horizontal well. The Operator will consider further efforts to attempt to unblock the Seale #1H well bore after fracing and flow back operations have been completed on the T. Keeling #1H horizontal well. If this work is successful, the remaining frac plugs could then be drilled out and the full well flowed back to remove frac water and allow for oil production across all 23 frac stages.

Govert van Ek, Sun's Managing Director commented that:

"After our extensive discussions with other oil companies, frac consultants and contractors over the past 8 weeks, the Operator has settled on a frac design for T.Keeling #1H that is very similar to the design being used successfully in recently completed (nearby) Lower Woodbine lateral wells. In addition, the Operator has engaged an experienced frac contractor (Fractec), which completed the frac jobs on EOG's nearby Lower Woodbine wells. A positive result shortly would be very encouraging indeed."

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Geological information contained in this report was compiled by the Executive Director, Technical of Sun Resources, Matthew Batrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 32 years' experience in the practice of petroleum geology.

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