

Thursday 25 September 2014

Material Oil Pay Confirmed at Jack Howe #1H

- Sun Resources NL has completed drilling operations in the lateral section of the Jack Howe #1H well in the Normangee Oil Project.
- Continued and strengthening oil and gas shows were recorded along the entire length (approximately 6,100 feet) of lateral section drilled.
- The strong oil and gas shows observed in the lateral well bore are consistent with the integrated wireline log and core analysis data from the vertical pilot hole with the oil to gas ratio appearing to improve along the lateral.
- This analysis has confirmed a 250 feet section of oil pay within the “unconventional” Lower Woodbine Target.
- This integrated log and core analysis data will now form the basis of a planned independent reserve and resources report to be initiated shortly.

Sun Resources NL (“**Sun**” or “**Company**”) (ASX: SUR) is pleased to announce that drilling operations are complete at the Jack Howe #1H well location within Sun’s Normangee Oil Project. Sun (50%WI and Operator) has, since the last report, drilled ahead in the horizontal section of the well bore to a final measured total depth of 14,740 feet (4,496 metres). Sun expects to complete the operations programme with the running and cementing of the 5.5 inch (180mm) casing of the well, using the Nabors Drilling USA LP Rig #53, over the next few days.

Oil and Gas Shows Strengthen

Since the last report, the lateral section of the well was drilled to a final measured depth (MD) of 14,740 feet, delivering a total lateral section of 6,240 feet (1,860 metres). Strong Oil and gas shows continued while drilling the horizontal section and the shows strengthened toward the end. A total of approximately 6,100 feet of lateral section has been drilled with strong oil and gas shows continuing.

Oil Pay Confirmed by Core and Wireline Log Analysis

Results of the analysis of the conventional core recovered from the Lower Woodbine in the Jack Howe #1H vertical pilot well are now available and have been integrated with the wireline logs to identify the potential oil pay in the well. A total of approximately 250 feet (75 metres) of oil pay is interpreted from the wireline logs, with the core analysis data now integrated. This thickness of oil pay is in line with Sun’s pre-drill expectations and confirms the potential for Lower Woodbine oil pay across Sun’s Southern Woodbine leases. This pay interval is the zone which was the target for the Jack Howe #1H lateral and the pay potential has been confirmed by the strong oil and gas shows during drilling. This sub-surface technical data and analysis will form the basis of an independent reserve and resources report that will be initiated shortly and prepared over coming weeks.

The Acting CEO of Sun Resources NL, Mr Matthew Battrick commented:

“We are extremely excited by the drilling results, particularly by the strong hydrocarbon shows recorded in this well. It is validation of the Lower Woodbine potential across our Southern Woodbine lease position that has been confirmed by the integrated wireline log and core analysis from the vertical pilot hole drilled earlier in the year. The Sun operations team has done an outstanding job of drilling our first horizontal Woodbine well safely, on time and on budget, with just 14 day from rigging up to total depth. We now need to case the well and look forward to the planning and preparation for the multi-stage hydraulic fracturing operation we currently expect to undertake in October this year.”

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Geological information contained in this report was compiled by the General Manager, Technical of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 33 years' experience in the practice of petroleum geology. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States nor shall there be any sale of the securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful. The securities offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the Securities Act), or any state securities laws and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act) except in compliance with the registration requirements or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws. This document contains forward-looking statements which reflect management's expectations regarding expected target dates. These forward-looking statements can generally be identified by words such as "will", "expects", "intends", or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements.

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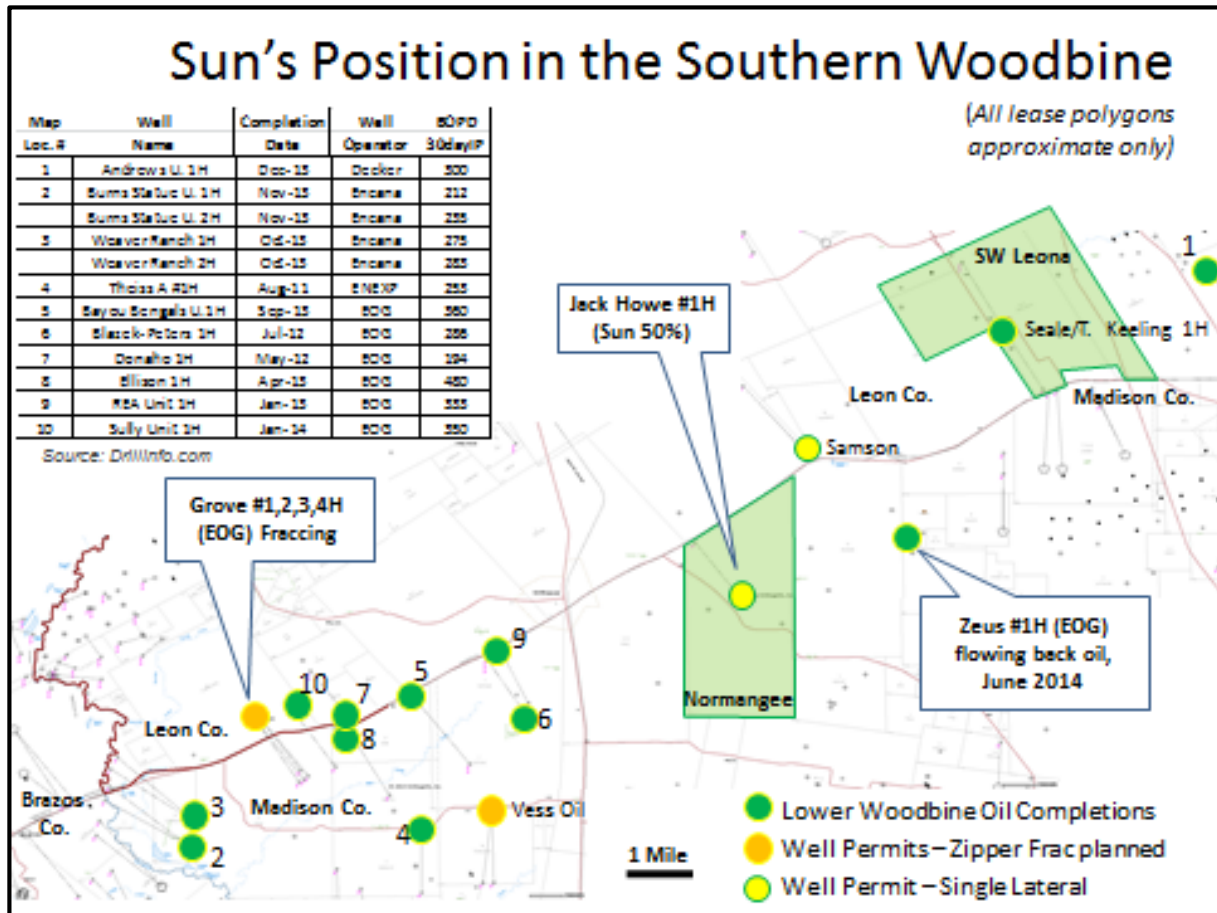


Figure 1: Location of EOG's Lower Woodbine Oil-producing lateral wells and relative position of Sun's Normangee and SW Leona Oil Project areas

Sun notes EOG Resources Inc. (“EOG”) (one of the biggest and most successful independent oil companies in the USA with a market capitalization over US\$ 50 billion (NYSE: EOG)) has entered the Southern Woodbine area where Sun already has an established land position and has been actively leasing additional acreage recently. EOG has successfully drilled and completed 7 ‘laterals’ in the Lower Woodbine target, to the east and west of Sun’s Normangee Oil Project, in the same Lower Woodbine target identified in Sun’s Jack Howe vertical pilot well. To date, EOG’s Lower Woodbine laterals have delivered a range of 30-day initial production rates of between 200-600 barrels oil per day. The most recent EOG lateral completion, Zeus #1H was drilled and successfully completed only 6 km east of Sun’s Jack Howe #1H vertical pilot well. Zeus #1H is currently on production with a minimum 500 boepd 30-day IP reported. Zeus #2H is currently being drilled adjacent to Zeus #1H. Sun also understands EOG has completed fracking 4 wells in the Grove area, west of Normangee, with flow back results to be reported in due course.