

Prospectus

Sun Resources NL ACN 009 196 810 (Company)

For:

1. a non-renounceable rights issue of one (1) New Share for every two (2) Shares held by Eligible Shareholders at the Record Date at an issue price of \$0.01 each per New Share to raise approximately \$1,320,528 (before costs), with one (1) free-attaching New Option for every one (1) New Share allotted. The New Options will be exercisable at \$0.01 each on or before the date which is 4 years from their date of issue (**Rights Issue**); and
2. a placement offer of 230,000,000 New Options at an issue price of \$0.0001 per New Option to raise \$23,000 (before costs). The New Options will be exercisable at \$0.01 each on or before the date which is 4 years from their date of issue (**Placement Issue**),

(and together, the **Offer**).

The Offer is fully underwritten by Fast Lane Australia Pty Ltd.

Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. The New Securities offered by this Prospectus should be considered as speculative.

This is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Prospectus

Important information

Offer statistics

Number of New Shares to be issued under the Offer	132,052,846*
Number of New Options to be issued under the Offer	362,052,846
Offer Price for New Shares under the Rights Issue	\$0.01
Call Option Premium for New Options under the Placement Issue	\$0.0001

*Excludes any New Shares which may be issued in the event that any existing Options are exercised prior to the Record Date.

Key dates

Record Date for determining Entitlements under the Offer	14 September 2016
Opening Date (9.00am Perth time)	16 September 2016
Closing Date (5.00pm Perth time)	12 October 2016
Commencement of trading of New Securities on ASX	20 October 2016
Expected date for despatch of holding statements	21 October 2016

Further details regarding the timetable for the Offer are set out in Section 2.3. All dates are subject to change and, accordingly, are indicative only. In particular, the Company has the right to vary the dates of the Offer, without prior notice. Eligible Shareholders and other investors are encouraged to submit their Entitlement and Acceptance Forms and/or Application Forms as soon as possible after the Offer opens.

Important notice

This Prospectus is dated 9 September 2016 and was lodged with the ASIC on that date. Neither the ASIC nor the ASX, nor any of their officers, takes any responsibility as to the contents of this Prospectus. No securities will be issued on the basis of this Prospectus any later than 13 months after the date of issue of this Prospectus.

This Prospectus is a transaction specific prospectus for an offer to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. The Prospectus is also issued for the purposes of offering the Shortfall Securities to the Underwriter and any other investors identified by the Underwriter or the Company.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the Offer has not been, and will not be, registered under the U.S. Securities Act or the securities law of any state of the United States, and may not be offered or sold in the United States or to or for the account or benefit of any U.S. Persons, except in a transaction exempt from the registration requirements of the U.S. Securities Act and applicable United States of America state securities laws.

Eligible Shareholders and other investors should be aware that past Share price performance of the Company provides no guidance to future Share price performance. Neither the Company, the Directors

Prospectus

nor any other person (including the Underwriter), warrants or guarantees the future performance of the New Securities or any return on any investment made pursuant to this Prospectus.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. If you have any questions you should seek professional advice before deciding to invest. An investment in New Shares and/or New Options that are offered under this Prospectus should be considered speculative.

Please refer to Sections 1.4 and 6 for details relating to risks involved with an investment in the New Securities being offered under this Prospectus.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this document which is not contained in this document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

Forward looking statements

Some of the information contained in this Prospectus constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'should', 'will', 'expects', 'plans' or similar expressions. These statements discuss future objectives or expectations concerning results of operations or financial conditions or provide other forward-looking information. The Company's actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements. This Prospectus details some important factors that could cause the Company's actual results to differ from the forward-looking statements made in this Prospectus.

Foreign Shareholders

This document does not constitute an offer of New Securities in any jurisdiction in which it would be unlawful to make such an offer. New Securities will not be offered or sold in any country outside Australia or New Zealand except to the extent permitted below.

The Offer is made only to those Eligible Shareholders or investors with registered addresses in Australia and New Zealand and therefore only those Eligible Shareholders or investors will be offered New Securities. See Section 2.11 for further information on Offer restrictions with respect to Shareholders or investors who do not have registered addresses in Australia or New Zealand.

New Zealand

In making the Offer to Eligible Shareholders or investors in New Zealand, the Company is relying on the *Securities Act (Overseas Companies) Exemption Notice 2002 (NZ)*, by virtue of which this Prospectus is not required to be registered in New Zealand.

United States

This document may not be released or distributed in the United States of America. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States of America. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States of America except in

Prospectus

transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

How to accept your Entitlement to New Securities or make an Application for New Options

Eligible Shareholders and other investors should be aware that past Share price performance of the Company provides no guidance to future Share price performance. Neither the Company nor any other person (including the Underwriter), warrants or guarantee the future performance of the New Shares or New Options or any return on any investment made pursuant to this Prospectus. You should also have regard to other publicly available information about the Company, including ASX announcements.

Entitlements to New Securities can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is accompanying this Prospectus or making payment of Acceptance Monies in accordance with the instructions set out in this Prospectus and on the Entitlement and Acceptance Form.

Applications for New Options can be made by completing and returning the Application Form for New Options which is accompanying this Prospectus and by making payment of Application Monies for the New Options in accordance with the instructions set out in this Prospectus and on the Application Form. In the event of over subscriptions, the New Options will be allocated by the Underwriter in its sole and absolute discretion.

This Prospectus is available in electronic form on the internet at www.sunres.com.au. If you wish to obtain a paper copy of this Prospectus, please contact the Company on +61 8 9321 9886.

Not investment advice

The information provided in this Prospectus is not investment advice or financial product advice and has been prepared without taking into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus in full before deciding to take up your Entitlements and/or make an Application for New Options and consider all of the risk factors that could affect the performance of the New Securities, including those set out in Section 6. You should carefully consider these risks and your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek independent professional advice from your stockbroker, accountant or other professional advisor before deciding to invest in the New Securities.

Enquiries

If you are an Eligible Shareholder or investor and have any questions in relation to the Offer, please contact your stockbroker or professional adviser. If you have questions in relation to the New Securities upon which your Entitlement has been calculated, or how to complete the Entitlement and Acceptance Form or Application Form for New Options, take up your Entitlement or apply for Additional Securities or New Options, please call the Company on (+61 8) 9321 9886.

Prospectus

Table of Contents

- 1. Investment summary7
- 2. Details of the Offer14
- 3. How to apply.....18
- 4. Company Information22
- 5. Effect of the Offer on the Company.....25
- 6. Risk factors.....29
- 7. Additional information36
- 8. Directors’ statement51
- 9. Definitions & glossary52
- 10. Corporate Directory55

Prospectus

Chairman's letter

9 September 2016

Dear Shareholders and Investors

It is my pleasure to introduce this Prospectus and invite you to take up your Entitlement of New Securities in the Company or apply for New Options, pursuant to the Offer.

The Offer is comprised of:

1. a non-renounceable rights issue of one (1) New Share for every two (2) Shares held by Eligible Shareholders at the Record Date at an issue price of \$0.01 per New Share to raise approximately \$1,320,528 (before costs) with one (1) free-attaching New Option for every one (1) New Share allotted. The New Options will be exercisable at \$0.01 each on or before the date which is 4 years from their date of issue; and
2. a placement offer of 230,000,000 New Options at an issue price of \$0.0001 per New Option to raise \$23,000 (before costs). The New Options will be exercisable at \$0.01 each on or before the date which is 4 years from their date of issue.

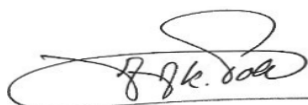
The Offer is fully underwritten by Fast Lane Australia Pty Ltd, the largest shareholder in the Company.

The Offer will provide a much needed capital injection into the Company. It is proposed that the funds raised from the Offer will be used primarily to advance the evaluation and appraisal of new oil development opportunities in the USA, as well as providing general working capital and funding the costs of the Offer.

Under the Offer, you are entitled to subscribe for the number of New Securities set out in your personalised Entitlement and Acceptance Form enclosed with this Prospectus and in addition investors may apply for New Options on the Application Form. You are also entitled to apply for the Shortfall in excess of your Entitlement. Entitlements to New Securities can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus and making payment of Acceptance Monies in accordance with the instructions set out in Section 3 and on the Entitlement and Acceptance Form. Applications for New Options can be made by completing and returning the Application Form for New Options which accompanies this Prospectus and making payment of Application Monies in accordance with the instructions set out in Section 3 and on the Application Form. Acceptance Monies for the New Securities and any Shortfall (if applicable) as well as Application Monies for the New Options must be received by the Closing Date. Please refer to the timetable in Section 2.3 for further information regarding the important dates in relation to the Offer.

On behalf of the Directors, I thank you for your continued support and I invite you to consider this investment opportunity.

Yours faithfully



Dr Jaap Poll
Chairman
Sun Resources NL

Prospectus

1. Investment summary

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

1.1 The Offer

This Prospectus is for:

- (a) a non-renounceable rights issue of up to 132,052,846 New Shares at an issue price of \$0.01 each per New Share, on the basis of one (1) New Share for every two (2) Shares held by Eligible Shareholders as at the Record Date with the issue of one (1) free-attaching New Option for every one (1) New Share allotted. The New Options will be exercisable at \$0.01 each on or before the date which is 4 years from their date of issue; and
- (b) a placement of 230,000,000 New Options at an issue price of \$0.0001 per New Option to raise up to \$23,000 (before costs). The New Options will be exercisable at \$0.01 each on or before the date which is 4 years from their date of issue.

The Offer is fully underwritten by Fast Lane Australia Pty Ltd. Accordingly, this Prospectus is also issued for the purposes of offering and issuing the Shortfall Securities to the Underwriter and any other investors identified by the Underwriter or the Company. The Directors may at any time decide to withdraw this Prospectus and the offer of New Securities made under this Prospectus, in which case the Company will return all Acceptance Monies and Application Monies (without interest) within 28 days of giving notice of such withdrawal. If this occurs the Company will be liable to pay a \$100,000 break fee to the Underwriter in accordance with the terms of the Underwriting Agreement.

1.2 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer to:

- (a) the evaluation and appraisal of new oil and gas development opportunities located in the USA which, if proceeded with, may move the Company towards a sustainable business model in the current low oil price environment;
- (b) assessing development activities in the Company's remaining East Texas unconventional portfolio (subject to being economically viable);
- (c) general working capital; and
- (d) the costs of the Offer.

It is proposed that the funds raised under the Offer will be allocated in the following manner:

Proposed use of funds	\$
Evaluation and appraisal of new oil and gas development opportunities in the USA	200,000
Exploration and development activities	43,000
General working capital	967,817
Costs of the Offer	132,711
Total	1,343,528

Prospectus

Notwithstanding the allocations set out above, in the event that circumstances change or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders. The Company will provide details of its actual expenditure in its periodic reports and as otherwise required by the ASX Listing Rules.

Further details on the Company's operations and the effect of the Offer on the Company are set out in Section 5.

1.3 Investment highlights

The capital injection from the completion of the Offer will enable the Company to continue its evaluation and appraisal of new oil and gas development opportunities in the USA, including but not limited to:

- (a) a steam injection heavy oil project located in West Texas;
- (b) leasing of oil development opportunities in the shallow waters of the Gulf of Mexico, particularly Louisiana;
- (c) new leasing opportunities in East Texas unconventional oil plays (subject to oil price improvements); and
- (d) identification and review of other potential oil and gas development and production opportunities in onshore USA.

The Board is currently evaluating and appraising the above oil and gas projects to complement the existing operations of the Company, as part of a wider strategy to acquire oil and gas interests in projects located in stable jurisdictions which have the potential for large-scale development.

1.4 Risk factors

Investing in the Company involves risk. There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. If you are unsure about subscribing for New Securities, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The following table sets out a summary of some of the key risks relevant to the Company and its operations. Further information in relation to these risks are contained in Section 6.

Risk	Detail
Uncertainty of development of projects and exploration risk	<p>The primary business of the Company is exploration for, and commercial development of, conventional and unconventional oil reservoirs, which is subject to the risks inherent in these activities. The Company has previously undertaken an initial development phase of the Normangee and SW Leona Oil Projects, whilst other projects are in the exploration and evaluation phase. The current and future operations of the Company may be affected by a range of factors, including:</p> <ul style="list-style-type: none">• geological conditions;• limitations on activities due to seasonal weather patterns;

Prospectus

Risk	Detail
	<ul style="list-style-type: none"> • alterations to exploration programs and budgets; • unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities; • mechanical failure of operating plant and equipment; • adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events; • unavailability of drilling, processing and other equipment; • unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour; • prevention of access by reason of inability to obtain regulatory or landowner consents or approvals; • terms imposed by government on development of production-related projects including conditions such as environmental rehabilitation and taxes; and • delays in completing feasibility studies and obtaining development approvals.
Litigation risk	<p>A wholly owned subsidiary Company of Sun Resources NL was previously involved in a dispute with the operator of the Beeler Oil Project. In 2013, the Company announced that Richland Resources Corp, a company operating in the United States of America was removed as operator by the non-operating working interest owners in the Beeler Oil Project. Richland Resources Corp. had failed to pay certain vendors and these vendors then filed liens against the entire Beeler Oil Project, including Sun's 16.67% non-operating working interest. Richland Resources Corp. subsequently filed for Bankruptcy. Sun Delta Inc.'s liability to the Bankruptcy Trustee is US\$172,000. Sun Delta Inc. assigned to Amerril Energy LLC ("Amerril") in May 2015 its claims to related damages concerning the Seale #1H well, with Amerril to keep all damages. If Weatherford Inc. ("Weatherford") obtains damages or other compensation against an Amerril Entity of less than one million US dollars, Sun Delta Inc. will pay 50% of such amount. If any compensation amount due to Weatherford from an Amerril Entity is in excess of one million dollars, Sun Delta Inc. will pay Amerril US\$500,000 with Amerril retaining any existing rights to seek additional damages and compensation from Sun Delta Inc., however such claim by Amerril would require a lawsuit by Amerril against Sun Delta Inc. and Sun Delta Inc. would have all of its rights and defences in such lawsuit. The Company has recognised a US\$500,000 liability as part of trade and other payables for this contingency. Certain land owners with mineral interests across some leases within the Seale and T.Keeling drilling units are currently in dispute with Amerril Energy LLC regarding the size of those drilling units. Litigation is continuing and there is a chance that the mineral interests in those leases, including the well bores and any production from them, may revert to the mineral owners in order to settle the claim. It is also possible that a portion of the Southern Woodbine leases may be extinguished in lieu of any potential cash settlement.</p>

Prospectus

Risk	Detail
Reliance on and sourcing of key personnel	<p>The Company is dependent on its Directors', managers' and consultants' ability to implement the Company's strategy in respect of the exploration and possible development of the Company's unconventional oil lease interests. A number of factors, including the departure of senior management of the Company, could adversely affect the Company's ability to implement its strategy.</p> <p>The success of the Company's operations may also depend on continued access to competent management and technical expertise, prudent financial administrators and the availability of appropriately skilled and experienced employees, contractors and consultants operating in relevant sectors. In the event that the Company is unable to source such personnel, the Company could be adversely affected.</p>
Future financing	<p>Whilst development of the oil projects is in progress, the Company does not have any material current operating revenue. Accordingly, it must continue to fund its exploration, feasibility and possibly development programs through its cash reserves, equity capital or debt. The continued viability of the Company is therefore dependent upon:</p> <ul style="list-style-type: none"> • the success of the Offer; and • if the cash reserves currently available to the Company and the funds to be raised under the Offer are not sufficient to meet all the capital costs and working capital required to bring the oil projects to their break even cash flow position, then there may be a need for the further raising of debt or equity funds in the future. There can be no guarantee that the Company will be able to successfully raise project debt or equity finance for development of any oil and gas production operation.
Energy market conditions	<p>The ability of the Company to successfully enter the commercialisation phase of its activities will depend upon its ability to sell oil and gas on commercial terms and prices. There can be no assurance that the Company will ultimately be able to sell oil and gas it may produce on acceptable commercial terms. The Company's ability to benefit from any future production operations will depend on market factors, some of which may be beyond its control. The world market for oil and gas is subject to many variables and may fluctuate markedly, especially oil pricing.</p>
Environmental risks	<p>The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. The Company may be required to comply from time to time with environmental management issues that arise from factors beyond its control. The conduct of exploration and production activities, if any ultimately takes place, on the Company's properties is subject to receipt of all necessary environmental approvals. There can be no guarantee that such approvals will be forthcoming and the conditions imposed for the grant of such approvals may be so onerous that they render the project uneconomic.</p>
Operating risks	<p>The Company and its operations in the United States of America will be subject to usual industry operating risks including fire,</p>

Prospectus

Risk	Detail
	accidental damage caused by employee errors or negligence, adverse weather conditions and industrial action. The occurrence of any of these risks could result in substantial liability being incurred by the Company.
Tenure risk	The oil and gas leases interests held by the Company are subject to applicable laws regarding exploration, expenditure and renewal of such interests. If an oil and gas leases interests is not renewed (as the case may be) or access cannot be secured to carry out operations, the Company could be adversely affected as a result of the consequential loss of opportunity to discover and develop any resources within those oil and gas leases interests.
Taxation	In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows.
Contractual risks	The Company's ability to efficiently conduct its operations in a number of respects depends upon a number of contracts. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action.

In addition, there are a number of general risks that are common to all investments in securities and are not specific to the business model and operations of the Company. Further details regarding risks which may affect the Company in the future are set out in Section 6.

The New Securities offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

1.5 New Share terms

On completion of the Offer, each New Share will rank equally with all other Shares then on issue. A summary of the rights attaching to the New Shares is set out in Section 7.5.

1.6 New Option terms

The New Options will be a new class of Options. A summary of the rights attaching to the New Options is set out in Section 7.6.

1.7 Acceptance of Entitlement to New Securities

The number of New Securities to which an Eligible Shareholder is entitled and the total amount an Eligible Shareholder will have to pay if they choose to take up all of their rights to subscribe for New Securities is shown on the Entitlement and Acceptance Form accompanying this Prospectus. Fractional entitlements will be rounded up to the nearest whole number.

Entitlements to New Securities can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus and by making payment of your Acceptance Monies in accordance with the instructions set out on the

Prospectus

Entitlement and Acceptance Form. Acceptance Monies for the New Securities must be received by the Company by the Closing Date. Please refer to the timetable in Section 2.2 for the important dates of the Offer

1.8 Application for New Options

Applications for New Options can be made by completing and returning the Application Form for New Options which accompanies this Prospectus and by making payment of your Application Monies in accordance with the instructions set out on the Application Form. Application Monies for New Options must be received by the Company by the Closing Date. Please refer to the timetable in Section 2.2 for the important dates of the Offer.

1.9 Directors intentions in respect of Entitlements

As at the date of this Prospectus, some of the Directors of the Company have either a direct or indirect interest in Shares and will be entitled to participate in the Offer. Set out below is a table summarising the Entitlement of each Director (based on their current holding) and how they intend to treat their Entitlement.

Director	Shares	Entitlement	Intention
Dr Jaap Poll	Nil	Nil	Not applicable
Mr Matthew Battrick	3,332,868	1,666,434 New Shares 1,666,434 New Options	Subscribe for full Entitlement
Mr Alexander Parks	Nil	Nil	Not applicable

Details of the Options held by the Directors are set out in Section 7.7.

1.10 Underwriter

The Offer is fully underwritten by Fast Lane Australia Pty Ltd. Further details of the terms of the Underwriting Agreement are set out in Section 7.11.

1.11 General Meeting

The Placement Issue of 230,000,000 New Options at an issue price of \$0.0001 each to raise up to \$23,000 (before costs) is subject to the Company receiving Shareholder approval for the issue of the New Options at a general meeting of Shareholders to be held on or around 12 October 2016. If Shareholder approval is not obtained then the New Options will not be issued to investors and the Company will return all Application Monies for New Options (without interest) within 28 days.

1.12 Shortfall Offer

In the event that Eligible Shareholders do not accept their Entitlements in full or the Placement Issue for the New Options is not fully subscribed, a Shortfall will arise which will be placed by the Underwriter in its sole and absolute discretion in accordance with the terms of the Underwriting Agreement, the Corporations Act and the ASX Listing Rules (**Shortfall Offer**).

The offer of any Shortfall is a separate offer made pursuant to this Prospectus and will remain open after the Closing Date for a period of up to three (3) months from the Closing Date (or such shorter date as determined by the Underwriter at its sole and absolute discretion). The Shortfall will be offered at the same price and on the same terms as the New Securities were offered under the Offer. The Shortfall Securities, once issued, will have the same rights as the New Shares and New Options issued pursuant to the Offer.

Prospectus

The Directors do not represent that any application to participate in the Shortfall Offer will be successful. The Underwriter has the right, at its sole and absolute discretion, to issue to an applicant for the Shortfall a lesser number of Shortfall Securities than the number applied for or reject an application or not proceed with the issuing of the Shortfall or part thereof. If the number of Shortfall Securities issued is less than the number applied for, the surplus Acceptance Monies or Application Monies will be refunded in full. Interest will not be paid on any refunded Acceptance Monies or Application Monies.

If Eligible Shareholders wish to apply for any Shortfall they should complete the relevant section of the Entitlement and Acceptance Form. Applications by investors for the New Options the subject of the Placement Issue can be made on the Application Form.

1.13 Potential dilution of Shareholders' interests

Eligible Shareholders should be aware that to the extent that they do not accept their Entitlements in full, a Shortfall will arise and all of the Shortfall will be placed by the Underwriter (in its sole and absolute discretion) to other parties in which case their interest in the Company may be significantly diluted. Further, the Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders will be diluted by the Offer.

Acceptance of Entitlements or the placement of any Shortfall may also result in existing Shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the Shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the Corporations Act, which restricts a person and their associates from having a relevant interest in the Company of not more than 20%, subject to a number of exemptions. Details of the Underwriter's potential interest in the Company in the event of a Shortfall is set out in Section 5.4.

Prospectus

2. Details of the Offer

2.1 Offer to Eligible Shareholders

The Directors have approved a non-renounceable rights issue of approximately 132,052,846 New Shares at \$0.01 each per New Share to raise approximately \$1,320,528 (before costs) with one (1) free-attaching New Option for each one (1) New Share issued. The New Options will be exercisable at \$0.01 each on or before the date which is 4 years from their date of issue. Only those Shareholders shown on the Register on the Record Date with a registered address in Australia or New Zealand will be entitled to participate in this part of the Offer.

2.2 Placement Issue of New Options

The Directors have also approved the Placement Issue of 230,000,000 New Options at an issue price of \$0.0001 per New Option to raise \$23,000 (before costs). The New Options will be exercisable at \$0.01 each on or before the date which is 4 years from their date of issue. Applications for New Options can be made by investors completing and returning the Application Form for New Options which is accompanying this Prospectus and by making payment of Application Monies for the New Options in accordance with the instructions set out in this Prospectus and on the Application Form. The Placement Issue of New Options is subject to receiving Shareholder approval at a general meeting of Shareholders to be held on or around 12 October 2016.

2.3 Important dates

Event	Date
Announcement of Offer	1 August 2016
Lodgement of Prospectus with ASIC and Appendix 3B with ASX	9 September 2016
Notice to Option holders	12 September 2016
Notice to Shareholders containing Appendix 3B information	12 September 2016
Shares commence trading on an ex rights basis	13 September 2016
Record Date for the Offer	14 September 2016
Prospectus despatched to Shareholders	15 September 2016
Opening Date of the Offer (9.00am Perth time)	16 September 2016
General Meeting of Shareholders	12 October 2016
Closing Date of the Offer (5.00pm Perth time)	12 October 2016
Company to advise ASX of any Shortfall	17 October 2016
Expected date of issue of New Securities	19 October 2016
Commencement of trading of New Shares on ASX	20 October 2016
Expected date of despatch of holding statements for New Securities	21 October 2016

The dates set out above are indicative only and subject to change. The Company reserves the right to alter this timetable at any time, subject to the Corporations Act and the Listing Rules. This may have a consequential effect on the other dates, including the date the New Securities are expected to commence trading on ASX.

Prospectus

2.4 Allotment and allocation policy

The Company will proceed to allocate New Securities as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Securities.

In the case that there is less than full subscription by Shareholders of their Entitlements under this Prospectus or less than full subscription of the Placement Issue of New Options, the Underwriter has the right to place any Shortfall at its sole and absolute discretion. Any Shortfall will be issued in accordance with the terms of the Underwriting Agreement or within three months after the Closing Date on the same terms and at the same price as the New Securities were offered under the Offer (or as otherwise permitted by the ASX).

Successful Applicants will be notified in writing of the number of New Securities allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Securities allocated to them prior to trading in New Securities. Applicants who sell New Securities before they receive notice of the number of New Securities allocated to them do so at their own risk. No New Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

2.5 ASX listing

On the same date as announcing the Offer, the Company applied to the ASX for the New Securities to be issued pursuant to this Prospectus to be listed for Official Quotation. If granted, quotation of the New Securities will commence as soon as practicable after allotment of the New Securities to Applicants, which is expected to occur on or about 19 October 2016. It is the responsibility of Applicants to determine their allocation of New Securities prior to trading. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Securities either as principal or agent until Official Quotation is granted.

Should the New Securities not be granted Official Quotation within 3 months after the date of this Prospectus, none of the New Securities offered under this Prospectus will be issued and all acceptance money will be refunded without interest to Applicants within the time prescribed by the Corporations Act.

2.6 CHESS

The Company will apply to the ASX Settlement for the New Securities to participate in the Securities Clearing House Electronic Subregister System known as CHESS. After allotment of the New Securities, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Securities allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their Holder Identification Number (**HIN**). Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

2.7 Non-renounceable Offer

Entitlements to New Shares are non-renounceable and, accordingly, will not be traded on ASX. Entitlements which are not taken up will lapse and form part of the Shortfall and will be dealt with in accordance with Section 1.12.

2.8 Minimum subscription

There is no minimum subscription for the Offer.

Prospectus

2.9 Underwriter

The Offer is fully underwritten by Fast Lane Australia Pty Ltd. Further details of the terms of the Underwriting Agreement are set out in Section 7.11.

2.10 Option holders

Option holders will not be entitled to participate in the Offer unless they:

- (a) have become entitled to exercise their Options under the terms of their issue and do so prior to the Record Date; and
- (b) participate in the Offer as a result of being an Eligible Shareholder at 5.00pm on the Record Date.

If all holders of Options elect to exercise their Options prior to the Record Date, and are eligible to participate in the Offer, a further 21,743,545. New Shares may be issued under this Prospectus. Details of the Options on issue at the date of this Prospectus are set out in section 5.3. However, having regard to the exercise price of the existing Options and the Offer Price, the Directors believe that it is unlikely that any existing Options will be exercised prior to the Record Date.

2.11 Overseas Shareholders

The Company is of the view that it is unreasonable to extend the Offer to Shareholders or investors with registered addresses outside of Australia or New Zealand (**Ineligible Shareholders**) having regard to:

- (a) the number of Ineligible Shareholders in each place where the Offer would be made;
- (b) the number and value of the Shares which would be offered to Ineligible Shareholders; and
- (c) the cost of complying with the legal requirements and the requirements of the regulatory authorities, in the respective overseas jurisdictions.

Accordingly, the Company is making the Offer to Shareholders or investors with registered addresses in Australia and New Zealand only. Where this Prospectus has been sent to Shareholders with registered addresses outside Australia or New Zealand who are not entitled to participate in the Offer, it is sent to them for information purposes only.

This Prospectus and accompanying forms do not, and are not intended to, constitute an offer of New Shares or New Options in any place outside of Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer or those forms.

The distribution of this Prospectus in places outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

In particular, this Offer is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Prospectus without any requirement for a prospectus to be lodged or registered.

Prospectus

2.12 Notice to nominees and custodians

Nominees and custodians may not distribute any part of this document in the United States or in any other country outside of Australia and New Zealand, except to beneficial Shareholders in another country (other than the United States) where the Company may determine it is lawful and practical to make the Offer. Any person in the United States with a holding through a nominee may not participate in the Offer.

2.13 Foreign holder nominee

The Company has appointed Patersons Securities Limited to act as nominee for the purposes of section 615 of the Corporations Act (**Nominee**). The Company must issue to the Nominee those New Securities that would otherwise have been issued to Shareholders who are Ineligible Shareholders on the Record Date.

The Nominee will attend to the sale of the New Securities issued to it by the Company and direct the net proceeds (if any, after deduction of the Offer Price and costs of sale) to the Company to facilitate pro rata payments of any net proceeds to the Ineligible Shareholders.

The Nominee will have the absolute and sole discretion to determine the timing and the price at which the New Securities issued to it may be sold and the manner in which any sale is made. Any interest earned on the proceeds of the sale of these New Securities will be applied firstly against expenses of such sale, including brokerage, and any balance will accrue to the Company. The proceeds of the sale (if any) will be paid to those Ineligible Shareholders for whose benefit the New Securities are sold in proportion to their shareholdings as at the Record Date (after deducting the Offer Price, brokerage, commission and other expenses). If the proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Ineligible Shareholders may nevertheless receive no net proceeds if the Offer Price plus the costs of the sale are greater than the sale proceeds. Neither the Company nor the Nominee will be liable for a failure to obtain any net proceeds, or to sell the New Securities at any particular price or at any particular time.

An application for the approval of the Nominee by ASIC is currently pending and is expected to be finalised prior to the Closing Date of the Offer.

2.14 Electronic prospectus

An electronic version of this Prospectus is available on the internet at www.sunres.com.au.

The Entitlement and Acceptance Form and Application Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form or Application Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Offer period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company.

Prospectus

3. How to apply

3.1 How to accept your Entitlement

Eligible Shareholders may accept their Entitlement either in whole or in part. The number of New Securities which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Forms which accompany this Prospectus.

Eligible Shareholders may participate in the Offer as follows:

(a) Take up your Entitlement in full and apply for Additional Securities

If you are an Eligible Shareholder and you wish to take up all of your Entitlement and apply for Shortfall in excess of your Entitlement, please:

- (1) complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Securities for which you wish to accept the Offer under this Prospectus plus the number of Shortfall Securities (being more than your Entitlement as specified on the Entitlement and Acceptance Form); and
- (2) forward the completed Entitlement and Acceptance Form together with the total amount payable (including for the Shortfall Securities you are applying for) to the Company so that it is received by no later than **5.00pm (Perth time) on the Closing Date** or such later date as the Directors determine.

Cheques and bank drafts, in Australian currency, should be made payable to Sun Resources NL and crossed "Not Negotiable".

You should ensure that sufficient funds are held in the relevant account(s) to cover the Acceptance Monies. If the amount of your cheque for Acceptance Monies is insufficient to pay in full for the number of whole New Securities you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Securities as your cleared Acceptance Monies will pay for (and to have that number of New Securities on your Entitlement and Acceptance Form). Alternatively, your Application will be rejected. If your cheque does not clear due to insufficient funds in your account, your Application will be rejected.

If you intend to pay for the New Securities by bank electronic transfer please return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 5.00pm (Perth time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by bank electronic transfer may take one or more Business Days to clear. Please refer to the information below regarding payment by electronic bank transfer.

Bank transfers should be made to the Company's National Australian Bank Account BSB Number: 086 492 Account Number: 68 094 2770 (using your HIN or SRN as a reference).

(b) Take up your Entitlement in full

If you are an Eligible Shareholder and wish to take up all of your Entitlement, please:

- (1) complete the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions set out on the Entitlement and Acceptance Form; and

Prospectus

- (2) forward your completed Entitlement and Acceptance Form, together with payment of the amount shown on your Entitlement and Acceptance Form in the reply paid envelope to the Company so that it is received by no later than **5.00pm (Perth time) on the Closing Date** or such later date as the Directors determine.

Cheques and bank drafts, in Australian currency should be made payable to Sun Resources NL and crossed "Not Negotiable".

You should ensure that sufficient funds are held in the relevant account(s) to cover the Acceptance Monies. If the amount of your cheque for Acceptance Monies is insufficient to pay in full for the number of whole New Securities you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Securities as your cleared Acceptance Monies will pay for (and to have that number of New Securities on your Entitlement and Acceptance Form).

Alternatively, your Application will be rejected. If your cheque does not clear due to insufficient funds in your account, your Application will be rejected.

If you intend to pay for the New Securities by electronic bank transfer, please return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 5.00pm (Perth time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by electronic bank transfer may take one or more Business Days to clear. Please refer to the information below regarding payment by electronic bank transfer.

Bank transfers should be made to the Company's National Australian Bank Account BSB Number: 086 492 Account Number: 68 094 2770 (using your HIN or SRN as a reference).

(c) **Take up part of your Entitlement**

If you are an Eligible Shareholder and wish to take up only some of your Entitlement, please:

- (1) complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Securities for which you wish to accept the Offer under this Prospectus (being less than your Entitlement as specified on the Entitlement and Acceptance Form); and
- (2) forward the completed Entitlement and Acceptance Form together with the total amount payable to reach the Company's Registered Office, so that it is received by no later than **5.00pm (Perth time) on the Closing Date** or such later date as the Directors determine.

Cheques and bank drafts, in Australian currency, should be made payable to Sun Resources NL and crossed "Not Negotiable".

Bank transfers should be made to the Company's National Australian Bank Account BSB Number: 086 492 Account Number: 68 094 2770 (using your HIN or SRN as a reference).

(d) **Do nothing**

You may do nothing, in which case you will have no right to subscribe for New Securities and no New Securities will be issued to you. However, if you are an Eligible Shareholder and you do nothing, then New Securities representing your Entitlement may be issued to the Underwriter or other third parties. You should also note that, if

Prospectus

you do not take up your Entitlement, then although you will continue to own the same number of Shares, your percentage shareholding in the Company will decrease.

3.2 How to Apply for New Options under the Placement Issue

Applications for New Options can be made by completing and returning the Application Form for New Options which is accompanying this Prospectus and by making payment of Application Monies for the New Options in accordance with the instructions set out in this Prospectus and on the Application Form. Accordingly, if you wish to apply for New Options under the Placement Issue, please:

- (a) complete the Application Form which accompanies this Prospectus by inserting the number of New Options you wish to subscribe for under this Prospectus; and
- (b) forward the completed Application Form together with your cheque or bank draft for the total amount payable to reach the Company's Registered Office, so that it is received by no later than **5.00pm (Perth time) on the Closing Date** or such later date as the Directors determine.

Cheques and bank drafts, in Australian currency, should be made payable to Sun Resources NL and crossed "Not Negotiable".

Bank transfers should be made to the Company's National Australian Bank Account BSB: 086 492 Account Number: 68 094 2770 (using your HIN or SRN as a reference).

3.3 General

If you have any queries concerning your Entitlement under the Rights Issue or applying for New Options under the Placement Issue, please contact the Company on (+61 8) 9321 9886 or contact your stockbroker or professional adviser.

Entitlement and Acceptance Forms and Application Forms for New Options and accompanying cheques or bank drafts may be lodged at any time before the Closing Date. Entitlement and Acceptance Forms and Application Forms received after the Closing Date may not be accepted. The Company will not be responsible for postal or delivery delays.

The Offer Price of \$0.01 per New Share is payable in full on acceptance of part or all of your Entitlement. The call option premium of \$0.0001 per New Option is required to accompany your Application Form for New Options in respect of the Placement Issue of New Options.

If an Eligible Shareholder or investor elects to make payment using electronic bank transfer, they must contact their bank, credit union or building society to make payment of the Acceptance Monies or Application Monies from their cheque or savings account. Payment must be received by no later than 5.00pm (Perth time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by electronic bank transfer may take one or more Business Days to clear.

Payment will only be accepted in Australian currency and cheques, bank drafts, money orders and electronic bank payments must be drawn on an Australian bank.

No stamp duty, brokerage or handling fees are payable by any Applicant for the New Securities offered by this Prospectus. Completed Entitlement and Acceptance Forms and Application Forms and accompanying cheques should be forwarded to the following address:

**Sun Resources NL
PO Box 1786
West Perth, WA 6872**

Prospectus

The amount payable for the New Securities will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Monies and Application Monies will be held in trust in a subscription account until allotment of the New Securities. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Acceptance Monies and Application Monies will be retained by the Company irrespective of whether allotment takes place.

3.4 **Binding effect of Entitlement and Acceptance Form and Application Form**

A completed and lodged Entitlement and Acceptance Form or Application Form, or a payment made by electronic funds transfer, constitutes a binding offer to acquire New Securities on the terms and conditions set out in this Prospectus and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form or Application Form is not completed correctly it may still be treated as a valid application for New Shares or New Options. Subject to the terms of the Underwriting Agreement, the Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form or Application Form is final.

By completing and returning your personalised Entitlement and Acceptance Form or Application Form with the requisite Acceptance Monies or Application Monies or making a payment by electronic bank transfer, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder or investor and are not a person to whom it would be illegal to make an offer or issue of New Securities under the Offer;
- (b) you acknowledge that the New Securities have not been, and will not be, registered under the laws of any jurisdiction outside of Australia and New Zealand; and
- (c) you have not and will not send any materials relating to the Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

Prospectus

4. Company Information

4.1 Introduction

The Company is engaged in the drilling and development of unconventional oil in oil and gas leases situated in Leon and Madison Counties of East Texas, USA and Bastrop County of Central Texas, USA. All of these oil and gas leases have the potential to produce oil from unconventional oil reservoirs such as the Austin Chalk, Eagle Ford Shale and Woodbine/Eaglebine formations.

These formations have the potential to produce at commercial oil flow rates by applying the appropriate technology of horizontal drilling and multi-stage, hydraulic fracturing ("fracking"). The Company has participated in 6 horizontal wells with multi-stage fracking across the Upper, Middle and Lower Woodbine formations and all have produced oil with associated gas to surface. However, only 1 well has delivered a commercial 30 day initial oil production rate.

4.2 Company update

The global oil and gas industry continues to weather the effects of sustained low oil prices. As a consequence, Sun has been working with its key stakeholders and major shareholders to deliver a sustainable business plan based on a conservative oil price forecast of between US\$40-65 per barrel in fiscal outlook years: 2016/17, 2017/18 and 2018/19. To do this, the Sun management team has been focussed on identifying oil and gas development asset opportunities that deliver near-term oil production with breakeven economics below a US\$40 per barrel benchmark price in today's dollars. This change of direction is to sustain Sun through the ongoing oil price trough and to capitalise on substantial revenue and capital account tax losses that Sun has accumulated in the USA and Australia. Sun is evaluating and appraising a number of oil and gas opportunities in the USA that target reasonable rates of return with near term cash flow (1-2 years). Announcements will be made as and when the evaluation and assessment process is completed.

East Texas Unconventional Oil Projects.

Sun has not invested in leasing, drilling or fracking of our East Texas unconventional oil assets for the last two years as a consequence of sustained low oil prices, making such activities largely uneconomic. Sun's lease position has been slowly reducing over this period with the current land position listed in the June 2016 Quarterly Report lodged with the ASX on 29 July 2016. Sun's Board considers it unlikely that future activities on the Jack Howe #1H well will also be economic at current prices so is currently not directing any discretionary capital toward that well. The Seale #1H unconventional well continues to produce at approximately 15-20 barrels oil per day.

Further to our land update in the March 2016 Quarterly Report, the status of leases in the drilling unit covering the Jack Howe well bore are either in dispute, re-leased to a third party, or require fresh new leases in order to be considered viable for future investment. There is currently no activity planned in the near future, until such time as title can be renewed and clarified across the entirety of the 700 gross acre drilling unit area. As a consequence, the carrying value of the Jack Howe #1H well bore will be written off in the Audited accounts to 30 June 2016. The Board of Sun may take the view later in 2016 or in 2017 that oil prices have firmed sufficiently to reconsider new investment in this area of Sun's portfolio. In that event, the initial investment will be to acquire new mineral leases in areas previously tested or identified as having significant Lower Woodbine oil potential, including the Jack Howe drilling unit.

4.3 The Directors

The Directors bring relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience to the Board.

Prospectus

The following persons are Directors as at the date of this Prospectus:

Dr Jaap Poll (Non-Executive Chairman)

Dr Jaap Poll was appointed to the Board as a Non-Executive Director and Chairman on 18 February 2016. Dr Poll is a leading energy expert with more than 40 years of experience in the oil and gas industry, mainly with Shell and Woodside during his early years. Later, Dr Poll was Managing Director of Petroz NL followed by CEO of Oil Search and Executive Chairman Anzoil, working across SE Asia, Europe and Africa. In 2004, Jaap listed Ottoman Energy (OEL) on the ASX and later changed the name to Otto Energy. Jaap left Otto in 2010 and is currently Executive Chairman of the new Petroz Limited. Jaap obtained several “Best Paper” awards and was awarded Distinguished Life Membership of PESA. He was awarded the Australian “Legend” Status by “Excellence in Energy” in 2008. Jaap is an Accredited Member of AAPG, an Accredited Arbitrator and Mediator (Uni. of Adelaide) and is an active Rotarian.

Mr Matthew Battrick (Managing Director)

Mr Battrick was reappointed as Managing Director (MD) and Chief Executive Officer (CEO) on the 11 November 2014. Mr Battrick had served in a number of executive roles after originally being appointed to the Board on the 15 January 2008 as MD and CEO from the 15 January 2008 to the 20 March 2013. Mr Battrick obtained a Bachelor degree in Applied Geology from the Royal Melbourne University of Technology (RMIT) in 1981. Matthew had a 23-year, 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. Mr Battrick is a member of the Petroleum Exploration Society of Australia, and has been a member of the American Association of Petroleum Geologists for 36 years. He is an active member of the Australian Institute of Company Directors (GAICD) and a council member of the Activ Foundation Inc., a Western Australian-based, non-government organisation for people with intellectual disabilities.

Mr Alexander Parks (Non-Executive Director)

Mr Alexander Parks was appointed to the Board as a Non-Executive Director on 18 February 2016. Mr Parks is an energy expert with over 18 years' of experience in the oil and gas industry, commencing as a petroleum engineer with RPS Energy Australia (formerly Troy-Ikoda, UK & Australia) in 1997. Mr Parks has managed companies and company projects in Australia, SE Asia, North America, New Zealand, Europe, FSU and North Africa. Projects have included onshore and offshore exploration, development, production and significant new ventures and transactions. Recently Mr Parks has focussed on building a sound knowledge of unconventional oil and gas plays in North America.

Mr Parks has a Petroleum Engineering degree from Imperial College, London, is a member of the Society of Petroleum Engineers (SPE), is a Member of both the Petroleum Exploration Society of Australia (PESA) and Australian Institute of Company Directors (GAICD). Mr Parks is currently a Director of Tamaska Oil & Gas Ltd (ASX:TMK) and TMK Montney Ltd, he has previously held the positions of Chief Commercial Officer at Cue Energy Resources Ltd, CEO of Mosaic Oil NL, CEO of Otto Energy Ltd and Technical Director at RPS Energy.

Constraints on availability

Save as noted in this Prospectus, each Director has confirmed to the Company that he anticipates being available to perform his duties as Director of the Company without constraint from other commitments.

Prospectus

Independence of Directors

Dr Jaap Poll and Mr Alexander Parks are regarded as being Non-Executive and Independent Directors having no executive duties and having joined the Company in February 2016.

Details of the current interests of the Directors in the Company and their intentions in respect of the Offer are set out in Section 1.9.

4.4 Senior management

The following person (together with Mr Mathew Battrick) forms the senior management of the Company as at the date of this Prospectus:

Mr Craig Basson (CFO and Company Secretary)

Mr Basson has over 20 years' experience in auditing, accounting and financial management companies in multiple industries, including the resources sector.

Mr Basson is a Fellow of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia, Graduate of the Australian Institute of Company Directors and holds a Bcom (Hons) degree in accounting and finance from the University of the Witwatersrand, Johannesburg.

Prospectus

5. Effect of the Offer on the Company

5.1 Principal effects of the Offer

The principal effects of the Offer will be to:

- (a) increase cash reserves and equity of the Company by approximately \$1,343,528 immediately after completion of the Offer (and prior to deducting the costs of the Offer which are \$132,711);
- (b) increase the total number of Shares on issue from 264,105,691 as at the date of this Prospectus to 396,158,537 Shares following completion of the Offer; and
- (c) increase the total number of Options on issue from 21,743,545 as at the date of this Prospectus to 383,796,391 Options following completion of the Offer.

5.2 Financial position

The Offer will have a material effect on improving the Company's and the Group's financial position. Set out below are the unaudited consolidated statements of financial position as at 30 June 2016 and the unaudited pro-forma accounts. The unaudited pro-forma statement incorporates the effects of the Offer, if fully subscribed. There have been no other material events since 30 June 2016.

	Unaudited Pro Forma \$	Consolidated Unaudited 30 June 2016 \$	Audited 30 June 2015 \$
Current assets			
Cash and cash equivalents	1,346,885	136,068	1,282,255
Trade and other receivables	341,503	341,503	2,750,923
Total current assets	1,688,388	477,571	4,033,178
Non-current assets			
Plant and equipment	58,679	58,679	108,159
Exploration and evaluation expenditure	812,520	812,520	11,210,766
Oil and gas production assets	-	-	225,123
Total non-current assets	871,199	871,199	11,544,048
Total assets	2,559,587	1,348,770	15,577,226
Current liabilities			
Trade and other payables	1,698,339	1,698,339	4,127,197
Total current liabilities	1,698,339	1,698,339	4,127,197
Non-current liabilities			
Borrowings	1,023,180	1,023,180	975,289
Total non-current liabilities	1,023,180	1,023,180	975,289
Total Liabilities	2,721,519	2,721,519	5,102,486
Net assets	(161,932)	(1,372,749)	10,474,740

Prospectus

Equity			
Contributed equity	117,786,123	116,575,306	115,122,457
Share based payment reserve	11,239,537	11,239,537	11,124,830
Foreign exchange translation reserve	17,991,179	17,991,179	17,444,345
Accumulated losses	(147,178,771)	(147,178,771)	(133,216,892)
Total equity	(161,932)	(1,372,749)	10,474,740

Basis of preparation

The consolidated statements of financial positions have been prepared as an abridged version for the purposes of the Prospectus and do not include all the disclosures required under Australian accounting standards as required for annual financial statements or a half year report.

The consolidated statements of financial positions are based on the accounting policies of the Company as included in the 30 June 2015 audited financial report.

The basis of preparation includes the historical cost basis and, except for the calculation of the fair value of the options to be issued and where elsewhere stated, do not take into account changing money values or fair values of non-current assets.

The financial statements have also been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. Whilst the Directors believe sufficient funds are held for commitments over the next 12 months, including for exploration and development planning purposes, the ability of the consolidated entity beyond that period or for mining and operations purposes, to maintain continuity of normal business activities and to pay its debts as and when they fall due, is dependent on the ability of the consolidated entity to successfully raise additional funding and/or the successful exploration and subsequent exploitation of areas of interest.

The pro-forma consolidated statements of financial position have been prepared based on unaudited consolidated management accounts as at 30 June 2016, adjusted for the effects of the Offer. There were no other post 30 June 2016 transactions that were considered significant that required inclusion in the pro-forma consolidated statements of financial position other than there has been a consolidation of Company's issued capital on a 25 to 1 basis in August 2016.

5.3 Capital structure

The Company will issue 132,052,846 New Shares and 362,052,846 New Options under the Offer.

Assuming that none of the existing Options are exercised, the capital structure of the Company immediately following completion of the Offer (excluding rounding of Entitlements), will be as follows:

Prospectus

	Shares	Options
Securities on issue at the date of this Prospectus	264,105,691	21,743,545 ¹
New Securities to be issued under Rights Issue	132,052,846	132,052,846
New Options to be issued under Placement Issue	0	230,000,000
Total	396,158,537	383,796,391

Notes:

- If any of the Options on issue at the date of this Prospectus are exercised prior to the Record Date, additional New Shares will be issued under the Offer. If all Options on issue as at the date of this Prospectus were exercised prior to the Record Date, the Company's issued shares would increase by 21,743,545 resulting in a further 10,871,772 New Shares and 10,871,772 New Options being issued pursuant to this Prospectus. This would increase the Company's total Shares on issue after completion of the Offer to 407,030,309 and the total Options on issue after completion of the Offer to 394,668,163. However, having regard to the exercise price of the existing Options, the Directors believe that it is unlikely that any existing Options will be exercised prior to the Record Date.*

As at the date of this Prospectus, the Company has the following Options on issue:

Type	Number	Exercise Price	Expiry Date
Listed	10,343,545	\$0.625	30 September 2017
Unlisted	11,400,000	\$0.0375	17 August 2018

These Options will not be affected by the Offer and may be exercised by Option holders in accordance with the terms of the Options.

5.4 Effect on control

That part of the Offer which is the Rights Issue, is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements and none of the Option holders exercise their Options and participate in the Offer, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Offer on the control of the Company.

If Eligible Shareholders do not take up their Entitlements in full it will result in their percentage holding in the Company being diluted by the Offer. Given the terms of the Offer, the maximum possible dilution to an Eligible Shareholder's interest in the Company will be 33.33%. Additionally, the Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders in the Company will be diluted in the event the Offer is fully subscribed.

The Offer is fully underwritten by the Underwriter. If no Eligible Shareholders take up their Entitlements, the Underwriter (or its nominees) will receive 132,052,846 New Shares under the Offer. If taken by the Underwriter alone, the total number of Shares held by the Underwriter will increase to 175,051,785 Shares and the Underwriter's voting power in the Company will increase to 44.19%.

Prospectus

The following sets out the potential voting power of the Underwriter in the event that a greater percentage of Eligible Shareholders take up their Entitlements:

	25% uptake	50% uptake	75% uptake	100% uptake
Existing Shares	264,105,691	264,105,691	264,105,691	264,105,691
Issue of New Shares under Rights Issue	132,052,846	132,052,846	132,052,846	132,052,846
Take Up of New Shares	33,013,211	66,026,422	99,039,633	132,052,844
Shortfall Shares	99,039,633	66,026,422	33,013,211	0
Existing Shares held by Underwriter	42,998,939	42,998,939	42,998,939	42,998,939
Total Shares held by Underwriter	142,038,572	109,025,361	76,012,150	64,498,408
Total voting power held by Underwriter	35.85%	27.52%	19.18%	16.28%

The Offer is fully underwritten by Fast Lane Australia Pty Ltd, the largest shareholder in the Company and a company having the requisite financial capacity to fully underwrite the Offer.

It is the intention of the Underwriter as at the date of this Prospectus for the Underwriter to not hold a voting power in the Company which exceeds 19.9%.

In the event that the Underwriter upon completion of the Offer does hold a voting power in the Company which exceeds 19.9%, the Underwriter may change the Company's current business operations and/or redeploy any of the Company's fixed assets and/or change the Company's management team and/or make changes to the Company's other employees.

Eligible Shareholders may apply for any number of Shortfall Securities, regardless of the size of their present holding. The Underwriter, in accordance with the provisions of the Underwriting Agreement, reserves the right to place the Shortfall in its sole and absolute discretion, subject to the provisions of the Underwriting Agreement, the Corporations Act and the ASX Listing Rules. The Underwriter has determined that no party (other than the Underwriter) will be allotted any Shortfall such that they would, by virtue of the allotment of those securities, acquire a relevant interest in voting shares in the Company exceeding 20%.

Prospectus

6. Risk factors

6.1 Introduction

The New Securities offered by this Prospectus should be considered speculative. The Directors strongly recommend that you examine the contents of this Prospectus and consult your professional advisors before deciding whether to invest in the Company.

An investment in the Company will be exposed to a number of key risks related to its specific business operations. Key risks are risks that the Directors and senior management of the Company focus on when managing the business and which would have the potential, upon occurrence, to significantly affect the Company and the value of investments in the Company. An overview of these key risks is provided in Section 6.2.

An investment in the Company is also subject to general risks that are common to all investments in shares and are not specific to the business model and operations of the Company. These include, for example, the volatility of the share prices as a result of economic conditions. An overview of these general risks is provided in Section 6.3.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of the Company and not capable of mitigation. The following risk factors are not exhaustive but represent some of the major risk factors that may affect the future operating and financial performance of the Company and the value of an investment in it.

6.2 Risks specific to an investment in the Company

Investors should be aware of the key risks specific to an investment in the Company as described below.

(a) Uncertainty of Development of Projects and Exploration Risk

The primary business of the Company is exploration for, and commercial development of unconventional oil reserves, which is subject to the risks inherent in these activities. The Company is in the development phase of its Normangee Project, whilst other projects are in the exploration and evaluation phase. The current and future operations of the Company may be affected by a range of factors, including:

- (1) geological conditions and the flow potential of these unconventional oil reservoirs after stimulation by hydraulic fracturing;
- (2) limitations on activities due to seasonal weather patterns;
- (3) alterations to exploration programs and budgets;
- (4) unanticipated operational and technical difficulties encountered in drilling, development, production and treatment activities;
- (5) mechanical failure of operating plant and equipment;
- (6) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (7) unavailability of drilling, processing and other equipment;
- (8) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;

Prospectus

- (9) prevention of access by reason of inability to obtain regulatory or landowner consents or approvals;
- (10) terms imposed by government on development of oil and gas projects including conditions such as environmental rehabilitation and taxes;
- (11) delays in completing feasibility studies and obtaining development approvals; and
- (12) risks of default or non-performance by third parties providing essential services.

No assurance can be given that future exploration will be successful or that a commercial production operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable oil and gas reserves, design and construction of efficient processing facilities, and competent operational and managerial performance. Even if an apparently viable oil discovery is identified, there is no guarantee that it can be profitably exploited by the Company.

Development of a commercial oil business is also dependent on the Company's ability to obtain necessary governmental and other regulatory, including but, not limited to, environmental approvals on a timely basis. Development of a commercial oil business is also dependent on the Company's ability to establish basic infrastructure such as (but not limited to) power, water, transport and housing to support its operations.

(b) Reliance on and sourcing of Key Personnel

The Company is dependent on its Directors', managers' and consultants' ability to implement the Company's strategy in respect of the exploration and possible development of the Company's unconventional oil and gas interests. A number of factors, including the departure of senior management of the Company, could adversely affect the Company's ability to implement its strategy. There can be no assurance that any Director, manager or consultant of the Company will remain a Director, manager or consultant of the Company.

The success of the Company's operations may also depend on continued access to competent management and technical expertise, prudent financial administrators and the availability of appropriately skilled and experienced employees, contractors and consultants operating in relevant sectors. The continued access to such personnel cannot be guaranteed. In the event that the Company is unable to source such personnel, the Company could be adversely affected.

(c) Future financing

Whilst development of the Normangee Oil Project is in progress, the Company does not have any current operating revenue. Accordingly, it must continue to fund its exploration, feasibility and possibly development programs through its cash reserves, equity capital or debt. The continued viability of the Company is therefore dependent upon:

- (1) the success of the Offer; and
- (2) if the cash reserves currently available to the Company and the funds to be raised under the Offer are not sufficient to meet all the capital costs and working capital required then there may be a need for further raising of debt or equity funds in the future. There can be no guarantee that the Company will be

Prospectus

able to successfully raise project debt or equity finance for development of a production operation upon the Company's oil assets.

(d) Importance of Future Prices, Supply and Demand for Oil and Gas

The revenues which might be generated from the activities of the Company will be highly dependent upon the future prices and demand for oil and gas. Factors which may affect prices and demand for oil and gas include, but are not limited to, the worldwide supply of oil and gas; the price of oil produced in the United States of America or imported from foreign countries; consumer demand for oil and gas; the price and availability of alternative fuels; federal and state regulation; and general, national and worldwide economic political conditions.

In addition to the widely-recognised volatility of the oil market, the gas market is also unsettled due to a number of factors. In the past, production from gas wells in many geographic areas of the United States of America has been curtailed for considerable periods of time due to a lack of market demand, and such curtailments may exist in the future. Further, there may be an excess supply of gas in the area of the Company wells. In that event, it is possible that wells in the area of the Company wells, including the Company wells, will be shut in or that gas in those areas will be sold on terms less favourable than might otherwise be obtained. The combination of these factors, among others, makes it particularly difficult to estimate accurately future prices of oil and gas, and any assumptions concerning future prices may prove incorrect.

(e) Competition

The Company competes with many other companies. Some of these companies have greater financial and other resources available to them than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce oil and gas, but also carry out refining operations on a global scale. There can be no assurances that the Company will be able to compete effectively with these companies.

(f) Markets for sale of production

The ability of the Company to market oil and gas found and produced, if any, will depend on numerous factors beyond the control of the Company, the effect of which cannot be accurately predicted or anticipated. Some of these factors include, without limitation, the availability of a ready market, the effect of federal and state regulation of production, refining, transportation and sales, and general national and worldwide economic conditions.

There is no assurance that the Company will be able to market any oil or gas produced by it, or, if such oil or gas is marketed, that favourable prices can be obtained by the Company.

(g) Price control and possible energy legislation

There are currently no US Federal Government price controls on oil or gas production so that sales of oil or gas by the Company can be made at uncontrolled market prices. However, there can be no assurance that either Federal or individual State Congress will not enact controls at any time. No prediction can be made as to what additional energy legislation may be proposed, if any, nor which bills may be enacted nor when any such bills, if enacted, would become effective.

Prospectus

(h) Environmental risk

The exploration, development and production of oil and gas are subject to various federal and state laws and regulations to protect the environment. Various US government states and governmental agencies are considering, and some have adopted, laws and regulations regarding environmental control which could adversely affect the business of the Company.

Compliance with such legislation and regulations, together with any penalties resulting from non-compliance therewith, will increase the cost of oil and gas development and production. Some of these costs may ultimately be borne by the Company.

(i) Operating risks

The Company and its operations in the United States of America will be subject to usual industry operating risks including fire, accidental damage caused by contractor or employee errors or negligence, adverse weather conditions and industrial action.

The occurrence of any of these risks could result in substantial liability being incurred by the Company.

To mitigate this risk the Company intends to ensure that insurance is maintained within ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any potential claims. Insurance cover may not be available for every risk faced by the Company. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(j) Tenure risk

The oil and gas mineral rights and interests held by the Company are subject to commercial terms and applicable laws regarding exploration and production, expenditure, plus extension and renewal costs.

Laws and policies in the United States of America may impact on both the Company's ability to secure and maintain its oil and gas mineral rights and interests and its ability to access these leases that it holds. Oil and gas mineral rights and interests are granted subject to various conditions including, but not limited to, work and expenditure conditions. Failure to comply with these conditions may expose the leases to forfeiture.

All of the oil and gas mineral rights and interests held by the Company (or which the Company has an interest in) may in the future become subject to renewal or extension. Given that the terms on which the Company's leases are granted or renewed (if at all) are generally at the discretion of the land owner or mineral right owner, and subject to relevant governmental or administrative authority, there is a risk that any lease interest held by the Company may not be renewed in the future and that the Company may be unable to comply with legislative or regulatory requirements to retain its leases.

(k) Taxation

In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

Prospectus

(l) Government regulation

The oil and gas business is subject to extensive governmental regulation under which, among other things, rates of production from the Company wells may be fixed.

Governmental agencies may impose a moratorium on drilling, such as the moratorium on deepwater drilling operations in the Outer Continental Shelf of the Gulf of Mexico that occurred in 2010. A drilling moratorium or other regulatory initiatives in response to oil spills in the geographical areas where the Company conducts operations could have a material adverse effect the Company's business. Governmental regulation also may limit or otherwise affect the market for the Company's wells' production and the price which may be paid for that production. Governmental regulations relating to environmental matters could also affect the Company's operations.

The nature and extent of various regulations, the nature of other political developments and their overall effect upon the Company are not predictable.

(m) Contractual risk

The Company's ability to efficiently conduct its operations in a number of respects depends upon a number of contracts. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms. Most oil field operations are administered between the joint interest parties under a joint operating agreement and this contract included remedies for non-performance of either party, often without the need to resort to litigation.

(n) Litigation risk

Legal proceedings may also arise from time to time in the course of the Company's business. The Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute, if proven, may impact adversely on the Company's operations, financial performance and financial position.

A wholly owned subsidiary company of Sun Resources NL was previously involved in a dispute with the operator of the Beeler Oil Project. In 2013, the Company announced that Richland Resources Corp. was removed as operator by the non-operating working interest owners in the Beeler Oil Project. Richland Resources Corp. had failed to pay certain vendors and these vendors then filed liens against the entire Beeler Oil Project, including Sun's 16.67% non-operating working interest. Richland Resources Corp. subsequently filed for Bankruptcy. Sun Delta Inc.'s liability to the Bankruptcy Trustee is US\$172,000.

Sun Delta Inc. assigned to Amerril Energy LLC (**Amerril**) in May 2015 its claims to related damages concerning the Seale #1H well, with Amerril to keep all damages. If Weatherford Inc. ("Weatherford") obtains damages or other compensation against an Amerril Entity of less than one million US dollars, Sun Delta Inc. will pay 50% of such amount. If any compensation amount due to Weatherford from an Amerril Entity is in excess of one million dollars, Sun Delta Inc. will pay Amerril US\$500,000 with Amerril retaining any existing rights to seek additional damages and compensation from Sun Delta Inc., however such claim by Amerril would require a lawsuit by Amerril against Sun Delta Inc. and Sun Delta Inc. would have all of its rights and defences in such lawsuit. The Company has recognised a US\$500,000 liability as part of trade and other payables for this contingency.

Prospectus

Certain land owners with mineral interests across some leases within the Seale and T.Keeling drilling units are currently in dispute with Amerril Energy LLC regarding the size of those drilling units. Litigation is continuing and there is a chance that the mineral interests in those leases, including the well bores and any production from them, may revert to the mineral owners in order to settle the claim. It is also possible that a portion of the Southern Woodbine leases may be extinguished in lieu of any potential cash settlement.

6.3 General Risks

(a) Share market conditions

The value of Shares quoted on ASX will be subject to varied and often unpredictable influences on the market for equities and particularly for speculative stocks such as the Company's. It is important to recognise that share prices may fall as well as rise, and the Company's Shares may trade below or above the issue price. The price of the Company's Shares, when quoted on the ASX, will be influenced by international and domestic factors as well as general equity market fluctuations. Should these produce a negative effect on the Share price, this may also affect the Company's ability to raise development capital.

(b) Dividends

There is no guarantee as to future earnings of the Company or that the Company will be profitable and there is no guarantee that the Company will be in a financial position to pay dividends.

At the time of issue of this Prospectus, the Directors do not anticipate that any dividend will be declared in respect of the current financial year and no dividends are anticipated to be declared for the foreseeable future.

(c) Dilution risk

The Company may require further financing in addition to amounts raised under the Offer in the future. If any additional funds are raised through the issue of further securities, Shareholders voting and relevant interest in the Company may be diluted if they do not participate in the offer.

(d) Liquidity

As with all securities listed on ASX, there can be no guarantee that an active market in Shares will develop over and above its current levels. There may be relatively few or many potential buyers or sellers of Shares on ASX at any given time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the Offer Price.

(e) General economic conditions

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation have an impact on operating costs, commodity prices, and the parameters in which the Company operates. Factors that may be beyond the control of the Company include:

- (1) general economic conditions in Australia and the United States and their trading partners and, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;

Prospectus

- (2) financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party;
- (3) insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- (4) industrial disputes.

These as well as other conditions can affect the Company's future revenues and profitability and the price of its securities.

- (f) Changes in Government policies and laws

Changes in government laws, regulations, policies and administrative regimes, particularly those affecting ownership of oil and gas interests, taxation, royalties, land access, labour relations, environmental pollution and mining and exploration activities, may adversely affect the financial performance or the current and proposed operations generally of the Company. These changes may increase operating costs and may have a material adverse effect on the Company.

- (g) Industrial risk

Industrial disruptions, work stoppages and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect profitability.

- (h) Management actions

The Directors will, to the best of their knowledge, experience and ability (in conjunction with management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

6.4 Speculative nature of investment

The above list of risk factors is not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. Whether or not income will result from oil and gas projects undergoing exploration, development and production programs is dependent on the successful establishment of exploration operations. Factors including costs, equipment availability and oil prices affect successful project development as does the design and construction of efficient exploration facilities, competent operation and management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced consultants. In particular, changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in Australian and overseas equity markets may affect the Company's operations and particularly the trading price of the New Shares and New Options on the ASX. The Securities offered under this Prospectus should be considered speculative in nature and investors should be aware that they may lose some or all of the value of their investment.

Prospectus

7. Additional information

7.1 Transaction specific prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements. The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the New Securities.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

7.2 Continuous disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities.

Copies of the documents lodged by the Company with ASIC may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any Shareholder who asks for a copy of the document before the Closing Date:

- (a) the Company's annual financial report for the period ended 30 June 2015;
- (b) the Company's half-yearly financial statements for the period ended 31 December 2015; and
- (c) any continuous disclosure notices given to ASX in the period since the release of the Company's last annual financial report on 24 September 2015, being the following documents:

ASX Announcement	Date
Ceasing to be a substantial holder	6 September 2016
Change in substantial holder	6 September 2016
Ceasing to be a substantial holder	6 September 2016
Appendix 3B	31 August 2016
Consolidation - Split	5 August 2016
Revised Share Consolidation Timetable	5 August 2016
Rights Issue and Underwriting Agreement	1 August 2016

Prospectus

ASX Announcement	Date
Quarterly Activities Report	29 July 2016
Quarterly Cash flow Report	29 July 2016
Cancel Consolidation/Split SUR	13 July 2016
Deferral of Consolidation Timetable	13 July 2016
Results of General Meeting	12 July 2016
Extension of Convertible Loan Agreement	30 June 2016
Consolidation/Split – SUR	27 June 2016
Notice of General Meeting/Proxy Form	10 June 2016
Corporate Update	8 June 2016
Appendix 3B	26 May 2016
Appendix 3B	3 May 2016
Quarterly Cashflow Report	2 May 2016
Quarterly Activities Report	2 May 2016
Strategic Placement Update	18 April 2016
Change in substantial holding	12 April 2016
Becoming a substantial holder	23 March 2016
Appendix 3B	22 March 2016
Reinstatement to official quotation	21 March 2016
Strategic Placement	21 March 2016
Suspension from Official Quotation	18 March 2016
Trading halt	16 March 2016
Half Year Accounts	16 March 2016
Final Director's Interest Notice	15 March 2016
Director Resignation	14 March 2016
Final Director's Interest Notice - WGM	19 February 2016
Initial Director's Interest Notice - ABP	19 February 2016
Initial Director's Interest Notice - JJKP	19 February 2016
Changes to the Board of Directors	18 February 2016
Quarterly Cashflow Report	1 February 2016
Quarterly Activities Report	1 February 2016
Appendix 3Y - WGM	19 January 2016
Appendix 3Y - MAB	19 January 2016
Appendix 3Y - IRP	19 January 2016
Appendix 3B	19 January 2016
Results of General Meeting	13 January 2016
General Meeting Presentation	13 January 2016

Prospectus

ASX Announcement	Date
Appendix 3B	14 December 2015
Notice of General Meeting/Proxy Form	14 December 2015
Change in substantial holding	11 November 2015
Change in substantial holding	11 November 2015
Share Placement Information - Listing Rule 3.10.5A	9 November 2015
Section 708A Notice	9 November 2015
Appendix 3B	9 November 2015
Results of AGM	5 November 2015
AGM Presentation	5 November 2015
Sun Successfully Raises \$699,000	2 November 2015
Quarterly Cashflow Report	30 October 2015
Quarterly Activities Report	30 October 2015
Trading Halt	29 October 2015
Notice of Annual General Meeting/Proxy Form	2 October 2015
Appendix 4G	25 September 2015
Annual Report 2015	24 September 2015

7.3 Share price information

The highest and lowest closing market sale prices for Shares quoted on ASX in the six month period before the date of this Prospectus were as follows:

(a) Highest:

- (1) \$0.002 on 11 November 2015 (on a pre consolidation basis); and
- (2) \$0.018 on 30 August 2016 (on a post consolidation basis).

(b) Lowest:

- (1) \$0.001 on 1 August 2016 (on a pre consolidation basis); and
- (2) \$0.01 on 1 September 2016 (on a post consolidation basis).

The closing market sale price of Shares quoted on ASX on the last day that trading took place in the Shares prior to the lodgement of this Prospectus was \$0.011 on 6 September 2016.

The Offer Price of New Shares under the Offer is \$0.01 each plus one (1) free-attaching New Option for each one (1) New Share allotted. If the Offer Price is attributable to the New Shares only (and no value is attributed to the New Options), the Offer Price represents a 60% discount to the closing price on 1 August 2016, the date the Offer was announced (after adjusting the closing price to take into account the 25 to 1 consolidation which has been undertaken by the Company).

Prospectus

7.4 Constitution

The Company's Constitution is in a form common to many public companies in Australia and was adopted by the Company on 14 December 1995. The Company will provide a copy of the Constitution to any Shareholder upon request, free of charge.

7.5 Rights and liabilities attaching to New Shares

The rights attaching to ownership of the New Shares are set out in the Company's Constitution. The following is a summary of the principal rights of holders of the New Shares, subject to any special rights attaching to any class of share at a future time. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

(a) Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

(b) Dividends

The New Shares will rank equally with all other issued shares in the capital of the Company and will participate in dividend out of profits earned by the Company from time to time. Subject to the rights of holders of shares with any special preferential or qualified rights attaching to them, the profits of the Company are divisible amongst the holders of Shares paid proportionately to the amounts paid on the Shares. The Directors may from time to time pay to Shareholders such interim dividends as in their judgment the position of the Company justifies.

(c) Transfer of Shares

(1) Uncertificated system

Transfer of Shares may be effected by an instrument of transfer in accordance with any system recognised by the ASX Listing Rules and effected in accordance with the Securities Clearing House Business Rules approved under the Corporations Act or by an instrument of transfer in any usual form or by another form approved by the Directors or recognised by the Corporations Act or the ASX Listing Rules.

(2) Certificated system

Subject to the Constitution and the Corporations Act, a Shareholder's Share may be transferred by instrument in writing in any form authorised by the Corporations Act and the ASX Listing Rules or in any other form authorised by the Corporations Act and the ASX Listing Rules or in any other form that the Directors approve. No fee shall be charged by the Company on the transfer of any Shares.

(3) Acceptance of transfer

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

Prospectus

(d) **Winding up**

Upon accepting the Entitlement to New Shares and paying the Acceptance Monies, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

(e) **Future increases in capital**

The allotment and issue of any new shares is under the control of the Directors. Subject to the Listing Rules, the Company's Constitution and the Corporations Act, the Directors may allot or otherwise dispose of new shares on such terms and conditions as they see fit.

(f) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders, vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of 75% of the holders of the issued shares of that class, or if authorised by an ordinary resolution passed at a separate meeting of the holders of the shares of that class.

(g) **General Meeting**

Each holder of Shares will be entitled to receive notice of and to attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

For more particular details of the rights attaching to ordinary shares in the Company, investors should refer to the Constitution of the Company.

7.6 **Rights and liabilities attaching to New Options**

The New Options will be issued on the following terms and conditions:

(a) **Consideration**

New Options are to be issued as part of the Rights Issue on the basis of one (1) free-attaching New Option for each one (1) New Share issued. No further consideration other than the payment of the Offer Price will be payable by Eligible Shareholders for the New Options under the Rights Issue. New Options are also to be issued pursuant to the Placement Issue. In respect of these 230,000,000 New Options a call option premium of A\$0.0001 is payable upon Application for each New Option applied for.

(b) **Terms of exercise**

The exercise price of each New Option is \$0.01 (**Exercise Price**).

The New Options will expire on the date which is 4 years from the date of issue (**Expiry Date**). Subject to and conditional upon any adjustment in accordance with the

Prospectus

conditions set out below, each New Option entitles the holder to subscribe for one fully paid share upon payment of the exercise price prior to the expiry date.

The New Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per New Option to the Company at any time on or after the date of issue and allotment of the New Options, on or before the Expiry Date.

On the valid exercise of the New Options and payment of the Exercise Price, the Company will issue Shares ranking *pari passu* with the then issued Shares.

(c) **Transferability**

The New Options are transferable.

(d) **Rights to participate**

New Option holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide New Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the New Options, in accordance with the requirements of the ASX Listing Rules.

New Option holders do not participate in any dividends unless the New Options have been exercised and the resultant Shares are issued prior to the record date to determine entitlements to the dividend.

(e) **Reconstructions**

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

- (1) the number of New Options, the Exercise Price, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the New Options which are not conferred on Shareholders; and
- (2) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the New Options will remain unchanged.

(f) **Pro rata issues**

The New Option holder will be permitted to participate in any pro-rata issue of securities of the Company on prior exercise of the New Options, in which case the New Option holder will be afforded a period of at least seven (7) business days prior to and inclusive of the record date to determine entitlements to the issue to exercise the New Options.

(g) **Bonus issues**

If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which a New Options is exercisable may be increased by the number of Shares which the New Option holder would have received if the New Option had been exercised before the record date for the bonus issue.

Prospectus

The terms of the New Options may only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the New Options must not be changed to reduce the Exercise Price, increase the number of New Options or change any period for exercise of the New Options.

(h) **Quotation**

The Company will make an application to ASX for quotation of the New Options. Application will also be made for quotation of the Shares issued upon exercise of New Options.

7.7 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last 2 years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the company in connection with:
 - (1) its formation or promotion; or
 - (2) the Offer; or
- (c) the Offer,

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:

- (a) to induce them to become, or to qualify as, a Director of the Company; or
- (b) for services provided by a director in connection with:
 - (1) the formation or promotion of the Company; or
 - (2) the Offer.

Set out below are details of the interest of the Directors in the securities of the Company immediately prior to lodgement of the Prospectus with the ASIC. Interest includes those securities held directly and indirectly. The table does not take into account any New Shares the Directors may acquire under the Offer.

Director	Number of Shares	Number of Options	% Shareholding
Dr Jaap Poll	Nil	Nil	Nil
Mr Matthew Battrick	3,332,868	1,401,177 ¹	1.4
Mr Alexander Parks	Nil	Nil	Nil

Notes:

1. 1,117 Listed Options exercisable at \$0.625 each on or before 30 September 2017 and 1,400,000 Unlisted Options exercisable at \$0.0375 each on or before 17 August 2018.

Prospectus

7.8 Directors' fees

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$400,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration for the previous two financial years and the current financial year to date paid or accrued to both executive and non-executive directors who are currently Directors as at the date of this Prospectus.

Director	Financial Year ending 30 June 2014	Financial Year ending 30 June 2015	Current Financial Year
Dr Jaap Poll	Nil	Nil	\$22,049
Mr Matthew Battrick	\$376,343	\$389,712	\$390,000
Mr Alexander Parks	Nil	Nil	\$18,390

Notes:

1. This disclosure relates only to current Directors and does not include directors who resigned during the periods shown above.

Details of the intention of the Directors to participate in the Offer are set out in Section 1.8.

7.9 Substantial holders

The following are details of those Shareholders who hold more than 5% of Shares at the date of this Prospectus:

Shareholder	Number of Shares	% Shareholding
Fast Lane Australia Pty Ltd	42,998,939	16.28
Winform Nominees Pty Ltd	24,707,477	9.36

The Underwriter, Fast Lane Australia Pty Ltd, is the largest Shareholder in the Company and intends to take up its Entitlement under the Rights Issue in full. Pursuant to the terms of the Underwriting Agreement, the Underwriter has agreed to fully underwrite any Shortfall under the Offer. If the Underwriter is required to take up some or all of the Shortfall, its relative interest in the Company will increase above its current level of 16.28%. Refer to Section 5.4 for further information on this increase.

Prospectus

7.10 Related party transactions

From time to time the Company may be party to transactions with related parties including:

- (a) employment and service arrangements;
- (b) rental agreements; and
- (c) payment of Directors fees.

The Company believes that it has made appropriate disclosure of past related party transactions and other than any further disclosure specifically set out below or made elsewhere in this Prospectus does not intend to make any further disclosure of such transactions which transactions will have either proceeded on an "arm's length" basis or reasonable remuneration basis.

7.11 Underwriting Agreement

By an agreement between the Underwriter and the Company dated 7 September 2016 (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer in the amount of \$1,343,528 (**Underwritten Amount**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% (plus GST) of the Underwritten Amount and a break fee in the amount of \$100,000 if the Company withdraws or ceases or fails to conclude any matter required of it pursuant to the Offer or breaches the terms of the Underwriting Agreement. The break fee can be paid (at the election of the Company) in cash or through the issue of Shares in the Company at \$0.008 each.

The Underwriting Agreement is subject to a number of conditions precedent that are considered standard for an agreement of this type.

The obligation of the Underwriter to fully underwrite the Offer is subject to a number of industry standard events of termination including the following:

- (a) (**Share Price**): the Share price of the Company trading on the ASX under the ASX code of "SUR" finishes trading for two consecutive days with a closing Share price that is less than \$0.01 between the Opening Date and the Closing Date;
- (b) (**Indices fall**): any of the following indexes closes on any two consecutive trading days before the Shortfall Notice Deadline Date 2% or more below its respective level as at the close of business on the Business Day prior to the Execution Date:
 - (1) Dow Jones;
 - (2) S&P 500;
 - (3) Nasdaq;
 - (4) Russell 2000;
 - (5) FTSE;
 - (6) Nikkei; or
 - (7) Shanghai SE Comp;

Prospectus

- (c) (**Offer Document**): the Company does not lodge the Offer Document by the Lodgement Date or the Offer Document or the Offer is withdrawn by the Company;
- (d) (**No Listing Approval**): the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX within 7 days of the Lodgement Date;
- (e) (**Restriction on issue**): the Company is prevented from issuing the Underwritten Securities within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi- governmental agency or authority;
- (f) (**Takeovers Panel**): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt. 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect;
- (g) (**Authorisation**): any authorisation which is material to anything referred to in the Offer Document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (h) (**Indictable offence**): a director or senior manager of a Relevant Company is charged with an indictable offence, which in the reasonable opinion of the Underwriter has or is likely to have a Material Adverse Effect on the Offer; or
- (i) (**Termination Events**): upon the occurrence of any of the following events:
 - (1) (**Hostilities**): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Egypt, Australia, New Zealand, Indonesia, Japan, Russia, Iran, Israel, the United Kingdom, the United States of America, India, Pakistan, the People's Republic of China, or any member of the European Union, other than hostilities involving Libya, Afghanistan, Iraq, Syria, or Lebanon, and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in any of the indexes stipulated in clause 10.2(b) of this Agreement falling by the percentage contemplated by clause 10.2(b) of this Agreement;
 - (2) (**Default**): default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking which is incapable of remedy or is not remedied by the date Valid Applications are required to be lodged in accordance with clause 6.1;
 - (3) (**Incorrect or untrue representation**): any representation, warranty or undertaking given by the Company in this Agreement is or becomes untrue or incorrect in a material respect;
 - (4) (**Contravention of constitution or Act**): a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (5) (**Adverse change**): an event occurs which gives rise to a Material Adverse Effect in relation to the Company's assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company;

Prospectus

- (6) **(Material change)**: if there is any material change in relation to the Company's assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company;
- (7) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was an omission from them that is materially adverse from the point of view of an investor;
- (8) **(Significant change)**: a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (9) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Offer Document other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules and/or the Corporations Act;
- (10) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (11) **(Official Quotation qualified)**: the official quotation is qualified or conditional other than as set out in clause 1.3;
- (12) **(Change In Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of this Agreement;
- (13) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs, other than as disclosed in the Offer Document;
- (14) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (15) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (16) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (17) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced against any Relevant Company, other than any claims foreshadowed in the Offer Document;
- (18) **(Composition of the Board of the Company)**: the Underwriter shall have the right to terminate its obligations under this Agreement if the Board of the Company is comprised of persons whom the Underwriter does not find to be satisfactory to the Underwriter and such satisfaction shall be determined by the Underwriter at its sole and absolute discretion;

Prospectus

- (19) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Offer Document) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (20) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 3 Business Days;
- (21) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (22) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (23) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Offer Document and the Letter Agreement;
- (24) **(Breach of Material Contracts)**: any of the Contracts is terminated or substantially modified;
- (25) **(Investigation)**: ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Offer Document, or publicly foreshadows that it may do so; or
- (26) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

7.12 Litigation

The Company is engaged in a number of contentious litigation matters that may have a material adverse effect on either the Company or its business. Refer to Section 6.2 for further details.

7.13 Interests of experts and advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively, **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last two (2) years, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or

Prospectus

- (c) the Offer of New Securities under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) offer of New Securities under this Prospectus.

Fast Lane Australia Pty Ltd is acting as the Underwriter to the Offer, in respect of which it is entitled to receive an underwriting fee of 6% (plus GST) of the total amount raised under the Offer.

HopgoodGanim Lawyers are acting as solicitors to the Offer and have performed work in relation to the Prospectus. In respect of this work, the Company estimates that it will pay approximately \$20,000 (excluding disbursements and GST) to HopgoodGanim Lawyers. HopgoodGanim Lawyers are also engaged from time to time by the Company on a variety of legal matters. Further amounts may be paid to HopgoodGanim in Lawyers in accordance with its normal time based charges.

7.14 Subsequent events

There has not arisen, as at the date of this Prospectus, any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

7.15 Privacy

By submitting an Entitlement and Acceptance Form for New Shares or Application Form for New Options you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Computershare Investor Services Pty Limited, an external service provider. The Company requires Computershare Investor Services Pty Limited to comply with the National Privacy Principles with performing these services. The Company's register is required under the Corporations Act to contain certain personal information about you such as your name and address and number of shares and options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

Prospectus

- (a) when you agree to the disclosure;
- (b) when used for the purposes for which it was collected;
- (c) when disclosure is required or authorised by law;
- (d) to other members in the Company's group of companies;
- (e) to your broker;
- (f) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Computershare Investor Services Pty Limited, except in limited circumstances. If you wish to access, update or correct your personal information held by Computershare Investor Services Pty Limited or by the Company please contact our respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

7.16 Expenses of the Offer

The expenses which are payable by the Company in respect of preparing and distributing this Prospectus and in respect of the Offer are estimated to be approximately as follows:

Item	\$
ASIC fees	2,100
ASX quotation fees	5,000
Legal fees	20,000
Printing and despatch	10,000
Share registry fees	10,000
Underwriting fees	80,611
Miscellaneous	5,000
Total	132,711

7.17 Consents and disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

Fast Lane Australia Pty Ltd has given and has not withdrawn its consent to be named in this Prospectus as the underwriter to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Prospectus as lawyers to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Prospectus

BDO Audit (WA) Pty Ltd has given and has not withdrawn its consent to be named in this Prospectus as auditors of the Company in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Computershare Investor Services Pty Limited has given and, at the date of this Prospectus, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Prospectus

8. Directors' statement

This Prospectus is dated 9 September 2016 and is issued by the Company.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquires and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to investors or their professional advisors. Each of the Directors has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Signed on behalf of the Company by:



Mr Matthew Battrick
Managing Director

Prospectus

9. Definitions & glossary

Terms and abbreviations used in this Prospectus have the following meaning:

Acceptance Monies	Offer Price multiplied by the number of New Shares accepted under an Entitlement
Application	An application for New Options pursuant to the Placement Issue
Application Form	An application form for New Options pursuant to the Placement Issue
Application Monies	The monies that must accompany an Application for New Options pursuant to the Placement Issue which is the call option premium of A\$0.0001 per New Option multiplied by the number of New Options applied for by an investor.
Additional Securities	New Securities in excess of an Eligible Shareholder's Entitlement
Amerill	Amerill Energy LLC, a company operating in the United States of America
Applicant	A person who submits an Entitlement and Acceptance Form or an Application Form for New Options
ASIC	Australian Securities & Investments Commission
ASX	The Australian Securities Exchange operated by ASX Limited ACN 008 624 691
ASX Listing Rules	The listing rules of the ASX
Board	The board of directors of the Company
Business Day	A day, other than a Saturday, Sunday or public holiday, on which banks are open for general banking business in Perth, Western Australia.
Closing Date	The date by which valid acceptances must be received by the Company being 5.00pm (Perth time) 12 October 2016, or such other date determined by the Board and the Underwriter
Company or Sun	Sun Resources NL ACN 009 196 810
Constitution	The constitution of the Company
Corporations Act	The <i>Corporations Act</i> 2001 (Cth)
Director	A Director of the Company
Eligible Shareholder	A Shareholder of the Company (other than an Ineligible Shareholder) that holds Shares on the Record Date
Entitlement	The entitlement of a Shareholder to accept New Securities under this Prospectus

Prospectus

Entitlement and Acceptance Form	An entitlement and acceptance form in the form accompanying this Prospectus
Group	The Company and each of its wholly owned subsidiaries
Ineligible Shareholder	A Shareholder of the Company having a registered address outside Australia and New Zealand
Jack Howe	An unconventional horizontal well that has been drilled and cased by Sun as Operator, but not fracked.
Lower Woodbine	A geological formation of Lower Cretaceous age that is oil bearing and being developed as an unconventional oil reservoir
New Options	The new Options offered under this Prospectus whether by the Rights Issue or the Placement Issue
New Securities	The New Shares and New Options offered under this Prospectus
New Shares	The new Shares offered under this Prospectus
Offer	The offer and issue of the New Securities under this Prospectus as set out in section 1.1, being the Rights Issue and the Placement Issue
Offer Price	\$0.01 for each New Share applied for under the Rights Issue
Official List	The official list of ASX
Official Quotation	Quotation of securities on the Official List
Opening Date	9.00am (Perth time) 16 September 2016
Option	An options to subscribe for a Share and Options has a corresponding meaning
Option holder	A holder of an Option
Perth time	Western standard time, as observed in Perth, Western Australia
Placement Issue	The placement offer of 230,000,000 New Options at an issue price of \$0.0001 per New Option to raise \$23,000 (before costs). The New Options will be exercisable at \$0.01 each on or before the date which is 4 years from their date of issue
Prospectus	This prospectus dated 9 September 2016 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
Record Date	5.00pm (Perth time) 14 September 2016
Register	The register of Shareholders and Optionholders of the Company

Prospectus

Rights Issue	The non-renounceable rights issue of one (1) New Share for every two (2) Shares held by Eligible Shareholders at the Record Date at an issue price of \$0.01 each per New Share to raise approximately \$1,320,528 (before costs), with one (1) free-attaching New Option for every one (1) New Share allotted. The New Options will be exercisable at \$0.01 each on or before the date which is 4 years from their date of issue
Securities	Shares and Options
Share	An ordinary fully paid shares in the capital of the Company and Shares has a corresponding meaning
Shareholder	A holder of a Share
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277
Shortfall or Shortfall Securities	Any New Shares and New Options not subscribed for by Eligible Shareholders under the Rights Issue or by other investors under the Placement Issue
Shortfall Offer	The offer of the Shortfall
Southern Woodbine	An area of southern Leon County and Northern Madison County, East Texas, where Sun has interests in a number of oil and gas leases, including the Normangee and SW Leona Oil Project areas
SW Leona Oil Project	SW Leona is a number of lease tracts originally totalling approximately 6,000 gross acres where Sun has a historic 50% working interest and participated in to horizontal wells in the Lower Woodbine Formation (Seale & T. Keeling #1H)
Underwriter	Fast Lane Australia Pty Ltd ACN 063 871 661
Underwritten Amount	\$1,343,528
Underwritten Securities	All of the New Securities
U.S. Securities Act	The U.S. Securities Act of 1933

Prospectus

10. Corporate Directory

Directors and Officers	Underwriter	Solicitors to the Offer
<p>Dr Jaap Poll Non-Executive Chairman</p> <p>Mr Alexander Parks Non-Executive Director</p> <p>Mr Matthew Battrick Managing Director</p> <p>Mr Craig Basson CFO & Company Secretary</p>	<p>Fast Lane Australia Pty Ltd PO Box 1 Flemington VIC 3031 Telephone: (+61 3) 8335 9999 Facsimile: (+61 3) 8335 9650</p>	<p>HopgoodGanim Lawyers Level 27, Allendale Square 77 St Georges Terrace Perth WA 6000 Telephone: (+ 61 8) 9211 8111 Facsimile: (+61 8) 9221 9100</p>
Administration and Registered Office	Share Registry	Auditor
<p>Level 2 30 Richardson Street West Perth WA 6005 Telephone: (+61 8) 9321 9886 Facsimile: (+61 8) 9321 8161</p>	<p>Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth WA 6000 Telephone: (+61 8) 9323 2000</p>	<p>BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Telephone: (+61 8) 6382 4600 Facsimile: (+61 8) 6382 4601</p>