

30 July 2012

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 2012

Please find attached above referenced quarterly activity report document, including the summary of operations for the June 2012 Quarter.

Yours faithfully
SUN RESOURCES NL



Matthew Battrick
MANAGING DIRECTOR



QUARTERLY REPORT FOR THE PERIOD

ENDING 30 JUNE 2012

HIGHLIGHTS

Woodbine Oil Projects, USA

(Delta Oil Project, Amerril Oil Project, Richland Oil Project)

Delta Oil Project

- During the quarter, Sun announced that it had secured its seventh tranche of acreage in the Delta Oil Project, in the Woodbine tight oil play, accumulating a total lease holding of 8,347 net acres in the Delta Oil Project as at 30 June 2012.

Amerril Oil Project

- During the quarter, Sun agreed to purchase a 50% Working Interest (WI) (37.5% Net Revenue Interest (NRI)) in 12,293 acres of oil and gas leases (6,147 net acres) which are located immediately adjacent to Sun's existing Delta Oil Project for a purchase price of US\$5,000,000 cash and 200,000,000 shares in Sun issued at A\$0.05 per share; the Amerril Oil Project, as announced on 7 May 2012.
- Sun completed the purchase of an undivided 2.5% WI and a 1.875% NRI in the 12,293 gross acres, in the Amerril Oil project, from Amerril Energy LLC ("Amerril") in exchange for the payment of US\$768,313, as announced on 21 May 2012.
- Subsequent to the end of the June Quarter, Sun announced on 30 July 2012 that it had reached agreement with Amerril to vary the transaction for the purchase by Sun of the remaining 47.5% WI in the Amerril Oil Project by exchanging the outstanding cash payment of US\$4,597,953 for 91,959,077 shares at a deemed price of A\$0.05 each.
- Subject to Sun shareholder approval (scheduled for, on or about, 11 September 2012), completion of this transaction will result in Sun owning an undivided 50%WI (37.5% NRI) in the Amerril Oil Project.
- Amerril will become Sun's largest shareholder following completion of the purchase of a 50%WI in these 12,293 acres, having received 291,959,077 shares in Sun, all at a deemed price of A\$0.05 each, in exchange for this 50%WI

QUARTERLY REPORT FOR THE PERIOD

ENDING 30 JUNE 2012

HIGHLIGHTS (cont.)

Woodbine Oil Projects, USA

(Delta Oil Project, Amerril Oil Project, Richland Oil Project)

Richland Oil Project

- Subsequent to the end of the June Quarter, on 25 July 2012, Sun announced it had entered into a binding farm-in transaction with US oil company Richland Resources Corporation (“Richland”) and Amerril regarding 1,360 gross acres (“Richland Oil Project”) located immediately adjacent to one of the best performing horizontal oil wells in Leon County, Texas.
- Sun, Richland and Amerril have agreed to immediately drill and complete a horizontal well into the Woodbine Formation just south of Centreville, Leon County, Texas on a chosen location situated within the 1,360 acres with the main target of the well being the same productive interval as that in the nearby PMO Oil Field. Richland is the Operator of these 1,360 acres and has already scheduled a drilling rig, drilling crew and fracing crew for this purpose.
- The horizontal well has been named Beeler #1H. The well is planned to spud on, or about, Friday 17 August 2012. It is expected to be drilled, fraced and completed by 27 September 2012. The budgeted cost of Beeler #1H is approximately US\$7,600,000. 25% of these costs shall be borne by Sun (being approximately US\$1,900,000) with the remainder to be paid by Richland (50%) and Amerril (25%).
- Upon drilling and completion of the Beeler #1H well, Sun will have earned a 20.3125%WI (15.2344%NRI) in the well.
- When combined, Sun’s existing Delta Oil Project acreage (8,347 acres with a 100%WI), a 25%WI in the Richland Oil Project (1,360 gross acres), and the Amerril Project acreage (50% WI in 12,293 gross acres) results in a gross acreage position for Sun of 22,000 acres (14,833 net acres) in the rapidly developing Woodbine tight oil play.

1. UNITED STATES OF AMERICA

1.1. OIL AND GAS EXPLORATION:

Delta Oil Project, Onshore, East Texas (Sun Resources – 100%WI)

Sun Resources NL (**Sun Resources**, **Sun** or the **Company**) (ASX: SUR) has increased its holding in the Delta Oil Project during the quarter from 7,605 acres to 8,347 acres. Sun continues to work with the vendor of the Delta Oil Project to progress towards the acquisition target of 10,000 acres and this target is likely to be achieved during the third quarter of 2012.

Amerril Oil Project, Onshore, East Texas (Sun Resources – 2.5-50%WI)

The Company announced on 7 May 2012 that it had entered into a legally binding Sale and Purchase Agreement with Amerril Energy LLC, which is the US oil subsidiary of Chinese corporate Qingdao Kingking Group (**Amerril**), to purchase from Amerril a 50% working interest (**WI**) and 37.5% net revenue interest (**NRI**) in approximately 12,000 acres of oil and gas leases (approximately 6,000 net acres) which are located immediately adjacent (see Figure 1 map below) to Sun's existing Delta Oil Project for a purchase price of US\$5,000,000 cash and 200,000,000 shares in Sun issued at A\$0.05 per share.

Key Acquisition Terms (amended by Sun and Amerril post end of quarter, see below)

1. **Purchase Consideration:** US\$5,000,000 cash and 200,000,000 fully paid ordinary shares in Sun at A\$0.05 per share.
2. **Payment of Purchase Consideration:** US\$750,000 cash shall be paid on or before 21 May 2012. The only condition precedent to this payment of US\$750,000 and the immediate purchase of a 2.5%WI in these 12,000 acres is standard due diligence. The balance of the purchase price (being US\$4,250,000 cash and 200,000,000 fully paid ordinary shares in Sun in exchange for a further 47.5%WI (35.625% NRI) in all 12,000 acres is due on or before 5 August 2012 but is subject to and conditional upon the following three conditions precedent being completed to the satisfaction of Sun:
 - a. Successful capital raising: the successful fundraising of at least a further \$9,000,000 of equity capital by Sun; and
 - b. Sun Shareholder approval: the receipt of the approval of Sun's shareholders of the purchase of this additional 47.5%WI in 12,000 acres for the additional purchase consideration of US\$4,250,000 cash and 200,000,000 fully paid ordinary shares in Sun; and
 - c. Regulatory Approvals: any relevant or necessary regulatory approvals.
3. **Restriction on the Sale of Sun Shares:** all shares issued to Amerril as a result of this transaction will be subject to any period of restriction on sale or transfer compulsorily mandated by the Australian Securities Exchange's (**ASX**) Listing Rules and in any event will be subject to six month's voluntary restriction on sale and are therefore unable to be sold or traded without Sun's prior written consent, which shall not be unreasonably withheld, for a period of six months.

The Company completed its due diligence on a total of 12,293 gross acres of oil and gas leases and on 21 May 2012 announced it had secured an undivided 2.5% WI (1.875% NRI) in exchange for the payment of US\$768,313.

Subsequent to the end of the June Quarter, on 30 July 2012, Sun advised that it had reached agreement with Amerril to amend the binding Sale and Purchase Agreement (SPA). Amerril has agreed to exchange the balance of the cash consideration to be paid which is US\$4,597,953 for 91,959,077 shares in Sun at a deemed price of A\$0.05 each. In addition, the settlement date under the SPA has been extended to 15 September 2012. This amendment to the SPA is subject to Sun shareholder approval at a General Meeting to be held on or around 11 September 2012. Amerril will become Sun's largest shareholder following completion of the purchase of a 50%WI in these 12,293 acres, having received 291,959,077 shares in Sun, all at a deemed price of A\$0.05 each, in exchange for this 50%WI

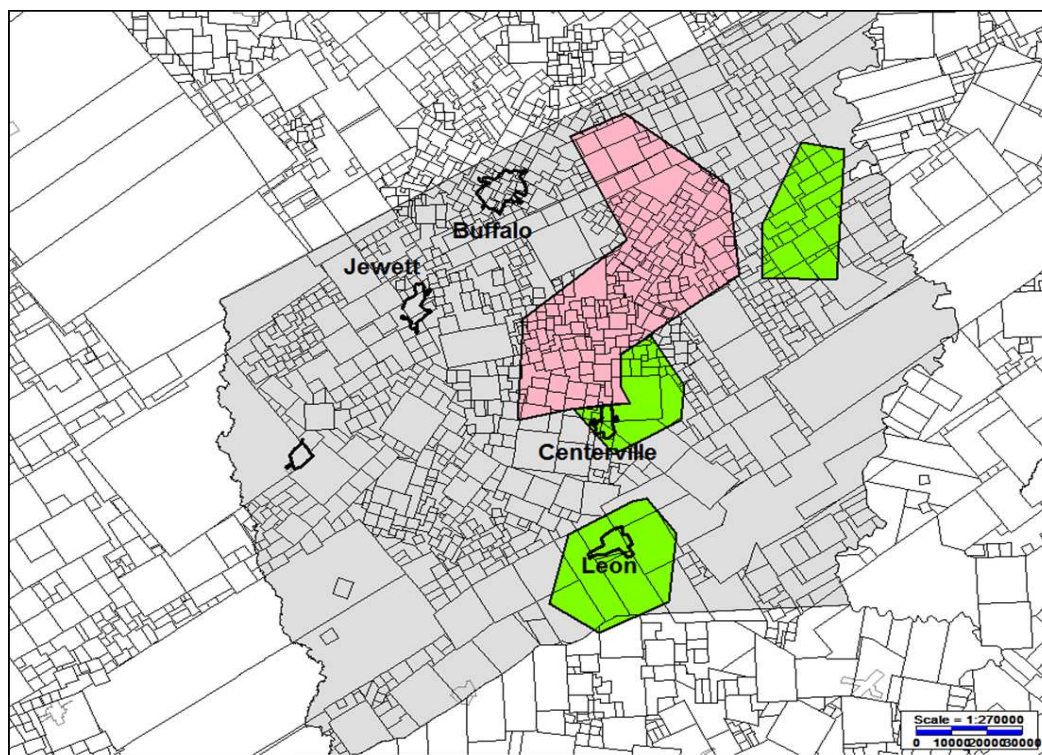


Figure 1: Location of Delta Oil Project lease areas (shaded pink) to a current total of 8,347 net acres (100%WI) and the acquisition lease areas totalling approximately 12,000 gross acres (shaded green). The County limits of Leon County, Texas are shaded grey.

Richland Project (Beeler #1H), Onshore, East Texas (Sun Resources 20.3125 - 25%WI)

Subsequent to the end of the June Quarter, on 25 July 2012, Sun announced that it had entered into a binding farm-in transaction with Dallas based US oil company Richland Resources Corporation (Richland) and Houston based Amerril Energy LLC (Amerril) regarding 1,360 acres (Richland Oil Project) located immediately adjacent to one of the best performing horizontal oil wells in Leon County, Texas which is the Gresham A #1H well. The Gresham A #1H well has produced 105,070 barrels of oil since being put in production 166 days ago and produced an average of 793bopd over its first 30 days of production. Gresham A #1H is still currently producing approximately 600bopd. Amerril still retains a 25% ownership stake in Gresham A #1H which is one of the 15 horizontal Woodbine wells included in the recent US\$522 million PMO Oil Field transaction that was recently announced by Halcón Resources Corporation (NYSE:HK).

The three farminee parties: Sun, Richland and Amerril, have agreed with the three farm-in parties to drill and complete a horizontal well into the Woodbine Formation. The

location of this horizontal well within the 1,360 acres that comprise the Richland Oil Project, has been selected. This horizontal well is named Beeler #1H.

The budgeted cost of Beeler #1H is approximately US\$7,600,000. This cost includes the cost of leasing the land, the US\$400,000 cost of the additional vertical drilling to the base of the Georgetown Formation and the cost of surface production facilities. These costs will be borne by Sun, Richland and Amerril in the following proportions: Richland: 50%, Sun: 25% and Amerril: 25%.

Sun's one quarter share of the cost of Beeler #1H will be approximately US\$1,900,000. Upon drilling and completing Beeler #1H, Sun, will have earned a 20.3125% working interest (WI) and a net revenue interest (NRI) of 15.2344% in the Beeler #1H well. Sun will also earn a 25%WI (18.75%NRI) in the balance of the lease area around the Beeler #1H location.

The farminors have the option however to participate to the extent of 50% on a "heads up" basis in Beeler #1H and any subsequent wells. This option expires at 5.00pm (Houston time) on 3 August 2012. If they elect to exercise this option to the extent of 50%, Sun's respective working interests and net revenue interests in Beeler #1H will drop to 13.5417% and 10.1563% respectively.

When combined, Sun's existing Delta Oil Project acreage (8,347 acres with a 100%WI), a 25%WI in the Richland Oil Project (1,360 gross acres), and the Amerril Project acreage (50% WI in 12,293 gross acres) results in a gross acreage position for Sun of 22,000 acres (14,833 net acres) in the rapidly developing Woodbine tight oil play.

Margarita & Redback Projects, Onshore, South Texas (Sun Resources 20-37.5%WI)

Sun Resources has a 37.5%WI position in a 400 acre lease covering the TBF 1.64 oil exploration prospect that has the potential for 500,000 barrels of prospective oil resources in the Lower Frio formation. The exploration well for this prospect will likely be the subject of future farm-out marketing. Sun also has an AMI with Wandoo Energy LLC and StrataX covering a number of conventional oil and gas prospects that would be the subject of potential future leasing and farm-out.

1.2. OIL AND GAS PRODUCTION

The table below summarises Sun Resources' actual net working interest ("WI%") production for the June 2012 Quarter and compares it with the previous quarter, with all production being derived from the Flour Bluff gas plant in Corpus Christie in South Texas. USA gas prices fell improved slightly from the March Quarter to a high of around \$2.90 per 1,000 cubic feet for gas (mcf)

PRODUCTION (Sun WI% share)	June 2012 Quarter	March 2012 Quarter	Variance
Gas (mmscfg)	8.4	12.6	-33%
Oil (bo)	143	247	-42%
Net Revenue (US\$)	-31,656	-28,079	-13%

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

2. THAILAND: L20/50 Block, Onshore Phitsanulok Basin (Sun Resources – 45%WI)

During the quarter, Carnarvon Petroleum Limited, the Operator, continued a farm-out process to assist in funding ongoing exploration in the block. The Joint Venture continues to carry forward a credit for a commitment exploration well, after exceeding the obligation during the 1st Exploration Period. Future obligations include a 3D seismic survey and an exploration well.

3. MALTA: ESA Area 4, Block 3 and ESA Area 5, Offshore Malta (Sun Resources - 20%WI)

There was no significant activity during the June 2012 Quarter. The Operator is considering its options in relation to an arbitration hearing with the government of Malta.

4. AUSTRALIA: WA-47-R, Offshore Carnarvon Basin, W.A. (Sun Resources - 9.25%WI)

Sun Resources and two other joint venture parties are continuing a divestment process of their combined 29.8%WI in the WA-47-R Retention Lease that contains the Sage-1 oil discovery.

5. NEW PROJECT DEVELOPMENT: NW Europe

Negotiations by the Operator were continuing at the end of the quarter with local government on the approval process for the well. A further extension to the end of September 2012 has been agreed between Sun Resources and the Operator to allow the Operator time to continue to seek well approval from the local authorities. This is an important condition precedent in the executed Term Sheet. Further details relating to this farm-in will be announced to the market following the receipt of necessary local government approvals and the execution of a definitive Farm-in Agreement.

6. CORPORATE

Sun held cash of \$1.2 million at the end of the June 2012 Quarter.

BY ORDER OF THE BOARD



MATTHEW 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 more than 30 years' experience in the practice of geology and 30 years' experience in petroleum geology.