



SUN
resources 

GOOD OIL PRESENTATION

BOWSPRIT PROJECT
CONVENTIONAL OIL DEVELOPMENT:
OFFSHORE LOUISIANA

Alex Parks
Managing Director and CEO

September 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 Co-Venture 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 overlies 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***
- ***Sun’s Conceptual Development plan assumes (gross) 2.5MMbbls of oil from 5 wells, with a Breakeven oil price of ~US\$30/bbl***
- ***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\$3.5 million***
- *To prove the field potential, Sun is targeting drilling appraisal well in Q1 2019*
- *Full field development and first oil potentially in 2019*

CORPORATE SNAPSHOT



Capital Structure: As at 31 July 2018

ASX code	SUR
Ordinary shares on issue	756m
Listed options (A\$0.01) exp. 19 October 2020	393.8m
Listed options (A\$0.006) exp. 31 May 2019	192.09m
Share price as at 5 September 2018	A\$0.004
Market capitalisation (@ A\$0.005)	A\$3.5m
Cash at 30 June 2018	A\$136k

Top Five Shareholders: As at 10 August 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 58.07% of shares currently on issue.

Share Price History: As at a 5 September 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

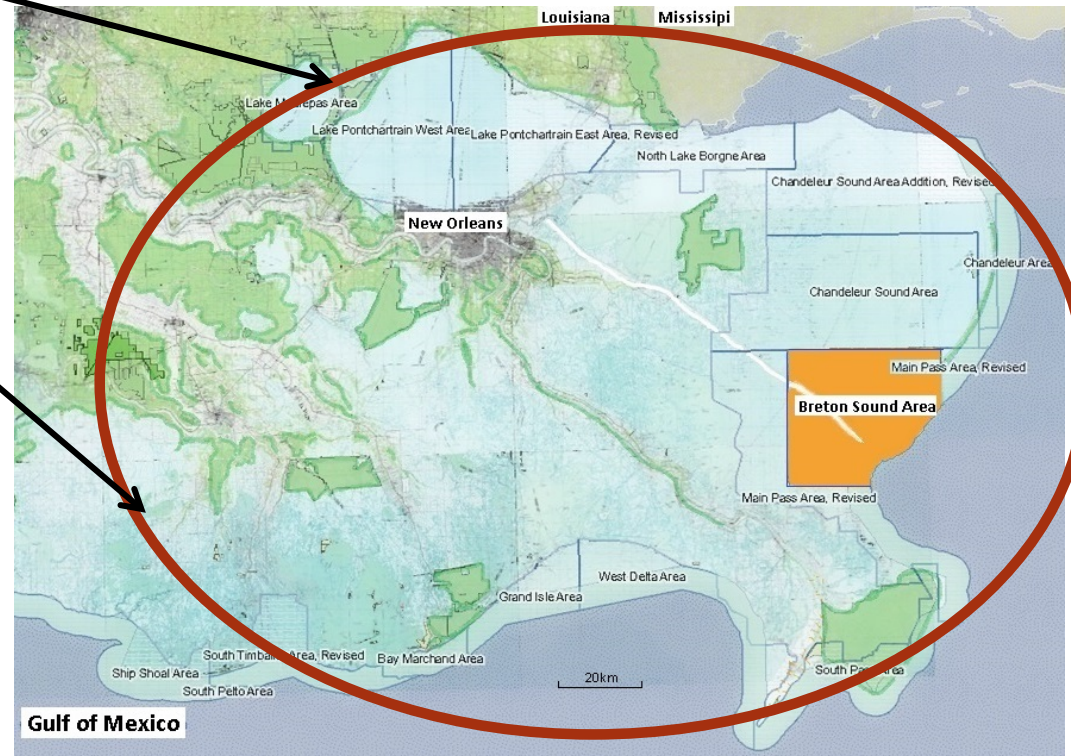


Prolific Hydrocarbon Province

- *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*

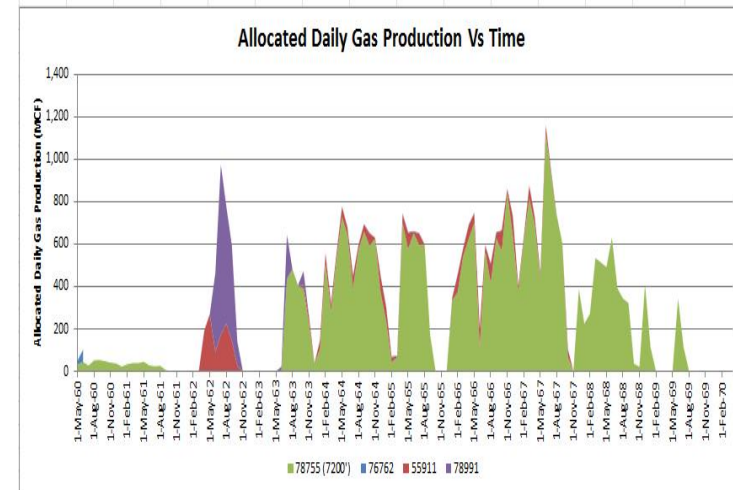
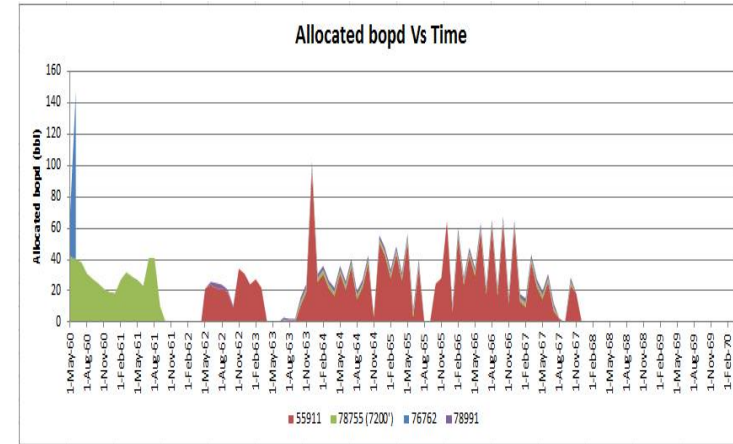
Oil-rich Eastern GoM Fairway

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



50/50 Sun and Pinnacle – 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 670,000bbls (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

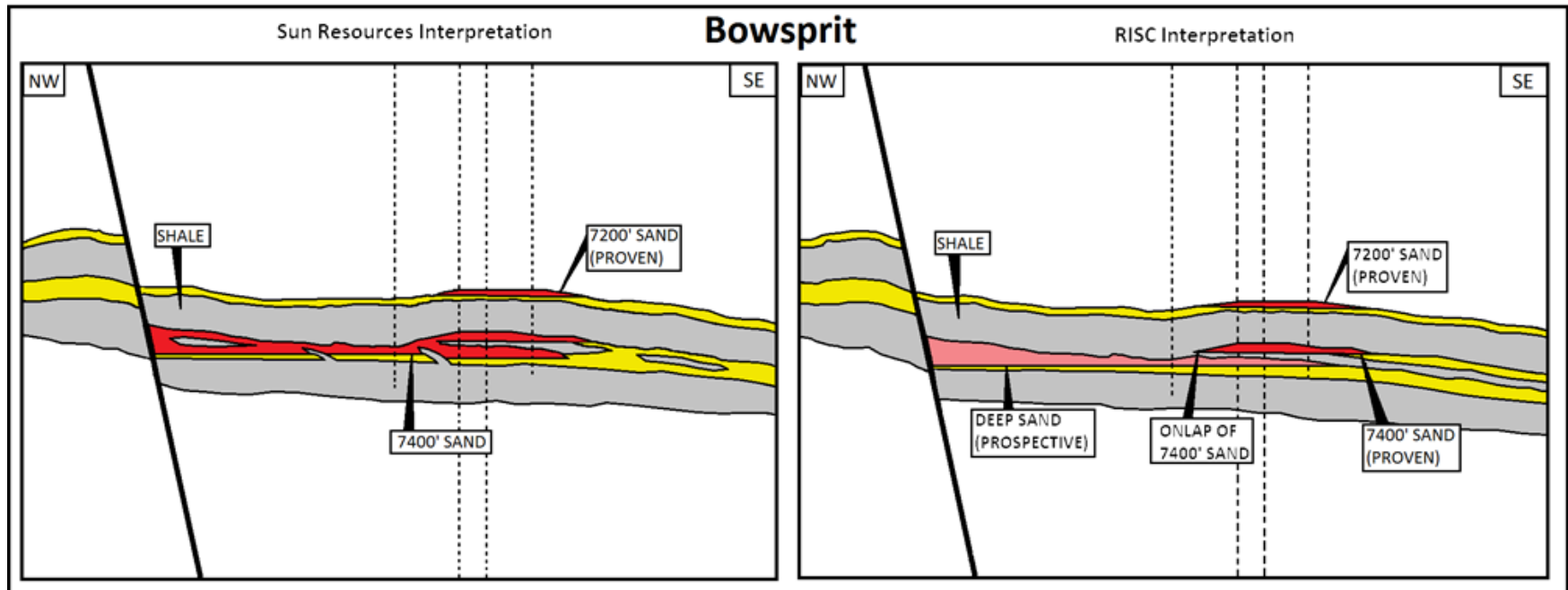


Production History of the Bowsprit Field 1960 to 1969

BOWSPRIT CROSS SECTION

Field schematic and alternative interpretations

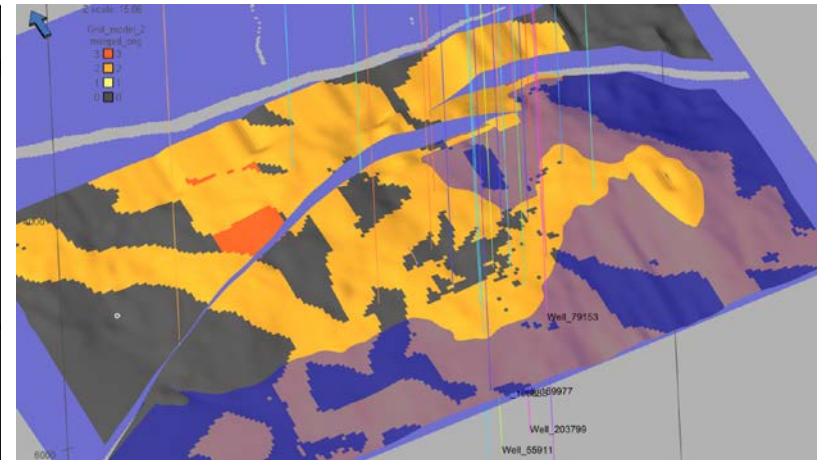
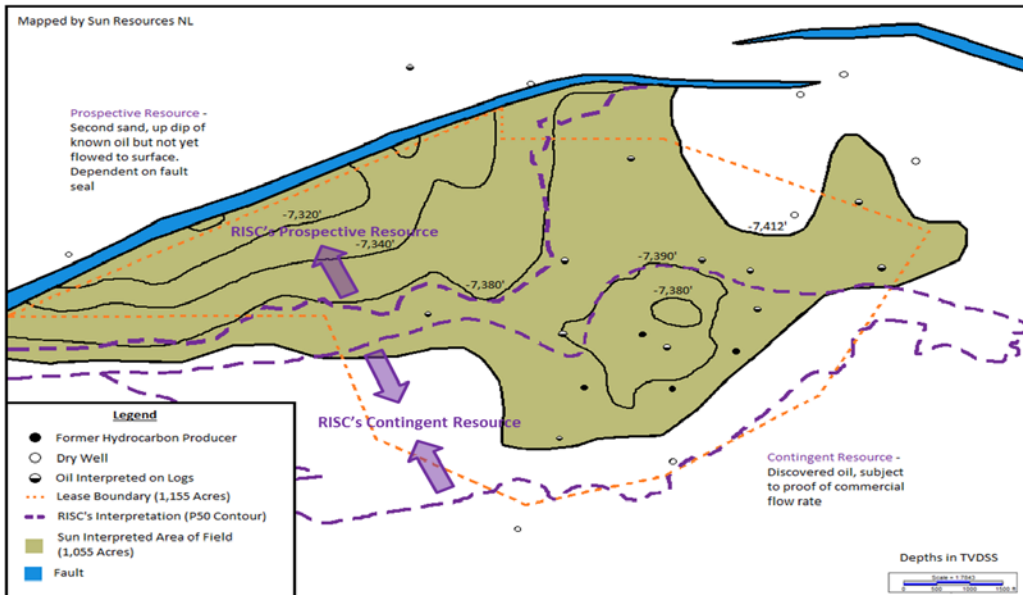
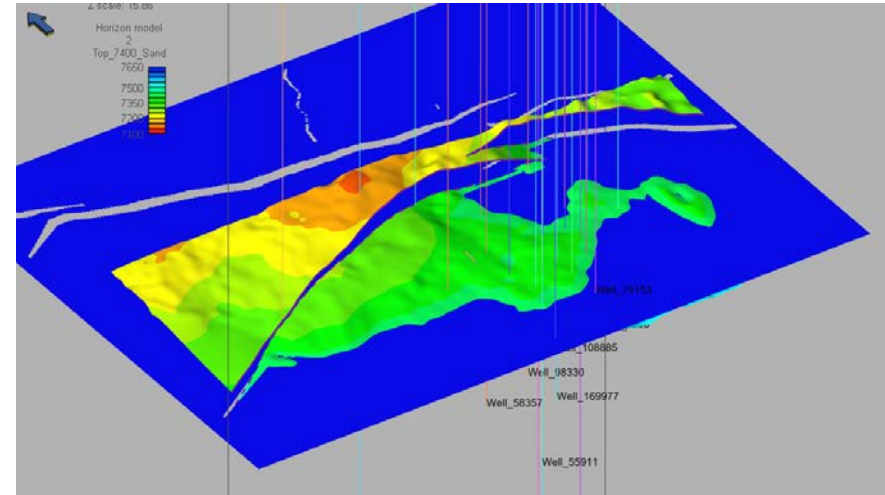
- The Bowsprit Field is covered by high quality 3D seismic, it has an area of approximately 1,000 acres (4km²)
- The gas in the 7,200' sand stands out on seismic and conforms to structure. The 7,200' sand is juxtaposed against the 7,400' sand to the north of the fault and appears to be water saturated 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 Suns Top Structure Map

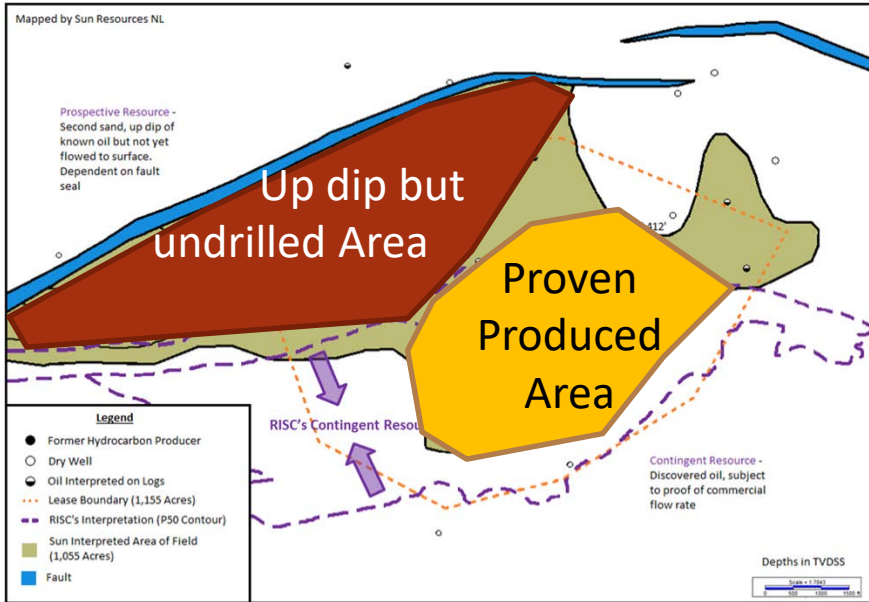
- Sun maps a package of sands under the 200ft thick shale that separates the 7,200' and 7,400' zones
- RISC maps an onlap (7,400' sand) and underlying deeper sand (7,400' deep)
- Overall the mid case volumetric estimates are similar



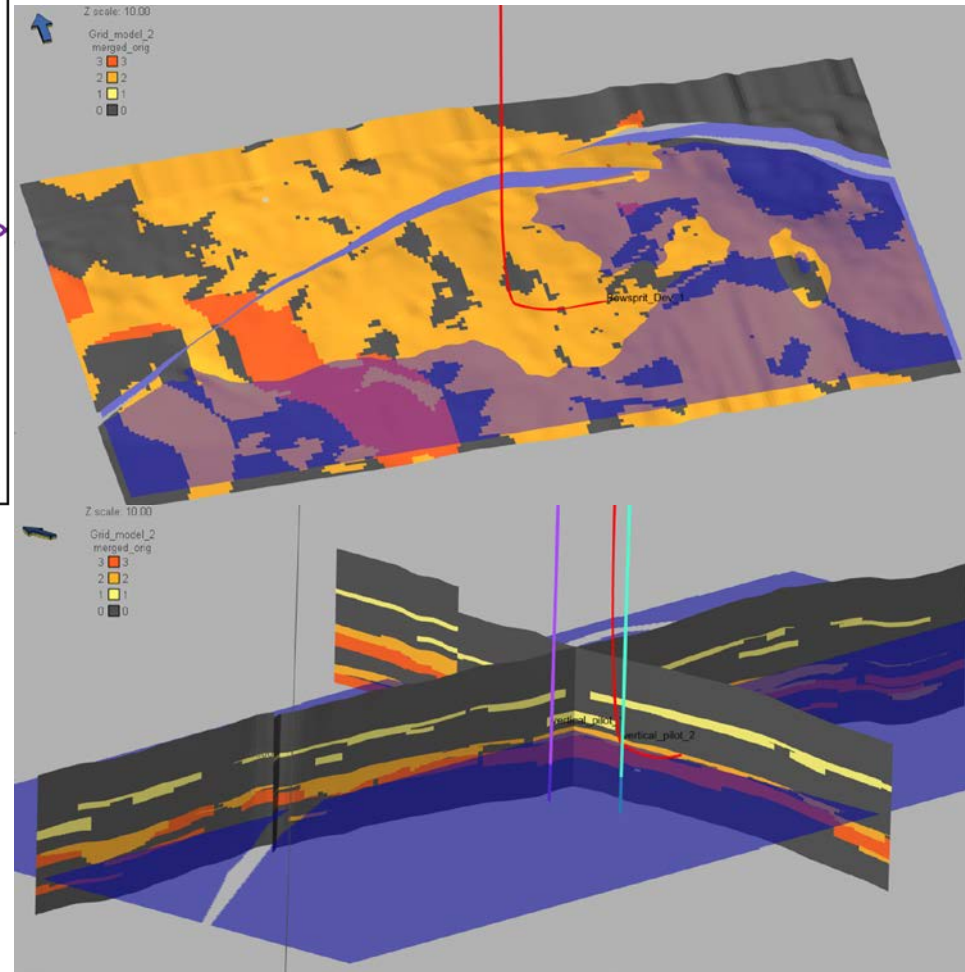
3D Modelling of the Bowsprit Field by Modelling Matters

APPRAISAL PROGRAM - MAP VIEW

Work Program



Well 1 in Proven Area – to show commercial Rate possible (~1,000bopd) from Horizontal well. 75,000bbls flowed in 1960's at ~100bopd



Sun's Target Timetable

Select well locations using 3D model 2-4 weeks

Permit surface locations 12-15 weeks

Ready to drill December 2018.

Drill and interpret results Jan - March 2019

FID – fund and install facilities July-Oct 2019

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	MMbbbls
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	MMbbbls
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

Sun's Conceptual Field Development Plan

- An appraisal well is planned for Q1 2019 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 2.5MMbbbls 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

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

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

	Potential Hydrocarbons Initially in Place				
Sand	P90	P50	P10	Units	Status
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 concluded a horizontal well could produce at initial rates of 2,000bopd (EUR of approximately 670,000 bbls of oil)
- RISC has assumed a Recovery Factor of 15% to 25% of the Field STOIP assuming full field development
- 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

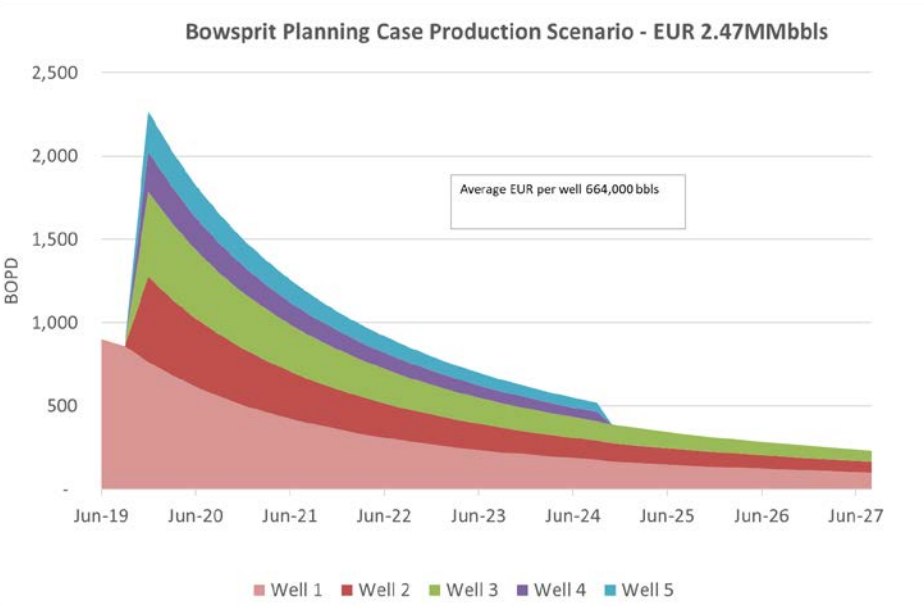
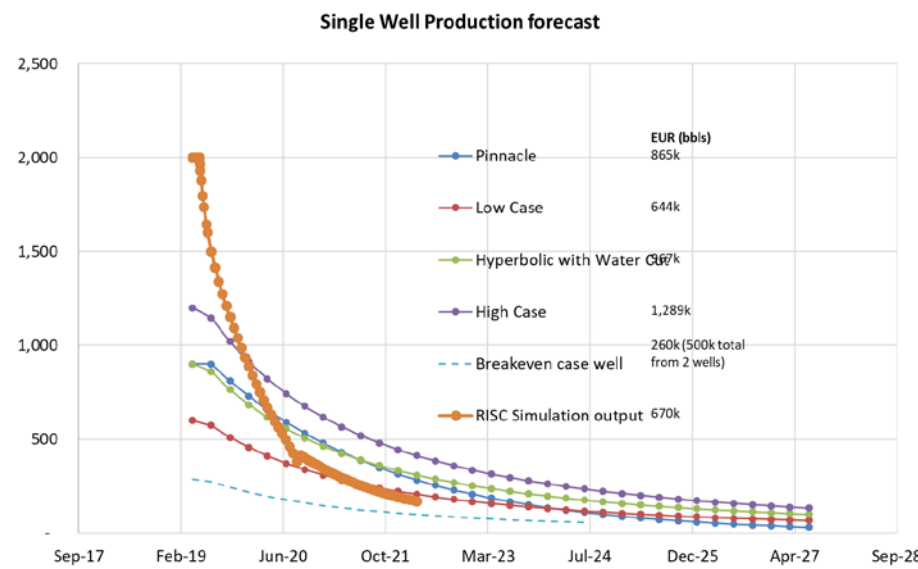
BOWSPRIT DEVELOPMENT PLAN PROGRESS



Implementation Team Appointed

- Louisiana based FensterMaker 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, facilities design and installation management
 - Potential future sub-contract Field Operator and HS&E services

Well and Field Production Forecasting



THE PROJECT – FIELD DEVELOPMENT PLAN



Conceptual Field Development Plan

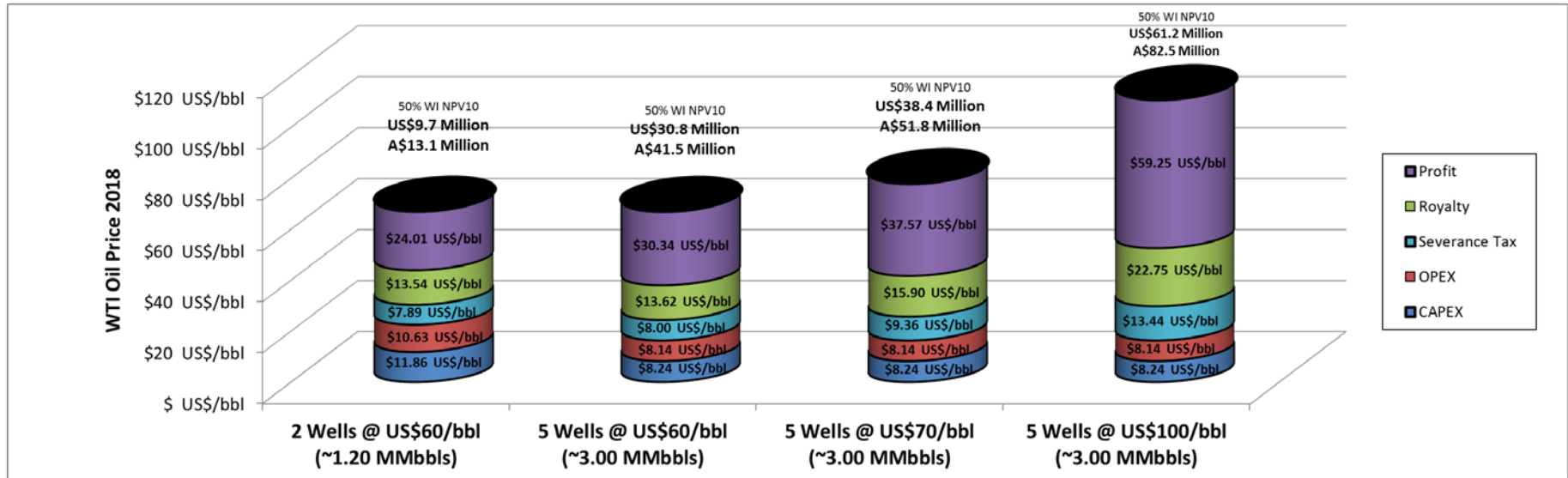
2.5MMbbls & 3Bscf of associated gas is produced

- | | | |
|---|----------------------------|-------------------------------|
| ■ 5 horizontal wells | US\$ 15.5 Million | Source |
| ■ Unmanned production facility | US\$ 4.5 Million installed | Brammer Engineering (pre AFE) |
| ■ 2.5km parallel export pipelines to tie in point | US\$ 0.6 Million installed | Checked by Brammer |
| ■ OPEX ~US\$1.8 million per annum for 5 Years | US\$ 9.00 Million | Brammer Engineering (pre AFE) |
| ■ Royalty payable to State of Louisiana | 21% | Checked by Brammer |
| ■ Severance Tax | 12.5% after cost recovery | |

*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

Plan is to commence production with 2 wells and add (up to) 3 more development wells ~6 months after first oil



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

- **Foundation Asset – Bowsprit Lease (Sun 50%)**
 - *Primary field on known accumulation with redevelopment potential*
 - *3D modelling and visualization, permitting to commence shortly, funding support for drilling*
 - *Drill & flow test well 1 to prove commercial rates & prove whole structure contains moveable oil*
 - *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**
 - *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 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*

- *Sun is 50% holder and Operator of a Low CAPEX high margin oil appraisal / development project with a net value of A\$40-55 million at current oil prices in an upward trending oil price environment*
- *Sun seeks to deliver project value to the order of 3c per share (at US\$70/bbl) to maximise Shareholder return*
 - *a >7 fold return from current 0.4c price*
 - *Sun intend to raise funds to drill, although substantial compared to the company market cap it is less substantial compared to the project value.*
 - *The major Shareholders ~35% support the fund raising strategy.*
 - *Will see the company:*
 - *fully funded for drilling Q1 2019*
 - *With momentum & no longer perceived as under funded & with a market capitalization of ~\$10 million (at 0.5c/share)*
 - *Re-rateable by research companies and supporting broker*
 - *Promotable with news flow*
 - *Well location picked, site permitted, rig selected, drilling to commence Q1 2019*

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