



SUN RESOURCES NL

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(INCORPORATED IN WESTERN AUSTRALIA)

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29 July 2010

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

Dear Sir/Madam

RE: QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2010

Please find attached above referenced quarterly activity report document, including the summary of operations for the June 2010 quarter.

Yours faithfully
SUN RESOURCES NL

Matthew Battrick
Managing Director

QUARTERLY REPORT FOR THE PERIOD **ENDING 30 JUNE 2010**

HIGHLIGHTS

THAILAND L20/50 BLOCK

- Permit Operator, Carnarvon Petroleum Limited, submitted environmental and drilling approval applications for 3 drilling locations.
- Drilling of the first Joint Venture well remains on track for December quarter 2010, subject to government approval.
- 3 locations have been prioritised for drilling from the 23 leads and prospects, across 5 play types, identified by the Joint Venture's newly acquired and processed 2D seismic data, confirming the exciting prospectivity of L20/50.
- Drilling at the one firm and two contingent well locations will test up to 60mmbo speculative potential which is a best estimate based on gross recoverable oil.

USA

- Production continued at the Lake Long #9 well in Louisiana and the Flour Bluff Field in Texas as domestic gas prices remain relatively stable.
- A work over program commenced at the end of the quarter on the Flour Bluff Field with new field operator, Amerill Energy LLC to increase production. Preliminary results of the fracture stimulation on the BG Webb#1 well were positive with an initial gross flow rate of 0.691 mmcfdg plus 20 bopd.

1. THAILAND

L20/50 Block, Onshore Phitsanulok Basin (Sun Resources - 50%)

Update

The Operator, Carnarvon Petroleum Limited (“Carnarvon”) submitted Environmental Impact Assessments (EIA’s) and three drilling location applications during the period. These three drill locations were selected from 23 leads and prospects across five play types, following the full (time and depth) interpretation of both old and new seismic data and integration of this interpretation with all other available geological data.

These three high-ranked prospects are being considered from which one prospect will be selected as the 2010 commitment well and two other wells are being considered. Planning remains on track for drilling in the fourth quarter of 2010, subject to government approvals and a suitable rig contract. Drilling this year will test up to 60mmbo.

Background

L20/50 lies in the onshore Phitsanulok Basin and is 20 kilometres to the south of and adjacent to the largest onshore oil and gas accumulation in onshore Thailand, the Sirikit Field, with original reserves of 200+ million barrels of oil equivalent (“mmboe”). The L20/50 Joint Venture exploration program is targeting an oil resource of similar size to that of Carnarvon and Pan Orient who are producing up to 15,000 bopd (with > 60 mmboe estimated gross ultimate recovery) from a number of new oil pools in the “volcanic play” in the adjacent Phetchabun Basin, 50 kilometres to the east. The primary reservoir target is the “volcanic play”; a previously overlooked, shallow, fractured, stacked volcanic reservoir target within fault block structures, but a second, equally important target is the traditional sandstone reservoirs that produces most of the oil from the prolific Sirikit Oil Field and is present in multiple levels in the Nong Bua-1 well within L20/50.

As a precursor to the recent seismic survey Carnarvon, the Operator of L20/50, evaluated the petroleum system within the L20/50 Block by utilising digitised 2D seismic data. This work resulted in the delineation of thirteen significant structural leads. The mapped leads vary in size, but preliminary calculations by Sun Resources indicate the largest of the leads could contain a speculative resource in excess of 150 million barrels of oil in place. These structural leads were the focus of the Year 2 seismic survey which was aimed at maturing the lead inventory to prospects for drilling in 2010 with emphasis on better defining the size and potential oil resource contained within each lead. Good quality seismic data was the key to Carnarvon unlocking the potential of its adjacent Phetchabun Basin Oil Fields in the fractured “volcanic play”.

Of importance are the results of technical studies undertaken by the Joint Venture that have determined the existence of a mature oil source kitchen in the deepest basin areas adjacent to the identified leads and have demonstrated the potential for stacked volcanic reservoir targets in the leads. The technical studies have also confirmed that all previous exploration wells in the permit are “off-structure” and are mainly on deeper sandstone plays as per the nearby Sirikit Oil Field and are therefore not valid tests of this play. Notwithstanding this, oil and gas shows were recorded in the off-structure Nong Bua-1 well, but it too has been shown to be sufficiently beyond closure to not warrant twinning of the well at this location. New seismic has been acquired as part of the recent seismic program to further delineate the Nong Bua-1 well’s target sandstone reservoirs in other traps to include in the prospect inventory being considered for drilling.

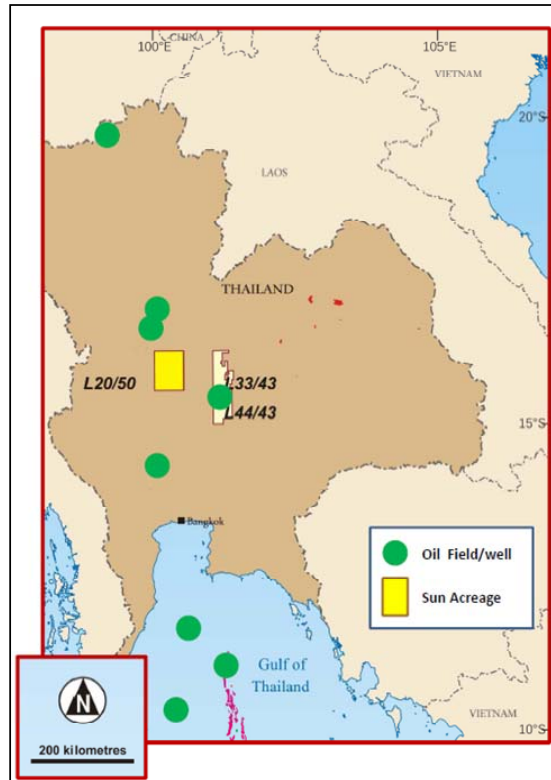


Figure 1: location map of L20/50 permit

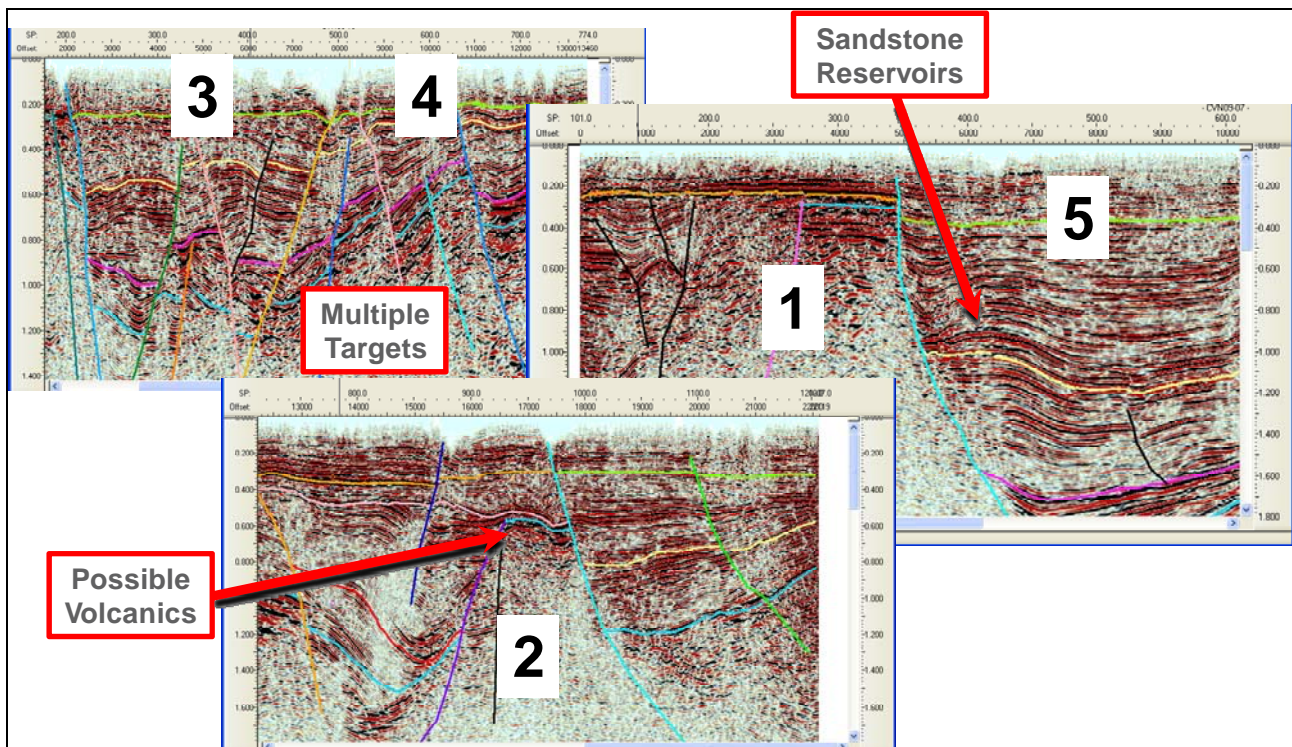


Figure 2: Seismic cross-section montage showing a selection of the structural prospect likely to be considered for testing by the forthcoming drilling campaign.

2. UNITED STATES OF AMERICA

A. OIL AND GAS DEVELOPMENT & PRODUCTION

The table below summarises Sun Resources' actual net working interest (W.I. %) production for the quarter and compares it with the previous quarter. Both oil and gas production for the quarter fell due in part to natural decline in the current completions within the Flour Bluff field. Well remedial works (new completions and fracture stimulations) at Flour Bluff had commenced by the end of the quarter to remedy the situation and increase production. However, net revenue decreased significantly during the quarter due to operational cost issues that have since been resolved by the new field operator, Amerill Energy Inc. Average product prices at the end of the June 2010 quarter were US\$76 per barrel for oil and US\$4.60 per 1,000 cubic feet for gas.

Production (Sun WI%)	June 2010 Quarter	March 2010 Quarter	Variance
Gas (mmscfd)	43.3	47.1	-8%
Oil (bo)	286	344	-17%
Net Revenue (US\$)	55,925	128,029	-56%

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

Lake Long, Louisiana, USA (Sun Resources - 10%)

The SL328 #9 well has produced continuously during the quarter at a gross average of 2.9 mmscfd gas and 14 bopd, i.e. ~3.0 mmscfd. Production will continue to produce from 24 feet of net pay in the Middle Hollywood Sands with contribution now from 13 feet of net pay in the Upper Hollywood Sands. Gross reserves at both levels were originally approximately 3 billion cubic feet of gas equivalent ("bcfe") with around 0.5bcfe remaining.

Project Margarita, Texas, USA (Sun Resources - 37.5%)

Gas production from the F1 discovery (JSGU#1) continued through April and May 2010 with an average gross flow rate of 0.15 mmscfd during May. However, the well was shut in on May 26th due to elevated readings of hydrogen sulphide gas (H₂S) above the well gas scrubber's capability. At the end of the quarter, the operator was researching ways to increase the scrubber's H₂S capability so the well can return to sales.

Flour Bluff Gas Field, Texas, USA (Sun Resources - 20.00 to 24.1667%)

Amalgamated gross production from the fields during the June 2010 quarter declined to an average 0.60 mmscfd with 7 bopd. A program of recompletions and fracture stimulations commenced in June 2010 to arrest natural decline in rates of individual wells and work over operations on the D-24 well and the BG Webb#1 well were ongoing at the end of the quarter. Preliminary results of the fracture stimulation on the BG Webb#1 well were positive with an initial gross flow rate of 0.691mmscfd plus 20 bopd, on a 13/64ths inch choke.

B. OIL AND GAS EXPLORATION

There was no exploration drilling activity during the June 2010 quarter in the United States of America

Future Drilling Activity

Sun Resources will have a material equity position in the following exploration wells currently scheduled for drilling in 2010:

Project	Prospect	Interest	Potential	Comments
Margarita	TB#18	37.5%	1.7bcfe	Frio Fm.
Redback	R-1.95	20.0%*	58 bcfe	Middle Vicksburg

* Subject in part to successful farm-out negotiations

Project Margarita, Onshore, South Texas, USA (Sun Resources - 20% to 37.5%)

The TB #18 shallow prospect remains the subject of a leasing process. This prospect has the potential to replace declining production from the existing Frio fields in the “Margarita Shallow” inventory. The “Deep Wells Programme” will test a number of deeper, larger volume, but higher risk, Wilcox prospects in the deep gas prospect inventory having potential un-risked recoverable volumes of 15 to 200 billion cubic feet of gas (“bcfg”) (refer table below). Participation in these prospects by Sun remains subject to farm-out. The Cazadores Prospect (20 to 60 bcfg) is the most advanced prospect with the joint venture currently generating farm-in interest for possible drilling in 2010.

Prospect	Gross Potential	Target Formation
Cazadores	20 to 61 bcf	Upper Wilcox
W2A	100 to 200 bcf	Wilcox
W3	15 to 38 bcf	Wilcox
Agave	67 to 208 bcf	Cook Mountain
CM1	5 to 8 bcf	Cook Mountain

Project Redback, Onshore, South Texas, USA (Sun Resources - 20% to 37.5%)

Farm out marketing of Redback R-1.95 prospect continued during the quarter and Sun Resources expects to farm down from the current 37.5%WI to retain a 20%WI through the first well. The prospect has multiple targets in the productive Vicksburg Sands with high upside potential for both gas and oil as accompanying condensate (ie up to 58 bcfg). On trend to the Redback area are producing analogues with individual wells having initial daily well production rates of 3 to 4 mmcfgd with 100 to 140 bopd.

3. MALTA

ESA Area 4, Block 3 and ESA Area 5, Offshore Malta (Sun Resources 20%)

Update

Operator, Pancontinental Oil & Gas NL (“Pancontinental”) advised that it is still awaiting a reply from the Oil Exploration Department (“OED”) of the Ministry of Resources and Rural Affairs of Malta (“MRA”) which is in turn awaiting the outcome of a meeting of the Malta Resource Authority committee to discuss the title issue of ESA Area 4, Block 3 and ESA Area 5, offshore Malta in the southern Mediterranean Sea. Pancontinental remains hopeful that the MRA will approve a resolution to re-affirm title over the original area of the ESA title.

Background

Contiguous ESA Area 4, Block 3 and ESA Area 5, offshore Malta in the southern Mediterranean Sea, is a high impact project that awaits settlement of border issues between Malta, Tunisia and Libya.

Activities on the ESA areas have been suspended since September 2005 under force majeure provisions of the ESA agreement with the Government of Malta. Pancontinental has been in discussions with the OED to refresh the ESA title under the continuing force majeure provisions of the ESA agreement to allow exploration of the area to recommence at some time in the future when the border issues are resolved. Pancontinental has also engaged a firm of Maltese lawyers to assist in this process.

4. AUSTRALIA

WA-254-P, Offshore Carnarvon Basin, W. Australia (Sun Resources 7.86% to 9.25%)

The Operator of WA-254-P, Apache Northwest (“Apache”), submitted a Location Application and a Retention Lease application, covering the Sage-1 oil discovery, to the Designated Authority during the Quarter. Apache is also reviewing development options including tie-back scenarios to adjacent fields, in an effort to monetize the oil accumulation. Sun Resources and two other joint venture parties continue an active divestment process of their combined 24.8% to 29.8% working interest in the permit that contains the Sage-1 well.

5. NEW PROJECT DEVELOPMENT

Sun Resources continued its active programme of new project generation and development. A number of high potential international projects are currently being investigated.

6. MINERAL EXPLORATION/INVESTMENT

No activity for the Quarter. The Joint Venture on the Butterfly gold tenement in the North Coolgardie Mineral Field, Western Australia in which the Company has a 5% NPI interest remains current.

7. CORPORATE

As at 30 June 2010, Sun Resources had cash at bank of A\$3.9 million.

BY ORDER OF THE BOARD



M A BATTRICK, MANAGING DIRECTOR

This report is lodged on the Company’s website, www.sunres.com.au.

Information contained in this report was sourced from the Operators of various Joint Ventures in which the Company has interests and was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has had 30 years experience in the practice of geology and more than 25 years experience in petroleum geology.