



Monday 28 October 2013

New 3 Well Programme into Woodbine

Sun to Drill 3 New Horizontal Wells into the Woodbine

- Sun Resources NL (“**Sun**” or “the **Company**”) is pleased to report that planning is well advanced for a programme of 3 new horizontal wells into the Woodbine Oil Play across Sun’s lease portfolio in Leon and Madison Counties, Texas.
- One horizontal well is planned in each of the following areas:
 1. **Delta Oil Project** – Petro-Hunt operated Lower Woodbine horizontal well (Sun 25%WI)
 2. **Normangee Oil Project** – Sun operated Lower Woodbine horizontal well (Sun 50%WI)
 3. **Amerril Oil Project** – Amerril Energy operated Upper Woodbine horizontal well (Sun ~18%WI)

Delta Oil Project (Petro-Hunt AMI, Sun 25%WI)

- Sun reports that the Operator Petro-Hunt LLC (“**Petro-Hunt**”) is continuing with planning and preparation for a horizontal well in the Area of Mutual Interest (AMI) in northern Leon County. The AMI consists of approximately 7,832 acres in northern Leon County. Petro-Hunt and Sun have now leased 3,240 acres within the AMI, with the ownership split between Petro-Hunt (75%WI) as Operator and Sun (25%WI).
- Extensive technical analysis of old vertical wells within the AMI and other substantial geological information over the last two months has resulted in the decision to drill this horizontal well into a very high (24%) porosity sand in the Lower Woodbine (also referred to as the Woodbine “C” or “Dexter” sands by the local industry).
- This first well will consist of a vertical pilot hole followed by a horizontal well into the target interval and drilling is currently planned by Petro-Hunt to commence around mid-December 2013.

Normangee Oil Project (Sun 50%WI and Operator)

- In recent days, Sun reached agreement with Amerril Energy LLC (“**Amerril**”) to become the Operator of the Normangee Oil Project. Sun will now operate the first vertical pilot well and lateral in the Normangee Oil Project on behalf of Sun and Amerril.
- The Jack Howe #1H well will target the Lower Woodbine interval that has been successful in leases immediately adjacent to the west, operated by the large USA based independent EOG.
- Sun is also pleased to announce that Mr. Stephen D Smith was recently appointed as Vice President of Operations in the USA for Sun. Mr. Smith is now assisting Sun establishing

itself as an Operator in Texas and has already commenced work on planning for the Jack Howe #1H well, expected to be drilled prior to the year end.

Amerril Oil Project (Centerville Area, Sun ~18%WI)

- The Operator, Amerril Energy (~30%WI) has informed Sun and its other working interest partner, Furie Petroleum Company LLC (“**Furie**”) (~50% WI) that it expects to spud the F. Thompson #1H well as the first horizontal well in the Centerville area of the Amerril Oil Project, in mid-November 2013.
- The F. Thompson #1H well will be a multi staged fraced horizontal well targeting the Upper Woodbine interval, which is a strong oil producer immediately to the south in the Halcon-operated Halliday Field.
- Sun’s working interest in this well will be approximately 18% and the cost will be approximately \$1.3 million net to Sun, within an AMI area agreed between the three parties.

Sun Resources NL (**Sun Resources, Sun** or the **Company**) (ASX:SUR) is pleased to update shareholders on the next 3 horizontal Woodbine wells to be drilled across its lease areas which are all located in Leon and Madison Counties, East Texas, onshore USA.

Delta Oil Project (Petro-Hunt AMI) (Sun: 25% WI)

Petro-Hunt LLC (“**Petro-Hunt**”) as the Operator of the Joint Venture with Sun (Sun 25%WI) on the Petro-Hunt AMI area, is continuing with the planning for the first horizontal well into the Lower Woodbine (the Woodbine “C” or “Dexter Sand”) oil target, expected to be spudded in mid-December 2013. The well will take approximately three weeks to complete. The AMI consists of approximately 7,832 acres in northern Leon County. Petro-Hunt and Sun have now leased 3,240 acres within the AMI.

Extensive technical analysis of old vertical wells within the AMI and other substantial geological information over the last two months has resulted in the decision to drill this horizontal well into a 50 foot interval (15 meters) within the Dexter Sand, that has excellent original porosity (up to 24%) and oil charge, as seen by oil produced in old vertical offset wells. Sun is very pleased by the high quality rock properties of the sand that will be the target of the vertical pilot well and the subsequent lateral well to be drilled immediately after the pilot well has been drilled and logged. Petro-Hunt and Sun are targeting a 5,500 foot horizontal section in the lateral well which will then be subjected to a multi-stage hydraulic frac program with a period of flow back to follow.

Sun executed a binding agreement with Petro-Hunt to jointly explore and develop an Area of Mutual Interest (AMI) consisting of approximately 7,832 acres in Northern Leon County, Texas. Petro-Hunt, based in Dallas, Texas, is one of the largest privately held oil companies in the world, and remains active in the onshore and offshore oil and gas sectors. Sun and Petro-Hunt have each contributed oil and gas leases that now total in excess of 3,240 gross acres with working interests and all costs going forward (including but not limited to exploration, drilling, production and additional lease acquisitions within the AMI) now shared by Petro-Hunt (75%) and Sun (25%). The total area of the AMI is 7,832 acres so there is the capacity for the Joint Venture to expand in size by way of additional lease acquisitions. Under the Joint Operating Agreement (“JOA”), the AMI area shall remain in force and effect for a period of three (3) years from the date of the executed JOA.

Sun retains a further 11,010 net acres elsewhere in the Delta Oil Project that will be the subject of future activity, by way of farm-out, joint venture or direct drilling activity in the coming months.

Normangee Oil Project (Sun: 50% WI and now the Operator)

In recent days, Sun and Amerril have executed an agreement that designated Sun and its wholly-owned USA subsidiary as Operator of the Normangee Oil Project. Sun has a 50% working interest in a 3,952 gross acre package of oil and gas leases located on the Leon County-Madison County border, Texas, USA (**Normangee Oil Project**). The balance of the working interest (50% WI) in the Normangee Oil Project is held by Amerril.

Sun is now an Operator in its own right and is making plans to spud its first Woodbine well in the Normangee Oil Project before the end of the year. Sun has been assembling an operating team to deliver this drilling and fracing activity and Sun is pleased to announce that Mr. Steve Smith was recently appointed as Vice President of Operations in the USA for Sun. Over a 35 year period, Mr. Smith has concentrated mainly on well drilling and completions and has held key posts with exploration and production companies with regions of experience including eighteen states in the USA (including Texas, Oklahoma and Louisiana and six countries internationally (Mexico Algeria, Tunisia, Sudan, Chad and Iraq).

The first well in the Normangee Oil Project will be the Jack Howe #1H and the operations are expected to involve a vertical pilot hole through the Woodbine (including conventional coring) and deeper targets, followed by a lateral with a multi-stage frac well into the Lower Woodbine. Planning of the Jack Howe #1H well is already underway, and is expected to be drilled prior to the year end. The well should take approximately three weeks to complete. Sun notes that EOG has recently completed the Rea #1H well in the Lower Woodbine, immediately to the West of the Normangee Oil Project leases.

Amerril Oil Project (Centerville Area) (Sun ~18% WI)

On 25 October 2013, Sun executed a JOA with Amerril (~30%WI), the Operator of the Amerril Oil Project, and Furie Petroleum Company LLC ("**Furie**" ~50%WI), another non-operating party, to drill the first well in the Centerville area of the Amerril Oil Project.

Furie has recently purchased separate net mineral interests from a third party, JBL Energy, in the same lease tracts as those in which Sun and Amerril have lease interests. These tracts lie immediately East of the town of Centerville in Leon County and are immediately north of recent successful Woodbine oil wells drilled by Energy & Exploration Partners from Fort Worth, Texas (such as the new "Cowtown #1H" horizontal well which flowed at more than 600bopd IP). These lease tracts also lie due north of the prolific Woodbine production area called the Halliday Field and operated by Halcon.

A data swap with Energy & Exploration Partners has occurred and therefore the Operator has obtained the design specifications and logs for the Cowtown #1H well and in due course the Operator will in exchange provide Energy & Exploration Partners with the data set from this well.

An AMI has now been agreed between Sun, Furie and Amerril covering an area of 1,855 gross acres and Sun's net mineral acres will deliver an approximate working interest of 18%. The first lateral well in this AMI will be designated the F.Thompson #1H and will be a horizontal well targeting the Upper Woodbine an interval that has flowed successfully immediately to the south. The design of this F.Thompson #1H well will be identical to the Cowtown #1H well. Amerril has confirmed the well is expected to spud in mid-November 2013 and take approximately three weeks to complete.

Dr Govert van Ek, Managing Director of Sun commented:

"I am pleased to report on the significant progress that Sun has recently made. Becoming an Operator in our own right is a notable milestone and will give us more control over our operations going forward.

Sun's team has developed extensive relationships in Texas over the years and that now gives us the confidence to assume Operatorship in our core area, where we understand the operating environment as well as the geology. To help drive this effort forward, we are also pleased to welcome Mr Steve Smith as our newly appointed Vice President of Operations in the USA and his extensive drilling, well completions and local operating experience will substantially strengthen Sun's operating and technical execution capability.

Our upcoming Sun operated Normangee well, which is in the area closest to where successful Lower Woodbine wells have been brought onto production is now highly anticipated. This coupled with a World Class Operator, Petro-Hunt LLC, being set to shortly drill our first Northern Delta Oil Project well and also our participation in the Centerville well - sets the stage for a new 3 well programme that should prove to be transformational for Sun."

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Geological information contained in this report was compiled by the General Manager (Technical) of Sun Resources, Matthew Batrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 32 years' experience in the practice of petroleum geology.

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