SUN RESOURCES NL

ABN 69 009 196 810
(INCORPORATED IN WESTERN AUSTRALIA)

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Friday, 15 February 2008

Announcements
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY, NSW 2000

Dear Sir/Ms,

RE: LODGEMENT SIX MONTHLY REPORT DECEMBER 2007

Please find attached Six Monthly Report of Sun Resource NL for period ending 31 December 2007.

Yours sincerely
SUN RESOURCES NL

A P Woods
Company Secretary/Director

Copy: ASX DD Directors CB/Xin File

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

ASX ASX Half Year Dec 2007 lodgement 150208.doc

SUN RESOURCES NL

ABN 69 009 196 810

AND ITS CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2007

CONTENTS

CORPORATE DIRECTORY

Directors
Dr Bradford Lawrence Farrell, B.Sc.
(Hons Econ Geol), M.Sc., Ph.D., FAIMM
MMICA, CP(Geol), MIMM, CEng, MPESA
30 Sudbury Way
City Beach, Western Australia 6015
Executive Director and Chairman

Mr Matthew A Battrick, B.Sc. (Geol)
MPESA, MPESGB, MAAPG, GAICD
11 Meadowbank Gardens
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Managing Director

Alan Peter Woods
FCPA, FTIA, MAICD
10 Palmer Street
Attadale, Western Australia 6156
Executive Director and Company Secretary

Dr Philip Linsley, B.Sc. (Hons Geol) (London)
Ph.D. (London), MBA (Kingston)
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England
Non-Executive Director

Dr Wolf Gerhard Martinick
B.Sc, Ph.D., MAIMM, CP (Env)
60 Jutland Parade
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Non-Executive Director

Company Secretary
Alan Peter Woods
FCPA, FTIA, MAICD
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Solicitors
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ASX Code: SUR

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Sun Resources NL and the entities it controlled at the end of, or during, the half-year ended 31 December 2007.

Directors

The names of the Directors of the Company in office at the date of this report are:

Dr B L Farrell	Director and Chairman - Executive
Mr M A Battrick	Managing Director - Executive
Mr A P Woods	Director and Company Secretary - Executive
Dr P Linsley	Director - Non Executive
Dr W G Martinick	Director - Non Executive

Information on Directors

Bradford L. Farrell, B.Sc (Hons Econ Geol), M.Sc, Ph.D., FAIMM, MICA, CPGeol, MIMM
Executive Director and Chairman

Dr Farrell was appointed to the Board on 1 May 1987. He was previously also a Director of ASX listed Basin Minerals Limited for the period November 1995 to October 2002 until its takeover by Iluka Resources Limited. Dr Farrell is a graduate of the University of Adelaide where he obtained a Bachelor of Science, Honours Economic Geology. Subsequently post graduate qualifications of Master of Science and Doctor of Philosophy were obtained at the University of Leicester, United Kingdom. He is a Fellow of the Australasian Institute of Mining and Metallurgy, a Chartered Professional Geologist of that body, Member of the Mineral Industry Consultants Association, a Member of the Institution of Mining and Metallurgy, a Chartered Engineer of that body, Member of the Petroleum Exploration Society of Australia and a Member of the Association of Exploration Geochemists. He has had thirty-nine years experience in resource exploration and senior project management and evaluation. During this time he has managed numerous and extensive exploration programmes within Australia and overseas for a variety of mineral commodities for both major and junior exploration companies. Some of these programmes have resulted in significant discoveries, which are currently in production or will see future production.

Dr Farrell holds 22,862,626 fully paid ordinary shares and 1,200,000 unlisted partly paid contributing shares in the Company.

Matthew A. Battrick, B.Sc (Geol), MPESA, MPESGB, MAAPG, GAICD
Executive Director and Managing Director

Mr Matthew Battrick was appointed to the Board on 15 January 2008 as Managing Director. He obtained a Bachelor degree in Geology from the Royal Melbourne University of Technology (RMIT) in 1981. He has had a long, international career with both major and large independent oil and gas companies (LASMO, Ampolex, ExxonMobil, Eni) before joining ASX-listed Pancontinental Oil & Gas NL in 2004 as Exploration Manager, then General Manager. He is a Member of the Petroleum Exploration Societies of Australia and Great Britain, and a member of the American Association of Petroleum Geologists. He is also a member of the Australian Institute of Company Directors (AICD) and a graduate of their Company Directors Course (CDC). He has been a director since 2001 of the Activ Foundation (Inc.), a Western Australian-based, non-government organisation for people with intellectual disabilities.

Mr Battrick holds 1,000,000 unlisted options in the Company.

DIRECTORS' REPORT (Continued)

Alan Peter Woods, FCPA, FTIA.
Executive Director, Chief Financial Officer and Company Secretary

Mr Peter Woods was appointed to the Board on 17 October 1989. He was previously also a Director of ASX listed Basin Minerals Limited for the period November 1995 to October 2002 until its takeover by Iluka Resources Limited. Mr Peter Woods is a shareholder and founding Managing Director of APSL Pty Ltd which commenced operations in June 1984. APSL Pty Ltd provides corporate and management services to exploration, mining and technology companies in Australia and overseas. He is a Fellow of the Taxation Institute of Australia, a Member of the Australian Institute of Company Directors and he has thirty-seven years experience in corporate accounting and financial management areas. He has had extensive experience in the provision of management, financial and taxation advice to clients, including several public companies. In recent years, he has developed a close involvement with oil, gas, gold exploration and mining companies. This work has included professional advice in respect to equity capital raisings, corporate reconstructions, mergers, acquisitions, developing extensive gold hedging programs and financing packages in relation to a number of public companies.

Mr Woods holds 7,913,202 fully paid ordinary shares and 1,200,000 unlisted partly paid contributing shares in the Company.

Wolf Gerhard Martinick, B.Sc, Ph.D, MAIMM, EIA, ECA
Environmental Scientist and Director (Non-Executive)

Dr Wolf Martinick was appointed to the Board on 19 February 1996. Dr Martinick is a scientist with extensive experience in the resource industry. For over thirty one years he has been associated with the exploration and mining industry in Australasia, especially with respect to environmental, water, land access and Native Title issues. He is a Fellow and Chartered Professional of the Australian Institute of Mining and Metallurgy and a past Vice President of the Association of Mining and Exploration Companies. In 2003 he became Executive Chairman of ASX listed Ezenet Limited, in 2005 Non-Executive Chairman and Director of AIM listed Weatherly International PLC and in 2006 Director of ASX listed Uran Limited and Windimurra Vanadium Limited. He is also Chairman of MBS Environmental Pty Ltd, a company that provides environmental consultancy services to the resource industry.

Dr Martinick holds 12,821,828 fully paid ordinary shares and 1,200,000 unlisted partly paid contributing shares in the Company.

Philip Linsley, B.Sc. (Hons Geol), Ph.D, MBA
Geologist and Director (Non-Executive)

Dr Philip Linsley was appointed to the Board on 7 May 1997. Dr Linsley is a Non-Executive Director whose primary role is to assist the Board in the acquisition of oil production and to investigate exploration opportunities outside Australia and Oceania. Dr Linsley is also a Director of Carpathian Resources Limited (commencing July 2005) which is listed on both the ASX and AIM and a Director of PXP Management Limited, a well known United Kingdom based consultancy firm focusing on the oil and gas exploration and production industry. He has had some thirty one years experience in oil exploration and production in many parts of the world (Australia, South East Asia, Africa, America, Kazakhstan, Europe and the Middle East) initially in employment with Texaco and Mesa and later as a consultant to companies that include Occidental, Tricentrol, Ashland, Ranger, Svenska and Chase Manhattan Bank.

Dr Linsley holds 1,424,383 fully paid ordinary shares and 1,200,000 unlisted partly paid contributing shares in the Company.

DIRECTORS' REPORT (Continued)

REVIEW OF OPERATIONS

The consolidated net (loss) for the consolidated entity for the period under review was ($2,246,422) [2006: ($903,340)]. Comments on the operations and major activities of the Company are set out below.

A. OIL AND GAS EXPLORATION

Sun Resources NL ("Sun Resources") is following and delivering a strategy of building up significant cash flow in the USA Onshore Gulf Coast and then applying these funds to develop and participate in larger scale, high impact projects, particularly in SE Asia.

1. USA

Sun Resources increasing presence in the USA is due to excellent investment opportunities offered to small companies namely:

- An extremely large market for energy, with a demand supply imbalance that drives costs
- Ready access to infrastructure, even for smaller discoveries
- Lower technical risk within prolific hydrocarbon bearing basins
- Low exploration and development costs by world standards for onshore projects
- High energy pricing, in particular for gas.

Gas prices have a seasonable demand that reflects the use of gas for heating. At the close of this reporting period gas prices were approximately US$7.50 per thousand standard cubic feet ("mscfg"), which is some 3+ times the price received for gas within Australia. It is expected that future gas prices will continue to hold at levels probably in the range of US$6 to 8 per mscfg. Gas price is a reflection of the current (and growing) 4 trillion cubic feet ("tcf") pa gas imports over 19 tcf pa gas production (23 tcf pa gas consumption). Gas price is also being underpinned by the prospect of increased importation of LNG to satisfy demand.

Sun Resources current exploration and production emphasis is on both oil and gas in conventional geological settings and within conventional reservoirs, principally located on the South Texas Gulf Coast (Flour Bluff Gas Project, Projects Margarita, Redback and Bondi-Coogee), Louisiana Gulf Coast (Lake Long Project) and California (Eagle Oil/Gas Development Project in the San Joaquin Basin). Recent drilling has been successful on Gulf Coast, South Texas and Louisiana USA projects and should generate significant cash flow and assist in funding the Company's exploration activities.

1.1 HOLLYWOOD PROSPECT, LAKE LONG, LOUISIANA, USA (10%)

History/Background

In early April 2007, Sun Resources, through its USA subsidiary, Sun Delta Inc, farmed into a development project (Hollywood Prospect) on State Lease SL238 in the Lake Long Field area in Lafourche Parish, Louisiana, USA to earn a 10% Working Interest ("WI") from farmee and local operator, Kriti Exploration, Inc ("Kriti"). An attraction to the farmin was Kriti's nearby (800m distant) under utilised production facility to handle any production from the successful development.

In May 2007 the SL328 #9 well commenced the test of the Hollywood Prospect, a faulted structural high with Lower, Middle and Upper Hollywood Sands objectives with pre drill cumulative unrisked potential of 21 bcfg and 760,000 bo in the three objectives. The prospect was considered relatively low risk as there was good 3D seismic amplitude support of the multi-play targets which were interpreted as indicating gas.

Current Reporting Period Activity

The SL328 #9 well in August 2007 successfully tested the prospect. The deep Lower Hollywood Sands with the majority of the reserves was found to be water wet as the structure had been

DIRECTORS' REPORT (Continued)

1.1 HOLLYWOOD PROSPECT, LAKE LONG, LOUISIANA, USA (10%) (Continued)

Current Reporting Period Activity (Continued)
breached at this level, but a decision was made to complete initially the 24 feet of net pay in the Middle Hollywood Sands behind pipe and, at a latter date on production decline, the 13 feet of net pay in the Upper Hollywood Sands by a recompletion through tubing. Reserves at these levels ~ 3 bcfge. By late September 2007, Middle Hollywood Sands production was on stream to sales at an average daily rate of 1.33 mmscfgd with 31bod before clean up. Production has since climbed reflecting clean up and steady state production conditions, and at the end of December 2007 it was a steady, sustained, average 3.15 mmscfgd with 65bod (3.73 mmscfgde) and importantly with minimal water (~0.6 bwd). It was planned to bring the production to 4.0 mmscfgd gas with +/- 100 bod (4.6 mmscfgde) as gas prices increase during the northern winter months. However, engineering advice on production to date suggests the current steady rate be maintained in view of the reservoir water drive to production.

1.2 PROJECT MARGARITA, ONSHORE GULF COAST, TEXAS (37.5%)

History/Background
Sun Resources is participating in the exploration of a prolific oil and gas prospective portion of the onshore Texas Gulf Coast through a ground floor Joint Venture called "*Project Margarita*" with Wandoo Energy, LLC ("Wandoo"). Wandoo is the project operator. This opportunity, which commenced in December 2005, has a 530 km^2 3D seismic data base covering portions of four main producing trends. Sun Resources holds a 37.5% working interest in the overall project and farms down to a carried 20 - 25% working interest in the drilling of high graded prospects generated from the 3D seismic data.

Technical work by the joint venture on the 3D seismic data has identified > 45 leads and prospects in prospective stratigraphic/structural settings at depths ranging from 1,000 to 5,000 metres. Historic production and plays in the project area and environs are Frio and Vicksburg sands at <2,000 metres depth and deeper Yegua, Cook Mountain and Wilcox sands between 2,000 and 5,000 metres depth.

The Wilcox sands are under explored with only 5 wells >2,400 metres drilled within the 530 km^2 3D seismic area, with 4 of these drilled prior to the 3D seismic. A significant number of high impact Cook Mountain and Wilcox gas prospects have been recognised and these lie along trend from significant recent discoveries. These prospects are the high upside of the project.

Shallow Wells Program
A shallow (<2,000 metres depth) 6 well program in two phases of 3 wells on high graded Frio and Vicksburg sands prospects, was farmed to Empyrean Energy PLC ("Empyrean") in December 2006 on a 100 for 60 promote with 100% reimbursement of Land Fees and Prospect Fees. Phase 1 had been successfully completed and Phase 2 was mid way to completion at the end of June 2007.

Current Reporting Period Activity
Shallow Wells Program
The shallow well program was completed in August 2007. This program had a 100% technical success rate with hydrocarbons present in all wells, but only a 50% commercial success rate on sustained production to sales. All wells were tied into sales facilities by early October 2007. Forward production estimate which is dominantly gas on steady state for all wells is of the order of 1.5 mmscfgd equivalent ("mmscfgde").

Selection of prospects for drilling in 2008 from the remaining prospects in the shallow well inventory, inclusive of a PUD on the Milagro Oilfield which is now producing entirely oil at 40-42 bod, will be one of the subjects of a Joint Venture meeting in February 2008.

DIRECTORS' REPORT (Continued)

Current Reporting Period Activity (Continued)
Deep Wells Program
Prospects in the deep gas prospect inventory have potential unrisked recoverable volumes of 15 to 200 bcfg and are outlined in the table below.

Prospect	Potential	Comments
Cazadores	20 to 60 bcf	Upper Wilcox
Agave	67 to 208 bcf	Cook Mountain + Upper Wilcox
W2	15 to 38 bcf	Wilcox
W3	100 to 200 bcf	Wilcox

The Cazadores Prospect is the most advanced and land has been leased during the reporting period. Stacked Upper Wilcox sands are targeted in a high side 3 way dip fault closure. DHI ("Direct Hydrocarbon Indicators") conform to structure on the 3D seismic. The prospect is 3.5 kms down dip from the Diebel #1 well which had tight log gas pay in the equivalent target sands, but because of the then low gas prices, was never fracced and flow tested. The joint venture is currently generating farmin interest for drilling in hopefully the latter half of 2008.

1.3 PROJECT REDBACK, ONSHORE GULF COAST, TEXAS (37.5%)

History/Background
Following the successful outcome of the initial shallow drilling program on the Margarita Project area, onshore Gulf Coast, South Texas, Sun Resources further strengthened its exploration activities through a further joint venture with Wandoo, commencing 1 May 2007. The new joint venture between Sun Resources 37.5%, Victoria 37.5% and Wandoo 25% (Operator), called "*Redback*", is on a 393 km^2 3D seismic data base covering a small portion of a highly productive, onshore Gulf Coast, oil and gas trend in South Texas. This regional trend to date has produced some 1.2 bbo and 6 tcf of gas from near surface to 10,000 feet depth.

The objective of the joint venture is to target the very under explored prospective stratigraphy below 10,000 feet depth in the Redback 3D seismic data base. A pilot "skimming" program on the Redback 3D seismic data, in part funded by Sun Resources, recognised at least 7 good prospects in the 12,000 to 15,000 feet depth range with accompanying seismic attributes thought to reflect the presence of significant hydrocarbons.

A number of these prospects have multiple targets with high upside potential for both gas and oil as accompanying condensate. One in particular has an upside to 116 bcfg with 6 million barrels of oil ("mmbo") as condensate (ie up to 152 billion cubic feet of gas equivalent ("bcfge")). On trend to the Redback area are production analogues of the recognised prospects from the same targeted stratigraphic level. Individual wells from these analogues have produced up to 10 bcfg plus 250,000 bo at high initial daily well production rates of up to 10 mmscfgd with 300 bod.

Current Reporting Period Activity
Wandoo, the Operator, has been working on the seismic for the last 9 months and a finalised prioritised prospect inventory was to hand at end of December quarter 2007. This will be presented to a Joint Venture meeting to review in early February 2008. Assuming a satisfactory outcome of the review at the Joint Venture meeting, the forward plan is to commence land acquisition on the best rated prospect(s) with the aim of drilling in the second half of 2008. The joint venture exposes Sun Resources to a choice of quality drillable prospects of various risked size potential on a ground floor basis. The Company will mitigate drilling risk and offset the cost of any drilling by farming portion of its current 37.5% Working Interest in individual prospects to a 15-20% Working Interest level.

DIRECTORS' REPORT (Continued)

1.4 PROJECT BONDI-COOGEE, ONSHORE GULF COAST, TEXAS (15%)

History/Background

Sun Resources, farmed in on Texon Petroleum Ltd's ("Texon") high gas plus oil as condensate potential, Bondi-Coogee Prospect complex, in Wharton County, onshore Gulf Coast, South Texas in late September 2007. This farmin was effected on standard USA farmin terms to earn a 15% working interest by contributing 20% to the dry hole cost of Bondi #1 with completion cost at its 15% working interest. Further development wells will be at the earned 15% working interest.

This complex is a 58 to 138 bcfge target contained in a number of prospects, principally Bondi and Coogee. These prospects have been generated from 3D seismic and have stacked Upper Wilcox sands objectives that are analogues of nearby production. In particular, the sand objectives have associated Direct Hydrocarbon Indicators ("DHIs") conforming to structural closure.

Raun #1, the first well on the complex on the Bondi Prospect, targeting pre drill potential of 30 to 76 bcfge was scheduled in early November 2007. The Bondi prospect is a large 3 way closure with a 4 way dip component to the trap containing stacked Upper Wilcox sands objectives with associated DHIs that conform to structural closure and tie directly to Upper Wilcox sands in the adjacent productive Cottonmouth Field, 2.2 miles to the northwest. Wells in the Cottonmouth Field had initial production rates of 7 to 12 mmscfgd with up to 200 bod as condensate. The multiple Upper Wilcox objectives were prognosed between 11,000 feet and total well depth of 13,000 feet.

Following the completion of drilling and testing of Raun #1 on the Bondi Prospect, Sun Resources has a 90 day option to decide to participate in the drilling and testing of the Coogee Prospect, a potential 28 to 62 bcfge target, on the same terms and conditions as Bondi for the same 15% working interest. On completion of Coogee #1, the area encompassing the prospect complex will become an Area of Mutual Interest where Sun Resources' participation in all further exploration activities on remaining prospects will be at its 15% working interest.

Current Reporting Period Activity

Raun #1 commenced drilling on 7 November 2007 with the multiple Upper Wilcox objectives in closure expected between 11,000 feet and total well depth of 13,000 feet. Drilling was halted at 12,500 feet (3,810 metres) on 8 December 2007 as a seismogram output of the down hole velocity (VSP) survey run at the last logging point at 11,000 feet (3,353 metres) became available. The seismogram tying the well to the 3D seismic suggested the top of the Upper Wilcox to be shallower than originally prognosticated and the prospective section condensed within structure. Electric logs were then run from last logging point to this depth. These logs identified thin gas bearing sands in the objective Wilcox in structural closure that were not of sufficient quantity to warrant testing and confirmed the final well depth of 12,500 feet was out of structural closure

As a result of the Operator's recommendation, the Raun #1 well on 10 December 2007 was plugged back to the base of the 7" liner and suspended to complete the technical evaluation of two Yegua gas sand pays totalling ~54 feet (16.4 metres) in thickness indicated on electric logs between 7,050 and 7,250 feet (2,149 to 2,210 metres) depth. It was proposed a smaller rig would either complete these sand pays or P & A the well in early January 2008.

Post December 2007, technical evaluation confirmed the worth of testing the sand pays with up to 2 bcfg potential. A testing program is currently in progress. The plan entails testing the lower smaller 7,200 feet pay zone first and if positive the upper larger 7,050 zone would wait until production depletes the 7,200 zone. If neither zone is successful the well will be plugged and abandoned.

Following a Joint Venture meeting to review the deep Bondi-Coogee prospect inventory in early February 2008 in light of the Raun #1 well outcome, Sun Resources will decide on it's participation in future exploration of the Coogee Prospect.

DIRECTORS' REPORT (Continued)

1.5 FLOUR BLUFF GAS PROJECT, ONSHORE GULF COAST, TEXAS – 20.00 to 24.1667%

History/Background
The Flour Bluff Gas Project involves the redevelopment of three semi depleted gas fields on the outskirts of Corpus Christi Texas. These fields have produced 1.3 tcfg with 64 mmbo over a 65 year period with production coming from 40 separate reservoirs at shallow to moderate depths (above 2,400 metres). These shallow-moderate depth reservoirs are now largely depleted, but significant potential reserves, up to 210 bcfge gross, are prognosed to be reservoired within the under developed deeper section between 2,750 to 3,600 metres depth. It is these reserves that are being targeted in the redevelopment of Flour Bluff.

Due to the operation of the field over a long period of time, existing gas production infrastructure is extensive and allows for immediate gas sales after wells have been drilled and or re-completed.

Sun Resources' interests in the various fields are; West Flour Bluff Gas Field and Pita Island Gas Field 20.0000% and East Flour Bluff Gas Field 24.1667%.

Phase 1 of the Development Program
Phase 1 of the development consisted of a three well exploration program principally designed to test the prospectivity of the deep Frio K sands and to prove up the remaining potential, within the drainage areas of the wells, of the Frio J and upper K sands. This work was completed in mid March quarter 2006. Well performance did not meet expectations; however production did improve to a total over the fields of 5.2 mmscfged.

Further outcomes of the drilling program and in conjunction with work overs on existing wells, showed that the deep K sands below the K15 level had sub economic minor gas saturations and that potential Miocene sands (above 2,400 meters) had been effectively drained by prior production. With the above wells and workover results a new reserve position was independently determined by consultants Ryder Scott effective 1 December 2005. The reserve review had a significant increase in the Proved (1P) category (the higher degree of certainty category), with this component as a percentage of 3P reserves (Proved, Possible and Probable) increasing to 54% versus 38% from the prior review in October 2004.

A review of the Phase 1 well engineering and completion program on the BG Webb #1, Petty #2 and D-24 wells was commissioned (in part undertaken by Sun Resources). Results have shown the less than expected performance of reservoirs completed in BG Webb #1 and EFB D-24 is not due to problems of reservoir per se, but is most likely due to inappropriate drilling and completion practices (over gauge hole when drilling and fracture stimulation procedure) which can be overcome in Phase 2 of the development program.

Phase 2 of the Development Program
Phase 2 of the development program involves drilling up to 8 new wells targeting 40.9 bcfge of 3P recoverable reserves in the Frio J and K sands in both the East and West Flour Bluff Gas Fields. The initial well planned in Phase 2 is the FB #1 well in the West Flour Bluff Gas Field. FB #1 is updip of the Petty #2 well, which was a good producer that has produced nearly 2.6 bcfge from the J17 sand and still has about 1.2 bcfge in the remaining J sands. Some 6.73 bcfge reserves is predicted in the K15, J33 and J17 sand of FB #1 by the most current Ryder Scott report.

To date, commencement of the Phase 2 program has been delayed, initially due to the lack of deep rigs (a consequence of a back up in well schedule of the Operator's favoured drilling contractor) and then in December 2006 the rescheduling of drilling by the Operator and another member of the Joint Venture. These two parties have collectively a 49% vote and block a joint venture operation. These parties have elected not to fund the FB #1 well until at least the June half of 2008. Commencement of Phase 2 is a priority for Sun Resources and this has been communicated to the Operator.

DIRECTORS' REPORT (Continued)

1.5 FLOUR BLUFF GAS PROJECT, ONSHORE GULF COAST, TEXAS (Continued)

Workover Program

The operator commenced a workover program on East Flour Bluff Field wells (D-13, D-19, D-20 and D-24) mid May 2007 which was expected to be completed in September 2007. The aim of the program was to carry out completions on up hole reserves behind pipe in these wells to arrest declining production and bring production to above 3 msmscfd with 40-50 bod from the April 2007 level of 1.35 mmscfd with 20 bod. These workovers are the result of Sun Resources' active lobbying of the Operator and were considered and passed at a technical meeting in Houston in early February 2007.

Current Reporting Period Activity

Workover Program

The workover program on the East Flour Bluff Field wells was 50% successful with D-13 and D-24 having significant production increases from deeper sands behind pipe whilst D-19 and D-20 outcomes on very shallow sands behind pipe (around 2,300') revealed gas depletion as per the field in general at this shallow level. In September 2007, the workover program was extended to the West Flour Bluff Field well, Smith #1 (a US$20,000 exercise) which was 100% successful.

The objective of the work over program (production > 3 mmscfgd) has been met, but well fraccs on clean up of the J64 sand in East Flour Bluff D24 well, and the J02 sand in West Flour Bluff Smith #1 well, are outstanding to further increase production. The addition of gas production from the presently shut in lower J90 sand gas in the D24 well is also scheduled to occur post J64 sand fracc. The reason why the fraccs are outstanding is in part been due to an unexpected shut in of all fields during the latter half of the December 2007 quarter by an external *force majeur* from Crosstex who takes all gas production. Crosstex blew a hole in one of their major pipelines beneath Corpus Christi Bay and declared *force majeur* on all their local gas field customers until it was repaired. It is the Operator's policy on any fracc and resulting test flow to run gas directly to sales and not flare gas.

Production

Production was interrupted from 13 November 2007 until half year (11 January 2008) by the above mentioned external *force majeur* from Crosstex who takes all production. Production from the fields to sales returned at 2.8 mmscfg plus 35 bod (~3 mmscfgde) on 11 January 2008. The Operator is expected to bring the rate up a little more as wells and equipment stabilise.

Forward Program

A meeting with the Operator is scheduled early February 2008 to discuss commencement of the Phase 2 program (drilling of FB #1), the unfinished workover program and general production matters.

1.6 EAGLE OIL/GAS DEVELOPMENT, CALIFORNIA – 10.0% INTEREST

History/Background

The Eagle Oil/Gas Pool Development Project is a stratigraphic trap prognosed to contain gross recoverable volumes up to 34 mmbo and 58 bcfg (P_{10} estimate) in the Eocene age Upper and Lower Gatchell Sandstone. These volumes and reservoirs have been the target for the drilling of Eagle #1 in 2001 and the Eagle North #1 well in 2006. Eagle North #1, in particular, established the presence of moveable oil in the target Gatchell sand zone over 177 metres of horizontal extent, ie from 4,209 to 4,386 metres measured depth ("MD") in the well, but as with Eagle #1, could not be tested, because of a well mechanical failure. In this case it was related to the completion string failing and the well was left suspended for possible future operations involving a re-entry and a sidetrack to target. However, a subsequent post well analysis of the well engineering noted the small diameter of the final Eagle North #1 bore hole allows no flexibility in carrying out drilling, logging and testing operations and hence a re-entry and sidetrack carries extreme high risk of a repeat outcome as Eagle North #1. A new engineered well, commencing with a larger bore hole diameter, was recommended in June half 2007 to continue the assessment and development of the Eagle Oil Pool.

DIRECTORS' REPORT (Continued)

1.6 EAGLE OIL/GAS DEVELOPMENT, CALIFORNIA – 10.0% INTEREST (Continued)

History/Background (Continued)
Current project equities are Empyrean Energy PLC (38.5%), Operator Victoria Petroleum NL ("Victoria) (20%), First Australian Resources Ltd ("First Australian") (15%), Lakes Oil NL (15%), Sun Resources (10%) and a USA private investor (1.5%).

Current Reporting Period Activity
During the September 2007 quarter, the majority of the joint venture decided to join the Operator on a farmout of the Eagle Oil Pool Development. The decision was based on the high engineering risk of drilling, notwithstanding the Eagle Oil Pool has been geologically derisked by past well results. It is considered that a horizontal well in the pool reservoir should have a significantly enhanced flow rate (3-4x) to that seen within the vertical Mary Bellocchi-1 well which flowed at 223 bod with 0.7 mmscfgd from a 12 metre interval of lower Gatchell sand.

The joint venture is offering a farminee, who will become the new project Operator, the choice of drilling; Shannon-1, a modest, low, risk step out well to the vertical Mary Bellochi-1 well, testing the 1.2 mmbo and 3 bcfg potential of the small structural closure on the regional stratigraphic trap; or Tulago-1, an aggressive step out, 1,200 metre updip of the Mary Bellochi-1 well, testing the mean case (8.8 mmbo and 33 bcfg) potential of the stratigraphic trap. The exact timing of either well is currently unknown, but is tenatively placed in second half 2008 and is obviously subject to a successful farmout and availability of a deep rig and experienced personel.

At December year end, the farmout effort, stimulated by the recent surge in oil prices had resulted in farmin interest from a number of parties. The Operator is hopeful of consummating a farmout in the March 2008 quarter.

2. OFFSHORE MALTA, SOUTHERN MEDITERRANEAN SEA – 20% interest

History/Background
Anadarko International Energy Company ("Anadarko"), a subsidiary of Anadarko Petroleum Corporation (NYSE:APC), concluded a Participation (Farmin) Agreement in June 2005 with the then Malta Joint Venture comprising Sun Resources (20%) and Pancontinental Oil & Gas NL ("Pancontinental") (80%). This agreement provides for Anadarko to earn an interest by funding agreed activities on two contiguous permit areas - ESA Area 4, Block 3 and ESA Area 5. These ESA's total 14,800 square kilometres and are located on the Pelagian Platform in southern Maltese waters abutting Tunisia and Libya.

These farmin activities to be carried out by Anadarko are further infill 2D seismic on ESA Area 5 and for Anadarko at its option to enter into a Production Sharing Contract with Sun Resources, Pancontinental and the Government of Malta to drill up to two wells within the PSC area. Anadarko, under the Agreement, has options to earn a 65% interest in the PSC on completion of one well, and to increase its interest to 75% by again drilling a further well at no cost to Sun Resources and Pancontinental.

Large prospects such as Chianti and Limoncello were delineated in 2004 by Sun Resources and Pancontinental in ESA Area 5, and these have speculative reserve potential, ranging from a mean recoverable oil potential of 455 mmbo for Chianti to 968 mmbo for Limoncello. The potential estimates are based on neighbouring commercial field analogues in Libyan and Tunisian waters.

At the end of June 2005 Anadarko was tendering for a seismic vessel for the 2D infill seismic program in ESA Area 5 that was expected to take four weeks in September 2005. However, at the Maltese Government's request, the Joint Venture suspended the seismic survey to assist the government in facilitating the resolution of the maritime border issues it has with both Tunisia and Libya. These border issues affect the western and southern boundaries of ESA Area 5. The 2004 seismic survey was conducted within undisputed Maltese waters away from these unresolved

DIRECTORS' REPORT (Continued)

2. OFFSHORE MALTA, SOUTHERN MEDITERRANEAN SEA – 20% interest (Continued)

border areas and it was this seismic survey that revealed a number of significant world class prospects and leads in undisputed Maltese waters which motivated Anadarko to conclude a Participation (Farmin) Agreement with Sun Resources and Pancontinental.

Progress, albeit slow, continues to be made on resolution of the maritime borders, particularly between Malta and Libya and Malta and Tunisia. An Agreement between Malta and Tunisia was signed on 27 February 2006 for joint oil and gas exploration and exploitation in zones of the Continental Shelf located between Malta and Tunisia which in part encompasses the western area of the ESA in Area 5. Since the agreement, Malta and Tunisia, through a joint expert committee reporting to the two country's Ministers of Foreign Affairs have been working on the determination of the exact coverage of the joint exploration and exploitation zone between the two countries.

Similar discussions between Malta and Libya are current on resolving the southern boundary issue in the southern area of the ESA, and it is hoped that a similar agreement between Malta and Libya will be forthcoming in the very near future. Meetings between the two governments occurred in February, April and June 2007 with both parties agreeing to identify opportunities for co-operation on maritime boundaries, including determining territorial boundaries for oil and gas exploration.

Current Reporting Period Activity

Anadarko continues to actively monitor and lobby on the border situation with the Government of Malta. Anadarko is keen to commence seismic and has been proactive by seeking tenders and or seeking to align seismic surveys that they have, or with third parties in adjacent Tunisian waters, with potential seismic operations within the Malta ESA's. This objective has been communicated to the Maltese government officials. Seismic activity in the Mediterranean Sea is now closed until February 2008 due to the winter season in the Mediterranean Sea. The joint venture remains hopeful that agreement can be reached between the parties in the next 6 months to progress seismic in the next weather window.

3. CARNARVON BASIN, WESTERN AUSTRALIA

Sun Resources is part of various consortiums of companies exploring two permits in the Dampier Sub-Basin (WA-254-P and WA-257-P). It is probable from developments outlined below that 2 to 4 wells will be drilled on these permits in the next few years commencing latter half 2008.

3.1 WA-254-P – 7.86% TO 9.25% INTEREST

History/Background

Participants in WA-254-P are Sun Resources (7.86% to 9.25%), Operator Apache Energy ("Apache") (64.95% to 72.28%), First Australian (10.71% to 11.25%), Victoria (6.17% to 9.30%) and New Zealand Oil and Gas NL (2.99% to 5.23%)

On going work with Operator, Apache has been directed towards fully maturing the prospect and lead inventory (Duomonte, Dr Zeus, Janus revisited, Helly Belly, Jayasuriya and Little Joe) for drilling by interpretation of better imaged deeper stratigraphic levels from new reprocessing of the 3D seismic data base. Hopefully 2 to 3 prospects will be sufficiently worked up with suitable risks to enable the same number of wells to be drilled in the last term of the permit which expires on 11 June 2011. Duomonte (44 mmbo recoverable (P_{10})) has been nominated for drilling by the Operator, but this is conditional on the Operator's drilling schedule. Notwithstanding high oil prices, an updated economic analysis of the Sage Oilfield, given to the joint venture at the February 2007 technical meeting, still has Sage's status as being a stranded oil discovery with its development being dependent on new discoveries being made nearby to share development costs.

Current Reporting Period Activity

During the December 2007 half year, the Operator continued interpretation of the deeper stratigraphic levels in the permit from reprocessed and new 3D seismic data.

DIRECTORS' REPORT (Continued)

3.2 WA-257-P – 9.64% INTEREST

History/Background

Participants in WA-257-P are Sun Resources (9.64%), Operator Apache (51.78%) and Kufpec Australia Pty Ltd ("Kufpec") (38.58%).

Operator, Apache, has focused on bringing two structural – stratigraphic traps to drill status. These are; the previously known, up to 100 mmbo (P_{10}) recoverable *W Spectabilis* sands, Hekla Prospect; and, the up to 130 mmbo (P_{10}) recoverable *P inhiense* (Angel Formation) sands, Sextant Prospect.

Both now have high geological risk; Hekla – high structural risk and Sextent – high reservoir risk. The joint venture was advised in January 2007 that the target reservoir in the nearby Libris 1 well in eastern adjacent permit WA-246-P held by Apache, Kufpec and Pan Pacific Petroleum NL was poor, notwithstanding oil was present in the reservoir. A well on the Sextant Prospect could be reconsidered if the new Corvus West Prospect (15 bcfg potential) under Sextant became a drilling candidate. This is a new small Jurassic structural prospect that is related to the Corvus gas field on trend in eastern adjacent WA-246-P.

A new 3D seismic survey covering the western two thirds of the permit area where previous 2D seismic coverage is poor was completed in the June 2007 quarter.

Current Reporting Period Activity

Processing of the new 3D seismic survey covering the western two thirds of the permit is still current with the geophysical contractor. A TCM/OCM was held in December 2007 to review exploration progress to date. The Operator has applied for a variation to permit conditions with the federal statutory authority to extend the permit year to July 2008, to allow a drill/drop decision on a commitment well on a prospect from the new prospect inventory in the next permit year. As a consequence of the variation the next permit year will be shortened by 6 months to January 2009 which will mean a well must be drilled in the latter half of 2008.

B. THAILAND - NEW PROJECT DEVELOPMENT

History/Background

Sun Resources is following and delivering a strategy of building up significant cash flow in the US Onshore Gulf Coast and then applying these funds to develop and participate in larger scale projects, particularly in SE Asia.

With respect to participation in larger scale projects in SE Asia, one onshore block (L20/50) and one offshore block (G3/50) was applied for in the still current 20th Bid Round in Thailand. These applications were made in partnership with other well known and respected explorers, namely Adelphi Energy Limited ("Adelphi") in the case of G3/50 in mid July 2007, and Carnarvon Petroleum NL ("Carnarvon") in the case of L20/50 in mid August 2007.

Current Reporting Period Activity

L20/50 Block

Sun Resources and Carnarvon received official notification from the Thai Department of Mineral Fuels ("DMF") of the award of onshore block L20/50 by Thai Cabinet resolution of 18 December 2007 and in turn have accepted the block award from the DMF at the official signing ceremony in Bangkok, post reporting period, on 21 January 2008. Following the formal signing, Carnarvon as Operator, commenced block exploration activities.

The L20/50 block is a 3,947 km^2 block area located in the southern portion of the Phitsanulok Basin. The Phitsanulok Basin contains the largest onshore oil and gas accumulation in onshore Thailand, the Sirikit Field, which is on trend with the southern adjacent L20/50 block. The field was

DIRECTORS' REPORT (Continued)

B. THAILAND - NEW PROJECT DEVELOPMENT (Continued)

Current Reporting Period Activity (Continued)
L20/50 Block (Continued)

brought onto production in 1981 and to date has produced ~180 mmboe. Current daily production approximates 20,000 bo, 50-55 mmscfg and 275 tonnes of LPG. Reserves in excess on 200 mmbo remain to be produced by advanced recovery processes under the current high oil price regime.

The L20/50 block has been very lightly explored with the last effort some 25 years ago, in a time of low oil prices in the early 1980s. There is the possibility of near term cash flow from a re-drill or work over of an old shut in well (Nong Bua-1) in the block. This well was not brought on production at the then time of prevailing low oil prices because it required artificial lift to bring the oil to surface and this higher cost production methodology was not considered by the operator whose main focus at the time was the development of the Sirikit Field.

Carnarvon, as Operator of the L20/50 block, plans to fast track exploration to reach an early drilling decision on the block. A similar exploration philosophy will be applied to exploration on the block in a basin that is a direct geological analogue to the Phetchabun Basin lying ~50 kilometres to the east of the L20/50 block. Carnarvon and its joint venture partner Pan Orient Energy have been extremely successful in the Phetchabun Basin in the last 12 - 18 months in exploring new play concepts, particularly the fractured volcanic play in the basin. Exploration success here from new field discoveries in the environs of their Wichian Biri Field has seen production rise from less than 50 to an expected 10,000 bod in March quarter 2008.

G3/50 Block
The 8,141 km^2 G3/50 offshore block in the Chumpon Basin was strongly bid by eight consortia groups because of its very high potential. Sun Resources, as Operator, identified from 3D and 2D seismic data over the block area, a very significant untested gas condensate accumulation having a potential of 160 - 350 bcfg with 13 - 35 mmboc and natural gas liquids, as well as other oil and gas prospects. Notwithstanding the Sun Resources and Adelphi joint venture bid a very comprehensive exploration and development work program, the block was awarded to Sita Oil Exploration House, Inc, the highest bidder, by Thai Cabinet resolution of 18 December 2007.

B. MINERAL EXPLORATION/INVESTMENT

The Joint Venture on the vestigial mineral interest of the Butterfly gold tenement in the North Coolgardie Mineral Field, Western Australia in which the Company has a 5% NPI interest remains current with Barminco Limited a successful underground mining contractor and Atlantic Gold Limited.

C. NEW PROJECT DEVELOPMENT

During the half-year Sun Resources continued its involvement in new project generation and development to the benefit of its Shareholders.

DIRECTORS' REPORT (Continued)

D. CORPORATE

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company announced on the 24 January 2008 that there will be a general meeting on the 22 February 2008 to ratify the issues of shares and unlisted options in addition to appointing Auditors of the Company.

A further announcement on the 25 January 2008 confirmed that executives of Sun Resources NL and Carnarvon Petroleum Ltd attended an official signing in Bangkok with the Minister of Energy for the L20/50 onshore Thailand concession.

AUDITORS INDEPENDENCE DECLARATION

The auditor's Independence Declaration on page 17 forms part of the Directors' Report for the half-year ended 31 December 2007.

This relates to the audit report, where they state that they have issued an independent declaration.

This report is made in accordance with a resolution of the Directors.

For and on behalf of the Board.

BRADFORD L FARRELL
Director

ALAN P WOODS
Director

Perth, Western Australia
Dated this 14th day of February 2008.

DIRECTORS' REPORT (Continued)
TENEMENT DIRECTORY

PROSPECT	TENEMENTS	INTEREST	COMMENTS
OIL & GAS			
Western Australia			
Offshore Northern Carnarvon Basin			
Damper Sub-Basin	WA-254-P	7.86% to 9.25%	Blocks 1,3 & 4 - 7.86% Block 2 – 9.25%
Dampier Sub-Basin	WA-257-P	9.64%	
California, USA			
San Joaquin Basin			
Eagle	Private lease lands	10.00%	
Louisiana, USA			
Texas Gulf Basin			
Hollywood	State Lease SL238	10.00%	
Texas, USA			
Texas Gulf Basin			
East Flour Bluff Gas Field	State lease land	24.17%	
West Flour Bluff Gas Field	BLM lease land	20.00%	
Pita Island Gas Field	State lease land	20.00%	
Agavero Gas Field	Private lease land	20.00%	
Dona Carlota Gas Field	Private lease land	20.00%	
Milagro Oil Field	Private lease land	20.00%	
Project Margarita Miscellaneous	Private lease lands	37.50%	
Bondi	Private lease land	15.00%	
Malta			
Pelagian Platform			
	Area 4, Block 3 ESA	20.00%	
	Area 5, ESA	20.00%	
Western Australia			
North Coolgardie Mineral Field			
Butterfly	M40/110	5.00% NPI	Joint Venture with Kookynie Resources NL on that portion of the lease covered by former P40/462.

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14 February 2008

The Directors
Sun Resources NL
4 Bendsten Place
BALCATTA WA 6021

Dear Sirs

DECLARATION OF INDEPENDENCE BY BDO KENDALLS TO THE DIRECTORS OF SUN RESOURCES NL

As lead auditor of Sun Resources NL for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sun Resources NL and the entities it controlled during the period.

Yours faithfully

Glyn O'Brien

Glyn O'Brien
Partner

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) (formerly BDO)
Perth, Western Australia

DIRECTORS' DECLARATION

The directors of Sun Resources NL declare that:

(a) the financial statements, comprising the Condensed Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and accompanying notes set out on pages 19 to 26 are in accordance with the Corporations Act 2001, and:

  (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance represented by the results of its operations and cash flows for the half-year ended on that date; and

  (ii) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for on behalf of the directors by:

BRADFORD L FARRELL
Director

ALAN P WOODS
Director

Perth, Western Australia
Dated this 14th day of February 2008

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated 31 December 2007 $	Consolidated 31 December 2006 $
Revenue from continuing operations		655,161	699,620
Administration expense		(185,701)	(251,414)
Depreciation and amortisation expense		(877,433)	(3,580)
Finance expense		(4,398)	-
Occupancy expense		(34,568)	(26,012)
Employees expense		(183,555)	(314,550)
Exploration expense		(1,615,928)	(990,106)
Share-based expense		-	(17,298)
		(2,901,583)	(1,602,960)
(Loss) before income tax expense		(2,246,422)	(903,340)
Income tax expense	1	-	-
(Loss) for the half-year		(2,246,422)	(903,340)
Net (loss) is attributable to equity holders of Sun Resources NL		(2,246,422)	(903,340)
Basic earnings per share (cents)		(1.251)	(0.572)

The Condensed Consolidated Income Statement is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 23 to 26.

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	Consolidated 31 December 2007 $	 30 June 2007 $
Current assets			
Cash and cash equivalents		4,039,016	1,769,590
Trade and other receivables		239,839	154,556
Financial assets		4,000	4,000
Total current assets		4,282,855	1,928,146
Non-current assets			
Trade and other receivables		-	-
Financial assets		-	-
Plant and equipment		31,941	27,276
Oil and gas properties		15,972,254	16,888,504
Total non-current assets		16,004,195	16,915,780
Total assets		20,287,050	18,843,926
Current liabilities			
Trade and other payables		8,700	470,129
Total liabilities		8,700	470,129
Net assets		20,278,350	18,373,797
Equity			
Contributed equity	3	31,963,364	27,909,806
Reserves		508,315	410,898
Accumulated losses		(12,193,329)	(9,946,907)
Total equity		20,278,350	18,373,797

The Condensed Consolidated Balance Sheet is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 23 to 26.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Consolidated Entity 31 December 2007 $ Inflow/(outflow)	Consolidated Entity 31 December 2006 $ Inflow/(Outflow)
Cash flows from operating activities		
Payments to suppliers and employees	(404,727)	(462,715)
Income from Flour Bluff & Other Projects	485,212	648,532
Interest received from other parties	32,621	43,430
Other income received	-	35,400
Dividends received	-	2,249
Proceeds from sale of shares	-	15,876
Payments for exploration	(1,983,308)	(1,195,285)
Net cash flow (used in) operating activities	(1,870,202)	(912,513)
Cash flows from investing activities		
Payments for plant and equipment	(11,468)	(2,397)
Net cash flow (used in) investing activities	(11,468)	(2,397)
Cash flows from financing activities		
Proceeds from the issue of shares	4,450,966	2,200,000
Associated costs from the issue of shares	(299,991)	(110,000)
Net cash flow from financing activities	4,150,975	2,090,000
Net increase in cash and cash equivalents	2,269,305	1,175,090
Cash and cash equivalents at beginning of period	1,769,590	1,866,035
Effects of exchange rate changes on cash and cash equivalents	121	(51,442)
Cash and cash equivalents at end of the half-year	4,039,016	2,989,683

(a) Reconciliation of cash

For the purpose of the Cash Flow Statement, cash includes cash on hand and in banks and deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the Cash Flow Statement is reconciled to the related items in the balance sheet as follows:

	2007 $	2006 $
Cash at bank	1,477,390	2,922,510
Deposits on call	2,561,626	67,173
Cash per cash flow	4,039,016	2,989,683

The Condensed Consolidated Cash Flow Statement is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 23 to 26.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Issued capital	Retained earnings	Other reserves	Total equity
	$	$	$	$
At 1 July 2006	25,819,806	(6,927,928)	393,600	19,285,478
Associated costs of share issue	(110,000)	-	-	(110,000)
Share-based payment expense	-	-	17,298	17,298
Net expense for the half-year recognised directly in equity	(110,000)	-	17,298	(92,702)
Loss for the year	-	(903,340)	-	(903,340)
Total income and expense for the half-year	(110,000)	(903,340)	17,298	(996,042)
Issue of share capital	2,200,000	-	-	2,200,000
At 31 December 2006	27,909,806	(7,831,268)	410,898	20,489,436
Loss for the year	-	(2,115,639)	-	(2,115,639)
Total income and expense for the half-year	-	(2,115,639)	-	(2,115,639)
At 30 June 2007	27,909,806	(9,946,907)	410,898	18,373,797
Associated costs of share issue	(299,991)	-	-	(299,991)
Share-based payment expense	(97,417)	-	97,417	-
Net expense for the half-year recognised directly in equity	(397,408)	-	97,417	(299,991)
Loss for the year	-	(2,246,422)	-	(2,246,422)
Total income and expense for the half-year	(397,408)	(2,246,422)	97,417	(2,546,413)
Issue of share capital	4,450,966	-	-	4,450,966
At 31 December 2007	31,963,364	(12,193,329)	508,315	20,278,350

The Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 23 to 26.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Australian Accounting Standard 134 “Interim Financial Reporting” and the Corporations Act 2001.

This interim report does not include all of the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Sun Resources during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in this interim financial report. AASB 134: Interim Financial Reporting generally only requires disclosure of accounting polices that have changed from those used in the prior annual reporting period.

The same accounting policies and methods of computation have generally been followed in this interim financial report as compared with the most recent annual financial report. The following additional Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ended 31 December 2007:

Reference	Title	Summary	Application date of standard	Impact on Group Financial Report	Application Date for Group
AASB 101 (Revised September 2007)	Presentation of Financial Statements	Amendments to presentation and naming of the financial statements	Annual reporting periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements	1 January 2009
AASB 2007-8 (Issued September 2007)	Amendments to Australian Accounting Standards arising from AASB 101	Mainly editorial changes	Periods commencing on or after 1 January 2009	Mainly editorial changes	1 January 2009

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS (Continued)

(a) Oil and Gas Properties

Exploration Expenditure is measured on the cost basis less impairment losses.

The carrying amount of exploration expenditure is reviewed by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal.

Sun uses the "Units of Production" (UOP) approach when depreciating and amortising field-specific assets. Amortisation of producing projects for the period ended 31 December 2007 was calculated based on proved and developed reserves.

(b) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and temporary differences to measure the deferred tax asset of liability. An exception is made for certain temporary differences arising from the initial recognition of an asset of a liability. No deferred tax asset of liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit of taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Sun Resources and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

(c) Investments and other financial instruments

Under AIFRS fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value (increments and decrements) are posted to the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

2. SEGMENT INFORMATION

Primary reporting - Business Segments

	Oil Exploration $	Investment Corporate $	Consolidated $
31 December 2007			
Total segment revenue	-	655,161	655,161
Segment result	(2,487,508)	241,086	(2,246,422)
Profit/(Loss) from ordinary activities before related income tax expense			(2,246,422)
31 December 2006			
Total segment revenue	-	699,620	699,620
Segment result	(990,106)	86,766	(903,340)
Profit/(Loss) from ordinary activities before related income tax expense			(903,340)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

3. CONTRIBUTED EQUITY

	Consolidated 31 December 2007 $	Consolidated 30 June 2007 $
Issued and paid-up capital 225,097,345 (June 2007: 170,755,785) ordinary shares, fully paid	31,963,364	27,909,806

Issues of Ordinary Shares and options during the Half-Year

The Company successfully placed 54,341,560 fully paid ordinary shares together with 4,000,000 unlisted options during the half-year and incurred associated costs as follows:

Date	Number of Shares	Details of Movement	Issue Price	Contributed capital $
1 July 2007	170,755,785	Opening balance	-	27,909,806
5 October 2007	-	Share based payment	-	(97,417)
22 November 2007	22,274,400	Issue of New Shares	7 cents	1,559,208
28 November 2007	6,184,898	Issue of New Shares	7 cents	432,943
11 December 2007	25,882,262	Issue of New Shares	9.5 cents	2,458,815
-	-	Issue costs of Shares	-	(299,991)
	225,097,345			31,963,364

4. EVENTS SUBSEQUENT TO BALANCE DATE

The Company announced on the 24 January 2008 that there will be a general meeting on the 22 February 2008 to ratify the issues of shares and unlisted options in addition to appointing Auditors of the Company.

A further announcement on the 25 January 2008 confirmed that executives of Sun Resources NL and Carnarvon Petroleum Ltd attended an official signing in Bangkok with the Minister of Energy for the L20/50 onshore Thailand concession.

5. CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since the last annual reporting date.

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF SUN RESOURCES NL

We have reviewed the accompanying half-year financial report of Sun Resources NL, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sun Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Kendalls

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sun Resources NL is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Kendalls Audit & Assurance (WA) (formerly BDO)

BDO Kendalls
Glyn O'Brien

Glyn O'Brien
Partner

Perth, Western Australia
Dated this 14th day of February 2008