SUN resources NL
ABN 69 009 196 810
(Incorporated in Western Australia)

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27 September 2016

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

Dear Sir/Madam

NOTICE OF RELEASE OF ANNUAL REPORT FOR 2016

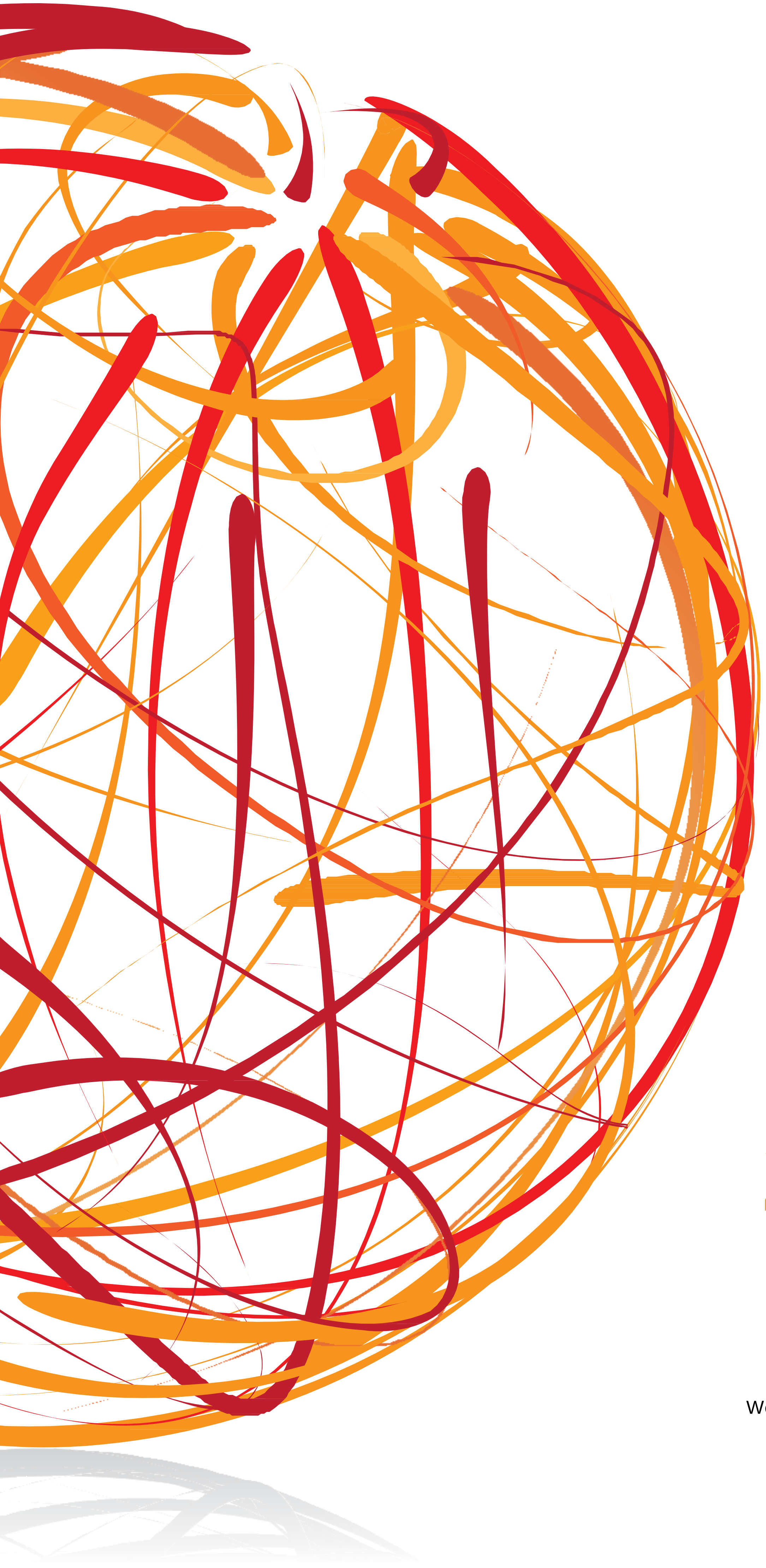
The Board of Sun Resources NL (ASX: SUR) is pleased to release the attached copy of the Annual Report for the year ended 30 June 2016.

This report has been prepared in accordance with Accounting Standards and the Corporations Act 2001.

A copy of the Annual Report will be available on the Company's website.

Yours faithfully
SUN RESOURCES NL

Craig Basson
Company Secretary



2016
annual report

SUN resources NL

West Perth, Western Australia 6005
ASX Code: SUR
ABN: 69 009 196 810

CORPORATE DIRECTORY

Directors

Dr Jaap Poll
B.Sc., M.Sc., Ph.D. (Structural Geology)
Non-Executive Director and Chairman

Mr Matthew Battrick
B.Sc. (Geology), MPESA, MAAPG, GAICD
Managing Director and Chief Executive Officer

Mr Alexander Parks
GAICD, MEng
Non-Executive Director

Company Secretary and CFO

Mr Craig Basson
B. Com. (Hons), FCA, FGIA, GAICD

Registered Office

Level 2, 30 Richardson Street
West Perth, Western Australia 6005
Telephone: +61 (8) 9321 9886
Facsimile: +61 (8) 9321 8161
Email: admin@sunres.com.au
Website: www.sunres.com.au

Notice of AGM

The Annual General Meeting of Sun Resources NL will be held at 11:30am on 29 November 2016. This meeting will be held in the offices of BDO located at: 38 Station Street, Subiaco, Western Australia 6008.

Corporate Managers

Australia
Corpserv Pty Ltd
Level 2, 30 Richardson Street
West Perth, Western Australia 6005

United States
Stratagem
14143 Denver West Parkway
Suite 450
Lakewood, Colorado 80401
Telephone: +1 (303) 988 1900
Facsimile: +1 (303) 986 6861

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008

Solicitors

Australia
HopgoodGanim
Level 27, Allendale Square, 77 St Georges Terrace
Perth, Western Australia 6000

United States
Mr Faisal Shah
5718 Westheimer Road
Suite 1525
Houston, Texas 77057

Share Registry

Computershare Investor Services Pty Limited
Level 11,172 St Georges Terrace
Perth, Western Australia 6000
Telephone (within Australia): 1300 850 505
Telephone (outside Australia): +61 (3) 9415 4000
Website: www.investorcentre.com/contact

Bankers

Australia
National Australia Bank Limited
District Commercial Branch
Unit 7, 51 Kewdale Road
Welshpool, Western Australia 6106

United States
Wells Fargo Bank
Energy Group
1000 Louisiana, 9th Floor
Houston, Texas 77002

Home Exchange

Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000
ASX Code: SUR
ABN: 69 009 196 810

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HIGHLIGHTS

CHANGES TO THE BOARD OF DIRECTORS

Dr Jaap Poll joined the Board as a Non-Executive Director and Chairman along with Mr Alexander Parks as a Non-Executive Director on the 18 February 2016. Dr Wolf Martinick retired from the position of Non-Executive Director on the 18 February 2016. Professor Ian Plimer resigned from the position of Chairman on the 18 February 2016 and later retired from the position of Non-Executive Director on the 11 March 2016. The changes were made to balance the diversity of skills available to the Board with a focus on USA and international oil and gas expertise to allow the Company to optimise its assets in the Woodbine and to seek new opportunities and strategic relationships. This mix of skills will ensure the Board remains small and sufficiently agile to react quickly in the current market environment to capture opportunities as Management identify them.

BOARD MEASURES TO MANAGE CASH RESERVES

The Board extended the issue of shares in Sun to the Directors in lieu of cash payments for Directors' Fees into 2016. Board approval was given for the Managing Director, Mr Matthew Battrick to receive 50% of his remuneration package in the form of shares in the Company, subject to Shareholder approval. The Board also supported the continuation of the 'shares-for-salary' programme whereby all executives receive 50% of their remuneration in the form of shares, with employees to receive 25% of their salary in form of shares. The active management of the Company's cash reserves is an inevitable result of the sharp fall in the oil price that commenced in July 2014, accelerated in November 2014 and collapsed again in July 2015 through June 2016.

CAPITAL RAISINGS

The Company successfully raised AU$999,000 throughout the reporting period.

During the 4th Quarter of 2015, Sun raised AU$699,000 through a Share Placement of 699 million shares. During the 1st Quarter of 2016, Sun raised AU$300,000 through a Share Placement of 300 million shares to a new major Shareholder. These funds have been deployed to maintain as much of the existing land bank as possible in the East Texas unconventional portfolio while the Company waited for oil prices to recover. The Management of the Company also reviewed a number of new investment opportunities with a view to securing assets that had the potential to be profitable in the current low oil price environment.

EXTENSION OF CONVERTIBLE LOAN AGREEMENT

On the 30 June 2016, Sun announced that the Company had extended the convertible loan facility agreement with Winform Nominees Pty Ltd, a subsidiary of Hancock Prospecting Pty Ltd for a further 18 months. The effect of this extension is to convert the loan from a current to a non-current liability.

CHAIRMAN'S LETTER

Dear Shareholders and Stakeholders of Sun Resources NL,

Last year, the previous Chairman Professor Ian Plimer wrote that 2014-15 had been a very tough year, not only for the resources industry, but particularly for Sun Resources. It is no secret that in hind-sight, the Company had entered the potentially exciting and rewarding tight oil and gas industry too late and just before the catastrophic oil and gas price collapse. This led to a rapid decline of the Company's ability to stay afloat without adequate revenue.

The successful drill of the Jack Howe #1H well in our operated Normangee Oil Project in the Lower Woodbine play provided much hope for a significant cash flow once the well was fracked. However due to the oil and gas price collapse, no funds were available to the Company and its 50% partner Amerril Energy LLC to proceed with the frack and that much needed revenue stream did not eventuate.

In January 2016, the Company invited Mr Alex Parks and me to join the Board to assist our Managing Director, Mr Matthew Battrick to charter a new course. Professor Ian Plimer and Dr Wolf Martinick stepped down as Non-Executive Directors. The Company owes these gentlemen a lot of gratitude for their tireless support to keep the ship afloat.

When Alex and I joined the Board, the previous Directors and the Management of the Company had already agreed to significantly lower the cash component of their salaries and fees in 2015 in exchange for shares in the Company. The newly appointed Directors also agreed to accept shares instead of Director's Fees.

The Company also adopted significant belt tightening measures in the Australian corporate office and in the subsidiary office as well as in the field, in Texas. These efforts will continue in the times ahead.

Due to the financial support of a new investor, LUVV Capital Management Partners Ltd, who invested AU$300,000 in the Company in March 2016, and more recently the offer for an AU$1,320,528 Underwriting Agreement by one of our largest Shareholders, Fast Lane Australia Pty Ltd, we have been able to support the ongoing survival of Sun Resources.

The Company's share capital has been consolidated on a 25 to 1 basis and a fully underwritten Rights Issue arranged on a one New Share for every two Shares basis, at an issue price of $0.01 each per New Share, with one free-attaching New Option for every one New Share allotted. The Company should then secure one or two acquisitions which will provide an exciting way forward.

Rest me to thank, on behalf of the Board, our Management and Staff, our Shareholders, Stakeholders, Service Providers and suppliers for their hard work, understanding and loyalty in these very difficult times in the petroleum industry.

Dr Jaap Poll
Non-Executive Director and Chairman
Perth, Western Australia

MANAGING DIRECTOR'S LETTER

Dear Shareholders and Stakeholders,

The 2015-2016 financial year has been underpinned by a global oversupply of crude oil production that has kept oil prices very low, on average below US$45 per barrel. This has led to a decline in drilling activity in unconventional oil and gas in the USA to historically low levels. Rig utilisation rates have dropped by over 50% in the last 12 months. The sustained low oil prices throughout the reporting period have made it virtually impossible to raise the capital necessary to complete the frack on the Jack Howe #1H well, either by equity raising or commercial 'farm-out' arrangement.

Low oil prices have also ensured that any further development decisions on Sun's legacy East Texas unconventional leases have been deemed uneconomic. As a consequence, the Board has deferred any new investment in those leases such that the net acreage position of Sun has diminished during the year. Furthermore, we reported in the March 2016 Quarterly Report that various leases over the Jack Howe #1H drilling unit had been re-leased to a third party, reducing the control Sun and its partner had over that well bore. We have been able to maintain production from the Seale #1H well during the year and this has delivered a small positive cash flow.

The Board has formed the view that the future potential for Sun is to return to more conventional oil (and gas) development and production opportunities that can be justified in a low oil price environment. Our current projections for oil price forecast are US$45-60 per barrel over the next three years. The Board of Sun will use this forecast to justify any new investment opportunities as we move forward. This is likely to preclude any substantial new investment in our remaining East Texas lease portfolio, at least through to the end of this calendar year. We are currently reviewing a number of opportunities that meet this oil price forecast and hope to be able to secure something of interest in the near term.

We refreshed the Board during the latter half of the reporting period and I would like to take the opportunity to personally thank both Professor Ian Plimer and Dr Wolf Martinick for the support and wise counsel over the time each served on the Board. The new Directors, Dr Jaap Poll (Non-Executive Director and Chairman) and Mr Alex Parks (Non-Executive Director) bring a wealth of local and international oil and gas experience that is helping me to navigate our way through this, the longest oil price trough for almost 20 years. I look forward to working with Jaap and Alex to steer Sun toward increasing Shareholder value by targeting profitable oil production in a conservative oil price environment.

Mr Matthew Battrick
Managing Director and Chief Executive Officer
Perth, Western Australia

REVIEW OF ACTIVITIES

The global oil and gas industry continues to weather the effects of sustained low oil prices. As a consequence, Sun Resources NL ("Sun" or the "Company") 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$40-60 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 and securing development asset opportunities that deliver near-term oil production with breakeven economics below a US$40 per barrel price in today's dollars. This change of direction is to sustain Sun through the ongoing oil price trough and to capitalise on substantial tax losses that Sun has accumulated in the USA and Australia. Sun is negotiating on a number of opportunities that target reasonable rates of return with near term cash flow (1-2 years). Announcements will be made in the near future, as and when negotiations are concluded successfully.

Sun is completing that strategic shift toward a more sustainable business model via the review of a number of new asset opportunities, predominantly development and production and particularly in Texas and Louisiana, that are expected to be commercially viable in the current low oil price environment. With the depressed oil price experienced since August 2014, Sun's Management team has focussed on maintaining Sun's assets in East Texas without deploying significant capital.

Through the course of the reporting period the Company was strategically focussed on preserving value within the developing Eaglebine, oil-rich play of East Texas, onshore USA via established commercial oil production, in its operated lease position. 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 table below:

Oil Project Area	Sun's Working Interest (% WI)	Sun's Net Royalty Interest (% NRI)	Sun's Net Acres (1ha = 2.471ac)
Normangee	50%	37.5%	687
SW Leona	50%	37.5%	925
Southern Woodbine	100%	77.5%	2,327
Delta (Petro-Hunt AMI)	25%	18%	124
Badger	10%	7.5%	24
TEXAS TOTAL	-	-	**4,087**

(Total acres are approximate, as at 30 June 2016)

At the end of the reporting period, Sun's total net land position in the Woodbine Tight Oil Play within Leon and Madison Counties, East Texas was approximately 4,087 net acres of oil and gas leases across its various project areas: Normangee, SW Leona, Southern Woodbine, Delta and Badger. The Company actively seeks to identify new opportunities to assist in driving growth in the current depressed oil market.

Normangee Oil Project, Onshore, East Texas (Sun: 50% WI and Operator)

The Normangee Oil Project is located in the Leon County-Madison County border, Texas, USA and comprises of 687 acres net to Sun.

During the reporting period, Sun continued as Operator whilst planning to frack the Jack Howe #1H well. However, due to the depressed oil market, the Company was unable to secure the funds required to complete the frack at the Jack Howe #1H well.

REVIEW OF ACTIVITIES

Subsequent to the end of the March 2016 Quarter, Sun was made aware that fresh lease agreements, covering approximately 263 net mineral acres (132 acres net to Sun and), or ~1/3rd of the Jack Howe #1H drilling unit, have been executed between the mineral owners and private company ABRI Advisory Services LLC or ADREW Direct LLC. This had the effect of reducing Sun's and Amerril Energy LLC respective interests in the drilling unit proportionally. Sun's attorneys are reviewing the documents recorded and considering options available while Sun retains its rights in relation to lease interests and the well bore.

Further to our land update in the March 2016 Quarterly Report, the status of leases covering the Jack Howe #1H well bore are in dispute or re-leased to a third party so there is no activity planned in the future, until such time as title can be refreshed or released across the entirety of the ~700 gross acre drilling unit. As a consequence, the carrying value of the Jack Howe #1H well bore has been impaired 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 portfolio. In that event, the initial investment will be in new mineral leases in areas previously tested or identified as having significant Lower Woodbine oil potential. Sun's Board considers it unlikely that additional activities around the Jack Howe #1H well will be economic at current prices so is currently not directing any discretionary capital toward those activities.

SW Leona Oil Project, Onshore, East Texas (Sun: 50% WI and Operator)

The SW Leona Oil Project is located in the Leon County, Texas, USA. The project area currently comprises of 925 acres net to Sun. Sun assumed operatorship of the SW Leona Oil Project during July 2015. During the reporting period, Sun announced that cumulative oil production at the Seale #1H Lower Woodbine well was approximately 5,509 barrels of oil. The Seale #1H unconventional well continues to produce at approximately 15-20 barrels oil per day (100% working interest, before taxes and royalties).

Southern Woodbine Oil Project, Onshore, East Texas (Sun: 100% WI)

The Southern Woodbine Oil Project is located in the Southern Leon County, adjacent to the SW Leona Oil Project area, targeting the Lower Woodbine Formation. Sun currently controls a total of 2,327 net acres in the Southern Oil Project that should be the subject of future activity, by way of farm-out, joint venture or direct drilling activities in the coming months.

Delta Oil Project (Petro Hunt AMI), Onshore, East Texas (Sun: 25% WI)

The Delta Oil Project is located in the Leon County, Texas, USA. The net acreage position Sun held at 30 June 2016 was 124 acres. During the reporting period, Sun announced that there had been no activity on the Delta Oil Project due to low oil prices.

Badger Oil Project, Onshore, East Texas (Sun: 10% WI)

The Badger Oil Project is located in Bastrop County, on trend with the Eagle Ford Shale unconventional oil play. The project area is also located offset to the Giddings oil field, a prolific Austin Chalk oil field that has produced over 1 billion barrels of oil. During the reporting period, Sun announced that there had been no activity on the Badger Oil Project due to low oil prices.

DIRECTORS' REPORT

The Directors of Sun Resources NL ("Sun" or "the Company") present their report on the consolidated entity consisting of the Company and the entities it controlled at the end of, or during, the year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.
The names of the Directors of the Company in office during the year and at the date of this report are:

Dr Jaap Poll	**Non-Executive Director and Chairman**	(From 18 February 2016)
Mr Matthew Battrick	**Managing Director and CEO**	(From 11 November 2014)
Mr Alexander Parks	**Non-Executive Director**	(From 18 February 2016)
Professor Ian Plimer	**Chairman**	(Resigned 18 February 2016)
	Non-Executive Director	(Retired 11 March 2016)
Dr Wolf Martinick	**Non-Executive Director**	(Retired 18 February 2016)

Dr Jaap Poll

B.Sc. M.Sc., Ph.D. (Structural Geology)
Non-Executive Director and Chairman

Experience and expertise

Dr Jaap Poll was appointed to the Board as a Non-Executive Director and Chairman on the18 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, Dr Poll listed Ottoman Energy (OEL) on the ASX and later changed the name to Otto Energy. Dr Poll left Otto in 2010 and is currently Executive Chairman of the new Petroz Limited. Dr Poll 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. Dr Poll is an Accredited Member of AAPG, an Accredited Arbitrator and Mediator (Uni. of Adelaide) and is an active Rotarian.

Other current directorships

Listed Entity
Glenwick PLC (LSE: GWIK)
Unlisted Entities:
Petroz Limited
Rotary Club of Crawley

Former directorships in the last three years

Listed Entity:
Sprint Energy Ltd

Special responsibilities

Chairman of the Board	(from 18 February 2016)
Chairman of the Audit and Risk Committee	(from 11 March 2016)
Chairman of the Remuneration Committee	(from 22 June 2016)

Interests in shares and options

None as at 30 June 2016

Mr Matthew Battrick

B.Sc. (Geology), MPESA, MAAPG, GAICD
Managing Director and Chief Executive Officer

Experience and expertise

Mr Battrick was re-appointed as Managing Director ("MD") and Chief Executive Officer ("CEO") on the 11 November 2014 after serving as the acting CEO from the 9 July 2014. He has held a number of executive positions after originally being appointed to the Board as Managing Director on the 15 January 2008. Mr Battrick obtained a Bachelor degree in Applied Geology from the Royal Melbourne University of Technology (RMIT) in 1981. He had a long, international career with both major and large independent oil and gas companies (LASMO, Ampolex, ExxonMobil, Eni) before joining ASX-listed Pancontinental Oil & Gas NL in 2004 as Exploration Manager, then General Manager. He is a Member of the Petroleum Exploration Society of Australia, and a Member of the American Association of Petroleum Geologists. He is also a Member of the Australian Institute of Company Directors' (GAICD) and a Council Member of the Activ Foundation Inc.

Other current directorships

None

Former directorships in the last three years

None

Special responsibilities

Managing Director	(from 11 November 2014)
Chief Executive Officer	(from 11 November 2014)
Member of the Audit and Risk Committee	(from 19 November 2014)
Member of the Remuneration Committee	(from 22 June 2016)

Interests in shares and options

As at 30 June 2016, Mr Battrick held 83,321,690 fully paid ordinary shares, 35,000,000 unlisted options and 29,411 listed options in the Company.

Mr Alexander Parks

GAICD, MEng
Non-Executive Director

Experience and expertise

Mr Alexander Parks was appointed to the Board as a Non-Executive Director on the 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.

Other current directorships

Listed Entity:
Tamaska Oil & Gas Ltd (ASX:TMK)
Unlisted Entity:
TMK Montney Limited

Former directorships in the last three years

None

Special responsibilities

Member of the Audit and Risk Committee	(from 11 March 2016)
Member of the Remuneration Committee	(from 22 June 2016)

Interests in shares and options

None as at 30 June 2016

Professor Ian Plimer

B.Sc. (Hons), Ph.D., FGS, FTSE, FAIMM
Non-Executive Director and Chairman (Retired)

Experience and expertise

Professor Ian Plimer joined the Board on the 23 September 2013 and became Chairman on the 7 November 2013. Professor Plimer resigned from the position of Chairman on the 18 February 2016 and remained as Non-Executive Director until he retired from the Board on the 11 March 2016.

Professor Plimer is an Emeritus Professor at The University of Melbourne where he was Professor and Head of the School of Earth Sciences (1991-2005). He was Professor of Geology (University of Newcastle 1985-1991) and Professor of Mining Geology (University of Adelaide 2005-2012). He has been awarded the Leopold von Buch Medal for Science, the Centenary Medal, the Eureka Prize (twice) and is a Fellow of the Academy of Technological Sciences and Engineering, a Fellow of the Geological Society of London and a Fellow of the Australasian Institute of Mining and Metallurgy. Professor Plimer has published more than 130 scientific papers and is author of multiple best-selling books for the general public. Professor Plimer's main geological interests are in resources.

Other current directorships

Listed Entities:
Silver City Minerals Ltd (ASX: SCI)
Lakes Oil NL (ASX: LKO)
Niuminco Group Ltd (ASX: NIU)
Kefi Minerals plc (AIM: KEFI)
Unlisted Entities:
Hope Downs Iron Ore Pty Ltd
Roy Hill Holdings Pty Ltd
Queensland Coal Investments Pty Ltd
TNT Mines Ltd

Former directorships in the last three years

None

Special responsibilities

Chairman of the Board (7 November 2013 - 18 February 2016)

Interests in shares and options

As at 11 March 2016, Professor Plimer held 48,750,000 fully paid ordinary shares and 35,000,000 unlisted options in the Company.

Dr Wolf Martinick

B.Sc, Ph.D., FAIMM
Non-Executive Director (Retired)

Experience and expertise

Dr Martinick joined the Board on the 19 February 1996 and was Chairman from the 1 March 2011 to the 7 November 2013. Dr Martinick retired from the Board as Non-Executive Director on the 18 February 2016.

Dr Martinick is an environmental scientist with extensive experience in the resource industry. For over 40 years he has been associated with the exploration and mining industry in Australasia and elsewhere, especially with respect to environmental and social issues and strategic planning and funding. He is a Retired Fellow and Chartered Professional of the Australian Institute of Mining and Metallurgy and a past Vice President of the Association of Mining and Exploration Companies.

Other current directorships

Listed Entities:
Oro Verde Limited (ASX: OVL)
Weatherly International PLC (LON: WTL)
Azure Minerals Limited (ASX: AZS)

Former directorships in the last three years

None

Special responsibilities

Chairman of the Audit and Risk Committee	(30 April 2013 - 18 February 2016)
Member of the Remuneration Committee	(30 April 2013 - 18 February 2016)
Deputy Chairman of the Board	(25 February 2015 - 18 February 2016)

Interests in shares and options

As at 18 February 2016, Dr Martinick held 79,000,000 fully paid ordinary shares and 35,000,000 unlisted options in the Company.

Company Secretary

Mr Craig Basson

Mr Basson is a Fellow of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia, a Graduate of the Australian Institute of Company Directors' course and holds a B.Com (Hons) degree in Accounting and Finance. Mr Basson also serves as the Chief Financial Officer of the consolidated entity and has over 20 years' experience in auditing, accounting and financial management of resource and other companies.

Principal Activities of the Consolidated Entity

The principal activities of the consolidated entity during the financial year were oil and gas exploration and investment. There were no significant changes in these activities during the year. The consolidated entity's exploration and production activities are summarised in the "Review of Activities" preceding this report.

Operation Results

The net loss of the consolidated entity for the financial year after income tax was ($13,961,879) [2015: ($56,984,807)].

Dividends

No dividends were paid or declared during the financial year or subsequent to the year end.

Review of Operations

A review of the oil and gas operations of the Company and the consolidated entity is set out in the "Review of Activities" section of the Annual Report.

Likely Developments and Expected Results of Operations

The consolidated entity intends to continue the present range of activities during the forthcoming year. In accordance with its objectives, the consolidated entity may participate in exploration and appraisal wells and new projects and may grow its exploration effort and production base by farm-in or new lease acquisitions. Certain information concerning the future activity is set out in the "Review of Activities" section of the Annual Report. Other information on the likely developments and the expected results has been included where they can be reasonably anticipated.

Changes in the State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Events since the End of the Financial Year

The following events occurred subsequent to the end of the year:

- Consolidation of the Sun's share capital on a 25 to 1 ratio was completed on the 19 August 2016;
- The Company agreed to complete a capital raise through a non-renounceable Rights Issue of one New Share for every two Shares held by Eligible Shareholders at the record date of 16 September 2016 at an issue price of $0.01 each per New Share to raise approximately $1,320,528 before costs, with one free-attaching New Option for every one New Share allotted. The New Options will be exercisable at $0.01 each on or before the date which is four years from their date of issue and the issue is expected to be completed around the 21 October 2016; and
- The Rights Issue is fully underwritten by Fast Lane Australia Pty Ltd who has also agreed to provide Sun with a bridging loan up to a maximum $100,000 to allow the Company to complete the Rights Issue process. At 27 September 2016, $30,000 of this loan had been drawn down.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group Entity, to affect significantly the operations of the Group Entity, the results of those operations, or the state of affairs of the Group Entity, in future financial years.

Environmental and Occupational Health and Safety Regulations

The Company's environmental and occupational health and safety ("OHS") obligations are regulated under both State and Federal Law or in the case of the Company's overseas interests, by the governing laws of that country. All environmental and OHS performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The Company has a policy of complying, and in most cases exceeding its performance obligations. The Company ensures that it complies with all necessary conditions while exploring its permits, which is governed by the terms of respective joint operating agreements. The consolidated entity did not operate any of its exploration or producing assets. The Company has established environmental and OHS Board policies under which all exploration is carried out. Both policies ensure all employees, contractors and other service providers are fully acquainted with the Company's environment and OHS programmes. The Company's primary goal in the environmental management of exploration activities is to prevent unnecessary environmental impact and reinstate sites where disturbance cannot be avoided, whilst its goal in OHS is to provide and foster a culture of carrying out exploration activities in a safe working environment at best exploration practice. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007, which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2015 to 30 June 2016 the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Remuneration Report (audited)

Voting and comments made at the Company's 2015 Annual General Meeting

Sun received more than 98.95% of 'yes' votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices. This report details the nature and amount of remuneration for each Director of Sun and specified Executives (Executive officers) involved in the management of the Company who were not Directors.
The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration (audited)
B Details of remuneration (audited)
C Service agreements (audited)
D Share-based compensation (audited)
E Additional information (audited)

A Principles used to determine the nature and amount of remuneration (audited)

The performance of the Company depends upon the quality of its Directors, Executives and staff. To achieve its financial and operating activities, the Company must attract, motivate and retain highly skilled Directors and Executives. The Company embodies the following principles in its remuneration framework:

- Provide competitive awards to attract high caliber Executives;
- Structure remuneration at a level and mix commensurate with their position and responsibilities within the Company so as to reward Executives for the Company and individual performance; and
- Align executive incentive rewards with the creation of value for Shareholders.

Executive remuneration policy

The policy is for Executives to be remunerated on terms that are competitive with those offered by entities of a similar size within the same industry. Packages are reviewed annually by the remuneration committee with any recommendation of this committee reviewed and approved by the Board.

Remuneration consultants are not used by the Company

As predominately an exploration entity, performance outcomes are uncertain, notwithstanding endeavour. As such, remuneration packages are not linked to profit performance. Present policy is to reward successful performance via incentive options that are priced on market conditions at the time of issue. The number of options granted is at the full discretion of the Board.

The options are not issued in relation to past performance, but are considered to promote continuity of employment and provide additional incentive to Executive Officers to increase Shareholder wealth.

The Company's security trading policy provides acceptable transactions in dealing with the Company's securities, including shares and options. The full policy can be read on the Company's website.

The Executive Directors receive a superannuation guarantee contribution required by the government, which is 9.5%. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed.

Shares given to Directors and Executives are valued as the difference between the market price of those shares and the amount paid by the Director or Executive. Options are valued using the Black-Scholes model.

Non-Executive remuneration policy
The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. The maximum aggregate amount of fees (inclusive of the 9.5% superannuation guarantee contribution required by government) that can be paid to Directors is currently AU$400,000.

Executive Officers
The Board's policy for determining the nature and amount of compensation of Executive Officers for the Group is as follows:

The compensation structure for Executive Officers is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and Executive Officers are on a continuing basis.

Upon retirement, Executive Officers are paid employee benefit entitlements accrued to the date of retirement. The remuneration committee recommends the proportion of fixed and variable compensation (if applicable) for each Executive Officer which is approved by the Board.

B Details of remuneration (audited)

The Executive Officers included the Directors who had the responsibility for planning, directing and controlling the activities of the entity during the financial year.

i) Non-Executive Director and deemed not independent
Professor Ian Plimer - Chairman (retired 11 March 2016)

ii) Executive Director
Mr Matthew Battrick - Managing Director and CEO

iii) Non-Executive Directors and deemed independent
Dr Jaap Poll - Chairman (from 18 February 2016)
Mr Alexander Parks (from 18 February 2016)
Dr Wolf Martinick (retired 18 February 2016)

iv) Executive Officers
Mr Craig Basson - Chief Financial Officer and Company Secretary
Mr Stephen Smith - US Vice President, Operations (terminated 10 May 2016)

Amounts of remuneration

Details of the remuneration of the Directors and other Executive Officers of Sun are set out in the following tables:

Detailed remuneration information

2016	Short-term employee benefits			Post-employment benefits	Share base payments	
Name	Cash salary Consulting fees and Directors' fees	Non-monetary Benefits - (Shares)	Other[2]	Superannuation	Equity and Options	Total
	$	$	$	$	$	$
Executive Director						
Mr M Battrick	219,178	52,500	97,500	20,822	14,087	404,087
Sub-Total	**219,178**	**52,500**	**97,500**	**20,822**	**14,087**	**404,087**
Non-Executive Directors						
Dr J Poll	-	-	22,049	-	-	22,049
Mr A Parks	-	-	18,390	-	-	18,390
Prof I Plimer[3]	-	30,000	11,011	-	14,087	55,098
Dr W Martinick[3]	-	25,000	6,694	-	14,087	45,781
Sub-Total	**-**	**55,000**	**58,144**	**-**	**28,174**	**141,318**
Executive Officers						
Mr C Basson[1]	123,300	49,320	24,660	-	14,087	211,367
Mr S Smith	250,000	130,000	32,904	-	14,087	426,991
Sub-Total	**373,300**	**179,320**	**57,564**	**-**	**28,174**	**638,358**
Total	**592,478**	**286,820**	**213,208**	**20,822**	**70,435**	**1,183,763**

2015	Short-term employee benefits			Post-employment benefits	Share base payments	
Name	Cash salary Consulting fees and Directors' fees	Non-monetary Benefits - (Shares)	Other	Superannuation	Equity and Options	Total
	$	$	$	$	$	$
Executive Directors						
Mr M Battrick	311,381	48,750	-	29,581	-	389,712
Dr G van Ek	241,606	-	-	1,154	-	242,760
Sub-Total	**552,987**	**48,750**	-	**30,735**	-	**632,472**
Non-Executive Directors						
Prof I Plimer	30,000	30,000	-	-	-	60,000
Mr D Kestel	25,000	25,000	-	-	-	50,000
Dr W Martinick	25,000	25,000	-	-	-	50,000
Sub-Total	**80,000**	**80,000**	-	-	-	**160,000**
Executive Officers						
Mr C Basson[1]	197,280	-	-	-	-	197,280
Mr S Smith	434,844	-	-	-	-	434,844
Sub-Total	**632,124**	-	-	-	-	**632,124**
Total	**1,265,111**	**128,750**	-	**30,735**	-	**1,424,596**

Please refer to the footnotes on the following page.

1) Corpserv Pty Ltd, a Company Mr Basson has interest in, receives these fees from Sun Resources NL for corporate, accounting and company secretarial services.
2) Relates to amounts due to Directors and Executive Officers defined as Key Management Personnel. Although payable, the Directors and Executive Officers have elected not to receive this benefit in the year ended 30 June 2016. It is anticipated that these amounts will be issued as shares once the required Director and Shareholder approvals have been obtained.
3) Professor Plimer and Dr Martinick have received shares for the value of $11,011 and $6,694 respectively. However these shares are held in escrow until the necessary Shareholder approvals have been obtained.

Remuneration consists of the following key elements:

a) Fixed remuneration: being base salary, superannuation and other benefits (including non-monetary); and
b) Share based incentives as determined.

Fixed remuneration

Fixed remuneration is reviewed annually by the remuneration committee. The process consists of a review of group and individual performance, relevant comparative remuneration information for a variety of sources including industry associations, and where considered appropriate, external advice on policies and practices.

C Service agreements (audited)

Dr Jaap Poll

Term of agreement:	Retires as determined by Director Rotation
Chairman fees:	$60,000 per annum
Incentives:	Share based incentives as determined

Dr Jaap Poll was appointed as Non-Executive Director and Chairman on the 18 February 2016.

Mr Matthew Battrick

Term of agreement:	Two years commencing on the 11 November 2014
Base salary:	$390,000 per annum, inclusive of statutory superannuation
Director fees:	None
Termination:	Six months
Incentives:	Share based incentives as determined

Mr Alexander Parks

Term of agreement:	Retires as determined by Director Rotation
Director fees:	$50,000 per annum
Incentives:	Share based incentives as determined

Mr Alexander Parks was appointed as Non-Executive Director on the 18 February 2016.

Professor Ian Plimer

Term of agreement:	Retires as determined by Director Rotation
Chairman fees:	$60,000 per annum
Director fees:	$50,000 per annum
Incentives:	Share based incentives as determined

Professor Ian Plimer resigned as Chairman on the 18 February 2016 and retired as Non-Executive Director on the 11 March 2016.

Dr Wolf Martinick

Term of agreement:	Retires as determined by Director Rotation
Director fees:	$50,000 per annum
Incentives:	Share based incentives as determined

Dr Wolf Martinick retired as Non-Executive Director on the 18 February 2016.

Mr Craig Basson

Term of agreement:	Two years commencing on the 1 July 2014
Base consultancy:	$197,280 per annum
Termination:	Four months
Incentives:	Share based incentives as determined

Mr Stephen Smith

Term of agreement:	Commencing on the 11 February 2014
Base salary:	US$360,000 per annum
Termination:	One month
Incentives:	Share based incentives as determined

Mr Stephen Smith was terminated as US Vice President of Operations on the 10 May 2016.

D Share-based compensation (audited)

The Board does not have any specific criteria when deciding on the terms of option incentives, but will look at conditions prevailing in the market for Executives in other companies.

Whilst the consolidated entity does not have a formal ownership-based compensation scheme for Directors and employees of the Company, certain share options may be granted to Directors and employees as part of their remuneration at the discretion of the Board. Each option converts into one ordinary share of the Company on exercise.

No amounts have been paid for any options by the recipient upon receipt of the options. The options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the current and previous financial year the following options were granted to Directors and Executive Officers.

Name	Date Granted	No. Granted	No. Vested	Vesting %	Expiry Date	Exercise Price Per Option	Fair value of Options $
2016							
Mr M Battrick	17 August 2015	35,000,000	11,666,667	33.33%	17 August 2018	0.15 cents	14,087
Prof I Plimer	17 August 2015	35,000,000	11,666,667	33.33%	17 August 2018	0.15 cents	14,087
Dr W Martinick	17 August 2015	35,000,000	11,666,667	33.33%	17 August 2018	0.15 cents	14,087
Mr C Basson	17 August 2015	35,000,000	11,666,667	33.33%	17 August 2018	0.15 cents	14,087
Mr S Smith	17 August 2015	35,000,000	11,666,667	33.33%	17 August 2018	0.15 cents	14,087

(i) Vesting dates are 33.33% at grant date, 33.33% on the 17 August 2016 and 33.33% on the 17 August 2017.

2015

No share-based compensation was granted during the year ended 30 June 2015.

E Additional information (audited)

Share-based compensation: Options

Further details relating to the incentive options are set out below:

Name	A Remuneration consisting of Options $	B Value of Options granted $	C Value of Options exercised $	D Value of Options lapsed $
2016				
Mr M Battrick	3.5%	14,087	-	-
Prof I Plimer	25.5%	14,087	-	-
Dr W Martinick	30.7%	14,087	-	-
Mr C Basson	6.7%	14,087	-	-
Mr S Smith	3.3%	14,087	-	-

A. The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current years.
B. The value at grant date calculated in accordance with AASB 2 Share-based payment of options granted during the year as part of remuneration.
C. The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options on that date.
D. The value at lapse date of options that were granted as part of remuneration and that lapsed during the year. Lapsed options refer to options that vested but expired unexercised.

2015
There were no share-based compensation options for the year ended 30 June 2015.

Share holdings

The number of shares in the Company held during the financial year by each Director of the Company and other Executive Officers of the Group, including their personally related parties, are set out below:

Ordinary shares

Name	Balance at start of the year or appointment	Received during the year on the exercise of Options	Other changes during the period	Balance at the end of the year or retirement	Nominally held
2016					
Directors					
Dr J Poll	-	-	-	-	-
Mr M Battrick	9,727,940	-	73,593,750	83,321,690	83,321,690
Mr A Parks	-	-	-	-	-
Prof I Plimer	-	-	48,750,000	48,750,000	18,750,000
Dr W Martinick	47,750,000	-	31,250,000	79,000,000	55,865,558
Executive Officers					
Mr C Basson	6,847,498	-	48,581,688	55,429,186	55,429,186
Mr S Smith	-	-	140,000,000	140,000,000	130,000,000

Name	Balance at start of the year or appointment	Received during the year on the exercise of Options	Other changes during the period	Balance at the end of the year or retirement	Nominally held
2015					
Directors					
Prof I Plimer	-	-	-	-	-
Mr M Battrick	294,117	-	9,433,823	9,727,940	9,727,940
Mr D Kestel	18,216,368	-	12,618,273	30,834,641	30,834,641
Dr W Martinick	29,000,000	-	18,750,000	47,750,000	37,115,558
Executive Officers					
Mr C Basson	1,800,000	-	5,047,498	6,847,498	6,847,498

Option holdings

The number of unlisted options over ordinary shares in the Company held during the 2016 and 2015 financial years by each Director of the Company and other Executive Officers of the Group, including their personally related parties, are set out below:

Name	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Un-vested
2016							
Directors							
Dr J Poll	-	-	-	-	-	-	-
Mr M Battrick	15,000,000	35,000,000	-	(15,000,000)	35,000,000	11,666,667	23,333,333
Mr A Parks	-	-	-	-	-	-	-
Prof I Plimer	-	35,000,000	-	-	35,000,000	11,666,667	23,333,333
Dr W Martinick	-	35,000,000	-	-	35,000,000	11,666,667	23,333,333
Executive Officers							
Mr C Basson	-	35,000,000	-	-	35,000,000	11,666,667	23,333,333
Mr S Smith	-	35,000,000	-	-	35,000,000	11,666,667	23,333,333

Name	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Un-vested
2015							
Directors							
Prof I Plimer	-	-	-	-	-	-	-
Mr M Battrick	20,000,000	-	-	(5,000,000)	15,000,000	15,000,000	-
Mr D Kestel	5,000,000	-	-	-	5,000,000	5,000,000	-
Dr W Martinick	5,000,000	-	-	(5,000,000)	-	-	-
Dr G van Ek	30,000,000	-	-	(30,000,000)	-	-	-
Executive Officers							
Mr C Basson	2,250,000	-	-	(2,250,000)	-	-	-

The number of listed options over ordinary shares in the Company held during the 2016 and 2015 financial years by Mr Matthew Battrick is set out below:

	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Un-vested
2016	29,411	-	-	-	29,411	29,411	-
2015	-	-	-	29,411	29,411	29,411	-

Loans to subsidiaries, Directors and Executives

Information on loans to subsidiaries, Directors and Executives, including amounts, interest rates and repayment terms are set out in Notes 18 and 24 to the financial statements.

An analysis of the Company's performance over the past five years is as follows:

	2016 $	2015 $	2014 $	2013 $	2012 $
Loss attribute to Shareholders of the parent entity	(13,961,879)	(56,984,807)	(27,848,265)	(10,247,996)	(4,419,084)
Dividends paid	-	-	-	-	-
Contributed equity	116,575,306	115,122,457	108,850,765	89,900,211	55,486,635
Changes in share price (prices at 30 June)	0.001	0.001	0.02	0.03	0.06
Return on contributed equity	(11.98%)	(49.50%)	(25.58%)	(11.40%)	(7.96%)

The Company has followed an aggressive exploration programme in the past five years. The Company has adjusted any oil and gas assets where there has been an impairment of the asset with the resulting write downs reflected in the loss attributable to Shareholders.

The share price of the Company, as listed on the ASX, has remained in a band between 0.1 and 6 cents depending on the market during the previous five years.

There is no link between performance of the Company and the remuneration paid as the Company is not generating a profit at this time.

This is the end of the audited remuneration report.

Shares under Option

Unissued ordinary shares of the Company under option at 30 June 2016 are as follows:

Date Options granted	Expiry date	Exercise price of options	Number of Options	Vested
17 August 2015	17 August 2018	$0.0015	285,000,000	95,000,000
30 September 2014	30 September 2017	$0.025	258,586,308	258,586,308

No option holder has any rights under the options to participate in any other share issue of the Company or any other entity.

Date Options granted	Class E Performance Options At 0.1c milestone expiring	Class F Performance Options At 0.1c milestone expiring
	31 August 2016	31 August 2016
21 March 2012	49,432,500	57,037,500
18 May 2012	4,823,000	5,565,000
12 September 2012	10,744,500	12,397,500
	65,000,000	75,000,000

DIRECTORS' REPORT

Indemnification of Officers

Insurance and indemnity arrangements established in the previous year concerning Officers of the Company were retained during the year ended 30 June 2016. The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts, for current and former Directors and Officers, including Executive Officers, Directors and secretaries of the Company. The terms of the insurance policy contract do not allow disclosure of the premium. The insurance premiums relate to:

i. costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
ii. other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

Meetings of the Company's Directors

The number of meetings of the Company's Board of Directors and each Board committee held during the year ended 30 June 2016 and the numbers of meetings attended by each Director were:

	Full meetings of Directors		**Meetings of committees**			
			Audit & Risk		**Remuneration**	
	A	B	A	B	A	B
Dr Jaap Poll	8	8	2	2	1	1
Mr Matthew Battrick	16	16	4	4	1	1
Mr Alexander Parks	8	8	2	2	1	1
Professor Ian Plimer	10	10	1	1	N/A	N/A
Dr Wolf Martinick	8	8	2	2	N/A	N/A

A. Number of meetings attended
B. Number of meetings held during the time the Director held office or was a member of the committee during the year

** committee Not a member of the relevant committee

In addition, a total of 13 circular resolutions were resolved during the financial year ended 30 June 2016.

Retirement, election and continuation in office of Directors

The Directors retire by rotation in terms of the Constitution of the Company.

Proceedings on behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of Court under section 237 of the Corporations Act 2001.

Non-audit services

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
a. Audit Services	**2016 $**	**2015 $**
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	45,481	53,352
Total remuneration for Audit services	**45,481**	**53,352**
b. Non-Audit Services		
BDO Audit (WA) Pty Ltd		
Taxation compliance services	11,730	15,185
Other	-	9,750
Total remuneration for Non-audit services	**11,730**	**24,935**

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non- audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's independence declaration

The auditors independence declaration as required under section 307c of the Corporations Act 2001 on page 24 forms part of the Directors' Report for the financial year ended 30 June 2016.

Board of Directors' declaration for year ended 30 June 2016

The Board of Directors' Declaration for year ended 30 June 2016 on page 75 forms part of the above Directors' Report. This relates to the integrity of the financial statements, risk management and internal compliance and control systems of the Company for the financial year as set out in this Annual Report.

For and on behalf of the Board in accordance with a resolution of Directors.

Mr Matthew A Battrick
Managing Director and Chief Executive Officer
Perth, Western Australia
27 September 2016

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Australia

DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF SUN RESOURCES NL

As lead auditor of Sun Resources NL for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Wayne Basford

Director

BDO Audit (WA) Pty Ltd

Perth, 27 September 2016

CORPORATE GOVERNANCE STATEMENT

Sun Resources NL ("Sun" or "the Company") and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of Shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

The Principles of the ASX Corporate Governance Council (3rd Edition):

Principle 1: Lay solid foundations for management and oversight
Principle 2: Structure the Board to add value
Principle 3: Act ethically and responsibly
Principle 4: Safeguard integrity in corporate reporting
Principle 5: Make timely and balanced disclosure
Principle 6: Respect the rights of security holders
Principle 7: Recognise and manage risk
Principle 8: Remunerate fairly and responsibly

The Council has clarified the "if not, why not" approach to compliance. Non-compliance with one or more of the recommendations does not in itself indicate that the Company's corporate governance practices are deficient. Investors and other market participants should consider the explanation given by the Company as to why it has chosen not to comply with a recommendation, and evaluate the Company's practices in light of that explanation and the Company's overall governance framework.

Principle 1: Lay solid foundations for management and oversight

1.1) Roles and responsibilities

The relationship between the Board and Management is critical to the Group's long-term success. The Board is responsible to the Shareholders for the performance of the Group in both the short and long term. The Board seeks to balance sometimes competing objectives in the best interests of the Shareholders and the Group as a whole by carrying out responsibilities diligently in accordance with the law. The Board's focus is to enhance the interests of Shareholders and other key stakeholders and to ensure the Group is properly managed. The Board provides guidance to Management whilst overseeing and monitoring the Group's corporate strategy, financial performance and the effectiveness of the Company's governance practices. Management is directly accountable to the Board in delivering timely, accurate, relevant and clear information to enable the Board to efficiently perform its responsibilities. Management is responsible for operating within the relevant regulations and the risk appetite set by the Board to propose strategic objectives whilst supporting the Chief Executive Officer ("CEO") in handling day-to-day business commitments of the Group's affairs.

Role of the Chairperson

The Chairperson is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's Senior Executives. The focus should be on ensuring that the Board and the CEO act in an ethical manner with strong values that support the governance principles of the Company.

Role of the CEO

The CEO is responsible for implementing Group strategies and policies. The CEO is primarily responsible for the day-to-day running of the business and to ensure accurate and timely reporting to the Board. The CEO is delegated with the responsibility of managing the personnel and finances of the Company with the exception of any roles deemed important enough to involve the Board or its committees. The CEO is also required to be present at meetings of the various committees of the Board that meet from time to time.

The respective roles and responsibilities of the Board include:

- Providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy.
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Overseeing and monitoring:
    - Organisational performance and the achievement of the Group's strategic goals and objectives.
    - Compliance with the Company's codes of conduct.
    - Progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments.
    - Financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors.
    - Effectiveness of the Company's governance policies and procedures.
- Appointment, performance assessment and, if necessary, removal of the CEO.
- Ratifying the appointment and/or removal and contributing to the performance assessment for the members of the Senior Management team including the CFO and the Company Secretary.
- Ensuring there are effective management processes in place and approving major corporate initiatives.
- Enhancing and protecting the reputation of the organisation.
- Overseeing the operation of the Group's system for compliance and risk management reporting to Shareholders.
- Ensuring appropriate resources are available to Senior Management.

The respective roles and responsibilities of Management include:

- Daily management of the Group's affairs.
- Propose strategic corporate objectives for the Board's approval to put into action.
- Policies and procedures initiatives.
- Handling day-to-day commitments conforming to the Company's framework, relevant laws and regulations.
- Implementing and monitoring risk management.
- Securely maintaining important records and documentation.
- Assisting with signing of contracts, agreements and other documentation.
- Executing property transactions including leases, sales and acquisitions.
- Supervising of operations conducted at project sites.
- Carrying out vital tasks set by the Board.
- Analysis and interpret relevant oil and gas trends and environmental conditions in operating regions.

1.2) Appointment and re-election of Directors

Under the Constitution the minimum number of Directors is three and the maximum is ten. Directors are not appointed for a fixed term.

The composition of the Board is reviewed when a new Director is to be appointed, to ensure that a diverse range of skills, experience and expertise is maintained for the Board to properly fulfil its responsibilities. The Board identifies its needs and prepares a short-list of candidates with appropriate skills and experience. Where necessary, advice is sought from independent search consultants. The appointment of a new Director will be considered by the full Board.

The Board will identify and approach potential candidates they consider to be valuable to the composition of the Board. Once the Board has identified a candidate, formal interviews will be conducted by each member of the Board, in person or over conference call, to assess their character and integrity. Candidates must disclose to the Board details of any association they have that may influence independent judgement. Background checks are conducted upon consent of the candidate to support the Board's assessment in determining whether the candidate will act in the best interest of the Company and its Shareholders. Reference checks are run to confirm their experience, qualifications and education listed on their resumes are accurate. Legal verification in Australia is also obtained to confirm they have no criminal record or bankruptcy history. The full Board then appoints the most suitable candidate who must stand for election by Shareholders at the next annual general meeting of the Company.

A Company announcement is released to the market subsequent to the appointment of a new Director. The announcement provides information on the decision and purpose of appointment and the Director's range of expertise and experiences. The announcement will also disclose the Director's shareholding in the Company as well as remuneration details and material terms.

The Board's nomination of existing Directors for re-appointment is not automatic and is contingent on their past performance, contribution to the Company and the current and future needs of the Board and Company. At each Annual General Meeting one third of the Directors other than the CEO must retire by rotation, with those serving the longest retiring first. Retiring Directors may stand for re-election. The Company will provide Shareholders with all material information on whether they support the re-election.

1.3) Terms of appointment

Non-Executive Directors receive formal letters of appointment setting out the following:

- The Company's expectations for the position regarding involvement with committee work and other duties.
- Time commitment.
- Remuneration entitlements.
- Disclosure requirements
- Confidentiality obligations.
- Director's ongoing rights.
- Terms and conditions of their employment.
- Indemnity and insurance arrangements.

Executive Directors are employed pursuant to employment agreements setting out the information above as well as the following:

- Responsibilities and duties involved in the position.
- Who they report to.
- Termination circumstances.
- Entitlements on termination.

Directors and Board committees have the rights, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairperson is required, but this will not be unreasonably withheld. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

1.4) Role of the Company Secretary

The Company Secretary plays a crucial role ensuring the Board and its committees run successfully under relevant legislation and regulations. They are required to organise timely completion and despatch of Board and committee meeting agendas, and papers to all members of the Board at least three days before the meeting commences. The Company Secretary acts as a servant at Board and committee meetings, monitoring that the Board follows the agenda and briefing materials whilst complying with the Company's policies and charters. They are responsible to address the Board, through the Chair, on any governance matters or affairs that effect ethical functioning of the Board. Accurate minutes reflecting Board and committee meetings are produced by the Company Secretary and circulated to the Directors for approval.

1.5) Diversity policy summary

The Company has established a diversity policy, which includes requirements for the Board to establish measurable objectives for gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Board has set a measurable objective for achieving gender diversity going forward in accordance with the diversity policy which requires each pool of candidates for vacant positions to include at least one female candidate.

The proportion of woman employees and contractors in the whole organisation, woman in Senior Executive positions and woman on the Board at the date of this report is set out in the following table:

	Proportion of women
Whole organisation	2 out of 6 (33%)
Senior Executive positions	0 out of 2 (0%)
Board	0 out of 3 (0%)

The Company's current business model means that it is not likely that the Company will be required to employ large numbers of employees in the future. As such, the ability of the Company to introduce formalised programmes to make substantive changes is limited and any objectives set by the Board are likely to be influenced by this structure.

The diversity policy is available in the corporate governance section of the Company's website.

Performance assessments

1.6) Performance assessment of the Board and its committees

The Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group. The Board also undertakes an annual self-assessment of its collective performance, the performance of the Chairperson and of its committees. The assessment also considers the adequacy of induction, access to information and the support provided by the Company Secretary. The results and any action plans are documented together with specific performance goals which are agreed for the coming year.

1.7) Performance assessment of Senior Executives

The Chairperson undertakes an annual assessment of the performance of the CEO and meets privately to discuss this assessment. The CEO has an annual performance review completed by the Board. A Director's Questionnaire Evaluation of CEO Performance, is completed and discussed as part of this process.

Performance assessment of the CEO last took place in December 2015.

Performance assessment of Management and Employees

Management and employees are evaluated every six months usually in June and December in terms of the completion of an Employees' Questionnaire: Employee Performance and Development Review, with a subsequent discussion.

Performance assessments for Senior Management and employees last took place in August 2016.

Principle 2: Structure the Board to add value

Board composition

The Board composition at 30 June 2016 consists of the following Directors:

Dr Jaap Poll	(Independent, Non-Executive Director and Chairman)
Mr Matthew Battrick	(Managing Director and Chief Executive Officer)
Mr Alexander Parks	(Independent, Non-Executive Director)

The Board is comprised of both Executive and Non-Executive Directors with a majority of Non-Executive Directors. Non-Executive Directors bring a fresh perspective to the Board's consideration of strategic, risk and performance matters.

The Chairperson is elected by the full Board and is required to communicate regularly with the CEO. The Company is to maintain a mix of Directors on the Board from different backgrounds with complementary skills and experience.

The Board seeks to ensure that:

- At any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Group and Directors with an external or fresh perspective.
- The size of the Board is conductive to effective discussion and efficient decision-making.

Details of the members of the Board, their experience, expertise, qualifications, term of office, relationships affecting their independence and their independent status are set out in "Board of Directors and Management" section of the Company's website.

Board committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current separate committees of the Board are the audit and risk committee and the remuneration committee. The committee structure and membership is reviewed on an annual basis. A policy of rotation of committee members applies. Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All matters determined by committees are submitted to the full Board as recommendations for Board decisions. The commitments of Non-Executive Directors are considered by the Board prior to the Director's appointment to the Board of the Company. Minutes of committee meetings are tabled at the subsequent Board meeting. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees.

2.1) Nomination committee

The Company does not have an existing nomination committee as suggested in Recommendation 2.1. As the whole Board only consists of three (3) members, it would not be a more efficient mechanism than the full Board for focussing the Company on specific issues.

The Board addresses all nomination matters at regular Board meetings, considering the overall balance and efficiency of the Board's composition and size. The Board considers and reviews both Director succession and CEO succession plans to ensure the Board maintains an appropriate and wide range of skills and experience across the Board. The Board also addresses and makes recommendations for induction procedures, professional development programmes, recruiting processes, appointment and re-election of Directors. In the event a new Director is required, all members of the Board partake in the process of identifying potential candidates, and are required to advise other Board members of their search processes.

The Board held sixteen (16) Board meetings during the 30 June 2016 financial year.

2.2) Skills Matrix

Composition of skills and experiences across the Board out of five (5) Directors

Skills Matrix	# of Directors
Capital Market and Fund Raising	
• Experience in raising funds for resource industry related companies	**5**
• Experience in negotiating with lenders and investors	**5**
• Experience in equity capital markets	**5**
Financial	
• Experience in finance or accounting	**3**
• Financial acumen	**5**
Governance and Regulation	
• Experience in policy and regulations	**5**
• Experience in securities law	**3**
Health, Safety and Environment	
• Qualified Petroleum Engineer/ or Geologist and/or Environmental Scientist or with experience in managing health, safety and environmental issues	**5**
International	
• Experience with international resource industry organisations or companies	**5**
• Experience with international assets and business partners	**5**
Investor Relations	
• Experience in effective written and verbal communications	**5**
• Experience with financial, industry and market terminology	**5**
Leadership/Management	
• Ability to influence others	**5**
• Senior Management experience	**5**
Resource Industry	
• Experience and knowledge in oil and gas or other resources	**5**
• Petroleum Engineering/ or Geology and/or Earth Science expertise	**5**
• Experience in evaluating and/or sourcing acquisitions	**5**
• Memberships of resource industry related organisations	**5**
Risk	
• Experience in risk management (identify, analyse, evaluate and treat risks)	**5**
• Experience in monitoring and reviewing risk management	**5**
Strategy	
• Experience in strategic business planning and execution to add value and ensure long-term sustainability	**5**

Director's independence

The Board has adopted specific principles in relation to Director's independence. These state that when determining independence, a Director must be a Non-Executive and the Board should consider whether the Director:

- Is a substantial Shareholder of the Company or an officer of, or otherwise associated directly with, a substantial Shareholder of the Company.
- Is or has been employed in an Executive capacity by the Company or any other Group member within the last three years.
- Within the last three years has been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided.
- Is a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the Company or a controlled entity other than as a Director of the Group.
- Is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's independent exercise of their judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases.

The Board assesses independence each year. To enable this process, the Directors must provide all information that may be relevant to the assessment.

In the event that a potential conflict of interest may arise, involved Directors must withdraw from all deliberations concerning the matter. They are not permitted to exercise any influence over other Board members.

2.3) Directors independence and length of service

	Independence	Length of service
Dr Jaap Poll	Assessed as independent	~ 5 months
Mr Matthew Battrick	Deemed not independent	~ 8 years and 8 months
Mr Alexander Parks	Assessed as independent	~ 5 months

2.4) Independence across the Board

The majority of the Board are deemed as independent Directors.

2.5) Independence of the Chairman

In recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairperson Dr Jaap Poll is an independent Non-Executive Director.

2.6) Induction of new Directors and Senior Management

The induction provided to new Directors and Senior Managers enables them to actively participate in Board decision-making as soon as possible. It ensures that they have a full understanding of the Company's financial position, strategies, operations and risk management policies. It also explains the respective rights, duties, responsibilities and roles of the Board and Senior Executives.

Principle 3: Act ethically and responsibly

3.1) Codes of conduct

The Company has developed a separate Board Code of Conduct and an Employee Code of Conduct (the codes) which have been fully endorsed by the Board and applies to all Directors and employees. The codes are reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the codes require that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The codes and the Company's trading policy are discussed with each new employee as part of their induction training.

The Directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities. The codes are available in the corporate governance section of the Company's website.

Principle 4: Safeguard integrity in corporate reporting

4.1) Audit committee

The audit and risk committee at 30 June 2016 consists of the following Directors:

Dr Jaap Poll	(Independent, Non-Executive Director and Chairman)
Mr Matthew Battrick	(Managing Director and Chief Executive Officer)
Mr Alexander Parks	(Independent, Non-Executive Director)

All members of the audit and risk committee are financially literate and have an appropriate understanding of the industry in which the Group operates. The audit and risk committee operates in accordance with a charter.

The main responsibilities of the committee are to:

- Review, assess and approve the annual report, the half-year financial report and all other relevant financial information published by the Company.
- Assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
    - Effectiveness and efficiency of operations.
    - Reliability of financial reporting.
    - Compliance with applicable laws and regulations.
- Oversee the effective operation of the risk management framework.
- Recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance.
- Consider the independence and competence of the external auditor on an ongoing basis.
- Review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence.
- Review and monitor related party transactions and assess their propriety.
- Report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the audit and risk committee:

- Receives regular reports from management, and the external auditors.
- Meets with the external auditors if necessary.
- Reviews the processes the CEO and CFO have in place to support their certificates to the Board.
- Reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved.
- Provides the external auditors with a clear line of direct communication at any time to either the Chairperson of the audit and risk committee or the Chairperson of the Board.

The audit and risk committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The audit and risk committee charter is available in the corporate governance section of the Company's website.

The Board held four (4) audit and risk committee meetings during the 30 June 2016 financial year.

4.2) Corporate reporting

The CEO and CFO have made the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material aspects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards.
- That the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material aspects in relation to financial reporting risks.

4.3) External auditors

The Company's audit and risk committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. BDO was appointed as the external auditor in 1994. It is BDO's policy to rotate audit engagement partners on listed companies at least every five years, and in accordance with that policy a new audit engagement partner was introduced from the year ended 30 June 2015.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' report and in a note to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board. The external auditor will attend the annual general meeting and be available to answer written Shareholder questions submitted no later than five business days before the annual general meeting, about the conduct of the audit and the preparation and content of the audit report.

Principle 5: Make timely and balanced disclosure

5.1) Continuous disclosure

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Company Secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX) in collaboration with the CEO. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, Shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

The continuous disclosure policy is available in the corporate governance section of the Company's website.

Principle 6: Respect the rights of security holders

6.1) Company information via website

The Company's website allows Shareholders and stakeholders to conveniently gain access to all current information about the Company including the Company's corporate governance policies.

6.2) Shareholder and stakeholder communications

The Company seeks to provide opportunities for Shareholders to participate through electronic means via the Company's website. The website enables Shareholders to register their email address for direct email updates. The Company understands the importance of effective two-way communications with Shareholders. Shareholders are welcome to make direct contact with the head office on any enquires they may have using the contact details provided on the website.

6.3) Shareholder participation

The Company encourages Shareholder participation at General and Annual Meetings. The Company's share registry is responsible for mailing out the notice of General Meetings and Annual General Meetings directly to Shareholders. Shareholders who have subscribed to email alerts will additionally receive an email notification of all meetings and ASX Announcements.

6.4) Electronic communications

Shareholders have the opportunity to send electronic communications to the Company and the Company's share registry using contact details listed on the Company's website.

Principle 7: Recognise and manage risk

7.1) Risk committee

The Board, through the audit and risk committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority.

The Company risk management policy and the operation of the risk management and compliance system are executed by the CEO in collaboration with the audit committee.

The current risk management policies and procedures are available in the corporate governance section of the Company's website.

7.2) Review of risk management

The audit and risk committee together with assistance from the CFO are responsible for the evaluation and development of the Company's risk management.

The risk management framework was reviewed at each audit and risk committee meeting during the 30 June 2016 financial year.

7.3) Internal audit function

The Company does not have an existing internal audit function as suggested in Recommendation 7.3. The audit committee and CFO consider those matters that would usually be the responsibility of an internal audit function.

7.4) Material exposure management

The Board has adopted a risk management policy and risk management procedures. Under the risk management policy, the Board oversees the processes by which risks are managed. This includes defining the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business.

Management is responsible for the implementation of the risk management and internal control system to manage the Company's risks and to report to the Board whether those risks are being effectively managed. The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least half yearly by Senior Management. The risk register is to be updated and a report submitted to the CEO. The CEO is to provide a risk report at least half yearly to the audit and risk committee and the Board.

The environment, health and safety management system (EHSMS)

The Company recognises the importance of environmental and occupational health and safety ("OHS") issues and is committed to the highest level of performance. To help meet this objective the EHSMS was established to facilitate the systematic identification of environmental and OHS issues and to ensure they are managed in a structured manner.

This system has been operating for a number of years and allows the Company to:

- Monitor its compliance with all relevant legislation.
- Continually assess and improve the impact of its operations on the environment.
- Encourage employees to actively participate in the management of environmental and OHS issues.
- Work with trade associations representing the Group's businesses to raise standards.
- Use energy and other resources efficiently.
- Encourage the adoption of similar standards by the Group's principal suppliers, contractors and distributors.

The categories of risk reported in the annual report are: market risk, credit risk and liquidity risk.

Principle 8: Remunerate fairly and responsibly

8.1) Remuneration committee

The remuneration committee at the 30 June 2016 consists of the following Directors:

Dr Jaap Poll	(Independent, Non-Executive Director and Chairman)
Mr Matthew Battrick	(Managing Director and Chief Executive Officer)
Mr Alexander Parks	(Independent, Non-Executive Director)

The remuneration committee operates in accordance with its charter. The remuneration committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors.

Each member of the Senior Executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination.

The remuneration committee charter is available in the corporate governance section of the Company's website.

The Committee held one (1) remuneration committee meeting during the 2016 financial year.

8.2 & 8.3) Remuneration report

Further information on Directors and Executives remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading "Remuneration Report". In accordance with Group policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

"If Not, Why Not"

Explanations for departures from best practice recommendations under the "If Not, Why Not" approach.

As at the end of the reporting period, there are a few recommendations of the ASX Corporate Governance Council that the Company does not follow. These are described more fully as follows:

	Departure (from Recommendation)	Explanation
1.1	No statements of matters reserved for the Board or delegated to Senior Management are publicly available.	The Board considers that the Company is not of a size to warrant this disclosure. An internal delegation of authority has been completed.
1.6 b	Performance evaluations of the Board during the reporting period.	Performance evaluations of the Board did not take place during the 2016 reporting period due to changes being made to the composition of the Board in mid-February 2016. The Board will undertake performance evaluations as recommended in the following reporting period.
2.1	There is no separate nomination committee.	The full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.
4.1 a	Audit and risk committee does not have three (3) Non-Executive members.	The audit and risk committee currently has two (2) Non-Executive members as required by the previous recommendations.
4.1 b	Audit and risk committee is chaired by the Chair of the Board.	The Chairman Dr Jaap Poll being deemed an independent Director was considered by the full Board as the most suitable candidate to also Chair the audit and risk committee.
7.3	There is no internal audit function.	The audit committee and CFO consider those matters that would usually be the responsibility of an internal audit function. The Board considers that no efficiencies or other benefits would be gained by establishing a separate internal audit function.

Privacy

The Company has resolved to comply with the National Privacy Principles contained in the Privacy Act 1988, to the extent required for a Company the size and nature of Sun Resources NL as summarised on our website.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

		Consolidated	
	Note	2016 $	2015 $
Revenue from continuing operations	3a	112,017	86,320
Other income	3b	19,021	173,425
Administration expense		(540,473)	(1,051,073)
Depreciation and amortisation expense	3c	(35,176)	(107,096)
Employee benefits expense		(92,594)	(1,111,525)
Exploration and evaluation impairment	3d	(12,138,543)	(53,942,724)
Finance expense	3e	(54,333)	(23,735)
Occupancy expense	3g	(229,656)	(257,484)
Production impairment expense	3f	(298,280)	(750,915)
Share based payment expense	17	(703,862)	-
Loss before income tax expense		**(13,961,879)**	**(56,984,807)**
Income tax expense	4	-	-
Loss for the year after income tax		**(13,961,879)**	**(56,984,807)**
Other comprehensive income			
Foreign exchange translation reserve movement	14	546,834	12,111,200
Other comprehensive income for the period, net income tax		**546,834**	**12,111,200**
Total loss and other comprehensive loss for the period attributable to owners of Sun Resources NL		**(13,415,045)**	**(44,873,607)**
Loss per share attributable to the members of Sun Resources NL			
Diluted loss per share (cents)		(0.265)	(1.797)
Basic loss per share (cents)	26	(0.265)	(1.797)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2016

	Note	Consolidated 2016 $	2015 $
Current assets			
Cash and cash equivalents	5	136,068	1,282,255
Trade and other receivables	6	341,503	2,750,923
Total current assets		**477,571**	**4,033,178**
Non-current assets			
Plant and equipment	7	58,679	108,159
Exploration and evaluation expenditure	8	812,520	11,210,766
Oil and gas production assets	9	-	225,123
Total non-current assets		**871,199**	**11,544,048**
Total assets		**1,348,770**	**15,577,226**
Current liabilities			
Trade and other payables	10	1,698,339	4,127,197
Total current liabilities		**1,698,339**	**4,127,197**
Non-current liabilities			
Borrowings	11	1,023,180	975,289
Total non-current liabilities		**1,023,180**	**975,289**
Total liabilities		**2,721,519**	**5,102,486**
Net assets/(liabilities)		**(1,372,749)**	**10,474,740**
Equity			
Contributed equity	12	116,575,306	115,122,457
Share-based payment reserve	13	11,239,537	11,124,830
Foreign exchange translation reserve	14	17,991,179	17,444,345
Accumulated losses		(147,178,771)	(133,216,892)
Total equity/(deficiency)		**(1,372,749)**	**10,474,740**

The above Consolidated Statement of Financial Position should be read in conjunction with the notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2016

	Attributable to equity holders of the Company				
	Share capital	Accumulated losses	Share-based payments reserve	Foreign exchange translation reserve	Total equity
2016	**$**	**$**	**$**	**$**	**$**
Balance at the 1 July 2015	**115,122,457**	**(133,216,892)**	**11,124,830**	**17,444,345**	**10,474,740**
Total comprehensive loss for the year					
Loss	-	(13,961,879)	-	-	(13,961,879)
Other comprehensive income:					
Exchange differences on translation of Foreign Entities	-	-	-	546,834	546,834
Total other comprehensive income	-	-	-	**546,834**	**546,834**
Total comprehensive loss for the year	-	**(13,961,879)**	-	**546,834**	**(13,415,045)**
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	589,155	-	114,707	-	703,862
Contributions by and distributions to owners:					
Contributions of equity	999,000	-	-	-	999,000
Equity transaction costs	(135,306)	-	-	-	(135,306)
Total transactions with owners	**863,694**				**863,694**
Balance at the 30 June 2016	**116,575,306**	**(147,178,771)**	**11,239,537**	**17,991,179**	**(1,372,749)**
	Share capital	**Accumulated losses**	**Share-based payments reserve**	**Foreign exchange translation reserve**	**Total equity**
2015	**$**	**$**	**$**	**$**	**$**
Balance at the 1 July 2014	**108,850,765**	**(76,232,085)**	**11,124,830**	**5,333,145**	**49,076,655**
Total comprehensive loss for the year					
Loss	-	(56,984,807)	-	-	**(56,984,807)**
Other comprehensive income:					
Exchange differences on translation of Foreign Entities	-	-	-	12,111,200	**12,111,200**
Total other comprehensive income	-	-	-	**12,111,200**	**12,111,200**
Total comprehensive loss for the year	-	**(56,984,807)**	-	**12,111,200**	**(44,873,607)**
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	-	-	**-**
Contributions by and distributions to owners:					
Contributions of equity	7,266,727	-	-	-	**7,266,727**
Equity transaction costs	(995,035)	-	-	-	**(995,035)**
Total transactions with owners	**6,271,692**	-	-	-	**6,271,692**
Balance at the 30 June 2015	**115,122,457**	**(133,216,892)**	**11,124,830**	**17,444,345**	**10,474,740**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2016

	Note	Consolidated 2016 $ Inflows (Outflows)	Consolidated 2015 $ Inflows (Outflows)
Cash flows from operating activities			
Receipts from customers		151,372	106,886
Payments to suppliers and employees		(932,631)	(1,621,098)
Interest received		2,133	11,720
Net cash flow (used in) operating activities	5a	**(779,126)**	**(1,502,492)**
Cash flows from investing activities			
Payments for production asset		(37,306)	(123,794)
Payments for exploration asset		(1,210,337)	(7,095,660)
Net cash flow (used in) investing activities		**(1,247,643)**	**(7,219,454)**
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		863,694	6,271,692
Proceeds from convertible loan		-	957,806
Net cash flow provided by financing activities		**863,694**	**7,229,498**
Net decrease in cash and cash equivalents held		**(1,163,075)**	**(1,492,448)**
Cash and cash equivalents at the beginning of the financial year		1,282,255	2,657,972
Effects of exchange rate changes on cash and cash equivalents		16,888	116,731
Cash and cash equivalents at the end of the financial year	5	**136,068**	**1,282,255**

The above Consolidated Statement of Cash Flows should be read in conjunction with the notes to the Consolidated Financial Statements.

1. Summary of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements cover the consolidated entity of Sun Resources NL and its controlled subsidiaries. Sun Resources is a listed public Company, incorporated and domiciled in Australia (ASX Code: SUR) and is a for-profit entity for the purpose of preparing the financial statements. These financial statements have been approved for issue by the Board of Directors on 27 September 2016.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Statement of Compliance

The financial report complies with Australian Accounting Standards, and also complies with International Financial Reporting Standards (IFRS).

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2016. It is not anticipated that there will be any material impact on the Group as a result of these new standards.

These are outlined in the table below.

AASB reference	Title (summarised)	Application date:
AASB 9	Financial Instruments	1 January 2018
AASB 15	Revenue from Contracts with Customers	1 January 2018
AASB 16	Leases	1 January 2019

Reporting Basis and Conventions
The financial statements have been prepared on an accruals basis and are based on the historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Critical Accounting Estimates and Judgements
The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Critical Accounting Estimates

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the annual reporting period are:

a) Impairment of production assets
In the absence of readily available market prices, the recoverable amounts of assets are determined using estimations of the present value of future cash flows using asset-specific discount rates. For Oil & Gas Properties, these estimates are based on assumptions concerning reserves, future production profiles and estimated revenue and costs. For amortisation policy refer to note 1(f).

As at 30 June 2016, the carrying value of Oil & Gas assets is nil (2015: $225,123).

b) Recoverability of exploration and evaluation assets
The recoverability of exploration and evaluation assets is determined by the future discovery of economic oil and gas reserves of sufficient quantity and quality in the relevant area of interest to offset costs to date.

The fair value of exploration acres held was determined at 30 June 2016 to be US$200 (2015: US$300) per acre.

As at 30 June 2016, the carrying value of exploration and evaluation assets is $812,520 (2015: $11,210,766).

c) Convertible notes carried at fair value through profit or loss
The Company recognises convertible loans at fair value through profit or loss. These are calculated based on present value of estimated cash flows taking into account credit risk profile of the Company and share price of the Company. See details in Note 20.

Going Concern

The Group recorded a net loss after tax of ($13,961,879) [2015: ($56,984,807)] and recorded operating cash outflows of $779,126 (2015: $1,502,492) for the year ended 30 June 2016. At the 30 June 2016 the Group has net liabilities of ($1,372,749) [2015: net assets $10,474,740] and a net current liability position of $1,220,768 (2015: $94,019) plus contractual commitments of $95,760. As at the 27 September 2016 the Group's cash balance stood at $10,816. At the 27 September 2016 the Group had $33,241 trade creditors overdue or on extended payment terms and contractual commitments of $95,760. $1,023,180 of borrowings on a convertible note is due for repayment on the 17 February 2018 and has been classified as non-current. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharged its liabilities in the normal course of business.

Notwithstanding the above, the Directors of the Group have prepared the annual financial statements using the going concern assumption. The Group has secured bridging finance of a $100,000 loan to allow it to complete a $1,320,528 fully underwritten Rights Issue process. The Group is in the process of completing a capital raise through a non-renounceable Rights Issue of one New Share for every two Shares held by Eligible Shareholders at the record date of 16 September 2016 at an issue price of $0.01 each per New Share to raise approximately $1,320,528 before costs, with one free-attaching New Option for every one New Share allotted. The New Options will be exercisable at $0.01 each on or before the date which is four years from their date of issue and the issue is expected to be completed around the 21 October 2016.

In addition to the above, to enable the Group to continue its activities, the Group will seek to raise additional funds through equity and/or debt, successful exploration and subsequent exploitation of the Group's tenement, and/ or sale of assets. Over the course of the next 12 months, the Directors consider that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and that the going concern basis of preparation remains appropriate when preparing the annual financial report.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

A Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sun Resources NL ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'. Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

All inter-company balances and transactions between subsidiaries in the Group, including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. Where controlled subsidiaries have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

B Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from USA producing operations is recognised when received from the Operator and is two months in arrears due to lag between sales and when received. Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from rendering a service is recognised upon delivery of the service.

All revenue is stated net of the amount of goods and services tax (GST).

C Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where that amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

D Income Tax

The charge for current income tax expense is based on the profit or loss for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the year end date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited to the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic subsidiary will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Sun Resources and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Sun Resources is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidation group. The tax consolidated group has not entered into a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group. The parent will therefore have liability for all tax as the other companies in the group will not be liable. All contributions and distributions have been accounted for.

E Foreign Currency Transactions and Balances

Functional and Presentation Currency
The functional currency of each of the Group's subsidiaries is measured using the currency of the primary economic environment in which that subsidiary operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and Balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and other Comprehensive Income.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- contributed equity and accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

All resultant exchange differences have been recognised in the Statement of Profit or Loss and other Comprehensive Income.

F Oil and Gas Properties

i) Exploration Costs Carried Forward
Exploration, evaluation and relevant acquisition expenditure incurred is accumulated in respect of each identifiable area of interest. Areas of interest are recognised at the field level. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Economically recoverable reserves are defined as the estimated quantity of product in an area of interest, which can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions.

Exploration and evaluation expenditure, which does not satisfy these criteria, is written-off in full against profit in the year in which a decision to abandon the area is made.

Bi-annual reviews are undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Revenue received from the sale of products, material or services during the exploration and evaluation phase of operations is offset against expenditure in respect of the area of interest or hydrocarbon resource concerned.

ii) Development Costs

Once an area of interest is identified as having commercial potential, exploration costs are transferred to development and further well development costs are capitalised.

iii) Producing Projects

When production commences on an area of interest an exploration and evaluating cost relating to the area of interest is transferred to producing projects within the oil and gas properties.

Sun Resources uses the "Units of Production" (UOP) approach when depreciating and amortising field-specific assets. Amortisation of producing projects for the year to 30 June 2015 was calculated based on proved and developed reserves.

Transferred development, exploration and evaluation costs are amortised on the relevant UOP basis for each area of interest. The reserves used in these calculations are updated at least annually. Economic and technical developments are reviewed periodically in determining any rates.

iv) Restoration Costs

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in costs of that area. Currently, the Group does not recognise any restoration liabilities.

G Trade and other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

H Trade and other Receivables

Trade and other receivables, including receivables from related parties, are initially recognised at fair value and subsequently measured at amortised cost less an allowance for uncollectable amounts. Collectability and impairment are assessed on a regular basis.

An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Any allowance is recognised in a separate account.

I Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transactions costs. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

J Borrowing Costs

Borrowing Costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

K Financial Instruments

i) Loans Receivable
Loans receivable from subsidiaries are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for those maturities greater than 12 months, which are classified as non-current assets. The non-current loans are included in note 24 under parent entity information.

ii) Available for Sale Financial Assets
Investments are classified as either available-for-sale or held for trading, and are initially recognised at fair value plus in the case of investments not held for trading, with any directly attributable transaction costs.

After initial recognition, investments are measured at fair value. Changes in the fair value of available-for-sale investments are recognised as a separate component of equity until the investment is sold or until the investment is determined to be impaired, at which time the cumulative change in the fair value previously reported in equity is included in earnings. Changes in the fair value of held for trading investments are recognised in the Statement of Comprehensive Income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the 30 June 2016.

iii) Loans and other Payables
Loans and other payables are non-derivative financial liabilities with fixed or determinable payments. They are included in non-current liabilities as they have maturities greater than 12 months after the reporting date.

L Cash and Cash Equivalents

Cash and cash equivalents include cash on-hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months of less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

M Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Depreciation Rate	
Plant and equipment	25% - 40%
Furniture and fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the year end.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and other Comprehensive Income.

N Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible asset's finite life to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

O Interests in Joint Ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the economic entity's expenses are shown at Note 21 under interest in Joint Venture Operations.

P Provisions and Contingent Liabilities

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Contingent liabilities are only disclosed when the probability for payment is not remote.

Q Earnings per Share

i) Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing the entity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

R Segment Reporting

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis using a "Management Approach". Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, plant and equipment and other assets, net of related provisions. Segment liabilities consist primarily of other creditors and provisions.

S Share-based Payments

In order to apply the requirements of AASB2 "Share-based Payments" estimates were made to determine the "fair value" of equity instruments issued to Directors and incorporated into a Black-Scholes Valuation Model for options.

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is recognised as an employee benefit expense with a corresponding increase in equity over any applicable vesting period or where options are issued as consideration for an acquisition directly to the asset acquired.

The fair value of performance options is only recognised where it is probable that the relevant milestone will be attained. The fair value of all shares issued as consideration for an acquisition is valued at the market value of Sun Resources NL shares at the date of allotment.

T Contributed Equity

Ordinary shares are classified as equity.
Incremental costs directly attributed to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

U Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The Group contributes to its employees' superannuation plans in accordance with the requirements of the Superannuation Guarantee (Administration) Act. Contributions by the Group represent a defined percentage of each employee's salary. Employee contributions are voluntary.

V Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operation policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

W Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2. Segment Information

a Description of segments

The business is analysed in two geographical segments namely, Australia and the United States of America (USA). The principal activity in these locations is the exploration, development and production of oil and gas projects.

b Segment information provided to the Board

The following tables present, revenue, expenditure and certain asset information regarding geographical segments for the year ended 30 June 2016.

30 June 2016	Australia $	USA $	Unallocated $	Consolidated $
Revenue - oil and gas sales	-	112,017	-	112,017
Other income	16,688	-	2,133	19,021
Total segment revenue	**16,688**	**112,017**	**2,133**	**131,038**
Segment result after income tax	(1,455,149)	(12,508,863)	2,133	(13,961,879)
Total segment assets	212,778	999,924	136,068	1,348,770
Segment liabilities	1,401,259	1,320,260	-	2,721,519
Segment amortisation and depreciation	35,176	-	-	35,176
Segment exploration expenditure written-off	-	12,138,543	-	12,138,543
Segment production expenditure impairment	-	298,280	-	298,280

30 June 2015	Australia $	USA $	Unallocated $	Consolidated $
Revenue - oil and gas sales	-	86,320		86,320
Other income	-	161,705	11,720	173,425
Total segment revenue	**-**	**248,025**	**11,720**	**259,745**
Segment result after income tax	(1,709,732)	(55,286,795)	11,720	(56,984,807)
Total segment assets	206,828	14,088,142	1,282,255	15,577,225
Segment liabilities	1,246,339	3,856,147	-	5,102,486
Segment amortisation and depreciation	26,098	80,998	-	107,096
Segment exploration expenditure written-off	-	53,942,724	-	53,942,724
Segment production expenditure impairment	-	750,915	-	750,915

c Other segment information

Revenue from external customers is derived from the sale of oil and gas in the USA.

The economic entity is domiciled in Australia with segment revenue from external customers based on the country in which the customer is located.

Unallocated segment amounts relate to cash balances and interest received on these cash balances.

3. Revenues and Expenses

	Consolidated	
	2016 **$**	**2015** **$**
a Revenue		
USA Sale of oil and gas	112,017	86,320
b Other Income		
Net foreign exchange gain	16,888	83,288
Interest income from non-related parties	2,133	11,720
Sale of Margarita prospect	-	78,417
	19,021	**173,425**
c Depreciation Amortisation Expense		
Amortisation - oil and gas production assets	-	80,998
Depreciation - property, plant and equipment	35,176	26,098
	35,176	**107,096**
d Exploration and Evaluation Expenditure		
Exploration and evaluation expenditure written-off	12,138,543	53,942,724
e Finance Expense		
Interest expense	54,333	23,735
f Production Expense	298,280	750,915
Oil and gas production assets impairment		
g Miscellaneous Expenses		
Rental expense - operating lease	229,656	257,484

4. Income Tax

	Consolidated	
	2016	**2015**
	$	**$**
a Income Tax Expense		
Current tax	-	-
Deferred tax	-	-
b Reconciliation of income tax expense to prima facie tax payable:		
Profit/(loss) before income tax	(13,961.879)	(56,984,807)
Prima facie income tax at 30% (2015: 30%)		
- Group	(4,188,564)	(17,095,442)
	(4,188,564)	(17,095,442)
Tax effect of amounts not deductible in calculating taxable income:		
Diminution of shares in subsidiaries	-	-
Other permanent differences	63,404	101,734
	(4,125,160)	**(17,197,176)**
Deferred tax asset on current year losses not recognised	4,125,160	17,197,176
Income tax expense/(benefit)	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%

The Group made an election in order that the Australian companies will form a tax-consolidated group from 1 July 2003. As a consequence, transactions between member equities will be ignored.

No deferred tax assets have been recognised as it is not probable that future tax profits will be available to offset these balances.

c Deferred Tax Liabilities		
Exploration and evaluation expenditure - Australia	-	-
Exploration and evaluation expenditure - USA	-	-
Temporary differences - Australia	-	-
Temporary differences - USA	-	-
Difference in overseas tax rates	-	-
Off-set of deferred tax assets	-	-
Net deferred tax liabilities recognised	-	-
d Unrecognised deferred tax assets arising on timing differences		
Tax losses - Australia	4,246,473	3,831,653
Tax losses - USA	21,693,790	33,262,463
Temporary differences - Australia	213,438	379,692
Temporary differences - USA	17,602,533	204,096
	43,756,234	**37,677,904**
Difference in overseas tax rate	-	-
Off-set of deferred tax liabilities	-	-
Net deferred tax assets not brought to account	**43,756,234**	**37,677,904**

5. Cash and Cash Equivalents

	Consolidated	
	2016 $	2015 $
Cash at bank and on-hand (Note 20 (a)(i))	136,068	1,282,255
Term Deposits	-	-
	136,068	**1,282,255**

Cash at bank bears floating interest rates between 0% and 2.2% (2015: 0% and 2.3%). Term deposits are for thirty days and bear approximately 2.6% interest (2015: 3.0%).

Non-cash financing and investing activities

2016

The Company issued 498,132,030 shares at a value of $589,155 for services during the financial year to manage its cash requirements (Note 12).

2015

On the 12 May 2015 Sun executed a binding agreement with Amerril Energy LLC ("Amerril") to take control of 100% Working Interest in all previously jointly held oil and gas leases in the Lower Woodbine oil fairway. In consideration for the assignment of these leases by Amerril, Sun will tender to Amerril US$2 million as a deferred settlement in the event a new partner joins Sun in these lease positions. Via farm-in arrangement, other funding option or outright sale. This agreement was terminated in September 2015.

	Consolidated	
	2016 $	2015 $
a Reconciliation of (loss) after income tax with Cash Flow from Operations		
(Loss) after income tax	(13,961,879)	(56,984,807)
Non-cash flows in profit/(loss)		
- Depreciation and amortisation	35,176	107,096
- Exploration impairment expense	12,138,543	53,942,724
- Production impairment expense	298,280	750,915
- Share-based payments	703,862	-
- Other	26,330	-
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	2,409,420	545,207
- Increase/(decrease) in trade and other payables	(2,428,858)	136,373
Cash flow used in operations	**(779,126)**	**(1,502,492)**

6. Trade and Other Receivables – Current

	Consolidated	
	2016 **$**	**2015** **$**
Other	341,503	139,102
Held in trust for exploration leases (i) (Note 10)	-	2,611,821
(Note 20 (b))	**341,503**	**2,750,923**

(i) Receivable recognised for leases to be acquired as part of the Amerril Settlement Agreement in 2015.

7. Plant and Equipment

	Consolidated	
	2016 **$**	**2015** **$**
Plant and equipment – at cost	30,882	45,186
- Accumulated depreciation	(23,857)	(20,345)
	7,025	24,841
Furniture and fittings – at cost	130,523	130,523
- Accumulated depreciation	(78,869)	(47,205)
	51,654	83,318
	58,679	**108,159**

Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

Consolidated	**Plant and Equipment $**	**Furniture and Fittings $**	**Total $**
2016			
Balance at the beginning of the year	**24,841**	**83,318**	**108,159**
Additions	-	-	-
Disposals	(14,304)	-	(14,304)
Depreciation	(3,512)	(31,664)	(35,176)
Balance at the end of the year	**7,025**	**51,654**	**58,679**
2015			
Balance at the beginning of the year	**24,657**	**104,147**	**128,804**
Additions	5,453	-	5,453
Disposals	-	-	-
Depreciation	(5,269)	(20,829)	(26,098)
Balance at the end of the year	**24,841**	**83,318**	**108,159**

8. Exploration and Evaluation Expenditure

	Consolidated	
	2016	2015
	$	$
- At cost	11,210,766	47,579,653
- Net expenses incurred in the year and capitalised	1,177,162	7,095,660
- Foreign exchange movement	563,133	10,478,177
- Expenditure impairment	(12,138,541)	(53,942,724)
- Net carrying value	**812,520**	**11,210,766**

a) Carrying value of capitalized expenditure

The carrying value of the Group's projects was reviewed, and impairment recognised where the facts and circumstances identified the carrying amount to be greater than the recoverable amount.
A number of tenements were withdrawn during the financial year and subsequent to the end of the reporting period. The carrying values of projects for which tenure is no longer current or is expected to be relinquished have been written off.

Tenements comprising the Oil Projects have been relinquished and carrying amounts written off in full. Tenure relating to the Oil Projects remains current however; some Oil Projects tenements have been relinquished during the year.

Minimal exploration is planned for the Oil Projects which the Directors believe comprises the majority of the enterprise value of the Group. The fair value of the exploration and evaluation assets have been determined for the purpose of impairment testing by reference to the market capitalisation (number of shares on issue multiplied by the quoted market price per share) of the Group on ASX. adjusted for the net assets at reporting date of the Group excluding exploration and evaluation assets. For details relating to the fair value, refer to note 2(d). The fair value of exploration and evaluation assets is included in level 3 of the fair value hierarchy. In the current economic climate, the Directors believe it is prudent to align the carrying value of the Group's exploration and evaluation assets to the market value of the Group. The Directors consider the carrying value as noted is a fair indication of the potential disposal value of the Group's projects in the current market. Given access to new equity funding has been negatively impacted by the current economic climate, the capital markets and the recent significant reduction in the price of oil, the Group's ability to advance its projects through further exploration or exploitation has been significantly reduced. As a result the Director's believe market value to be a reliable measurement methodology.

Fair Value has been determined based on the following:

1. key assumption is a fair value of US$200 (2015:US$300) per acre based on observable data of similar lease sales in areas surrounding Sun's Projects at 30 June 2016;
2. management's approach is to multiply the net acres held by the fair value per acre;
3. this approach is based on a level 2 assessment of the fair value measurement (Note 20 (d)); and
4. there has been no change in the valuation method compared to the prior year.

There is no reasonable change expected in the in observable input, being the comparable sale price position of the Group.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of oil and gas or alternatively sale of the respective area of interest.

8. Exploration and Evaluation Expenditure (continued)

b) Impairment

Expenditure impairment of $12,138,541 (2015: $53,942,724) relates to the write-off of uncommercial wells $9,851,805 (2015: $1,212,711) and impaired Oil Project acres $2,286,736 (2015: $52,730,013).

The Delta, Badger and SW Leona Oil Projects are fully impaired at 30 June 2016. The Normangee Oil Project which includes the Jack Howe #1H well has been impaired except for 687 acres. The Normangee and Southern Oil Projects have been assessed by the Directors for impairment indicators and none noted based on their carrying values and a value of US$200 per acre.

Area of interest	Closing Balance 30 June 2015 US$	Additions during the period US$	Impairment US$	Closing Balance 30 June 2016 US$
Normangee Oil Project	6,863,839	652,332	7,378,771	137,400
SW Leona Oil Project	742,500	201,003	943,503	-
Badger Oil Project	280,200	2,876	283,076	-
Delta Oil Project	-	203	203	-
Southern Woodbine Oil Project	698,100	770	233,470	465,400
	8,584,639	**857,184**	**8,839,023**	**602,800**

c) Cash flows

Capitalised costs amounting to $1,177,162 (2015: $7,095,660) have been included in cash flows from investing activities in the Statement of Cash Flows of the economic entity.

9. Oil and Gas Production Assets

	Consolidated	
	2016 $	**2015 $**
Producing Projects		
- At cost	225,123	742,690
- Net expenses incurred in the year and capitalised	37,506	123,794
- Foreign exchange movement	35,651	190,552
- Expenditure written-off (i) and (ii)	(298,280)	(750,915)
- Amortisation of oil and gas properties	-	(80,998)
- Net carrying value	**-**	**225,123**

i. The fair value of the producing projects was reviewed at 30 June 2016
ii. Production Impairment Expense

10. Trade and Other Payables - Current

	Consolidated	
	2016	2015
	$	$
Trade and Other Payables	1,698,339	4,127,197

Trade and other payables are normally settled within 30 days from receipt of invoice unless otherwise agreed. All amounts recognised as trade and other payables are expected to be settled within the next twelve months. In 2015 Sun provided $2,611,821 to settle the amount due to Amerril Energy LLC in terms of the Amerril Settlement Agreement executed in May 2015 (Note 6).

The following were also recorded as other payables at 30 June 2016:

Richland Bankruptcy

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 with no specified due date of payment. The Group has recognised a US$172,000 liability as part of trade and other payables.

Weatherford Dispute

Sun 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 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 will pay Amerril US$500,000 with Amerril retaining any existing rights to seek additional damages and compensation from Sun, however such claim by Amerril would require a lawsuit by Amerril against Sun and Sun would have all of its rights and defences in such lawsuit. The Group has recognised a US$500,000 liability as part of trade and other payables for this contingency.

11. Borrowings

On the 18 February 2015 the Company entered into a convertible loan facility agreement, (Loan Agreement) with Winform Nominees Pty Ltd (Winform), a subsidiary of Hancock Prospecting Pty Ltd under which Winform would loan A$957,806 to the Company.

On the 30 June 2016 the Company entered into a further modified agreement to extend the term of the convertible loan facility agreement to the 17 February 2018. The effect of this agreement was to transfer the loan from current liabilities to non-current liabilities.

	Consolidated	
	2016	**2015**
	$	**$**
Principal value of convertible loan	957,806	957,806
Interest accrued in prior periods	17,483	-
Interest expense accrued	47,891	17,483
Non-current liability	**1,023,180**	**975,289**

The key terms of the Loan Agreement are as follows:

- The interest payable under the loan is 5% per annum.
- The loan is repayable on the earlier of:
  a) 18 months from 17 August 2016 (2015: 18 February 2015); or
  b) 20 business days after the completion of any capital raising by the Company which raises $5,000,000 or more (Qualifying Capital Raising) or a takeover of the Company.
- Subject to the Company obtaining prior shareholder approval, Winform may elect to receive repayment of the loan through the issue of fully paid ordinary shares in the capital of Sun, instead of cash, to be calculated on the date of conversion by dividing the outstanding sum by the lesser of:
  a) the price per share under a Qualifying Capital Raising; or
  b) a price per share equal to the VWAP of the shares for the five ASX trading days prior to the repayment date noted above.

The Company has also entered into a Security Pledge Deed under which the Company has granted Winform security over Sun's interest in the Badger Oil Project Leases under the Loan Agreement.
The initial fair value of the liability portion of the loan was determined using a market interest rate. This fair value was not materially different to the value of the convertible loan and no further recognition has been completed.

12. Contributed Capital

	Consolidated	
a Contributed Capital	**2016 $**	**2015 $**
5,968,624,433 fully paid ordinary shares (2015: 4,471,492,403)	122,272,127	120,683,972
Cumulative issue costs of share capital	(5,696,821)	(5,561,515)
	116,575,306	**115,122,457**

b Movements in shares on issue	**Date**	**Number of Shares**	**Capital $**
2016			
Ordinary shares			
Opening balance	1 July 2015	4,471,492,403	120,683,972
Share-based payment[1]	6 August 2015	151,706,317	242,730
Share Placement	9 November 2015	699,000,000	699,000
Share-based payment[1]	14 December 2015	122,118,515	122,118
Share-based payment[1]	18 January 2016	107,500,000	107,500
Share placement	21 March 2016	300,000,000	300,000
Share-based payment [1,2]	26 May 2016	116,807,198	116,807
Closing balance		**5,968,624,433**	**122,272,127**

	Date	**Number of Shares**	**Capital $**
2015			
Ordinary shares			
Opening balance	1 July 2014	2,644,944,710	113,417,245
Share Placement	4 September 2014	398,736,175	3,987,362
Rights Issue	9 October 2014	118,436,518	1,184,365
Share Purchase Plan	4 May 2015	579,687,500	927,500
Share Placement	4 May 2015	104,687,500	167,500
Share Placement	29 June 2015	625,000,000	1,000,000
Closing balance		**4,471,492,403**	**120,683,972**

1) Total shares based payment provided was 498,132,030 ordinary shares with a value of $589,155 (Note 5 & 17a)
2) Professor Plimer and Dr Martinick have received shares for the value of $11,011 and $6,694 respectively. However these shares are held in escrow until the necessary Shareholder approvals have been obtained.

13. Share Based Payments Reserve

In the current year the cumulative reserve was $11,239,537 (2015: $11,124,830).

	Consolidated	
	2016 $	2015 $
Opening Balance	11,124,830	11,124,830
Unlisted options issued 17 August 2015 (Note 17b)	114,707	-
Closing balance	**11,239,537**	**11,124,830**

Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees and others but not exercised.
- the grant date fair value of shares issued to employees and others.
- the grant date fair value of performance options issued to third parties to acquire the Delta Oil Project.

14. Foreign Exchange Translation Reserve

In the current year the cumulative reserve was $17,991,179 (2015: $17,444,345)

	Consolidated	
	2016 $	2015 $
Opening Balance	17,444,345	5,333,145
Foreign currency translation	546,834	12,111,200
Closing balance	**17,991,179**	**17,444,345**

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(e) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investments is disposed of.

15. Options Over Unissued Shares

Options

Date Options granted	Expiry date	Exercise price of Options	Number of Options	Vested
Listed Options				
30 September 2014	30 September 2017	$0.025	258,586,308	258,586,308
Unlisted Options				
17 August 2015	17 August 2018	$0.0015	285,000,000	95,000,000
Unlisted Performance Options Class E				
12 September 2012	31 August 2016	$0.001	65,000,000	65,000,000
Unlisted Performance Options Class F				
12 September 2012	31 August 2016	$0.001	75,000,000	75,000,000
Unlisted Expired Options				
8 August 2012	8 August 2015	$0.094	1,000,000	1,000,000
12 September 2012	12 September 2015	$0.105	5,000,000	5,000,000

For details on the Performance Options please refer to the Directors Report, page 21.

16. Capital and Leasing Commitments

Exploration expenditure commitments

The Company has joint venture and statutory expenditure commitments on its areas of interest as at 30 June 2016.

	Consolidated	
	2016 $	**2015 $**
Within one year	-	1,000,000
Later than one year, but not later than five years	-	1,000,000
	-	**2,000,000**

Financial commitments for subsequent periods are contingent upon future exploration results and cannot be estimated.

Oil Projects Lease Renewal

The Company held the following net lease acres at the 30 June 2016:

	Net Acres 30 June 2016	**Net Acres 30 June 2015**
Normangee Oil Project	687	2,282
SW Leona Oil Project	925	4,950
Southern Oil Project	2,327	2,327
Delta Oil Project	124	4,054
Badger Oil Project	24	934

The Company has fully impaired its investments in the Delta, SW Leona and the Badger Oil Projects.

Oil Projects (50% to 100% WI)

All mineral leases currently held under the Normangee Oil Project, and Southern Oil Project are valid for three years from their original inception and are capable of being extended for a further two years, where the leases contain such clauses. Pre-agreed renewal rates are generally between US$200-US$500 per net mineral acre. With successful drilling and fracking across these lease positions, mineral leases would be absorbed into production units that become Held by Production ('HBP'). Other (non HBP leases) would need to be extended by paying cash for their extension typically at a price agreed at the time the original lease is issued.

Non-cancellable operating lease commitments
The Group leases its head office in West Perth, Western Australia under a non-cancellable operating lease expiring on the 14 January 2018.

The Company has provided a bank guarantee for $31,920 as a bond.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated	
	2016 $	**2015 $**
Within one year	95,760	100,247
Later than one year, but not later than five years	51,947	-
	147,707	**100,247**

The Directors are not aware of any other expenditure commitments.

17. Share-based Payments

2016

	Number of Equity instruments	Amount recognised 30 June 2016 $
Ordinary share issues (a)	498,152,030	589,155
Unlisted Options issued during the period (b)	285,000,000	114,707
Total Share based Payment expense		**703,862**

a) Ordinary share issues for the year

The total shares issued for services provided was 498,132,030 with a value of $589,155 (Note 5 & 12).

(i) Issue of shares to Directors

On the 6 August 2015 the Company issued 52,343,750 fully paid ordinary shares with a value of $83,750 to Directors as consideration for services provided.

On the 18 January 2016 the Company issued 107,500,000 fully paid ordinary shares with a value of $107,500 to Directors as consideration for services provided.

On the 26 May 2016 the Company issued 17,704,918 fully paid ordinary shares with a value of $17,705 to Directors as consideration for services provided. These shares are held in escrow pending shareholder approval.

(ii) Issue of shares to Key Management Personnel

On the 14 December 2015 the Company issued 92,769,188 fully paid ordinary shares with a value of $92,769 to key management personnel as consideration for services provided.

On the 26 May 2016 the Company issued 84,660,000 fully paid ordinary shares with a value of $84,660 to key management personnel as consideration for services provided.

(iii) Issue of shares to employees

On the 14 December 2015 the Company issued 16,849,327 fully paid ordinary shares with a value of $16,849 to employees as consideration for services provided.

On the 26 May 2016 the Company issued 14,442,280 fully paid ordinary shares with a value of $14,442 to employees as consideration for services provided.

(iv) Issue of shares to contactors

On the 6 August 2015 the Company issued 99,362,567 fully paid ordinary shares with a value of $158,980 to US contactors as consideration for services provided.

On the 14 December 2015 the Company issued 12,500,000 fully paid ordinary shares with a value of $12,500 to US contactors as consideration for services provided.

b) Unlisted Options issued for the year

	Number of Options	Remuneration for 30 June 2016 $
Directors	105,000,000	42,260
Key Management Personnel	70,000,000	28,174
Employees	35,000,000	14,087
Contractors	75,000,000	30,186
Total	**285,000,000**	**114,707**

The Company issued 285,000,000 options to the Directors, employees and contractors following a General Meeting of the Shareholders on the 31 July 2015. Each option is exercisable at a price of $0.0015 per option and expires on 17 August 2018. The options are valued under the Black Scholes option valuation method as the value of services received were unable to be measure reliably. The inputs used in valuing the option are noted below.

The total valuation of the options was $184,404 of which $114,707 was expensed during the period. Refer to Note 13 for related share based payment reserve movement.

	Total $	Expensed $
Directors	67,938	42,260
Key Management Personnel	45,292	28,174
Employees	22,646	14,087
Contractors	48,528	30,186
Total	**184,404**	**114,707**

The following share-based payments were made through the issue of equity during the year ended 30 June 2016.

Number of unlisted options issued	: 285,000,000
Grant Date	: 31 July 2015
Expiry/Exercise date	: 17 August 2018
Exercise price	: $0.0015
Expected vesting probability	: 100%
Expected volatility	: 120%
Option life	: 3 year
Risk-free interest rate	: 1.90%
Fair value at grant date	: $0.000647

(i) Unlisted Options to Directors

On the 18 August 2015 the Company issued 105,000,000 unlisted options to Directors. A value of $42,260 was recognised during the period in relation to these options.

(ii) Unlisted Options to Key Management Personnel

On the 18 August 2015 the Company issued 70,000,000 unlisted options to Key Management Personnel. A value of $28,174 was recognised during the period in relation to these options.

(iii) Unlisted Options to employees

On the 18 August 2015 the Company issued 35,000,000 unlisted options to employees. A value of $14,087 was recognised during the period in relation to these options.

(iv) Unlisted Options to contactors

On the 18 August 2015 the Company issued 75,000,000 unlisted options to long-term strategic US based consultants. A value of $30,186 was recognised during the period in relation to these options.

2015

No share-based payments were made during the 2015 financial year.

18. Related Party Transactions

a Parent entity

Transaction between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

b Subsidiaries

Interests in subsidiaries are set out in Note 24. Sun Resources NL loaned $4,948,088 (2015: $26,591,470) to wholly owned subsidiaries.

	Consolidated	
c Director and other key Management personnel compensation	**2016 $**	**2015 $**
Short-term employee benefits - paid	592,478	1,393,861
Short-term employee benefits - unpaid	213,208	-
Post-employment benefits	20,822	30,735
Shares for services	286,820	-
Share-based payments (Long-term benefits)	70,435	-
	1,183,763	**1,424,596**

Detailed remuneration disclosures are provided in the remuneration report on pages 13-21.

d Convertible loan from substantial Shareholder

The parent entity entered into a convertible loan facility with Winform Nominees Pty Ltd for $957,806 as detailed in Note 11.

19. Financing Arrangements

The Group and parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated	
	2016 $	**2015 $**
Amounts unused:		
Credit card facilities	58,468	31,000
Amounts used:		
Credit card facilities	**1,532**	**29,000**

20. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the performance of the Group. The Group does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures; preferring instead to hold money in bank accounts in the country and currency where significant expenditure is expected to be incurred. Projected capital expenditure on exploration and production will be funded by cash and capital raising (if required).

Risk management is carried out by the Executives of the Group and approved by the board of Directors.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, leases and shares.

The Group holds the following financial instruments:

	Consolidated	
Financial Assets	**2016 $**	**2015 $**
Cash and cash equivalents	136,068	1,282,255
Other receivables	109,628	2,750,923
	245,696	**4,033,178**
Financial Liabilities at amortised cost		
Payables	**2,721,519**	**5,102,486**

a Market risk

i Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management have established a policy requiring Group companies to manage their foreign exchange risk against their functional currency and hold money in bank accounts in the country and currency where significant expenditure is expected to be incurred.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	Consolidated	
Group	**2016 USD**	**2015 USD**
Cash and cash equivalents (Note 5)	**69,741**	219,666
Receivables	**57,464**	2,020,009

20. Financial Risk Management (continued)

Group sensitivity
Based on the financial instruments held at the 30 June 2016 as listed above, had the Australian Dollar weakened/ strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss for the year would have been $28,141 lower/higher (2015: $292,481 lower/higher), mainly as a result of foreign exchange gains/ losses on translation of US dollar denominated financial instruments as detailed in the above table. The Group has used 10% based on historical averages as reasonable.

ii Price Risk
The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the Statement of Financial Position either as available-for-sale or at fair value through profit or loss. The Group is also exposed to commodity price risk based on the prevailing price of oil and gas.

Available for sale investments
To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio where possible. The majority of the Group's equity investments are publicly traded on the ASX Limited. Currently (for 2016 and 2015) the price risk for listed securities is immaterial in terms of the possible impact on profit and loss or total equity. No sensitivity analysis has therefore been included in the financial report.

iii Cash flow and fair value interest rate risk.

Group sensitivity
Based on the financial instruments held at the 30 June 2016 as listed above, had the Australian Dollar weakened/ strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss for the year would have been $28,141 lower/higher (2015: $292,481 lower/higher), mainly as a result of foreign exchange gains/ losses on translation of US dollar denominated financial instruments as detailed in the above table. The Group has used 10% based on historical averages as reasonable.

Group
To ensure that the Group has adequate liquidity, detailed cash flow analysis is completed on a monthly basis. The Group's main interest rate risk arises from cash and cash equivalents held, which were $136,068 (2015: $1,282,255). These funds are held at various financial institutions at different interest rates as detailed in the tables under liquidity risk. Interest received on these balances were $2,133 (2015: $11,720).

Group sensitivity
Based on the cash and cash equivalent balances held at the 30 June 2016, and assuming that the allocation between term deposits and other cash balances was maintained had the interest rates weakened/strengthened by 10% and all other variables held constant, the Group's post-tax loss for the year would have been $213 lower/higher (2015: $1,172 lower/higher). The Group has used 10% based on historical averages as reasonable.

b Credit risk
Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently related parties with a minimum rating of "A" are accepted. Customers are reviewed taking into account their financial position, past experience and other factors for compliance with credit limits. Historically, the Group has not had any issues with credit quality and late payment.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets summarised below:

	Consolidated	
	2016 $	**2015 $**
Other receivables (Note 6)	**109,628**	2,750,923

c Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

20. Financial Risk Management (continued)

Maturities of financial assets and liabilities

2016 Consolidated

	Note	Floating interest rate (i) 0-6 Months	0-6 months	Fixed interest rate 7-12 months	Between 1-2 years	Non-interest bearing 0-6 months	Total	Carrying amount as at 30 June 2016	Average interest rate Floating (i)	Average interest rate Fixed
		$	$	$	$	$	$	$	%	%
Financial assets										
Cash assets	5	136,068	-	-	-	-	136,068	136,068	2.3	-
Term deposits	5	-	-	-	-	-	-	-	-	2.6
Other receivables		-	-	-	-	109,628	109,628	109,628	-	-
		136,068	**-**	**-**	**-**	**109,628**	**245,696**	**245,696**		
Financial liabilities										
Payables	10	-	-	-	-	1,698,339	1,698,339	1,698,339	-	-
Borrowings	11	-	-	-	1,101,739	-	1,101,739	1,023,180	-	5
		-	-	-	1,101,739	1,698,339	2,800,078	2,721,519		
Net financial assets		**136,068**	**-**	**-**	**(1,101,739)**	**(1,588,711)**	**(2,554,382)**	**(2,475,823)**		

2015 Consolidated

	Note	Floating interest rate (i) 0-6 Months	0-6 months	Fixed interest rate 7-12 months	Between 1-2 years	Non-interest bearing 0-6 months	Total	Carrying amount as at 30 June 2015	Average interest rate Floating (i)	Average interest rate Fixed
		$	$	$	$	$	$	$	%	%
Financial assets										
Cash assets	5	1,282,255	-	-	-	-	1,282,255	1,282,255	2.3	-
Term deposits	5	-	-	-	-	-	-	-	-	3.0
Other receivables	6	-	-	-	-	2,750,923	2,750,923	2,750,923	-	-
		1,282,255	-	-	-	**2,750,923**	**4,033,178**	**4,033,178**		
Financial liabilities										
Payables	10	-	-	-	-	4,127,197	4,127,197	4,127,197	-	-
Borrowings	11	-	-	-	1,029,707	-	1,029,707	975,289	-	5
		-	-	-	1,029,707	4,127,197	5,156,904	5,102,486		
Net financial assets		**1,282,255**	**-**	**-**	**(1,029,707)**	**(1,376,274)**	**(1,123,726)**	**(1,069,308)**		

20. Financial Risk Management (continued)

d Fair value measurement of financial instruments

i Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision for trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

The carrying value of the borrowings is equal to the fair value cash flows at the reporting date.

ii Fair value hierarchy

During the year ended 30 June 2016, there were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were also no transfers into or out of level 3 during the year.

Level 1: the fair value of financial instruments traded in active markets is based on quoted market prices at the end of the market period.
Level 2: the fair value of financial instruments not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.
Level 3: if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The exploration expenditure value was determined as level 2 (Note 8). The fair value of US$200 per acre is based on observable data of similar lease sales in areas surrounding Sun's Projects at 30 June 2016.

The convertible loan with Winform is determined as level 3 (Note 11). A significant input is not based on observable market data. Refer below for further detail of the valuation technique.

iii Recognised fair value measurements

The following financial instruments are subject to recurring value measurements:

	Consolidated	
	2016 **$**	**2015** **$**
Financial liabilities		
Convertible loan (Level 3)	**1,023,180**	957,806

iv Valuation techniques used to determine level 3 fair values

The fair value of the Winform convertible loan is determined using internally prepared discounted cash flow valuation technique using a combination of observable inputs (such as Share price and the terms of conditions of the convertible loan as disclosed in Note 11) and unobservable inputs (the probability or fact of Sun achieving a Qualifying Capital Raising per Note 11) to calculate the present value of estimated future cash flows. The Company has determined that there is a relationship between the unobservable inputs and the fair value but do not consider it to be material unless there is a change in the terms and conditions of the convertible loan.

21. Interest in Joint Venture Operations

The consolidated entity's share of assets employed in joint ventures, referred to in the "Review of Activities" set out on pages 5 to 6 and in the "Tenement Directory" on page 5, are included in the Consolidated Statement of Financial Position under the classifications shown below. The joint ventures do not have separate books of account and relate solely to contribution/interest in a well or expenditure on an area of interest. This is distinct from operating/producing joint ventures, which have assets and liabilities. Please refer to "Tenement Directory" for details of the Company's percentage interest in each joint venture area.

	Consolidated	
	2016 $	**2015 $**
Oil and gas properties	**812,500**	10,299,110

22. Contingencies

Other than the contingent liabilities recorded at 30 June 2016 disclosed in Note 10, the following contingent commitment was identified.

TDoubleJ Dispute

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.

23. Parent Entity Information

The following details information related to the parent entity, Sun Resources NL at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	Parent	
	2016 $	2015 $
Current assets	276,257	1,376,816
Non-current assets	58,679	10,344,500
Total assets	**334,936**	**11,721,316**
Current liabilities	378,159	271,049
Non-current liabilities	1,023,100	975,289
Total liabilities	**1,401,259**	**1,246,338**
Contributed equity	116,575,306	115,122,457
Accumulated losses	(128,881,166)	(115,772,309)
Share based payment reserve	11,239,537	11,124,830
Total equity	**(1,066,323)**	**10,474,978**
Loss for the year	(13,108,857)	(44,872,600)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive loss for the year	**(13,108,857)**	**(44,872,600)**

24. Investment in Controlled Subsidiaries

Sun Resources NL and its subsidiaries:		**Country of Incorporation**	**2016 Equity Holding %**	**2015 Equity Holding %**
Sun Resources NL (parent entity)	a	Perth, AU	100	100
Sun Resources (Investments) Pty Ltd	b	Perth, AU	100	100
Sun Shale Ventures Inc.	c	Texas, USA	100	100
Sun Delta Inc.	d	Colorado, USA	100	100
Sun Beta LLC	d	Colorado, USA	100	100
Sun Woodbine Inc.	e	Texas, USA	100	100
Sun Eagleford LLC	f	Texas, USA	100	100
Sun Operating LLC	g	Texas, USA	100	100
Sun Southern Woodbine LLC	h	Texas, USA	100	100

a) The ultimate parent entity is Sun Resources NL.
b) Sun Resources (Investments) Pty Ltd carries out general investment activities.
c) Sun Shale Ventures Inc. is the US parent entity.
d) Sun Delta Inc. and Sun Beta LLC carry out oil exploration and production in the USA.
e) Sun Woodbine Inc. holds rights to exploration leases.
f) Sun Eagleford LLC holds rights to leases for the Badger Oil Project.
g) Sun Operating LLC acts as Operator.
h) Sun Southern Woodbine LLC holds rights to exploration leases.

All of the above subsidiaries are economically dependent on Sun Resources NL.

25. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Parent	
	2016 $	**2015 $**
a Audit services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	**45,481**	53,352
Total remuneration for audit services	**45,481**	**53,352**
b Non-audit services BDO Tax		
BDO (WA) Pty Ltd Taxation		
Compliance services	**11,730**	15,185
Other	**-**	9,750
Total remuneration for non-audit services	**11,730**	**24,935**

It is the Group's policy to employ BDO on assignments additional to their statutory audit duties where BDO expertise and experience to the Group are important. These assignments are principally tax compliance services and it is the Group's policy to seek competitive tenders for all major consulting projects.

26. Loss per Share

	Parent	
	2016 $	**2015 $**
Loss used to calculate basic loss per share	**(13,961,879)**	(56,984,807)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**5,224,331,333**	3,170,835,887

Diluted loss per share is not reflected as the result is currently anti-dilutive in nature. The issued options however, could be potentially dilutive in the future.

27. Events after the Reporting Date

The following events occurred subsequent to the end of the year:

- Consolidation of the Sun's share capital on a 25 to 1 ratio was completed on the 19 August 2016;
- The Company is currently completing a capital raise through a non-renounceable Rights Issue of one New Share for every two Shares held by Eligible Shareholders at the record date of 16 September 2016 at an issue price of $0.01 each per New Share to raise approximately $1,320,528 before costs, with one free-attaching New Option for every one New Share allotted. The New Options will be exercisable at $0.01 each on or before the date which is four years from their date of issue and the issue is expected to be completed around the 21 October 2016; and
- The Rights Issue is fully underwritten by Fast Lane Australia Pty Ltd who has also agreed to provide Sun with a bridging loan up to a maximum $100,000 to allow the Company to complete the Rights Issue process. At 27 September 2016, $30,000 of this loan had been drawn down.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group Entity, to affect significantly the operations of the Group Entity, the results of those operations, or the state of affairs of the Group Entity, in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Sun Resources NL (the "Company"):

a) the consolidated financial statements and notes that are set out on pages 40 to 74 and the Remuneration report on pages 13 to 21 in the Directors' report, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

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

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2016.

3. The Directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with the resolution of the Directors:

Mr Matthew A Battrick
Managing Director and Chief Executive Officer
Perth, Western Australia
27 September 2016

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Fax: +61 8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Sun Resources NL

Report on the Financial Report

We have audited the accompanying financial report of Sun Resources NL, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Sun Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Sun Resources NL is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Sun Resources NL for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO

Wayne Basford
Director

Perth, 27 September2016

ADDITIONAL SHAREHOLDER INFORMATION

The issued capital of the Company as at 19 September 2016 is 264,105,691 ordinary fully paid shares, 10,343,545 listed options at 62.5 cents each expiring 30 September 2017 and 11,400,000 unlisted options at 3.75 cents each expiring 17 August 2018.

Distribution of Shareholding as at 19 September 2016

	Fully Paid Ordinary Shares
Number of Shareholders	3,406
Percentage of holdings by twenty largest holders	57.96
Holders of less than a marketable parcel	2,978
Number of holders in the following distribution categories:	
0 - 1,000	355,254
1,001 - 5,000	2,575,453
5,001 - 10,000	3,084,883
10,001 - 100,000	31,221,486
100,001 and over	226,868,615
	264,105,691

On-market buy-back

There is no current on-market buy-back.

Voting Rights

Ordinary Shares

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Unlisted Options

Unlisted options have no voting rights until such options are exercised as fully paid shares.

Performance Options

Unlisted Performance Options have no voting rights until such options are exercised as fully paid shares.

Directors' Shareholding as at 19 September 2016

The interest at 26 August 2016, of the Directors in the shares of the Company are as follows:

	Fully Paid Ordinary Shares	Unlisted Options
Dr Jaap Poll	-	-
Mr Matthew Battrick	3,332,868	1,400,000
Mr Alexander Parks	-	-

ADDITIONAL SHAREHOLDER INFORMATION

Twenty Largest Shareholders

The names of the twenty largest Shareholders as at 19 September 2016:		**No. of Shares**	**Percentage**
1	FAST LANE AUSTRALIA PTY LTD	42,998,939	16.28
2	WINFORM NOMINEES PTY LTD	24,707,477	9.36
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,908,314	6.78
4	AMERRIL ENERGY LLC	13,078,364	4.95
5	ROJO NERO CAPITAL PTY LTD	8,021,125	3.04
6	CM SUPER FUND PTY LTD <CAROL MCCOLL SUPER FUND A/C>	6,000,000	2.27
7	STEKAT RESOURCES LIMITED	5,200,000	1.97
8	CORPSERV PTY LTD	4,683,168	1.77
9	MR MATTHEW ARTHUR BATTRICK + MRS JAYNE PATRICIA BATTRICK <BATTRICK FAMILY A/C>	3,332,868	1.26
10	BELLARINE GOLD PTY LTD <RIBBLESDALE SUPER FUND A/C>	3,250,000	1.23
11	MR ARASH DOUDMAN	3,000,000	1.14
12	JDK NOMINEES PTY LTD <KENNY CAPITAL A/C>	2,999,637	1.14
13	A N SUPERANNUATION PTY LTD <ANNE NEATE SUPER FUND A/C>	2,775,000	1.05
14	MR BRETT SCHMARR	2,500,000	0.95
15	EAGLEWOOD ENERGY LLC	2,493,613	0.94
16	DJT SUPER PTY LTD <TATUM SUPER FUND A/C>	2,455,000	0.93
17	PAUL & LIA SUPERANNUATION PTY LTD <PAUL & LIA SUPER FUND	2,040,000	0.77
18	HAIFA PTY LTD	2,000,000	0.76
19	FAISAL A SHAH PLLC	1,875,000	0.71
20	DARBY SMSF PTY LTD <DARBY SUPER FUND A/C>	1,754,264	0.66
	Totals: Top 20 Holders Of Ordinary Fully Paid Shares (Total)	**153,072,769**	**57.96**
	Total Remaining Holders Balance	**111,032,922**	**42.04**

a) Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is contained on pages 25-38.

b) Shareholding

1. Substantial Shareholders

Names of the substantial Shareholders listed on the Company's register at 19 September 2016 in accordance with the section 671B of the Corporations Act 2001 are:

Name	**No. of Shares**	**Percentage**
FAST LANE AUSTRALIA PTY LTD	42,998,939	16.28
WINFORM NOMINEES PTY LTD	24,707,477	9.36
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,908,314	6.78

2. Unquoted Securities

Class of Equity Security	Number	Number of Security Shareholders
Unlisted Options at 3.75 cents each expiring 17 August 2018	11,400,000	11

Company Secretary

The name of the Company Secretary is Mr Craig Basson.

Registered Office

The address and telephone details of the registered and administrative office:

Level 2, 30 Richardson Street
West Perth, Western Australia, 6005

Telephone: + (61) 8 9321 9886
Facsimile: + (61) 8 9321 8161

Securities Register

The address and telephone number of the office at which a registry of securities is kept:

Computershare Investor Services Pty Ltd
Level 11,172 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 (8) 9323 2000
Free line: 1300 850 505
Facsimile: +61 (8) 9323 2033

Securities Exchange

The Company's listed equity securities are quoted on the Australian Securities Exchange.

Restricted Securities

The Company has no restricted securities at the current date.

SUN
resources NL

ABN 69 009 196 810

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SUN RESOURCES NL ANNUAL REPORT
FOR THE PERIOD ENDING 30 JUNE 2016