



SUN
resources 

INVESTOR PRESENTATION

BOWSPRIT PROJECT
CONVENTIONAL OIL DEVELOPMENT:
OFFSHORE LOUISIANA

Alex Parks
Managing Director and CEO

April 2018

▪ Focus on Gulf of Mexico Conventional Oil

- *Sun has made a strategic shift to development of oil reserves in a neglected portion of Gulf of Mexico with Joint Venture “JV” participant Pinnacle Exploration Pte Ltd “Pinnacle”*
- *Sun secured a 50% working interest in 1,154 acres leased in Breton Sound Area, inland shallow waters offshore Louisiana 70km southeast of New Orleans*

▪ The Bowsprit Lease

- *Lease contains a field first developed by Shell in the 1960s for deep gas (450ft column)*
- ***Oil & gas has been proven to flow from shallower oil zones but was sub commercial to fully develop in 1960s***
- *The field is a re-development project with proven, conventional, good quality reservoir, light-sweet oil*
- ***Minimum economic field size is ~0.5MMbbls***
- ***The Conceptual Development plan assumes (gross) 2.5MMbbls of oil from 5 wells, with a Breakeven oil price of ~US\$30/bbl.***
- *Sun’s net (50%) 2C Contingent Resources is independently estimated by RISC as **0.5MMboe** (0.38MMbbls + 0.42Bscf)*
- *Sun’s net (50%) (Best Case) Prospective Resources (unrisked) independently estimated by RISC as **(1MMboe)** (0.86MMbbls + 0.83Bscf)*
- ***RISC modelled a 1,200ft Horizontal Bowsprit well at IP of 2,000bopd and an EUR of 670,000 bbls***
- *Cost for a **horizontal well only US\$3.25 million**, substantially to be funded via farm out.*
- *To prove the field potential, JV is targeting drilling appraisal well in Q4 2018*
- *Full field development and first oil in 2019.*

Capital Structure: As at 1 April 2018

ASX code	SUR
Ordinary shares on issue	756m
Listed options (A\$0.01) exp. 19 October 2020	393.8m
Listed options (A\$0.06) exp. 31 May 2019	192.09m
Unlisted options (A\$0.0375)	2.7m
Share price as at 1 April 2018	A\$0.007
Market capitalisation (@ A\$0.007)	A\$5.3m
Cash at 31 December 2017	A\$653k

Top Five Shareholders: As at 1 April 2018

Fast Lane Aust. P/L	19.79%
CM Super Fund P/L	4.49%
Mrs Noreen McColl	3.30%
Winform Nominees P/L	3.27%
Bellarine Gold P.L	3.07%
Total	33.92%

Note: The top 20 shareholders, including Board, hold 59.92% of shares currently on issue.

Share Price History: As at a 27 March 2018



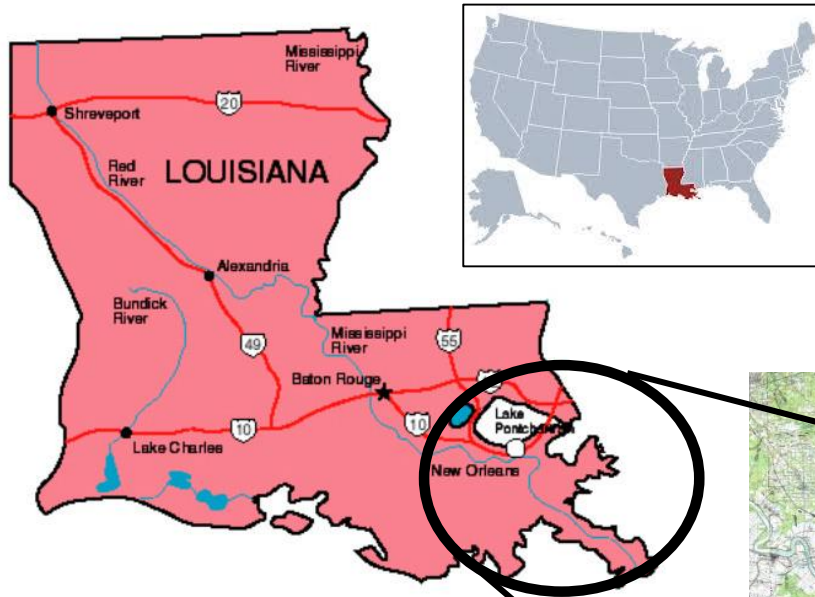
Board of Directors

Mr Ian McCubbing	Non-Executive Director, Chairman
Mr Alex Parks	Managing Director & Chief Executive Office
Mr William Bloking	Non-Executive Director

Convertible Note

Sun has a convertible note with Winform Nominees P/L (a subsidiary of Hancock Prospecting) for \$1million plus interest. The loan is repayable out of future production from Bowsprit by 31 March 2021

Focus Area - Breton Sound, Louisiana

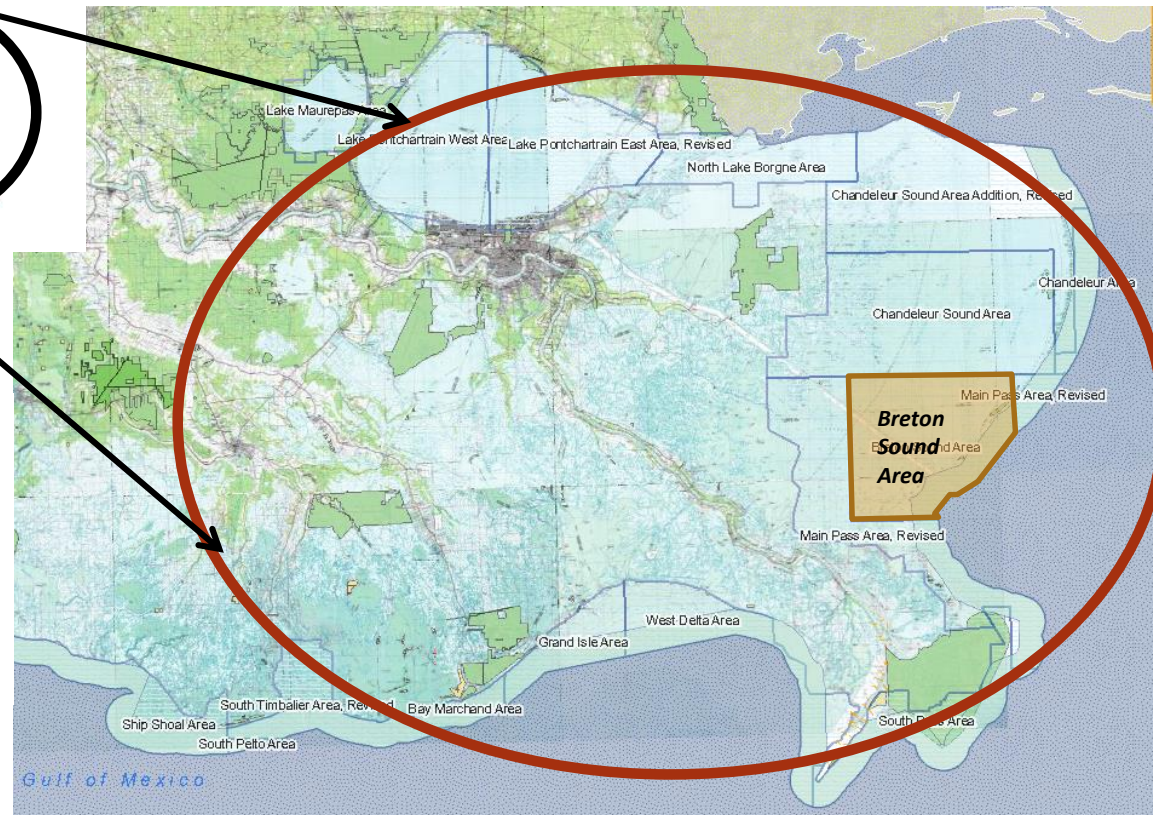


Prolific Hydrocarbon Province

- *St Bernard & Plaquemines Parishes (Red Oval) have produced 1.2 billion bbls of oil and 5.2 Tcf of gas since 1978*
- *Favourable sedimentary circumstances combine with a variety of structures to provide excellent conditions for accumulation*
- *Miocene sediments have yielded more than three billion barrels of oil from approximately 380 fields along the Louisiana Gulf Coast*

Oil-rich Eastern GoM Fairway

- *Shallow water, barge accessible*
- *Production & Sales infrastructure adjacent*
- *Services & equipment available locally*
- *Assessed to be commercial at current oil prices*

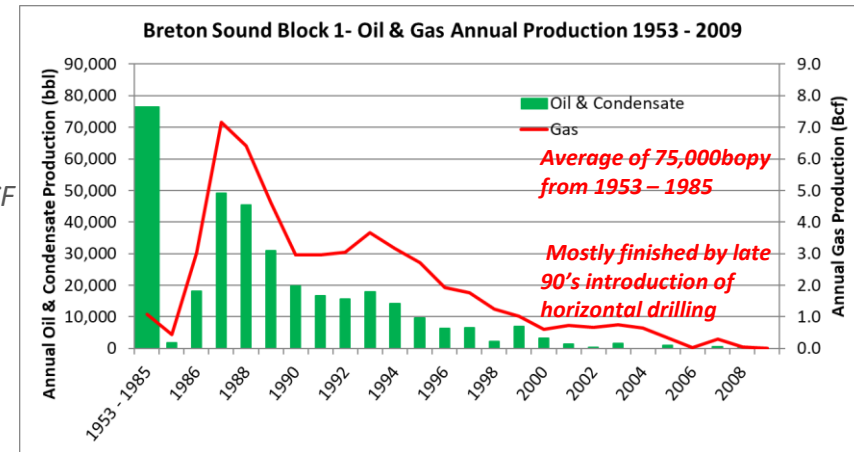


Breton Sound – Bowsprit Project



Bowsprit Lease in Gulf of Mexico

- Located offshore Louisiana, 70km southeast of New Orleans
- Prolific hydrocarbon province neglected since 1990's
- In Breton Sound area which has produced over 134 MMbbls and 650BCF between 1950 to 1998 from hundreds of wells
- Favourable fiscal regime, shallow water, low cost, highly serviced area
- No work commitment on 3 year lease



Breton Sound Block 1 - Oil & Gas Annual Production 1953- 2009

50/50 Sun and Pinnacle JV – Bowsprit Lease History

- Shell discovered deep field in 1955
- Produced gas & condensate for 25+ years from deeper zones
- 1Bscf & 75k bbls of oil produced from 7,200' & 7,400' sand from vertical wells
- Stacked zones with up to 55' feet of oil column in target sand, in < 4m of water and close to infrastructure
- Extensive existing infrastructure, ready offtake arrangements and low unmanned operating costs
- Sands are thin for vertical offshore wells but horizontal wells should increase IP's and EUR's to commercial volumes
- Horizontal well in nearby analogous field was production tested at 1,500bopd. RISC modelled a 1,200ft horizontal crestal well in Bowsprit capable of IP of 2,000bopd and EUR of 650,000bbls (Ref ASX release 5 April 2018)
- Up to 5 horizontal wells to be drilled into main target sand at 7,400 ft, constrained to an average IP of ~1,000bopd to extend field life
- Secondary potential in undeveloped shallower oil reservoirs.

RISC Advisory Ltd has probabilistically estimated the following contingent and prospective resources for the Bowsprit Project as of 15 March 2018:

RISC's independent estimate of resources net to Sun's 50% working interest within polygon of held leases at 15 March 2018.

	Contingent Resources			
Sand	1C	2C	3C	Units
7,200'	0.07	0.21	0.38	Bscf
7,400'	0.04	0.38	0.85	MMbbls
7,400' Associated Gas	0.04	0.42	0.95	Bscf

Contingent on appraisal well confirming horizontal well deliverability at commercial rates

	Unrisked Prospective Resources			
Sand	Low	Best	High	Units
7,400' Deep	0.05	0.86	3.04	MMbbls
7,400' Deep associated Gas	0.05	0.83	4.44	Bscf

Contingent on appraisal well confirming "resistivity kick" on logs is actually moveable oil

RISC assesses the chance of success for the prospective resources as 20% (1 in 5)

Due to the old data set, RISC have assumed a wide range of parameters, that will narrow dramatically once an appraisal well is drilled

See ASX Release of 5 April 2018 for the full Initial Resource Assessment disclosure and Cautionary Statements

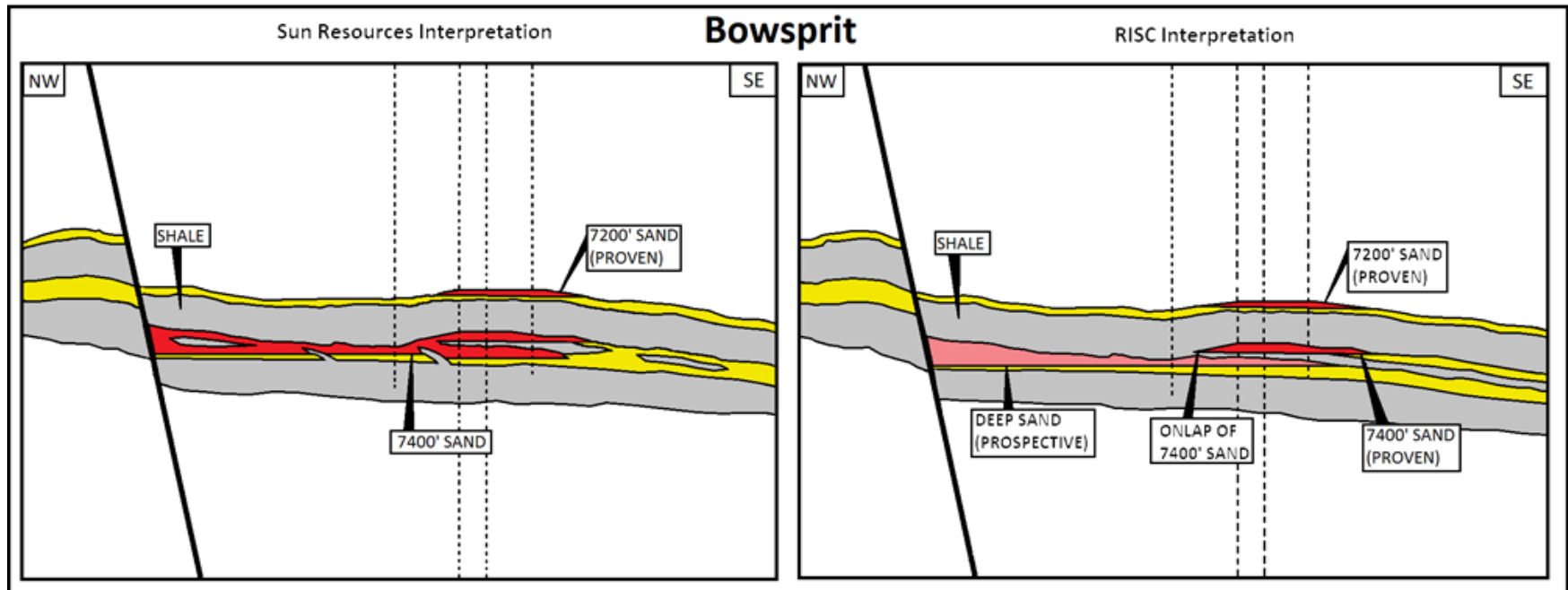
Sun's Conceptual Field Development Plan

- An appraisal well is planned for Q4 2018 to:
 - Establish the Prospective Resources are present and moveable (Sun interprets oil on logs)
 - A Horizontal section will be drilled and flow tested to prove deliverability of Contingent Resources
- Subject to results of the appraisal well – Sun estimates approximately 2.5MMbbls of Oil and 3.5Bscf of Gas may be produced from 5 horizontal development wells with a breakeven oil price of ~US\$25-30/bbl

Bowsprit Cross Section

Field schematic and alternative interpretations

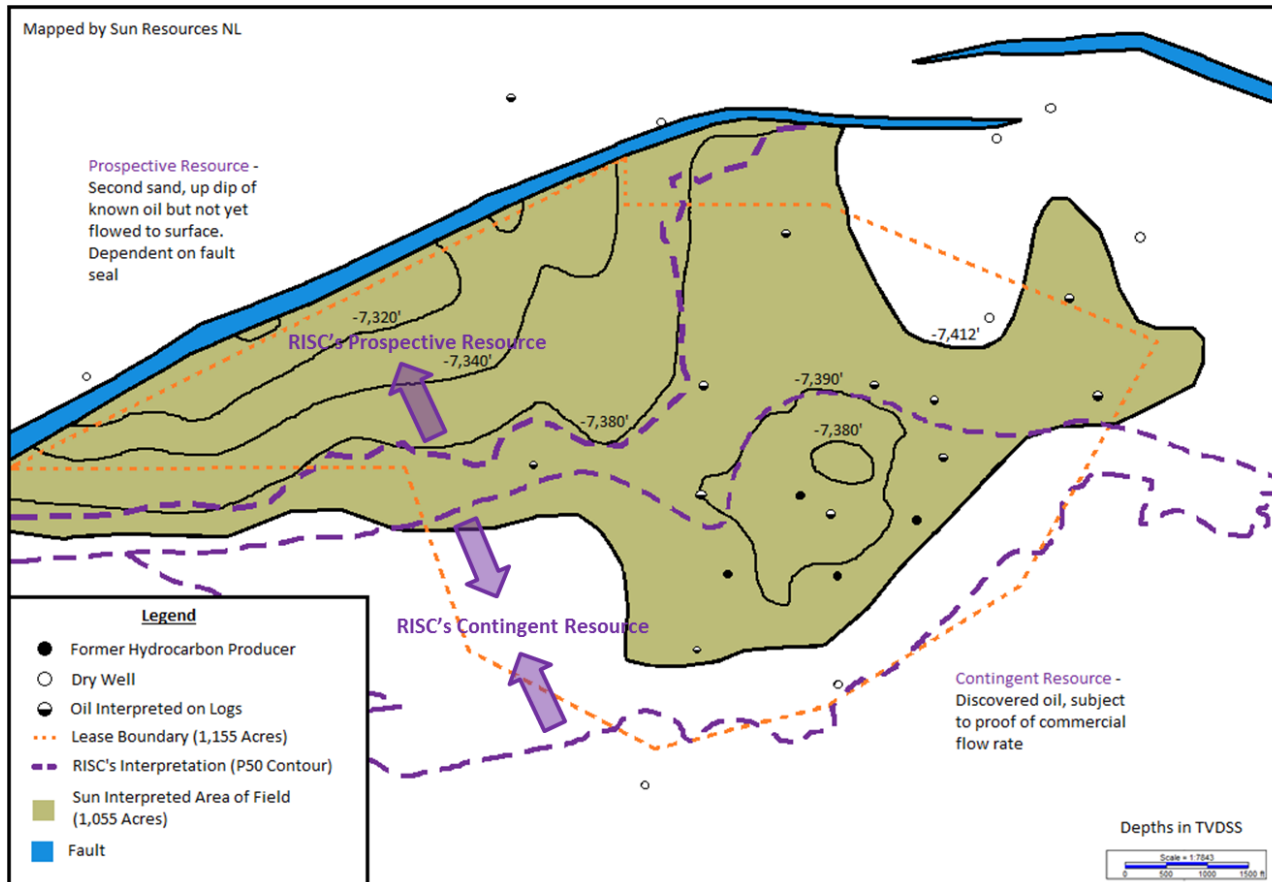
- The Bowsprit Field is covered by high quality 3D seismic, it has an area of approximately 1,000 acres (4km²)
- The gas in the 7,200' sand stands out on seismic and conforms to structure. The 7,200' sand is juxtaposed against the 7,400' sand to the north of the fault and appears to be water saturated beneath the gas.
- The 7,400' sand contains moveable oil (57,800bbls produced) and appears to juxtapose against a thick shale to the north of the fault.
- RISC separate the 7,400' into two sands. Sun interprets it as one zone with interbedded sand and shales.



Bowsprit Top Structure Map

Map and Area of Contingent Resources, Prospective Resources and Sun's Top Structure Map

- Sun maps a package of sands under the 200ft thick shale that separates the 7,200' and 7,400' zones.
- RISC maps an onlap (7,400' sand) and underlying deeper sand (7,400' deep)
- Overall the mid case volumetric estimates are similar
- Sun and Pinnacle acquired lease extension in March 2018 to cover the drillable area of the field.



RISC Advisory Ltd has probabilistically estimated the following STOIIP & GIIP for the Bowsprit Project as of 15 March 2018:

	Potential Hydrocarbons Initially in Place			Units	Status
	P90	P50	P10		
Sand					
7,200'	1.47	1.89	2.37	Bscf	Proven in Place Flowed 18,000bbls and 1Bscf in 1960's
7,400'	0.7	5.01	12.6	MMbbls	Proven in Place Flowed 57,700bbls in 1960's
7,400' Deep	0.99	11.8	49.00	MMbbls	Prospective Possible separate sand unit. Up dip of know (flowed) oil, resistivity on logs, but not yet flowed to surface

Cautionary Statement – See ASX release 5 April 2018 for detailed Initial Resource Assessment and full cautionary Statements
RISC assesses the chance of success for the prospective resources as 20% (1 in 5)

Recovery Factor

- RISC constructed a simple simulation model of the field and concluded a horizontal well placed crestally in the field could produce at initial rates of 2,000bopd and expect an EUR of approximately 650,000 bbls of oil.
- RISC has assumed a Recovery Factor of 15% to 25% of the Field STOIIP assuming full field development.
- Subject to confirmation of well deliverability RISC estimates P50 EUR for 7,400' sand (whole Structure) as 0.97MMbbls + gas
- Subject to Prospective Resources being present and moveable RISC estimates P50 EUR for 7,400' Deep sand (whole Structure) as 2.33MMbbls + gas

Deterministic Planning Case

- SUN Deterministic Case – Sun's Best Case map used for development planning has a STOIIP of 12.5MMbbls and 2.5MMbbls (20%) recoverable.

Bowsprit Development Plan Progress

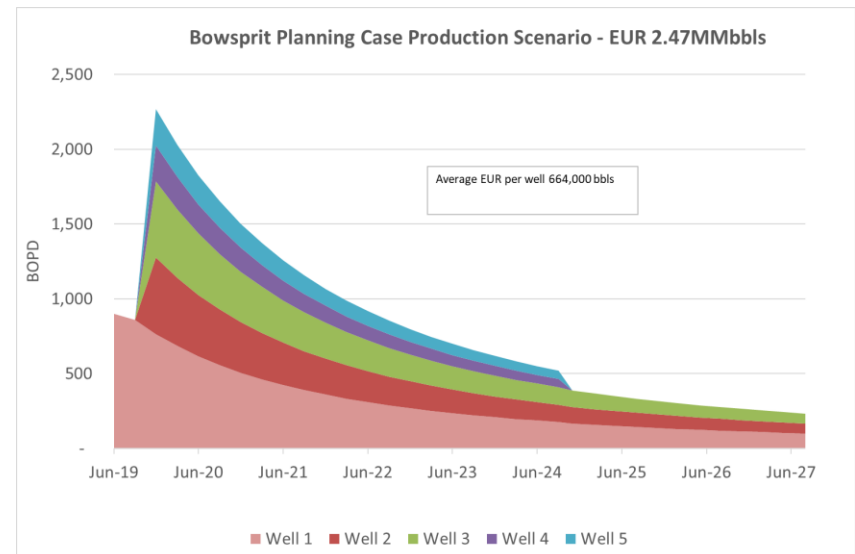
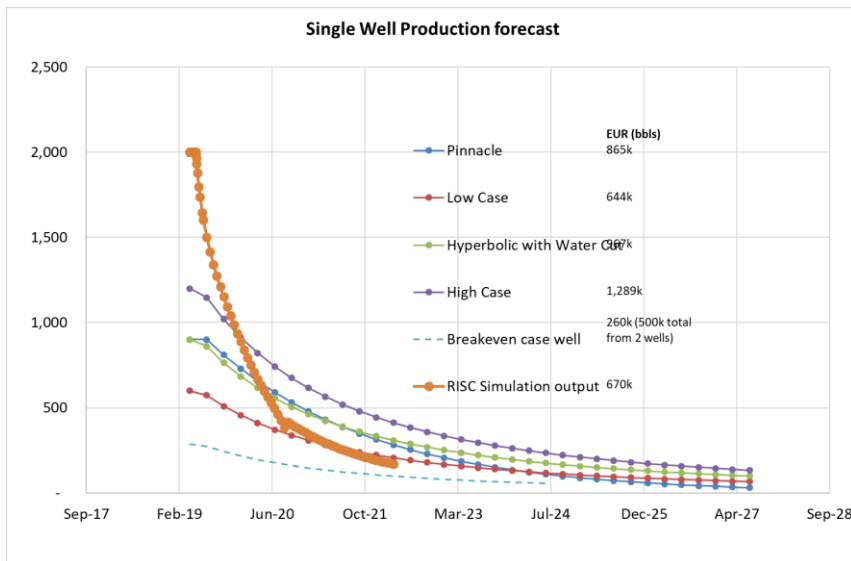


Implementation Team Appointed

- Louisiana based FensterMaker have been appointed to survey & permit the well and facility site location.
- Louisiana based Brammer Engineering have been appointed to implement the project
 - Provided Pre- AFE well cost estimates, CAPEX and OPEX estimates based on local experience
 - Is to provide (in conjunction with Sun), detailed well engineering, rig selection and well drilling management
 - Is to provide facilities design and installation management
 - Potential future sub-contract Field Operator and HS&E services

Well and Field Production Forecasting

- Sun / Pinnacle & RISC have independently predicted single well production forecasts for a range of scenarios
- A field forecast has been assumed for a combination of well types for economic modelling to give an average EUR of ~650,000bbls/ well and field recovery of 2.5MMbbls



Bowsprit Field: Conceptual Development Plan

Conceptual Development

2.5MMbbls & 3Bscf of associated gas is produced

- 5 horizontal wells
- Unmanned production facility
- 2.5km parallel export pipelines to tie in point
- OPEX ~US\$1.8 million per annum for 5 Years
- Royalty payable to State of Louisiana

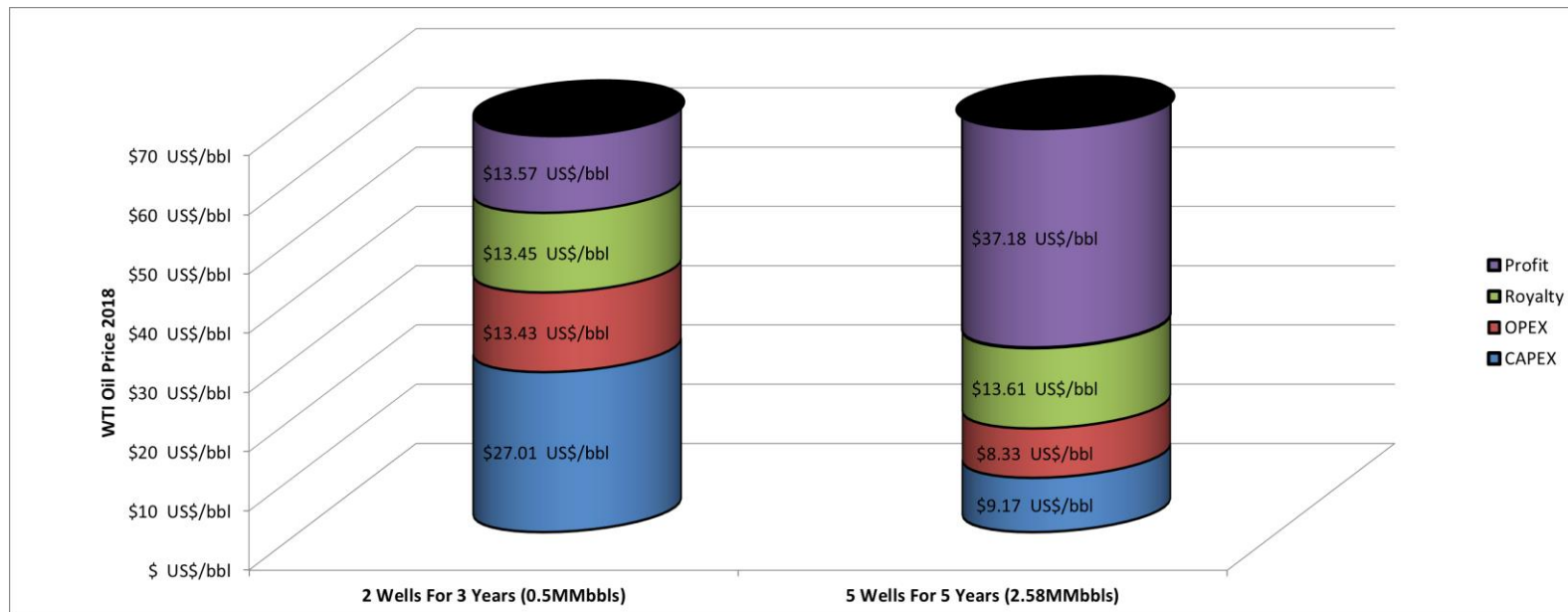
US\$ 15.25 million
 US\$ 4.5 million installed
 US\$ 0.6 million installed
 US\$ 9.00 million
 21%

Source

Brammer Engineering (pre AFE)
 Checked by Brammer
 Brammer Engineering (pre AFE)
 Checked by Brammer

*Assumed export Tariff of ~US\$3/bbl offset by anticipated premium to WTI

As most costs are essentially fixed – the more oil produced the higher the profit margin



Fit for Purpose, Low Cost Development Options



Shallow-draft barge Drilling rig



Suspended well with protection cage



Typical Production Facility



Production Facility



Typical well head with walk way to facilities



Storage tanks with walk way to well head

Schedule to First Oil



August 2017

March 2018

April 2018 - September 2018

April 2018 - September 2018
~October 2018

November 2018 – March 19

Feb 2019

~Q2 2019

June 2018 – October 2018

Award of Bowsprit Lease - triggers Sun and Pinnacle JV, JOA

Award of Second Lease & Resource Certification Announcement Bowsprit

Development planning and farm-out of first well

Well permitting and rig selection

Drilling well 1

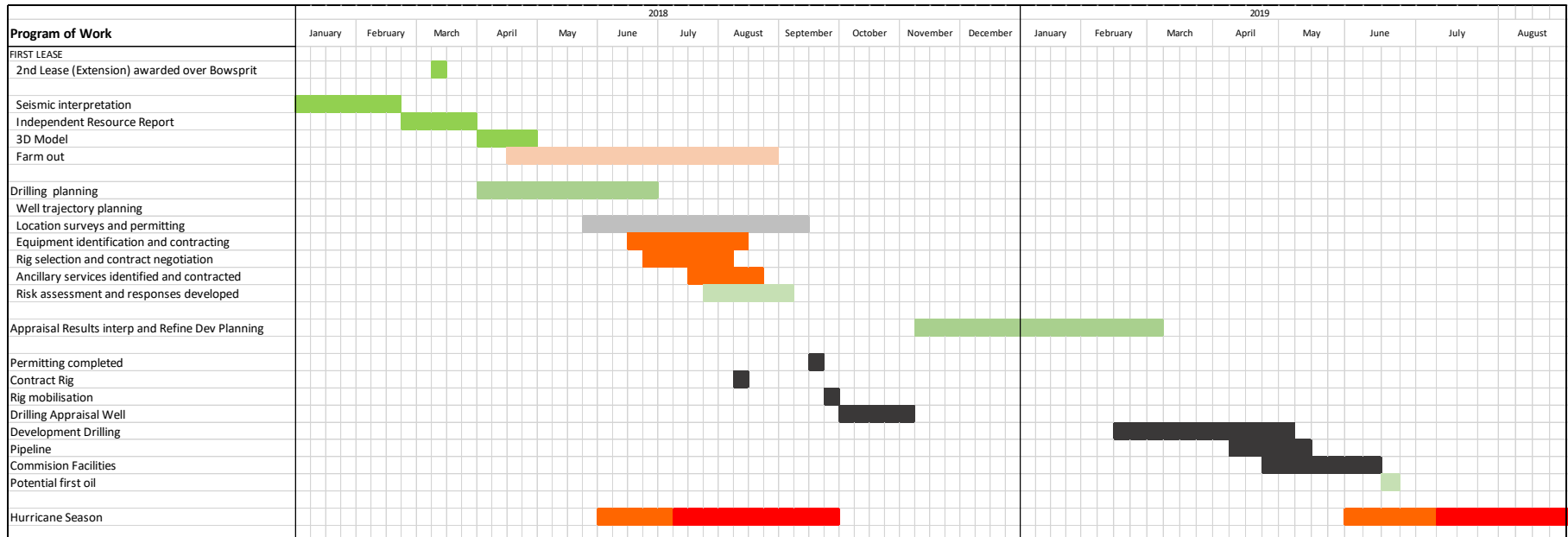
Facilities - selection, permitting, & installation

Commence follow up development drilling 2-4 wells

Facilities commissioning & **First Oil**

Data purchase, technical review of follow up acreage (3-4 months)

Lease nomination, bid and award (3-4 months) Work up and Farm out



Domestic US Companies are focused on capital intensive “harvest” of unconventional oil leaving a rich plethora of conventional opportunities in shallow water GOM with minimal competition

Over a multi-year period of working the shallow water east of New Orleans, Sun's coventurer Pinnacle has identified other potentially undeveloped oil accumulations that offer a reasonable probability of commerciality and form the basis for a regional focus strategy, with near term production and running room / upside

▪ **Foundation Asset – Bowsprit Lease (Sun 50%)**

- *Primary field on known accumulation with redevelopment potential*
- *3D modelling and visualization, development plan work up and farm out to (partially) fund development drilling*
- *Drill & flow test to prove commercial rates*
- *Install production facilities produce first oil – 2-4 further development wells*
- ***Sun's prime focus will be on progressing Bowsprit to production ASAP***

▪ **Expansion - Concurrently identify and secure follow up Projects 2/3/4 (Sun 75%)**

- *Data purchase and detailed work up of opportunities, development and appraisal concepts*
- *Nominate and secure acreage*
- *Detailed planning and desk top work, FEED etc*
- *Fund development planning from Bowsprit cashflow and farm out to fund drilling / development*

▪ **Long Term Growth**

- *Identify new exploration to acquire in the area and use new, cable-less 3D Seismic to identify deeper fields.*
- *Use Quantitative Seismic Interpretation techniques on areas never before covered by high resolution 3D Seismic*

JV Participants

Pinnacle Exploration Pte. Ltd. ("Pinnacle") is a private, upstream oil and gas company incorporated in Singapore. Pinnacle's focus and expertise is the shallow water, oil and gas projects in the prolific Salt Dome Basin, Gulf of Mexico.

The Sun and Pinnacle Boards are well known to each other as former colleagues and anticipate a highly functioning Joint Venture. The Companies have executed a MoU, to jointly acquire and develop projects offshore Louisiana.

In accordance with the MoU, Sun carried Pinnacle through leasing costs for Bowspirt, at 50/50. In subsequent projects Sun will hold 75% WI and carry Pinnacle in leasing costs for 2 years. Carry does not include any drilling or operations. Sun has subscribed to a strategic shareholding in Pinnacle in exchange for ~A\$200,000. The project selection and management will be a collaborative effort between Sun and Pinnacle.

Ian McCubbing
Chairman



- GAICD Professional Director & Chartered Accountant with 30 years of Corporate Experience.
- 15 years with resource companies including Eureka Energy, Territory Resources, Swick Mining services.

William Bloking
Director



- FAICD - Leading Energy expert with 40 years in oil and gas mostly Exxon and BHP.
- Small Company experience with Nido, Eureka Energy, Transerv.
- Knows Rob Fisher through Exxon, James Brown and Craig Martin through Nido.

Alex Parks
Managing Director



- GAICD - Petroleum Engineer with 20 years in oil and gas.
- Extensive Small Company Executive experience with Otto, Mosaic, Cue, Tamaska, Transerv.
- Knows Craig Martin through Otto

Rob Fisher
Chairman



- 32 years with ExxonMobil initially in UK downstream then internationally in the upstream.
- Extensive global experience with IOCs, NOCs and Governments.
- Previously Chairman and CEO of ExxonMobil subsidiaries in Malaysia.

Craig Martin
Managing Director



- 30+ years experience with international upstream Operators.
- 10 years on listed and unlisted Boards
- Managed expansion of listed independents with developments in Australia, Philippines, Turkey, and USA GoM.

Fazrie Wahid
Director



- Petroleum Engineer, asset evaluator / deal designer.
- Managed Schlumberger's North Sea Production business, and founding member of Schlumberger's Production Management group.
- Facilitated business entrance in D&P in Russia, North Sea, West Africa.

James Brown
Director and Vice-Chairman



- Financial consultant with strong capital markets credentials – Morgan Stanley & Merrill Lynch.
- Past Board member of ASX listed Nido Petroleum and Xstate Resources.
- Upstream E&P background with ExxonMobil.

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