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28 April 2017

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

Dear Sir/Madam

**RE: QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2017**

Please find the Quarterly Activities Report for the period ending 31 March 2017 for Sun Resources NL (ASX: SUR).

Yours faithfully  
**SUN RESOURCES NL**

A handwritten signature in black ink, appearing to read "Craig Basson". The signature is stylized and fluid.

Craig Basson  
**Company Secretary**



## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2017

### **HIGHLIGHTS**

- Sun continues its review of a number of new oil and gas opportunities, particularly in Texas and Louisiana, targeting assets that are expected to have proven reserves that are commercially viable in the current oil price environment.
- The Board has continued to address Legacy issues relating to former JV partners and litigation, reduce Company operating costs and reposition the Company for growth.
- Following a Court ruling, Sun ceased to be the Operator of the Seale #1H well on the 3 March 2017 and the leases have reverted to the mineral owners.

## UNITED STATES OF AMERICA

### OIL AND GAS EXPLORATION AND DEVELOPMENT

The Sun Board (“Sun”) has been focussed on identifying oil and gas development asset opportunities that deliver near-term oil production with breakeven economics below a US\$40 per barrel benchmark price in today’s dollars. By targeting development and production assets, Sun seeks to capitalise on tax losses that Sun has accumulated in the USA and Australia. Sun is evaluating a number of oil and gas opportunities in the USA that target reasonable rates of return with near term cash flow (1-2 years). Announcements will be made as and when the evaluation and assessment process is completed.

#### Land Status, Onshore Texas (net acres of mineral leases)

At the time of this report and subsequent to the end of the March 2017 Quarter, Sun’s total net land position in the Woodbine Tight Oil Play within Leon and Madison Counties, East Texas was approximately 2,251 net acres of oil and gas leases. The Company actively seeks to identify new opportunities to assist in driving growth in the current oil market. Below is a table showing Sun’s net acres of oil and gas mineral leases in the various project areas. Total net acres recorded in the table below are approximate, based on the information provided by our vendors.

Oil Project Area	Sun’s Working Interest (%WI)	Sun’s Net Royalty Interest (%NRI)	Project area Gross Acres (1ha = 2.471ac)	Sun’s Net Acres (1ha = 2.471ac)
Normangee	50%	37.5%	412	206
Southern Woodbine	100%	77.5%	2,045	2,045
<b>TEXAS TOTAL</b>	-	-	<b>2,457</b>	<b>2,251</b>

*(Total acres are approximate, as at 31 March 2017)*

Sun has not invested in leasing, drilling or fracking of our East Texas unconventional oil assets recently as a consequence of sustained low oil prices and former JV partner disputes, making such activities either risky or uneconomic. Sun’s lease position has been slowly reducing over this period.

### OIL AND GAS PRODUCTION – ONSHORE USA

Oil production for the March 2017 Quarter was confined to oil production from the SW Leona Oil Project, Seale #1H well, in Leon County, East Texas. The Seale #1H well was shut in for maintenance for a substantial part of the Quarter. In addition, Sun ceased to be the Operator for the Seale #1H well on the 3 March 2017 as a consequence of a Court ruling and has no further interest in the SW Leona Project.

<b>PRODUCTION (Sun WI% share)</b>	<b>March 2017 Quarter</b>	<b>December 2016 Quarter</b>
<b>Oil (bo)</b>	680	175

Table 1: Quarterly Production (units: bo – barrels of oil)

## **CORPORATE**

The new Board's continued focus has been to reduce costs, settle outstanding legal issues and disputes, and to continue repairing relationships with various USA contacts and suppliers while seeking new opportunities.

### **CASH MANAGEMENT**

Sun held net cash of \$518,320 at the end of the March 2017 Quarter.

The Company executed a sub-lease for the existing office premises in West Perth to further reduce costs.

During the Quarter a further A\$199,000 was paid to settle legacy issues bringing the total paid on legacy issues to A\$736,000.

### **BY ORDER OF THE BOARD**



Craig Basson,  
**Company Secretary**

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Email: [admin@sunres.com.au](mailto:admin@sunres.com.au)

This report is lodged on the Company's website, [www.sunres.com.au](http://www.sunres.com.au).

### **Forward-looking Statements**

This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect Sun's views and assumptions with respect to future events as at the date of the Announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth due to various factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the oil and gas industry, including environmental regulation; economic conditions in the US and globally; geological technical and drilling results; predicted production and reserves estimates; operational delays or an unanticipated operating event; physical, environmental and political risks; liabilities inherent in oil and gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Sun, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Announcement sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.