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Richland Oil Project – Beeler #1 has Spud

- **Beeler #1H, Sun's first Woodbine well, has spudded on Saturday 18 August 2012**
- **The Beeler #1H well is anticipated to be drilled, fraced and completed by late September 2012**

Sun Resources NL (**Sun Resources, Sun** or the **Company**) (ASX:SUR) has been informed by the Operator of the Beeler #1H horizontal well, Richland Resources Corporation (**Richland**), that the Beeler #1H well was spudded on 18 August 2012 at 22:00pm (Houston Time).

The Beeler #1H horizontal well is being drilled from the top hole location in a south-east direction (a similar orientation to the nearby Gresham A #1H well). This is a proven orientation given the results of Gresham A #1H and is supported technically by the regional fault trends. Total vertical depth is expected to be approximately 6,400 feet; the horizontal development well length is currently planned to be 5,475 feet and the fracture stimulation to be comprised of 36 stages each of 150 feet (36 fracs).

Richland is the Operator of these 1,360 acres that comprise the Richland Oil Project and is therefore managing the drilling rig, drilling crew and frac crew for the Beeler #1H well, plus any subsequent wells within the Richland Oil Project.

As shown on the following map (Figure 1) the Beeler #1H well is located:

- 4.2 miles north-west of the horizontal well Gresham A #1H, which had a 30 day IP of 793 bopd and is second best well of the 15 horizontal Woodbine wells that comprise the PMO Oil Field. Sun interprets the Beeler #1H well location as having a similar log profile and can be regarded as a step-out or off-set development well from Gresham A #1H. As proposed, the bottom hole location of the two wells will be only 1.7 miles apart;
- within 4.1 miles of three old vertical wells (Gresham Trust #3, Beeler John #1 and Gresham Robert E #1) each of which has an old well log which is interpreted by Sun to indicate the presence of hydrocarbons through the Woodbine;
- 1.8 miles south-east of old vertical well, Leathers #1, whose well log is interpreted by Sun to indicate the presence of hydrocarbons through the Woodbine; and
- 4.7 miles south-west of old vertical well, Baker #1, whose well log is interpreted by Sun to indicate the presence of hydrocarbons through the Woodbine.

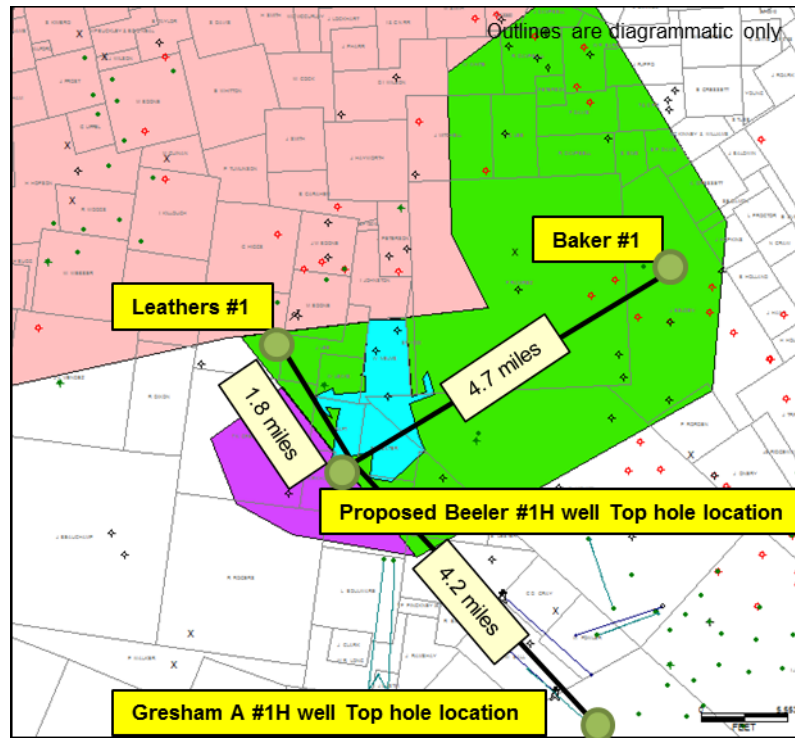


Figure 1. Beeler #1H Well Location

Prior to the drilling of the horizontal component of the Beeler #1H horizontal well, the Operator will first drill and log the interval from the top of the Austin Chalk Formation to the base of the Georgetown Formation for the purpose of identifying and assessing all potential oil zones in that interval. In Leon and adjoining Counties, oil production has historically been obtained from zones in the following geological formations (from shallower to deeper respectively): the Austin Chalk, the Sub-Clarksville, the Eagle Ford Shale, at least three levels in the Woodbine, the Buda and the Georgetown. The average estimated ultimate recovery (**EUR**) for horizontal Woodbine wells is 467,000boe per zone or horizontal drain hole. The larger the number of stacked laterals, the greater the recoverable oil per well location and the greater the value per acre of oil and gas leases held.

The Farminors nominee company, Steadfast Resources LLC, is paying 50% of the cost of Beeler #1H well and will earn a 40.625%WI for doing so. The Joint Venture parties will earn the following working interests and net revenue interests (NRI) in Beeler #1H and in the corresponding well unit area:

Participant	Earning Interest	Working Interest (WI)	Net Revenue Interest (NRI)
Farminors	0%	18.75%	14.0625%
Steadfast Resources LLC	50%	40.625%	30.4687%
Richland	16.66%	13.5416%	10.1562%
Sun	16.67%	13.5417%	10.1563%
Amerril	16.67%	13.5417%	10.1563%
Farminors Overriding Royalty	0%	0%	5%
Lessor Royalty	0%	0%	20%

Accordingly, Sun's earning interest in the well will be 16.67% and its contribution to the cost of Beeler #1H will be approximately US\$1.26 million. For any second well or further well the Joint Venture parties will have the following respective working interests and net revenue interests:

Participant	Working Interest (WI)	Net Revenue Interest (NRI)
Steadfast Resources LLC	50%	37.5%
Richland	16.66%	12.5%
Sun	16.67%	12.5%
Amerill	16.67%	12.5%
Farminors Overriding Royalty	0%	5%
Lessor Royalty	0%	20%

Beeler #1H is currently expected to be drilled, fraced and completed in late September 2012. Further information on the Richland Oil Project can be found in the ASX announcement released on 25 July 2012.

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Information contained in this report was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 30 years' experience in the practice of geology and 31 years' experience in petroleum geology.

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