

# Prospectus

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## Sun Resources NL ACN 009 196 810 (Company)

A non-renounceable rights issue to Eligible Shareholders of three (3) New Shares for every four (4) Shares held at the Record Date at an issue price of \$0.004 each to raise up to \$1,296,742 (before costs) together with one (1) free Attaching Option for each two (2) New Shares allotted with each Attaching Option exercisable at \$0.006 on or before 31 May 2019 (**Offer**).

The Offer is fully underwritten by Patersons Securities Limited ACN 008 896 311.

### Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. The New Securities offered by this Prospectus should be considered as speculative.

This is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

# Prospectus

## Important information

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### Offer statistics

Number of New Shares to be issued under the Offer	324,185,395*
Number of New Options to be issued under the Offer	162,092,697
Offer Price for New Shares under the Offer	\$0.004
Exercise Price for New Options under the Offer	\$0.006

\*Excludes any New Shares which may be issued in the event that any existing Options are exercised prior to the Record Date.

### Key dates

Record Date for determining Entitlements under the Offer	10 November 2017
Opening Date (9.00am Perth time)	14 November 2017
Closing Date (5.00pm Perth time)	5 December 2017
Commencement of trading of New Securities on ASX	11 December 2017
Expected date for despatch of holding statements	14 December 2017

Further details regarding the timetable for the Offer are set out in Section 2.2. All dates are subject to change and, accordingly, are indicative only. In particular, the Company has the right to vary the dates of the Offer, without prior notice. Eligible Shareholders and other investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible after the Offer opens.

### Important notice

This Prospectus is dated 2 November 2017 and was lodged with the ASIC on that date. Neither the ASIC nor the ASX, nor any of their officers, takes any responsibility as to the contents of this Prospectus. No securities will be issued on the basis of this Prospectus any later than 13 months after the date of issue of this Prospectus.

This Prospectus is a transaction specific prospectus for an offer to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. The Prospectus is also issued for the purposes of offering the Shortfall Securities to the Underwriter and any other investors identified by the Underwriter or the Company.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the Offer has not been, and will not be, registered under the U.S. Securities Act or the securities law of any state of the United States, and may not be offered or sold in the United States or to or for the account or benefit of any U.S. Persons, except in a transaction exempt from the registration requirements of the U.S. Securities Act and applicable United States of America state securities laws.

Eligible Shareholders and other investors should be aware that past Share price performance of the Company provides no guidance to future Share price performance. Neither the Company, the Directors

# Prospectus

nor any other person (including the Underwriter), warrants or guarantees the future performance of the New Securities or any return on any investment made pursuant to this Prospectus.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. If you have any questions you should seek professional advice before deciding to invest. An investment in New Shares that are offered under this Prospectus should be considered speculative.

Please refer to Sections 1.4 and 0 for details relating to risks involved with an investment in the New Securities being offered under this Prospectus.

## **Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer described in this document which is not contained in this document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

## **Forward looking statements**

Some of the information contained in this Prospectus constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'should', 'will', 'expects', 'plans' or similar expressions. These statements discuss future objectives or expectations concerning results of operations or financial conditions or provide other forward-looking information. The Company's actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements. This Prospectus details some important factors that could cause the Company's actual results to differ from the forward-looking statements made in this Prospectus.

## **Foreign Shareholders**

This document does not constitute an offer of New Securities in any jurisdiction in which it would be unlawful to make such an offer. New Securities will not be offered or sold in any country outside Australia or New Zealand except to the extent permitted below.

The Offer is made only to those Eligible Shareholders or investors with registered addresses in Australia and New Zealand and therefore only those Eligible Shareholders or investors will be offered New Securities. See Section 2.11 for further information on Offer restrictions with respect to Shareholders or investors who do not have registered addresses in Australia or New Zealand.

## **New Zealand**

In making the Offer to Eligible Shareholders or investors in New Zealand, the Company is relying on the *Securities Act (Overseas Companies) Exemption Notice 2002 (NZ)*, by virtue of which this Prospectus is not required to be registered in New Zealand.

## **United States**

This document may not be released or distributed in the United States of America. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States of America. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States of America except in

# Prospectus

transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

## **How to accept your Entitlement to New Securities**

Eligible Shareholders and other investors should be aware that past Share price performance of the Company provides no guidance to future Share price performance. Neither the Company nor any other person (including the Underwriter), warrants or guarantees the future performance of the New Shares or New Options or any return on any investment made pursuant to this Prospectus. You should also have regard to other publicly available information about the Company, including ASX announcements.

Entitlements to New Securities can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is accompanying this Prospectus or making payment of Acceptance Monies in accordance with the instructions set out in this Prospectus and on the Entitlement and Acceptance Form.

This Prospectus is available in electronic form on the internet at [www.sunres.com.au](http://www.sunres.com.au). If you wish to obtain a paper copy of this Prospectus, please contact the Company on +61 8 9321 9886.

## **Not investment advice**

The information provided in this Prospectus is not investment advice or financial product advice and has been prepared without taking into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus in full before deciding to take up your Entitlements and consider all of the risk factors that could affect the performance of the New Securities, including those set out in Section 6. You should carefully consider these risks and your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek independent professional advice from your stockbroker, accountant or other professional advisor before deciding to invest in the New Securities.

## **Enquiries**

If you are an Eligible Shareholder or investor and have any questions in relation to the Offer, please contact your stockbroker or professional adviser. If you have questions in relation to the New Securities upon which your Entitlement has been calculated, how to complete the Entitlement and Acceptance Form, take up your Entitlement or apply for Additional Securities under the Shortfall Offer, please call the Company on (+61 8) 9321 9886.

# Prospectus

## Table of Contents

- 1. Investment summary .....7
- 2. Details of the Offer .....15
- 3. How to apply.....19
- 4. Company information .....23
- 5. Effect of the Offer on the Company.....26
- 6. Risk factors.....31
- 7. Additional information.....39
- 8. Directors' statement .....53
- 9. Definitions & glossary .....54
- 10. Corporate Directory .....57

# Prospectus

## Chairman's letter

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2 November 2017

Dear Fellow Shareholder

It is my pleasure to introduce this Prospectus and invite you to take up your Entitlement of New Securities in the Company pursuant to the Offer, which is a non-renounceable rights issue of three (3) New Shares for every four (4) Shares held at the Record Date at an issue price of \$0.004 each to raise up to \$1,296,742 (before costs) together with one (1) free Attaching Option for each two (2) New Shares allotted with each Attaching Option exercisable at \$0.006 on or before 31 May 2019.

The Offer is fully underwritten by Patersons Securities Limited ACN 008 896 311 and partially sub underwritten by the Directors of the Company.

It is proposed that the funds raised from the Offer will be used primarily to advance the Bowsprit Project to drillable status, to meet the Company's commitment of \$150,000 to Pinnacle, as well as providing general working capital and funding the costs of the Offer.

The Directors have had to support the Company in the past few months during the restructuring and repositioning of the Company and, as a result, the Company will also use a portion of the funds raised to repay loans made by the Directors to the Company to support the acquisition of the Bowsprit Project leases and interim working capital requirements totalling \$165,000. The Directors will also have their fees paid in arrears, as no Director has been paid since July 2017.

The Offer is part of a three-step development process for the Company over the next 12 to 18 months. The funds raised under the Offer will be sufficient to fund the Company for approximately 6 months and allow detailed technical evaluation and development planning for the Bowsprit Project and to provide additional working capital. The second stage of development, should step one be successful, will require funding to drill the first well for the Bowsprit Project. It is possible this funding will be in the form of a farm-out to a third-party, or alternatively through a further equity raise or combination thereof. Once the first well confirms the potential of the project, the final stage of development will be for the purchase and installation of the production facilities at a cost of around \$2,000,000 to \$5,000,000. This cost maybe funded through a farm out, equity, debt or a combination of these sources.

Patersons Securities Limited has shown its support for the Company by fully underwriting the Offer. The Directors have all invested significant time and capital into the Company over the past months and believe the Bowsprit Project looks promising and consequently the Directors are fully subscribing for their Entitlements under the Offer and are sub-underwriting an additional amount.

Under the Offer, you are entitled to subscribe for the number of New Securities set out in your personalised Entitlement and Acceptance Form enclosed with this Prospectus. You are also entitled to apply for the Shortfall in excess of your Entitlement. Entitlements to New Securities can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus and making payment of Acceptance Monies in accordance with the instructions set out in Section 3 and on the Entitlement and Acceptance Form. Acceptance Monies for the New Securities and any Shortfall (if applicable) must be received by the Closing Date. Please refer to the timetable in Section 2.3 for further information regarding the important dates in relation to the Offer.

On behalf of the Directors, I thank you for your continued support and I invite you to consider this investment opportunity.

Yours faithfully



**Ian McCubbing**  
Chairman

# Prospectus

## 1. Investment summary

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The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

### 1.1 The Offer

This Prospectus is for a non-renounceable rights issue to Eligible Shareholders of three (3) New Shares for every four (4) Shares held at the Record Date at an issue price of \$0.004 each to raise up to \$1,296,742 (before costs) together with one (1) free Attaching Option for each two (2) New Shares allotted with each Attaching Option exercisable at \$0.006 on or before 31 May 2019.

The Offer is fully underwritten by Patersons Securities Limited ACN 008 896 311 and partially sub-underwritten by the Directors of the Company.

This Prospectus is also issued for the purposes of offering and issuing the Shortfall Securities to the Underwriter, the Sub-underwriters and any other investors identified by the Underwriter or the Company. The Directors may at any time decide to withdraw this Prospectus and the offer of New Securities made under this Prospectus, in which case the Company will return all Acceptance Monies (without interest) within 28 days of giving notice of such withdrawal. If this occurs the Company will be liable to pay a \$30,000 break fee to the Underwriter in accordance with the terms of the Underwriting Agreement.

### 1.2 Purpose of the Offer

On 14 August 2017, the Company announced the successful award of a new 1,000 acre lease in the shallow protected inland waters approximately 70km south east of New Orleans, which the Company named Bowsprit. The Company has a 50% working interest in the Bowsprit Project and is also the Operator.

The Directors intend to apply the proceeds from the Offer to:

- (a) progress the Bowsprit Project by:
  - (1) purchasing multi-client 3D seismic data available over the Bowsprit Project lease and surrounding areas;
  - (2) undertaking technical studies for detailed evaluation and development planning of the Bowsprit Project;
  - (3) commissioning an Independent Certified Petroleum Resource Report; and
  - (4) paying farm out costs;
- (b) meet the Company's obligations under the Memorandum of Understanding entered into with Pinnacle in relation to the Bowsprit Project;
- (c) repay the loans made by the Directors to the Company to fund the Bowsprit Project lease acquisition and the Company's interim working capital requirements;
- (d) meet the Company's general working capital requirements going forward; and
- (e) pay the costs of the Offer.

# Prospectus

It is proposed that the funds raised under the Offer will be allocated in the following manner:

<b>Proposed use of funds</b>	<b>\$</b>
Technical studies and development planning	400,000
Bowsprit data purchase	100,000
Pinnacle share subscription	150,000
Farm out and associated costs	100,000
Director loans (including outstanding Director fees)	185,333
Working capital	204,836
Costs of the Offer	156,573
<b>Total</b>	<b>1,296,742</b>

Notwithstanding the allocations set out above, in the event that circumstances change or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders. The Company will provide details of its actual expenditure in its periodic reports and as otherwise required by the ASX Listing Rules.

Further details on the Company's operations and the effect of the Offer on the Company are set out in Section 5.

## 1.3 Investment highlights

The capital injection from the Offer will enable the Company to continue its evaluation and development planning of the Bowsprit Project.

The Company's objective is to drill the first well in the first half of 2018 and be in production by late 2018. The funding of the first well and the production facilities will require the Company to farm-out the project to a new partner or raise additional funds via debt or equity. The funds from the Offer will primarily allow for:

- (a) advancement of the Bowsprit Project to drillable status, through detailed mapping and geological and technical studies, 3D visualisation modelling, development planning, well planning, rig selection and detailed costing;
- (b) commissioning of an Independent Certified Petroleum Resource Report;
- (c) seeking funding for the well, predominantly assumed to be via farm out to a third party; and
- (d) reviewing potential leasing of further oil development opportunities in the shallow waters of the Gulf of Mexico, particularly Louisiana.

## 1.4 Risk factors

Investing in the Company involves risk. There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. If you are unsure about subscribing for New Securities, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The following table sets out a summary of some of the key risks relevant to the Company and its operations. Further information in relation to these risks is contained in Section 6.



# Prospectus

Risk	Detail
Future financing	<p>The Company does not currently have any operating revenue. Accordingly, it must continue to fund its activities and overheads through its cash reserves, equity capital or debt. The continued viability of the Company is therefore dependent upon the success of the Offer.</p> <p>The cash reserves currently available to the Company and the funds to be raised under the Offer are only sufficient to meet the forecast capital costs and working capital requirements until approximately April 2018. Accordingly, the ability for the Company to continue as a going concern is contingent on the raising of further debt or equity funds in the future. There can be no guarantee that the Company will be able to successfully raise further funds by April 2018.</p>
Project related risks	<p>The Company's primary project is the Bowsprit Project located in the shallow inland waters offshore Louisiana. Specific risks relating to this project include:</p> <ul style="list-style-type: none"> <li>• the funds raised from the Offer will be insufficient to fund the Company through the full development of the project and the Company will require further funds via a farm out and/or a further capital raising to drill the project;</li> <li>• a farm out cannot be achieved in the time frame contemplated or that market conditions (low oil price, market weakness etc.) will not be conducive to a capital raise. Without further funds the Company will deplete its cash reserves by April 2018;</li> <li>• the well costs may exceed the budget or the Company's funding capability or that the Company may be unable to raise the funds to pay for the production facilities;</li> <li>• the Company's view of the project will be based on data acquired from ~1960 to 1990 and limitations contained therein;</li> <li>• the Independent Resource Assessment may not interpret commercial volumes;</li> <li>• detailed development planning may identify new data, or a flaw in the current interpretation, that makes the project sub commercial;</li> <li>• on drilling the reservoir, the field may not flow oil as forecast, either a lower oil rate, with too much associated water or mechanical failure in the well; and</li> <li>• the oil price may drop to a level that the project is deemed sub commercial.</li> </ul>
Litigation risks	<p><b>Richland bankruptcy</b></p> <p>A wholly owned subsidiary of the Company, Sun Delta, was previously involved in a dispute with the operator of the Beeler Oil Project, Richland Resources Corp (<b>Richland</b>). In 2013, the Company announced that Richland was removed as operator by the non-operating working interest owners in the Beeler Oil Project. Richland had failed to pay certain vendors and these vendors then filed liens against the entire Beeler Oil Project, including Sun Delta's 16.67% non-operating working interest. Richland subsequently filed for Bankruptcy. Sun Delta's liability to the Bankruptcy Trustee is US\$172,000 with no specified due</p>

# Prospectus

Risk	Detail
	<p>date of payment. The Group has recognised a US\$172,000 (2016: US\$172,000) liability as part of trade and other payables. Any potential liability of the Group is limited to Sun Delta. Sun Delta has no operating assets, cash or leases and has no capacity to make any payment to the to the Bankruptcy Trustee. The Board has no current intention to support Sun Delta in relation to this liability.</p> <p><b>Weatherford dispute</b></p> <p>In May 2015, Sun Delta assigned to Amerril, then Operator of the Seale Production unit, its claims against Weatherford Inc. (<b>Weatherford</b>) for related damages concerning the Seale #1H well, with Amerril to keep all awarded damages, if any. If Weatherford obtained damages or other compensation against an Amerril entity of less than one million US dollars, the Company agreed to pay 50% of such amount. If any compensation amount due to Weatherford from an Amerril entity was in excess of one million dollars, the Company agreed to pay Amerril US\$500,000 with Amerril retaining the rights to seek additional damages and compensation from Sun. Any such claim by Amerril would, however require a lawsuit by Amerril against Sun and Sun would have all of its rights and defences in such a lawsuit. The Group has recognised a US\$500,000 (2016: US\$500,000) liability as part of trade and other payables.</p> <p>On 18 April 2017, the Company received a Notice of Demand from Amerril. This Notice informed the Company of a judgement obtained by Weatherford against Amerril for more than US\$1,000,000 in January 2017. The Notice demanded that Sun Delta pay Amerril US\$500,000 within 15 days, in accordance with terms of a Settlement Agreement executed between Sun Delta and Amerril on the 8 May 2015. The Notice also reserved Amerril right to take further legal action. As noted above, Sun Delta has no operating assets, cash or leases and has no capacity to make any payment. Any potential liability of the Group is limited Sun Delta and the Board has no current intention to support Sun Delta in relation to this liability.</p> <p>Further details of the above litigation and the contingencies associated with it are noted in Note 22 of the Company's Annual Financial Report for the period ending 30 June 2017.</p>
<p>General uncertainty of development of oil and gas projects and exploration risk</p>	<p>The general business of the Company is exploration for, and commercial development of, conventional and unconventional oil reservoirs, which is subject to the risks inherent in these activities. The current and future operations of the Company may be affected by a range of factors, including:</p> <ul style="list-style-type: none"> <li>• geological conditions;</li> <li>• limitations on activities due to seasonal weather patterns;</li> <li>• alterations to exploration programs and budgets;</li> <li>• unanticipated operational and technical difficulties encountered in, drilling, development, production and treatment activities;</li> <li>• mechanical failure of plant and equipment;</li> </ul>

# Prospectus

Risk	Detail
	<ul style="list-style-type: none"> <li>• adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;</li> <li>• unavailability of drilling, processing and other equipment;</li> <li>• unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;</li> <li>• prevention of access by reason of inability to obtain regulatory or landowner consents or approvals;</li> <li>• terms imposed by government on development of production-related projects including conditions such as environmental rehabilitation and taxes; and</li> <li>• delays in completing feasibility studies and obtaining development approvals.</li> </ul>
<p>Reliance on and sourcing of key personnel</p>	<p>The Company is dependent on its Directors', managers' and consultants' ability to implement the Company's strategy in respect of the exploration and possible development of the Company's oil lease interests. A number of factors, including the departure of senior management of the Company, could adversely affect the Company's ability to implement its strategy. The success of the Company's operations may also depend on continued access to competent management and technical expertise, prudent financial administrators and the availability of appropriately skilled and experienced employees, contractors and consultants operating in relevant sectors. In the event that the Company is unable to source such personnel, the Company could be adversely affected.</p>
<p>Energy market conditions</p>	<p>The ability of the Company to successfully enter the commercialisation phase of its activities will depend upon its ability to sell oil and gas on commercial terms and prices. There can be no assurance that the Company will ultimately be able to sell oil and gas it may produce on acceptable commercial terms. The Company's ability to benefit from any future production operations will depend on market factors, some of which may be beyond its control. The world market for oil and gas is subject to many variables and may fluctuate markedly, especially oil pricing.</p>
<p>Environmental risks</p>	<p>The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. The Company may be required to comply from time to time with environmental management issues that arise from factors beyond its control. The conduct of exploration and production activities, if any ultimately takes place, on the Company's properties is subject to receipt of all necessary environmental approvals. There can be no guarantee that such approvals will be forthcoming and the conditions imposed for the grant of such approvals may be so onerous that they render the project uneconomic.</p>
<p>Operating risks</p>	<p>The Company and its operations in the United States of America will be subject to usual industry operating risks including fire, accidental damage caused by employee errors or negligence, adverse weather conditions and industrial action. The</p>

# Prospectus

Risk	Detail
	occurrence of any of these risks could result in substantial liability being incurred by the Company.
Tenure risk	<p>The oil and gas lease interest held by the Company (i.e. the Bowsprit Project) is subject to applicable laws regarding exploration, expenditure and renewal of such interest. If an oil and gas lease is not renewed / annual rent US\$87,500 paid, or if the Company does not drill a well by August 2020, the Company will lose the lease.</p> <p>If the Lease is lost, the value of the Company securities would be adversely affected as a result of the consequential loss of opportunity to discover and develop any resources within the oil and gas lease interest.</p>
Taxation	In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows.

In addition, there are a number of general risks that are common to all investments in securities and are not specific to the business model and operations of the Company. Further details regarding risks which may affect the Company in the future are set out in Section 6.

The New Securities offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

## 1.5 New Share terms

On completion of the Offer, each New Share will rank equally with all other Shares then on issue. A summary of the rights attaching to the New Shares is set out in Section 7.5.

## 1.6 New Option terms

A summary of the rights attaching to the New Options is set out in Section 7.6.

## 1.7 Acceptance of Entitlement to New Securities

The number of New Securities to which an Eligible Shareholder is entitled and the total amount an Eligible Shareholder will have to pay if they choose to take up all of their rights to subscribe for New Securities is shown on the Entitlement and Acceptance Form accompanying this Prospectus. Fractional entitlements will be rounded up to the nearest whole number.

Entitlements to New Securities can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus and by making payment of your Acceptance Monies in accordance with the instructions set out on the Entitlement and Acceptance Form. Acceptance Monies for the New Securities must be received by the Company by the Closing Date. Please refer to the timetable in Section 2.2 for the important dates of the Offer. Shareholders are able to apply for New Securities in excess of their Entitlements pursuant to the Shortfall Offer.

## 1.8 Directors intentions in respect of Entitlements

As at the date of this Prospectus, some of the Directors of the Company have either a direct or indirect interest in Shares and will be entitled to participate in the Offer. Set out below is a

# Prospectus

table summarising the Entitlement of each Director (based on their current holding) and how they intend to treat their Entitlements.

Director	Shares	Entitlement	Intention
Mr Ian McCubbing	5,000,000	3,750,000 New Shares 1,875,000 New Options	Subscribe for full Entitlement
Mr William Bloking	2,500,000	1,875,000 New Shares 937,500 New Options	Subscribe for full Entitlement
Mr Alexander Parks	Nil	Nil	Not applicable

Details of the Options held by the Directors are set out in Section 7.7.

## 1.9 Underwriter

The Offer is fully underwritten by Patersons Securities Limited. Further details of the terms of the Underwriting Agreement are set out in Section 7.12.

## 1.10 Sub-underwriters

The Offer is partially sub-underwritten by the Directors of the Company. Further details of the terms of the Sub-underwriting Agreements are set out in Section 7.13.

The amount to be sub-underwritten by each Director and the potential effect on each Director's voting power in the Company is as follows:

Sub-Underwriter	Current Shares	Sub-underwritten Shares	Sub-underwritten Amount	Current voting power	Voting power post Offer <sup>1</sup>
Mr Ian McCubbing	5,000,000	17,500,000	\$70,000	1.16%	3.47%
Mr William Bloking	2,500,000	11,250,000	\$45,000	0.58%	2.07%
Mr Alexander Parks	0	5,000,000	\$20,000	0%	0.66%
<b>Total</b>	<b>7,500,000</b>	<b>33,750,000</b>	<b>\$135,000</b>	<b>1.74%</b>	<b>6.20%</b>

Notes:

1. This figure assumes that (i) all New Shares or Shortfall Shares are issued pursuant to the Offer; (ii) the Sub-underwriters have taken up their Entitlements; and (iii) the Sub-underwriters are obliged to subscribe for all of the sub-underwritten Shares pursuant to the Sub-underwriting Agreements.

## 1.11 Shortfall Offer

In the event that Eligible Shareholders do not accept their Entitlements in full, a Shortfall will arise which will be placed by the Underwriter in its sole and absolute discretion in accordance with the terms of the Underwriting Agreement, the Sub-underwriting Agreements, the Corporations Act and the ASX Listing Rules (**Shortfall Offer**).

The offer of any Shortfall is a separate offer made pursuant to this Prospectus and will remain open after the Closing Date for a period of up to 30 days from the Closing Date (or such shorter date as determined by the Underwriter at its sole and absolute discretion). The Shortfall will be offered at the same price and on the same terms as the New Securities are

# Prospectus

offered under the Offer. The Shortfall Securities, once issued, will have the same rights as the New Shares and New Options issued pursuant to the Offer.

The Directors do not represent that any application to participate in the Shortfall Offer will be successful. The Underwriter has the right, at its sole and absolute discretion, to issue to an applicant for the Shortfall a lesser number of Shortfall Securities than the number applied for or reject an application or not proceed with the issuing of the Shortfall or part thereof. If the number of Shortfall Securities issued is less than the number applied for, the surplus Acceptance Monies will be refunded in full. Interest will not be paid on any refunded Acceptance Monies.

If Eligible Shareholders wish to apply for any Shortfall they should complete the relevant section of the Entitlement and Acceptance Form.

Where practical, the Directors will request the Underwriter to honour applications for Shortfall Shares that will lift a Shareholder back to a Marketable Parcel size holding of \$500 (or 125,000 Shares based on the Offer Price under this Prospectus).

## 1.12 **Potential dilution of Shareholders' interests**

Eligible Shareholders should be aware that to the extent that they do not accept their Entitlements in full, a Shortfall will arise and all of the Shortfall will be placed by the Underwriter (in its sole and absolute discretion) to other parties in which case their interest in the Company may be significantly diluted. Further, the Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders will be diluted by the Offer.

Acceptance of Entitlements or the placement of any Shortfall may also result in existing Shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the Shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the Corporations Act, which restricts a person and their associates from having a relevant interest in the Company of not more than 20%, subject to a number of exemptions. Details of the Underwriter's and Sub-underwriters' potential interest in the Company in the event of a Shortfall is set out in Section 5.4.

# Prospectus

## 2. Details of the Offer

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### 2.1 Offer to Eligible Shareholders

The Directors of the Company have approved a non-renounceable rights issue of 324,185,395 New Shares at \$0.004 per New Share to raise up to \$1,296,742 (before the costs of the Offer are paid) together with one (1) Attaching Option for each two (2) New Shares allotted exercisable at \$0.006 each on or before 31 May 2019. Shareholders are entitled to subscribe for three (3) New Shares for every four (4) Shares held.

When fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

Only those Shareholders shown on the share Register at 5.00 pm (Perth time) on the Record Date with a registered address in Australia or New Zealand will be entitled to participate in the Issue.

### 2.2 Important dates

Event	Date
Announcement of Offer and lodgement of Appendix 3B with ASX	Thursday, 2 November 2017
Lodgement of Prospectus with ASIC	Thursday, 2 November 2017
Notice to Option holders	Friday, 3 November 2017
Notice to Shareholders containing Appendix 3B information	Monday, 6 November 2017
Shares commence trading on an ex rights basis	Thursday, 9 November 2017
Record Date for the Offer	Friday, 10 November 2017
Prospectus despatched to Shareholders	Tuesday, 14 November 2017
Opening Date of the Offer (9.00am Perth time)	Tuesday, 14 November 2017
Closing Date of the Offer (5.00pm Perth time)	Tuesday, 5 December 2017
Company to advise ASX of any Shortfall	Thursday, 7 December 2017
Expected date of issue of New Securities	Friday, 8 December 2017
Commencement of trading of New Securities on ASX	Monday, 11 December 2017
Expected date of despatch of holding statements for New Securities	Thursday, 14 December 2017

The dates set out above are indicative only and subject to change. The Company reserves the right to alter this timetable at any time, subject to the Corporations Act and the Listing Rules. This may have a consequential effect on the other dates, including the date the New Securities are expected to commence trading on ASX.

### 2.3 Allotment and allocation policy

The Company will proceed to allocate New Securities as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Securities.

In the case that there is less than full subscription by Shareholders of their Entitlements under this Prospectus, the Underwriter has the right to place any Shortfall at its sole and absolute discretion. The Shortfall will be issued in accordance with the terms of the Underwriting

# Prospectus

Agreement and Sub-underwriting Agreements. However, the Directors will request that Shareholders with less than a Marketable Parcel be given priority when the Shortfall is allocated.

Successful Applicants will be notified in writing of the number of New Securities allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Securities allocated to them prior to trading in New Securities. Applicants who sell New Securities before they receive notice of the number of New Securities allocated to them do so at their own risk. No New Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

## 2.4 ASX listing

On the same date as announcing the Offer, the Company applied to the ASX for the New Shares and New Options to be issued pursuant to this Prospectus to be listed for Official Quotation. If granted, quotation of the New Securities will commence as soon as practicable after allotment of the New Securities to Applicants, which is expected to occur on or about 22 November 2017. It is the responsibility of Applicants to determine their allocation of New Securities prior to trading. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Securities either as principal or agent until Official Quotation is granted.

Should the New Securities not be granted Official Quotation within 3 months after the date of this Prospectus, none of the New Securities offered under this Prospectus will be issued and all acceptance money will be refunded without interest to Applicants within the time prescribed by the Corporations Act.

## 2.5 CHESS

The Company will apply to the ASX Settlement for the New Securities to participate in the Securities Clearing House Electronic Subregister System known as CHESS. After allotment of the New Securities, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Securities allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their Holder Identification Number (**HIN**). Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

## 2.6 Non-renounceable offer

Entitlements to New Securities are non-renounceable and, accordingly, will not be traded on ASX. Entitlements which are not taken up will lapse and form part of the Shortfall and will be dealt with in accordance with Section 1.11.

## 2.7 Minimum subscription

There is no minimum subscription for the Offer.

## 2.8 Underwriter

The Offer is fully underwritten by Paterson Securities Ltd. Further details of the terms of the Underwriting Agreement are set out in Section 7.12.



# Prospectus

## 2.9 Sub-underwriters

The Offer is partially sub-underwritten by the Directors of the Company. Further details of the terms of the Sub-underwriting Agreements are set out in Section 7.13.

## 2.10 Option holders

Option holders will not be entitled to participate in the Offer unless they:

- (a) have become entitled to exercise their Options under the terms of their issue and do so prior to the Record Date; and
- (b) participate in the Offer as a result of being an Eligible Shareholder at 5.00pm on the Record Date.

If all holders of Options elect to exercise their Options prior to the Record Date, and are eligible to participate in the Offer, a further 297,476,135 New Shares may be issued under this Prospectus. Details of the Options on issue at the date of this Prospectus are set out in section 5.3. However, having regard to the exercise price of the existing Options and the Offer Price, the Directors believe that it is unlikely that any existing Options will be exercised prior to the Record Date.

## 2.11 Overseas Shareholders

The Company is of the view that it is unreasonable to extend the Offer to Shareholders or investors with registered addresses outside of Australia or New Zealand (**Ineligible Shareholders**) having regard to:

- (a) the number of Ineligible Shareholders in each place where the Offer would be made;
- (b) the number and value of the Shares which would be offered to Ineligible Shareholders; and
- (c) the cost of complying with the legal requirements and the requirements of the regulatory authorities, in the respective overseas jurisdictions.

Accordingly, the Company is making the Offer to Shareholders or investors with registered addresses in Australia and New Zealand only. Where this Prospectus has been sent to Shareholders with registered addresses outside Australia or New Zealand who are not entitled to participate in the Offer, it is sent to them for information purposes only.

This Prospectus and accompanying forms do not, and are not intended to, constitute an offer of New Securities in any place outside of Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer or those forms.

The distribution of this Prospectus in places outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

In particular, this Offer is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Prospectus without any requirement for a prospectus to be lodged or registered.

# Prospectus

## 2.12 Notice to nominees and custodians

Nominees and custodians may not distribute any part of this document in the United States or in any other country outside of Australia and New Zealand, except to beneficial Shareholders in another country (other than the United States) where the Company may determine it is lawful and practical to make the Offer. Any person in the United States with a holding through a nominee may not participate in the Offer.

## 2.13 Foreign holder nominee

The Company has appointed Patersons Securities Limited to act as nominee for the purposes of section 615 of the Corporations Act (**Nominee**). The Company must issue to the Nominee those New Securities that would otherwise have been issued to Shareholders who are Ineligible Shareholders on the Record Date.

The Nominee will attend to the sale of the New Securities issued to it by the Company and direct the net proceeds (if any, after deduction of the Offer Price and costs of sale) to the Company to facilitate pro rata payments of any net proceeds to the Ineligible Shareholders.

The Nominee will have the absolute and sole discretion to determine the timing and the price at which the New Securities issued to it may be sold and the manner in which any sale is made. Any interest earned on the proceeds of the sale of these New Securities will be applied firstly against expenses of such sale, including brokerage, and any balance will accrue to the Company. The proceeds of the sale (if any) will be paid to those Ineligible Shareholders for whose benefit the New Securities are sold in proportion to their shareholdings as at the Record Date (after deducting the Offer Price, brokerage, commission and other expenses). If the proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Ineligible Shareholders may nevertheless receive no net proceeds if the Offer Price plus the costs of the sale are greater than the sale proceeds. Neither the Company nor the Nominee will be liable for a failure to obtain any net proceeds, or to sell the New Securities at any particular price or at any particular time.

An application for the approval of the Nominee by ASIC is currently pending and is expected to be finalised prior to the Closing Date of the Offer.

## 2.14 Electronic prospectus

An electronic version of this Prospectus is available on the internet at [www.sunres.com.au](http://www.sunres.com.au).

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Offer period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company.

# Prospectus

## 3. How to apply

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### 3.1 How to accept your Entitlement

Eligible Shareholders may accept their Entitlement either in whole or in part. The number of New Securities which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Forms which accompany this Prospectus.

Eligible Shareholders may participate in the Offer as follows:

#### (a) Take up your Entitlement in full and apply for Additional Securities

If you are an Eligible Shareholder and you wish to take up all of your Entitlement and apply for Shortfall in excess of your Entitlement, please:

- (1) complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Securities for which you wish to accept the Offer under this Prospectus plus the number of Shortfall Securities (being more than your Entitlement as specified on the Entitlement and Acceptance Form); and
- (2) forward the completed Entitlement and Acceptance Form together with the total amount payable (including for the Shortfall Securities you are applying for) to the return address noted on the Entitlement and Acceptance Form so that it is received by no later than **5.00pm (Perth time) on the Closing Date** or such later date as the Directors determine.

Cheques and bank drafts, in Australian currency, should be made payable to Sun Resources NL and crossed "Not Negotiable".

You should ensure that sufficient funds are held in the relevant account(s) to cover the Acceptance Monies. If the amount of your cheque for Acceptance Monies is insufficient to pay in full for the number of whole New Securities you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Securities as your cleared Acceptance Monies will pay for (and to have that number of New Securities on your Entitlement and Acceptance Form). Alternatively, your Entitlement and Acceptance Form will be rejected. If your cheque does not clear due to insufficient funds in your account, your Entitlement and Acceptance Form will be rejected.

If you intend to pay for the New Securities by BPAY please refer to your personalised instructions on your Entitlement and Acceptance Form. You must ensure that your payment is received by no later than **5.00pm (Perth time) on the Closing Date** or such later date as the Directors determine, keeping in mind that your own financial institution may implement earlier cut-off times with regard to electronic payment. It is your responsibility to ensure that funds submitted through BPAY are received by **5.00pm (Perth time) on the Closing Date**.

#### (b) Take up your Entitlement in full

If you are an Eligible Shareholder and wish to take up all of your Entitlement, please:

- (1) complete the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions set out on the Entitlement and Acceptance Form; and

# Prospectus

- (2) forward your completed Entitlement and Acceptance Form, together with payment of the amount shown on your Entitlement and Acceptance Form to the return address noted on the Entitlement and Acceptance Form so that it is received by no later than **5.00pm (Perth time) on the Closing Date** or such later date as the Directors determine.

Cheques and bank drafts, in Australian currency should be made payable to Sun Resources NL and crossed "Not Negotiable".

You should ensure that sufficient funds are held in the relevant account(s) to cover the Acceptance Monies. If the amount of your cheque for Acceptance Monies is insufficient to pay in full for the number of whole New Securities you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Securities as your cleared Acceptance Monies will pay for (and to have that number of New Securities on your Entitlement and Acceptance Form).

Alternatively, your Entitlement and Acceptance Form will be rejected. If your cheque does not clear due to insufficient funds in your account, your Entitlement and Acceptance Form will be rejected.

If you intend to pay for the New Securities by BPAY, please refer to your personalised instructions on your Entitlement and Acceptance Form. You must ensure that your payment is received by no later than **5.00pm (Perth time) on the Closing Date** or such later date as the Directors determine, keeping in mind that your own financial institution may implement earlier cut-off times with regard to electronic payment. It is your responsibility to ensure that funds submitted through BPAY are received by **5.00pm (Perth time) on the Closing Date**.

## (c) **Take up part of your Entitlement**

If you are an Eligible Shareholder and wish to take up only some of your Entitlement, please:

- (1) complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Securities for which you wish to accept the Offer under this Prospectus (being less than your Entitlement as specified on the Entitlement and Acceptance Form); and
- (2) forward the completed Entitlement and Acceptance Form together with the total amount payable to the return address noted on the Entitlement and Acceptance Form, so that it is received by no later than **5.00pm (Perth time) on the Closing Date** or such later date as the Directors determine.

Cheques and bank drafts, in Australian currency, should be made payable to Sun Resources NL and crossed "Not Negotiable".

If you intend to pay for the New Securities by BPAY, please refer to your personalised instructions on your Entitlement and Acceptance Form. You must ensure that your payment is received by no later than **5.00pm (Perth time) on the Closing Date** or such later date as the Directors determine, keeping in mind that your own financial institution may implement earlier cut-off times with regard to electronic payment. It is your responsibility to ensure that funds submitted through BPAY are received by **5.00pm (Perth time) on the Closing Date**.

## (d) **Do nothing**

You may do nothing, in which case you will have no right to subscribe for New Securities and no New Securities will be issued to you. However, if you are an Eligible

# Prospectus

Shareholder and you do nothing, then New Securities representing your Entitlement may be issued to the Underwriter or other third parties. You should also note that, if you do not take up your Entitlement, then although you will continue to own the same number of Shares, your percentage shareholding in the Company will decrease.

## 3.2 General

If you have any queries concerning your Entitlement under the Offer, please contact the Company on (+61 8) 9321 9886 or contact your stockbroker or professional adviser.

Entitlement and Acceptance Forms and accompanying cheques or bank drafts may be lodged at any time before the Closing Date. Entitlement and Acceptance Forms received after the Closing Date may not be accepted. The Company will not be responsible for postal or delivery delays.

The Offer Price of \$0.004 per New Share is payable in full on acceptance of part or all of your Entitlement.

If an Eligible Shareholder or investor elects to make payment by BPAY, they must contact their bank, credit union or building society to make payment of the Acceptance Monies from their cheque or savings account. Payment must be received by no later than **5.00pm (Perth time) on the Closing Date** or such later date as the Directors determine, keeping in mind that your own financial institution may implement earlier cut-off times with regard to electronic payment.

Payment will only be accepted in Australian currency and cheques, bank drafts and BPAY payments must be drawn on an Australian bank.

No stamp duty, brokerage or handling fees are payable by any Applicant for the New Securities offered by this Prospectus. Completed Entitlement and Acceptance Forms and accompanying cheques or bank drafts should be forwarded to the following address:

**Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne Victoria 3001 Australia**

The amount payable for the New Securities will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Monies will be held in trust in a subscription account until allotment of the New Securities. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Acceptance Monies will be retained by the Company irrespective of whether allotment takes place.

## 3.3 Binding effect of Entitlement and Acceptance Form

A completed and lodged Entitlement and Acceptance Form, or a payment made by BPAY, constitutes a binding offer to acquire New Securities on the terms and conditions set out in this Prospectus and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Securities. Subject to the terms of the Underwriting Agreement, the Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Acceptance Monies or making a payment BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

# Prospectus

- (a) you are an Eligible Shareholder or investor and are not a person to whom it would be illegal to make an offer or issue of New Securities under the Offer;
- (b) you acknowledge that the New Securities have not been, and will not be, registered under the laws of any jurisdiction outside of Australia and New Zealand; and
- (c) you have not and will not send any materials relating to the Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

# Prospectus

## 4. Company information

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### 4.1 Company update

The last few years have been difficult for the Company, but it has emerging leaner, better positioned and with almost all legacy issues now resolved or quarantined in subsidiaries with no assets. The Board has decided to refocus on conventional oil projects and after an extensive review of opportunities, has identified an area of interest, located in the protected inland waters area, offshore Louisiana that offers a niche that suits the Company.

To this end, on 14 August 2017 the Company announced the award of 1,000 acre (4 km<sup>2</sup>) lease located in the shallow protected transition zone waters of Breton Sound, St Bernard Parish, Louisiana, with a 50% working interest which the Company has named Bowsprit. The Company is the Operator of this project. The Directors consider that the Bowsprit Project to be appropriate for a company of Sun's size.

The Company has teamed up with Pinnacle, a Singapore unlisted public company, which has extensive experience in the area, and whose board and management are well known to the Sun team. The Breton Sound and surrounding inland shallow waters offshore Louisiana, hold a prolific hydrocarbon basin that was extensively developed in the 1950's to 1990's. In the late 1990's industry activity focus shifted to deeper waters and the area has been largely neglected since. Technical review of the available data, indicates that there are multiple opportunities for commercial development of established, but moderately thin oil reservoirs which have historically tested or produced oil at modest or sub-economic rates from vertical wells. Sun believes that with good 3D visualization and employing the latest horizontal drilling techniques, which have been refined during the unconventional oil boom, it will be possible to find projects that will produce and will be commercially robust even at current oil prices.

The initial 50/50 Bowsprit lease that was acquired by the Company in August 2017 has near term production potential through the planned redevelopment of a reservoir that produced oil in the 1960's at low rates from two vertical wells. The Company as Operator, together with its joint venture partner Pinnacle, intend to develop the field with modern horizontal wells and re-establish production. If all goes according to plan, The Company will be drilling the first well in 2018, to initially test and prove the deliverability of the field. The intent is to then suspend the well until production facilities are installed a few months later and then bring the field onto production.

The new Bowsprit Project looks very promising, and getting the field on to production will be the prime focus for the Company in the coming year. As the Company executes the detailed planning work for the Bowsprit Project and incorporates all the data in the surrounding area, the Company will also be mindful of carefully identifying and securing additional follow up project leases.

For the last 11 months the Company has functioned without a Chief Executive Officer, with the Board and Chief Financial Officer sharing the duties to keep overheads as low as possible. In order to facilitate the Offer and on the basis that the Bowsprit Project requires significant ongoing management, the Board is pleased that Mr Alexander Parks will be transitioning from Non-Executive Director into the role of full time Chief Executive Officer and Managing Director of the Company. Mr Parks has been instrumental in forming the relationship with Pinnacle and identifying and securing the Bowsprit Project and has the experience, drive and expertise to lead the Company as it re-emerges from its difficult past.

### 4.2 The Directors

The Directors bring relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience to the Board.

The following persons are Directors as at the date of this Prospectus:

# Prospectus

## **Mr Ian McCubbing** (Non-Executive Chairman)

Mr Ian McCubbing was appointed to the Board as a Non-Executive Director and Chairman on 25 October 2016. Mr McCubbing is a Chartered Accountant with more than 30 years' corporate experience, including five years investment banking, principally in the areas of corporate finance and mergers and acquisitions. Mr McCubbing has spent more than 15 years' working with ASX 200 and other listed companies in senior finance roles, including positions as Finance Director and Chief Financial Officer in mining and industrial companies.

He is currently a Non-Executive Director of Avenir Limited, Swick Mining Services Limited, and is Chairman of Rimfire Pacific Mining NL. Mr McCubbing was Chairman, and a key member of the team that delivered a very successful outcome to the shareholders of Eureka Energy Limited,

He has a Bachelor of Commerce (Honours) from UWA and Executive MBA from the AGSM, is a Chartered Accountant and a Graduate of the Australian Institute of Company Directors

## **Mr William Bloking** (Non-Executive Director)

Mr William Bloking was appointed to the Board as a Non-Executive Director on 25 October 2016. Mr Bloking is a leading energy expert with more than 40 years of experience in the oil and gas industry, mainly with ExxonMobil and BHP Billiton Petroleum. Prior to his retirement in 2007, Mr Bloking was President, Australia Asia Gas, for BHP Billiton Petroleum and prior to joining BHP Billiton he served in a number of senior executive roles in the USA, South America, Europe and Asia for ExxonMobil.

Mr. Bloking is currently Non-Executive Chairman of Nido Petroleum Limited and Torrens Mining Limited and he is a Non-Executive Director of Challenger Energy Limited. He is a fellow of the Australian Institute of Company Directors. He was formerly Chairman of Transerv Energy Limited, Cool Energy Limited, Norwest Energy NL, the National Offshore Petroleum Safety Authority Advisory Board, and Cullen Wines Australia Pty Ltd.; Managing Director of Eureka Energy Limited and Gunson Resources Limited; a Non-Executive Director of the John Holland Group, Miclyn Express Offshore Limited, the Australian Petroleum Production and Exploration Association (APPEA), the Lions Eye Institute and the West Australian Symphony Orchestra; a Councillor of the West Australian Branch of the Australian Institute of Company Directors; a Governor of the American Chamber of Commerce in Australia; and an Adjunct Professor at Murdoch University.

Mr Bloking has a Bachelor's Degree in Mechanical Engineering (Summa cum Laude) from the University of South Carolina in the USA. He is a citizen of both the USA and Australia.

## **Mr Alexander Parks** (Non-Executive Director / transitioning to Managing Director)

Mr Alexander Parks was appointed to the Board as a Non-Executive Director on 18 February 2016. Mr Parks is an energy expert with over 20 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. Since 2004, Mr Parks has held executive leadership roles, and 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 such as successful farm-outs, and capital risings.

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.



# Prospectus

On 2 November 2017, the Company announced that Mr Parks will become the Chief Executive Officer and Managing Director of the Company, effective 1 December 2017.

## **Constraints on availability**

Save as noted in this Prospectus, each Director has confirmed to the Company that he anticipates being available to perform his duties as Director of the Company without constraint from other commitments.

## **Independence of Directors**

Mr Ian McCubbing and Mr William Bloking are regarded as being Non-Executive and Independent Directors having no executive duties. As Mr Parks will be taking up the role of Chief Executive Officer and Managing Director of the Company, he is not regarded as Independent.

Details of the current interests of the Directors in the Company and their intentions in respect of the Offer are set out in Sections 1.8 and 1.10

## **4.3 Senior management**

The following person forms the senior management of the Company as at the date of this Prospectus:

### **Mr Craig Basson** (Chief Financial Officer and Company Secretary)

Mr Basson has over 20 years' experience in auditing, accounting and financial management companies in multiple industries, including the resources sector.

Mr Basson is a Fellow of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia, Graduate of the Australian Institute of Company Directors and holds a BCom (Hons) degree in accounting and finance from the University of the Witwatersrand, Johannesburg.

# Prospectus

## 5. Effect of the Offer on the Company

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### 5.1 Principal effects of the Offer

The principal effects of the Offer will be to:

- (a) increase cash reserves and equity of the Company by approximately \$1,296,742 immediately after completion of the Offer (and prior to deducting the costs of the Offer which are anticipated to be \$156,573);
- (b) increase the total number of Shares on issue from 432,247,193 as at the date of this Prospectus to 756,432,588 Shares following completion of the Offer;
- (c) increase the total number of Options on issue from 396,622,846 as at the date of this Prospectus to 558,715,543 Options following completion of the Offer;
- (d) allow the Company to progress the Bowsprit Project;
- (e) provide sufficient funds for the Company to complete its obligations under the Memorandum of Understanding with Pinnacle; and
- (f) repay the loans made by the Directors to the Company to fund the Bowsprit Project lease acquisition and working capital requirements prior to this Offer.

### 5.2 Financial position

The Offer will have a material effect on improving the Company's and the Group's financial position. Set out below are the audited consolidated statements of financial position as at 30 June 2017 and the audited pro-forma accounts. The unaudited pro-forma statement incorporates the major changes since 30 June 2017 and effects of the Offer, if fully subscribed. Other than as noted, there have been no other material events since 30 June 2017.

# Prospectus

		Audited	Unaudited	Unaudited	Unaudited
		30 June 2017	Subsequent	Proforma	Proforma
	Notes		Events	Adjustments	
		\$	\$	\$	\$
<b>Current assets</b>					
Cash and cash equivalents	1	323,023	- 285,000	1,040,169	1,078,192
Trade and other receivables		47,792	-	-	47,792
<b>Total current assets</b>		<b>370,815</b>	<b>- 285,000</b>	<b>1,040,169</b>	<b>1,125,984</b>
<b>Non-current assets</b>					
Plant and equipment		23,507	-	-	23,507
Oil and gas properties	2	-	300,000	-	300,000
<b>Total non-current assets</b>		<b>23,507</b>	<b>300,000</b>	<b>-</b>	<b>323,507</b>
<b>Total assets</b>		<b>394,322</b>	<b>15,000</b>	<b>1,040,169</b>	<b>1,449,491</b>
<b>Current Liabilities</b>					
Trade and other payables	3, 4	1,049,037	100,000	- 100,000	1,049,037
Borrowings	5, 6	1,071,070	- 906,070	-	165,000
<b>Total current liabilities</b>		<b>2,120,107</b>	<b>- 806,070</b>	<b>- 100,000</b>	<b>1,214,037</b>
<b>Non-current liabilities</b>					
Borrowings	6	-	1,071,070	-	1,071,070
<b>Total non-current liabilities</b>		<b>-</b>	<b>1,071,070</b>	<b>-</b>	<b>1,071,070</b>
<b>Total liabilities</b>		<b>2,120,107</b>	<b>265,000</b>	<b>- 100,000</b>	<b>2,285,107</b>
<b>Net liabilities</b>		<b>- 1,725,785</b>	<b>- 250,000</b>	<b>1,140,169</b>	<b>- 835,616</b>
<b>Equity</b>					
Contributed equity		118,130,277	-	1,140,169	119,270,446
share-based payment reserve		12,795,371	-	-	12,795,371
Foreign exchange translation reserve		17,985,072	-	-	17,985,072
Accumulated losses		- 150,636,505	- 250,000	-	- 150,886,505
<b>Total deficiency</b>		<b>- 1,725,785</b>	<b>- 250,000</b>	<b>1,140,169</b>	<b>- 835,616</b>

## Notes:

1. Acquisition of Bowsprit Oil Project for approximately \$300,000. Acquired utilising Directors' short-term loan of \$110,000 and \$190,000 of existing cash.
2. Acquisition of Bowsprit Oil Project for approximately \$300,000.
3. Deferred Directors' fees and increase in Creditors of around \$100,000 to preserve cash.
4. Payables include quarantined Sun Delta Inc. liabilities of approximately \$840,000 – refer to Section 6.2(c).
5. Recognition of Directors' short-term loan of \$165,000 (Bowsprit acquisition - \$110,000 and \$55,000 for working capital).
6. Reclassification of Winform Nominees Pty Ltd Convertible Loan from current to non-current liability.

# Prospectus

## Basis of preparation

The consolidated statements of financial positions have been prepared as an abridged version for the purposes of the Prospectus and do not include all the disclosures required under Australian accounting standards as required for annual financial statements or a half year report.

The consolidated statements of financial positions are based on the accounting policies of the Company as included in the 30 June 2017 audited financial report.

The basis of preparation includes the historical cost basis and, except for the calculation of the fair value of the options to be issued and where elsewhere stated, do not take into account changing money values or fair values of non-current assets.

The financial statements have also been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. Whilst the Directors believe sufficient funds will be available for commitments over the next 12 months, including for exploration and development planning purposes, the ability of the consolidated entity beyond that period, to maintain continuity of normal business activities and to pay its debts as and when they fall due, is dependent on the ability of the consolidated entity to successfully raise additional funding and/or the successful exploration and subsequent exploitation of areas of interest.

The pro-forma consolidated statements of financial position have been prepared based on unaudited consolidated management accounts as at 30 June 2017, adjusted for the major items since 30 June 2017 (as noted) and the effects of the Offer.

## 5.3 Capital structure

The Company will issue 324,185,395 New Shares and 162,092,697 New Options under the Offer.

Assuming that none of the Company's existing Options are exercised, the capital structure of the Company immediately following completion of the Offer (excluding rounding of Entitlements) will be as follows:

	Shares	Options
Securities on issue at the date of this Prospectus	432,247,193	396,622,846
New Securities to be issued under the Offer	324,185,395	162,092,697
<b>Total</b>	<b>756,432,588</b>	<b>558,715,543</b>

Notes:

- If any of the Options on issue at the date of this Prospectus are exercised prior to the Record Date, additional New Shares will be issued under the Offer. If all Options on issue as at the date of this Prospectus were exercised prior to the Record Date, the Company's issued shares would increase by 396,622,846 resulting in a further 297,467,134 New Shares and 148,733,567 New Options being issued pursuant to this Prospectus. This would increase the Company's total Shares on issue after completion of the Offer to 1,450,522,568 and the total Options on issue after completion of the Offer to 707,449,111. However, having regard to the exercise price of the existing Options, the Directors believe that it is unlikely that any existing Options will be exercised prior to the Record Date.*

# Prospectus

As at the date of this Prospectus, the Company has the following Options on issue:

Type	Number	Exercise Price	Expiry Date
Listed	393,842,846	\$0.01	19 October 2020
Unlisted	2,780,000	\$0.0375	17 August 2018

These Options will not be affected by the Offer and may be exercised by Option holders in accordance with the terms of the Options.

## 5.4 Effect on control

The Offer is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements and none of the Option holders exercise their Options and participate in the Offer, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Offer on the control of the Company.

If Eligible Shareholders do not take up their Entitlements in full it will result in their percentage holding in the Company being diluted by the Offer. Given the terms of the Offer, the maximum possible dilution to an Eligible Shareholder's interest in the Company will be 42.86%. Additionally, the Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders in the Company will be diluted in the event the Offer is fully subscribed.

The Offer is fully underwritten by the Underwriter, Patersons Securities Ltd. In the event that only Fast Lane Australia Pty Ltd and the Directors take up their Entitlements under the Offer (and the Directors also subscribe for the Sub-underwritten Shares), the Underwriter will receive 197,947,000 New Shares under the Offer. If the 197,947,000 New Shares are taken by the Underwriter alone, the Underwriter's voting power in the Company will be 26.17%.

The following sets out the potential voting power of the Underwriter in the event that a greater percentage of Eligible Shareholders take up their Entitlements:

	Minimum uptake	50% uptake	75% uptake	100% uptake
Issue of New Shares under Offer	324,185,395	324,185,395	324,185,395	324,185,395
Take Up of New Shares	92,488,395	162,092,698	243,139,046	324,185,395
Sub-underwritten Shares	33,750,000	33,750,000	33,750,000	0
Shortfall Shares taken up by Underwriter <sup>1</sup>	197,947,000	128,342,697	47,296,349	0
Existing Shares held by Underwriter	0	0	0	0
Total Shares held by Underwriter	197,947,000	128,342,697	47,296,349	0
<b>Total voting power held by Underwriter</b>	<b>26.17%</b>	<b>16.97%</b>	<b>6.25%</b>	<b>0.00%</b>

Notes:

1. This figure assumes that the Sub-underwriters have subscribed for all of the Sub-underwritten Shares pursuant to the Sub-underwriting Agreements. However, the obligation to subscribe for

# Prospectus

*the Sub-underwritten Shares will reduce to the extent that Shareholders take up their full Entitlements under the Offer.*

As at the date of this Prospectus, it is not the intention of the Underwriter to hold a voting power in the Company which exceeds 19.9%. However, in the event that the Underwriter does hold a voting power in the Company which exceeds 19.9% on completion of the Offer, the Underwriter does not intend to change the Company's current business operations and/or redeploy any of the Company's fixed assets and/or change the Company's management team and/or make changes to the Company's other employees.

The Underwriter has entered into a number of Sub-underwriting Agreements with the Company's Directors. Details of these agreements including each Director's potential voting power in the Company as a result of the Sub-underwriting Agreements is set out in Section 1.10.

## 5.5 Shortfall Offer

Eligible Shareholders may apply for any number of Shortfall Securities, regardless of the size of their present holding. The Underwriter, in accordance with the provisions of the Underwriting Agreement, reserves the right to place the Shortfall in its sole and absolute discretion, subject to the provisions of the Underwriting Agreement, the Sub-underwriting Agreement, the Corporations Act and the ASX Listing Rules. The Underwriter has determined that no party (other than the Underwriter) will be allotted any Shortfall such that they would, by virtue of the allotment of those securities, acquire a relevant interest in voting shares in the Company exceeding 20%.

# Prospectus

## 6. Risk factors

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### 6.1 Introduction

The New Securities offered by this Prospectus should be considered speculative. The Directors strongly recommend that you examine the contents of this Prospectus and consult your professional advisors before deciding whether to invest in the Company.

An investment in the Company will be exposed to a number of key risks related to its specific business operations. Key risks are risks that the Directors and senior management of the Company focus on when managing the business and which would have the potential, upon occurrence, to significantly affect the Company and the value of investments in the Company. An overview of these key risks is provided in Section 6.2.

An investment in the Company is also subject to general risks that are common to all investments in shares and are not specific to the business model and operations of the Company. These include, for example, the volatility of the share prices as a result of economic conditions. An overview of these general risks is provided in Section 6.3.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of the Company and not capable of mitigation. The following risk factors are not exhaustive but represent some of the major risk factors that may affect the future operating and financial performance of the Company and the value of an investment in it.

### 6.2 Risks specific to an investment in the Company

Investors should be aware of the key risks specific to an investment in the Company as described below.

#### (a) Future financing

The Company does not currently have any material operating revenue. Accordingly, it must continue to fund its activities and overheads through its cash reserves, equity capital or debt. The continued viability of the Company is therefore dependent upon the success of the Offer.

The cash reserves currently available to the Company and the funds to be raised under the Offer are only sufficient to meet the forecast capital costs and working capital requirements until approximately April 2018. Accordingly, the ability for the Company to continue as a going concern is contingent on the raising of further debt or equity funds in the future. There can be no guarantee that the Company will be able to successfully raise further funds by April 2018.

#### (b) Project related risks

The Company's primary project is the Bowsprit Project located in the shallow inland waters offshore Louisiana. Specific risks relating to this project include:

- (1) the funds raised from the Offer will be insufficient to fund the Company through the full development of the project and the Company will require further funds via a farm out and/or a further capital raising to drill the project;
- (2) a farm out cannot be achieved in the time frame contemplated or that market conditions (low oil price, market weakness etc.) will not be conducive to a capital raise. Without further funds the Company will deplete its cash reserves by April 2018;

# Prospectus

- (3) the well costs may exceed the budget or the Company's funding capability or that the Company may be unable to raise the funds to pay for the production facilities;
  - (4) the Company's view of the project will be based on data acquired from ~1960 to 1990 and the limitations contained therein;
  - (5) the Independent Resource Assessment may not interpret commercial volumes;
  - (6) detailed development planning may identify new data, or a flaw in the current interpretation, that makes the project sub commercial;
  - (7) on drilling the reservoir, the field may not flow oil as forecast, either a lower oil rate, with too much associated water or mechanical failure in the well; and
  - (8) the oil price may drop to a level that the project is deemed sub commercial.
- (c) Litigation risk

Legal proceedings may also arise from time to time in the course of the Company's business. The Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute, if proven, may impact adversely on the Company's operations, financial performance and financial position.

The following litigation has previously been disclosed and remains inactive:

- (1) Richland bankruptcy

A wholly owned subsidiary of the Company, Sun Delta, was previously involved in a dispute with the operator of the Beeler Oil Project, Richland. In 2013, the Company announced that Richland was removed as operator by the non-operating working interest owners in the Beeler Oil Project. Richland had failed to pay certain vendors and these vendors then filed liens against the entire Beeler Oil Project, including Sun Delta's 16.67% non-operating working interest. Richland subsequently filed for Bankruptcy. Sun Delta'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 (2016: US\$172,000) liability as part of trade and other payables. Any potential liability of the Group is limited to Sun Delta. Sun Delta has no operating assets, cash or leases and has no capacity to make any payment to the to the Bankruptcy Trustee. The Board has no current intention to support Sun Delta in relation to this liability.

- (2) Weatherford dispute

In May 2015, Sun Delta assigned to Amerril, the then Operator of the Seale Production unit, its claims against Weatherford for related damages concerning the Seale #1H well, with Amerril to keep all awarded damages, if any. If Weatherford obtained damages or other compensation against an Amerril entity of less than one million US dollars, the Company agreed to pay 50% of such amount. If any compensation amount due to Weatherford from an Amerril entity was in excess of one million dollars, the Company agreed to pay Amerril US\$500,000 with Amerril retaining the rights to seek additional damages and compensation from Sun. Any such claim by Amerril would, however require a lawsuit by Amerril against Sun and Sun would have all of its rights and defences in such a lawsuit. The Group has recognised a US\$500,000 (2016: US\$500,000) liability as part of trade and other payables.



# Prospectus

On 18 April 2017, the Company received a Notice of Demand from Amerril. This Notice informed the Company of a judgement obtained by Weatherford against Amerril for more than US\$1,000,000 in January 2017. The Notice demanded that Sun Delta pay Amerril US\$500,000 within 15 days, in accordance with terms of a Settlement Agreement executed between Sun Delta and Amerril on the 8 May 2015. The Notice also reserved Amerril right to take further legal action. As noted above, Sun Delta has no operating assets, cash or leases and has no capacity to make any payment. Any potential liability of the Group is limited Sun Delta and the Board has no current intention to support Sun Delta in relation to this liability

Further details of the above litigation and associated contingencies are noted in Note 22 of the Company's Annual Financial Report for the period ending 30 June 2017.

(d) Uncertainty of Petroleum Development of Projects and Exploration Risk

The primary business of the Company is exploration for, and commercial development of petroleum reserves, which is subject to the risks inherent in these activities. The Company is in the appraisal phase of its Bowsprit Project, whilst other projects are in the evaluation phase. The current and future operations of the Company may be affected by a range of factors, including:

- (1) geological conditions and the flow potential of these oil reservoirs after drilling;
- (2) limitations on activities due to seasonal weather patterns, and hurricanes;
- (3) alterations to exploration programs and budgets;
- (4) unanticipated operational and technical difficulties encountered in drilling, development, production and treatment activities;
- (5) mechanical failure of operating plant and equipment;
- (6) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (7) unavailability of drilling, processing and other equipment;
- (8) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;
- (9) prevention of access by reason of inability to obtain regulatory or landowner consents or approvals;
- (10) terms imposed by government on development of oil and gas projects including conditions such as environmental rehabilitation and taxes;
- (11) delays in completing feasibility studies and obtaining development approvals; and
- (12) risks of default or non-performance by third parties providing essential services.

No assurance can be given that future exploration will be successful or that a commercial production operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable oil and gas reserves, design and

# Prospectus

construction of efficient processing facilities, and competent operational and managerial performance. Even if an apparently viable oil discovery is identified, there is no guarantee that it can be profitably exploited by the Company.

Development of a commercial oil business is also dependent on the Company's ability to obtain necessary governmental and other regulatory, including but, not limited to, environmental approvals on a timely basis. Development of a commercial oil business is also dependent on the Company's ability to establish basic infrastructure such as (but not limited to) power, water, transport and housing to support its operations.

(e) Reliance on and sourcing of Key Personnel

The Company is dependent on its Directors', managers' and consultants' ability to implement the Company's strategy in respect of the exploration and possible development of the Company's unconventional oil and gas interests. A number of factors, including the departure of senior management of the Company, could adversely affect the Company's ability to implement its strategy. There can be no assurance that any Director, manager or consultant of the Company will remain a Director, manager or consultant of the Company.

The success of the Company's operations may also depend on continued access to competent management and technical expertise, prudent financial administrators and the availability of appropriately skilled and experienced employees, contractors and consultants operating in relevant sectors. The continued access to such personnel cannot be guaranteed. In the event that the Company is unable to source such personnel, the Company could be adversely affected.

(f) Importance of Future Prices, Supply and Demand for Oil and Gas

The revenues which might be generated from the activities of the Company will be highly dependent upon the future prices and demand for oil and gas. Factors which may affect prices and demand for oil and gas include, but are not limited to, the worldwide supply of oil and gas; the price of oil produced in the United States of America or imported from foreign countries; consumer demand for oil and gas; the price and availability of alternative fuels; federal and state regulation; and general, national and worldwide economic political conditions.

In addition to the widely-recognised volatility of the oil market, the gas market is also unsettled due to a number of factors. In the past, production from gas wells in many geographic areas of the United States of America has been curtailed for considerable periods of time due to a lack of market demand, and such curtailments may exist in the future. Further, there may be an excess supply of gas in the area of the Company wells. In that event, it is possible that wells in the area of the Company wells, including the Company wells, will be shut in or that gas in those areas will be sold on terms less favourable than might otherwise be obtained. The combination of these factors, among others, makes it particularly difficult to estimate accurately future prices of oil and gas, and any assumptions concerning future prices may prove incorrect.

(g) Competition

The Company competes with many other companies. Some of these companies have greater financial and other resources available to them than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce oil and gas, but also carry out refining operations on a global scale. There can be no assurances that the Company will be able to compete effectively with these companies.

# Prospectus

(h) Markets for sale of production

The ability of the Company to market oil and gas found and produced, if any, will depend on numerous factors beyond the control of the Company, the effect of which cannot be accurately predicted or anticipated. Some of these factors include, without limitation, the availability of a ready market, the effect of federal and state regulation of production, refining, transportation and sales, and general national and worldwide economic conditions.

There is no assurance that the Company will be able to market any oil or gas produced by it, or, if such oil or gas is marketed, that favourable prices can be obtained by the Company.

(i) Price control and possible energy legislation

There are currently no US Federal Government price controls on oil or gas production so that sales of oil or gas by the Company can be made at uncontrolled market prices. However, there can be no assurance that either Federal or individual State Congress will not enact controls at any time. No prediction can be made as to what additional energy legislation may be proposed, if any, nor which bills may be enacted nor when any such bills, if enacted, would become effective.

(j) Environmental risk

The exploration, development and production of oil and gas are subject to various federal and state laws and regulations to protect the environment. Various US government states and governmental agencies are considering, and some have adopted, laws and regulations regarding environmental control which could adversely affect the business of the Company.

Compliance with such legislation and regulations, together with any penalties resulting from non-compliance therewith, will increase the cost of oil and gas development and production. Some of these costs may ultimately be borne by the Company.

(k) Operating risks

The Company and its operations in the United States of America will be subject to usual industry operating risks including fire, accidental damage caused by contractor or employee errors or negligence, adverse weather conditions and industrial action.

The occurrence of any of these risks could result in substantial liability being incurred by the Company.

To mitigate this risk the Company intends to ensure that insurance is maintained within ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any potential claims. Insurance cover may not be available for every risk faced by the Company. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

# Prospectus

## (l) Tenure risk

The oil and gas mineral rights and interests held by the Company are subject to commercial terms and applicable laws regarding exploration and production, expenditure, plus extension and renewal costs.

Laws and policies in the United States of America may impact on both the Company's ability to secure and maintain its oil and gas mineral rights and interests and its ability to access these leases that it holds. Oil and gas mineral rights and interests are granted subject to various conditions including, but not limited to, work and expenditure conditions. Failure to comply with these conditions may expose the leases to forfeiture.

All of the oil and gas mineral rights and interests held by the Company (or which the Company has an interest in) may in the future become subject to renewal or extension. Given that the terms on which the Company's leases are granted or renewed (if at all) are generally at the discretion of the land owner or mineral right owner, and subject to relevant governmental or administrative authority, there is a risk that any lease interest held by the Company may not be renewed in the future and that the Company may be unable to comply with legislative or regulatory requirements to retain its leases.

## (m) Taxation

In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

## (n) Government regulation

The oil and gas business is subject to extensive governmental regulation under which, among other things, rates of production from the Company wells may be fixed.

Governmental agencies may impose a moratorium on drilling, such as the moratorium on deepwater drilling operations in the Outer Continental Shelf of the Gulf of Mexico that occurred in 2010. A drilling moratorium or other regulatory initiatives in response to oil spills in the geographical areas where the Company conducts operations could have a material adverse effect the Company's business. Governmental regulation also may limit or otherwise affect the market for the Company's wells' production and the price which may be paid for that production. Governmental regulations relating to environmental matters could also affect the Company's operations.

The nature and extent of various regulations, the nature of other political developments and their overall effect upon the Company are not predictable.

## (o) Contractual risk

The Company's ability to efficiently conduct its operations in a number of respects depends upon a number of contracts. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms. Most oil field operations are administered between the joint interest parties under a joint operating agreement and this contract included remedies for non-performance of either party, often without the need to resort to litigation.

# Prospectus

## 6.3 General Risks

### (a) Share market conditions

The value of Shares quoted on ASX will be subject to varied and often unpredictable influences on the market for equities and particularly for speculative stocks such as the Company's. It is important to recognise that share prices may fall as well as rise, and the Company's Shares may trade below or above the issue price. The price of the Company's Shares, when quoted on the ASX, will be influenced by international and domestic factors as well as general equity market fluctuations. Should these produce a negative effect on the Share price, this may also affect the Company's ability to raise development capital.

### (b) Dividends

There is no guarantee as to future earnings of the Company or that the Company will be profitable and there is no guarantee that the Company will be in a financial position to pay dividends.

At the time of issue of this Prospectus, the Directors do not anticipate that any dividend will be declared in respect of the current financial year and no dividends are anticipated to be declared for the foreseeable future.

### (c) Dilution risk

The Company may require further financing in addition to amounts raised under the Offer in the future. If any additional funds are raised through the issue of further securities, Shareholders voting and relevant interest in the Company may be diluted if they do not participate in the offer.

### (d) Liquidity

As with all securities listed on ASX, there can be no guarantee that an active market in Shares will develop over and above its current levels. There may be relatively few or many potential buyers or sellers of Shares on ASX at any given time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the Offer Price.

### (e) General economic conditions

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation have an impact on operating costs, commodity prices, and the parameters in which the Company operates. Factors that may be beyond the control of the Company include:

- (1) general economic conditions in Australia and the United States and their trading partners and, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;
- (2) financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party;
- (3) insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- (4) industrial disputes.

# Prospectus

These as well as other conditions can affect the Company's future revenues and profitability and the price of its securities.

(f) Changes in Government policies and laws

Changes in government laws, regulations, policies and administrative regimes, particularly those affecting ownership of oil and gas interests, taxation, royalties, land access, labour relations, environmental pollution and mining and exploration activities, may adversely affect the financial performance or the current and proposed operations generally of the Company. These changes may increase operating costs and may have a material adverse effect on the Company.

(g) Industrial risk

Industrial disruptions, work stoppages and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect profitability.

(h) Management actions

The Directors will, to the best of their knowledge, experience and ability (in conjunction with management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

## 6.4 Speculative nature of investment

The above list of risk factors is not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. Whether or not income will result from oil and gas projects undergoing exploration, development and production programs is dependent on the successful establishment of exploration operations. Factors including costs, equipment availability and oil prices affect successful project development as does the design and construction of efficient exploration facilities, competent operation and management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced consultants. In particular, changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in Australian and overseas equity markets may affect the Company's operations and particularly the trading price of the New Securities on the ASX. The Securities offered under this Prospectus should be considered speculative in nature and investors should be aware that they may lose some or all of the value of their investment.

# Prospectus

## 7. Additional information

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### 7.1 Transaction specific prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements. The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the New Securities.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

### 7.2 Continuous disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities.

Copies of the documents lodged by the Company with ASIC may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any Shareholder who asks for a copy of the document before the Closing Date:

- (a) the Company's annual financial report for the period ended 30 June 2017;
- (b) the Company's half-yearly financial statements for the period ended 31 December 2016; and
- (c) any continuous disclosure notices given to ASX in the period since the release of the Company's last annual report on 31 October 2017, being the following documents:

ASX Announcement	Date
Trading halt	31 October 2017
Quarterly Activities Report	31 October 2017
Quarterly Cashflow Report	31 October 2017
Appendix 4G	31 October 2017
Notice of Annual General Meeting	1 November 2017
Appointment of CEO and Capital Raising	2 November 2017
Investor presentation	2 November 2017

# Prospectus

## 7.3 Share price information

The highest and lowest closing market sale prices for Shares quoted on ASX in the six month period before the date of this Prospectus were as follows:

- (a) Highest - \$0.006 on 27 October 2017; and
- (b) Lowest - \$0.003 on 5 July 2017.

The closing market sale price of Shares quoted on ASX on the last day that trading took place in the Shares prior to the lodgement of this Prospectus was \$0.005 on 30 October 2017.

The Offer Price of New Shares under the Offer is \$0.004 each plus one (1) free-attaching New Option for each two (2) New Shares allotted. If the Offer Price is attributable to the New Shares only (and no value is attributed to the New Options), the Offer Price represents a 20% discount to the closing price on 30 October 2017.

## 7.4 Constitution

The Company's Constitution is in a form common to many public companies in Australia and was adopted by the Company on 14 December 1995. The Company will provide a copy of the Constitution to any Shareholder upon request, free of charge.

## 7.5 Rights and liabilities attaching to New Shares

The rights attaching to ownership of the New Shares are set out in the Company's Constitution. The following is a summary of the principal rights of holders of the New Shares, subject to any special rights attaching to any class of share at a future time. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

### (a) Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

### (b) Dividends

The New Shares will rank equally with all other issued shares in the capital of the Company and will participate in dividend out of profits earned by the Company from time to time. Subject to the rights of holders of shares with any special preferential or qualified rights attaching to them, the profits of the Company are divisible amongst the holders of Shares paid proportionately to the amounts paid on the Shares. The Directors may from time to time pay to Shareholders such interim dividends as in their judgment the position of the Company justifies.

### (c) Transfer of Shares

#### (1) Uncertificated system

Transfer of Shares may be effected by an instrument of transfer in accordance with any system recognised by the ASX Listing Rules and effected in accordance with the Securities Clearing House Business Rules approved under the Corporations Act or by an instrument of transfer in any usual form or by



# Prospectus

another form approved by the Directors or recognised by the Corporations Act or the ASX Listing Rules.

(2) **Certificated system**

Subject to the Constitution and the Corporations Act, a Shareholder's Share may be transferred by instrument in writing in any form authorised by the Corporations Act and the ASX Listing Rules or in any other form authorised by the Corporations Act and the ASX Listing Rules or in any other form that the Directors approve. No fee shall be charged by the Company on the transfer of any Shares.

(3) **Acceptance of transfer**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(d) **Winding up**

Upon accepting the Entitlement to New Shares and paying the Acceptance Monies, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

(e) **Future increases in capital**

The allotment and issue of any new shares is under the control of the Directors. Subject to the Listing Rules, the Company's Constitution and the Corporations Act, the Directors may allot or otherwise dispose of new shares on such terms and conditions as they see fit.

(f) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders, vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of 75% of the holders of the issued shares of that class, or if authorised by an ordinary resolution passed at a separate meeting of the holders of the shares of that class.

(g) **General Meeting**

Each holder of Shares will be entitled to receive notice of and to attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

For more particular details of the rights attaching to ordinary shares in the Company, investors should refer to the Constitution of the Company.

# Prospectus

## 7.6 Rights and liabilities attaching to New Options

The New Options will be issued on the following terms and conditions:

### (a) Consideration

New Options are to be issued as part of the Offer on the basis of one (1) free-attaching New Option for each two (2) New Shares issued. No further consideration other than the payment of the Offer Price will be payable by Eligible Shareholders for the New Options under the Offer.

### (b) Terms of exercise

The exercise price of each New Option is \$0.006 (**Exercise Price**).

The New Options will expire on 31 May 2019 (**Expiry Date**). Subject to and conditional upon any adjustment in accordance with the conditions set out below, each New Option entitles the holder to subscribe for one fully paid share upon payment of the exercise price prior to the expiry date.

The New Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per New Option to the Company at any time on or after the date of issue and allotment of the New Options, on or before the Expiry Date.

On the valid exercise of the New Options and payment of the Exercise Price, the Company will issue Shares ranking pari passu with the then issued Shares.

### (c) Transferability

The New Options are transferable.

### (d) Rights to participate

New Option holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide New Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the New Options, in accordance with the requirements of the ASX Listing Rules.

New Option holders do not participate in any dividends unless the New Options have been exercised and the resultant Shares are issued prior to the record date to determine entitlements to the dividend.

### (e) Reconstructions

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

- (1) the number of New Options, the Exercise Price, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the New Options which are not conferred on Shareholders; and

# Prospectus

(2) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the New Options will remain unchanged.

(f) **Pro rata issues**

The New Option holder will be permitted to participate in any pro-rata issue of securities of the Company on prior exercise of the New Options, in which case the New Option holder will be afforded a period of at least seven (7) Business Days prior to and inclusive of the record date to determine entitlements to the issue to exercise the New Options.

(g) **Bonus issues**

If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which a New Options is exercisable may be increased by the number of Shares which the New Option holder would have received if the New Option had been exercised before the record date for the bonus issue.

The terms of the New Options may only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the New Options must not be changed to reduce the Exercise Price, increase the number of New Options or change any period for exercise of the New Options.

(h) **Quotation**

The Company will make an application to ASX for quotation of the New Options. Application will also be made for quotation of the Shares issued upon exercise of New Options.

## 7.7 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last 2 years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the company in connection with:
  - (1) its formation or promotion; or
  - (2) the Offer; or
- (c) the Offer,

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:

- (a) to induce them to become, or to qualify as, a Director of the Company; or
- (b) for services provided by a director in connection with:
  - (1) the formation or promotion of the Company; or

# Prospectus

(2) the Offer.

Set out below are details of the interest of the Directors in the securities of the Company immediately prior to lodgement of the Prospectus with the ASIC. Interest includes those securities held directly and indirectly. The table does not take into account any New Shares the Directors may acquire under the Offer.

Director	Number of Shares	Number of Options <sup>1</sup>	% Shareholding
Mr Ian McCubbing	5,000,000	15,000,000	1.16
Mr William Bloking	2,500,000	7,500,000	0.58
Mr Alexander Parks	Nil	5,000,000	Nil

Notes:

1. Listed Options exercisable at \$0.01 each on or before 19 October 2020.

## 7.8 Directors' fees

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$400,000 per annum.

A Director may be paid fees as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration for the previous two financial years and the current financial year to date paid to both executive and non-executive directors who are currently Directors as at the date of this Prospectus.

Director	Financial Year ending 30 June 2016	Financial Year ending 30 June 2017	Current Financial Year Accrued to 30 September 2017
Mr Ian McCubbing	Nil	\$34,105	\$12,500
Mr William Bloking	Nil	\$24,953	\$9,000
Mr Alexander Parks	\$18,390	\$40,719	\$9,000

Notes:

1. This disclosure relates only to current Directors and does not include Directors who resigned during the periods shown above.
2. None of the Directors have been paid their fees since July 2017.
3. Alexander Parks has been accruing consulting fees for the provision of management services on a basis of \$1,500 per 8 hour day. The fees have accrued from July to September 2017 and total approximately \$37,000.

Details of the intention of the Directors to participate in the Offer are set out in Section 1.8.

# Prospectus

## 7.9 Director loans

As previously disclosed, the Directors have made loans totalling \$165,000 to the Company to support the acquisition of the Bowsprit Project Lease and for working capital purposes pending the close of this Offer.

The loans are secured by a lien over the shares of the Sun subsidiary which holds the Bowsprit Project Lease. The loans will be repaid from the proceeds of the Offer at which time this security will be released. The loans accrue interest at 10% per annum.

The loans made by each Director are as follows:

Director	Loan amount <sup>1</sup>
Mr Ian McCubbing	\$105,000
Mr William Bloking	\$50,000
Mr Alexander Parks	\$10,000
<b>Total</b>	<b>\$165,000</b>

Notes:

1. These amounts do not include unpaid Director fees.

## 7.10 Substantial holders

The following are details of those Shareholders who hold more than 5% of Shares at the date of this Prospectus:

Shareholder	Number of Shares	% Shareholding
Fast Lane Australia Pty Ltd	84,988,395	19.66
Winform Nominees Pty Ltd	24,707,477	5.72

The Company has been advised that Fast Lane Australia Pty Ltd intends to take up its full Entitlements under the Offer.

## 7.11 Related party transactions

From time to time the Company may be party to transactions with related parties including:

- (a) employment and service arrangements;
- (b) rental agreements; and
- (c) payment of Directors fees.

The Company believes that it has made appropriate disclosure of past related party transactions and other than any further disclosure specifically set out below or made elsewhere in this Prospectus does not intend to make any further disclosure of such transactions which transactions will have either proceeded on an "arm's length" basis or reasonable remuneration basis.

# Prospectus

## 7.12 Underwriting Agreement

By an agreement between the Underwriter and the Company dated 2 November 2017 (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer in the amount of \$1,296,742 (**Underwritten Amount**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 4.5% of the Underwritten Amount, a management fee of 1.5% of the Underwritten Amount, a corporate advisory fee of \$30,000, a break fee in the amount of \$30,000 if the Company withdraws or ceases or fails to conclude any matter required of it pursuant to the Offer or breaches the terms of the Underwriting Agreement and to issue the Underwriter with 30,000,000 options on the same terms as the Attaching Options.

The Underwriting Agreement is subject to a number of conditions precedent that are considered standard for an agreement of this type.

The obligation of the Underwriter to fully underwrite the Offer is subject to a number of industry standard events of termination including the following:

- (a) (**Indices fall**): any of the All Ordinaries Index or the S&P/ASX Small Resources Index as published by ASX is at any time after the date of this Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement; or
- (b) (**Share Price**): the issue price under the Offer is greater than the volume weighted average market price for Shares in the Company as quoted by the ASX calculated over 5 consecutive trading days prior to the allotment of New Shares under the Offer (noting that the volume weighted average price for Shares in the Company over the 5 consecutive trading days prior to the date of this Prospectus was \$0.005); or
- (c) (**Prospectus**): the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or
- (d) (**Copies of Prospectus**): the Company fails to provide an electronic copy of the Prospectus to the Underwriter within 2 days of the Lodgement date such failure is not remedied within 2 days; or
- (e) (**No Official Quotation**): Official quotation has not been granted for all Securities by the Shortfall Notice Deadline Date (as defined) or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (f) (**Supplementary prospectus**):
  - (1) the Underwriter, having elected not to exercise its right to terminate its obligations under this Agreement as a result of an occurrence as described in sub clause (q)(6) below, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
  - (2) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (g) (**Non-compliance with disclosure requirements**): it transpires that the Prospectus does not contain all the information required by section 713 (or sections 710, 711 and 716) of the Corporations Act; or

# Prospectus

- (h) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 (or sections 710, 711 and 716) of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (i) **(Restriction on allotment)**: the Company is prevented from allotting the Rights Shares within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (j) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (k) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date (as defined) has arrived, and that application has not been dismissed or withdrawn;
- (l) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- (m) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (n) **(Hostilities)**: there is an outbreak of material hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Japan, the United Kingdom, the United States of America, the People's Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (o) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (p) **(Indictable offence)**: a director or senior manager of a Group company is charged with an indictable offence;
- (q) **(Termination Events)**: any of the following events occurs:
  - (1) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
  - (2) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;

# Prospectus

- (3) **(Contravention of constitution or Act):** a contravention by a Group company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (4) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Group company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (5) **(Error in Due Diligence Results):** it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive in any material respect or that there was a material omission from them;
- (6) **(Significant change):** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (7) **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus;
- (8) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any Group company is or becomes misleading or deceptive or likely to mislead or deceive;
- (9) **(Official Quotation qualified):** the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
- (10) **(Change in Act or policy):** there is introduced into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (11) **(Prescribed Occurrence):** a Prescribed Occurrence occurs;
- (12) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (13) **(Event of Insolvency):** an Event of Insolvency occurs in respect of a Group company;
- (14) **(Judgment against a Group company):** a judgment in an amount exceeding \$25,000 is obtained against a Group company and is not set aside or satisfied within 7 days;
- (15) **(Litigation):** except as disclosed to the Underwriter prior to the Lodgement Date, material litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against any Group company, other than any claims foreshadowed in the Prospectus;
- (16) **(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the



# Prospectus

Company before Completion without the prior written consent of the Underwriter;

- (17) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Group company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Group company;
- (18) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 3 Business Days, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
- (19) **(Force Majeure)**: a Force Majeure (as defined) affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (20) **(Certain resolutions passed)**: a Group company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (21) **(Capital Structure)**: any Group company alters its capital structure in any manner not contemplated by the Prospectus;
- (22) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company;
- (23) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America, the European Union or other international financial markets; or
- (24) **(Suspension)**: the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

## 7.13 Sub-underwriting Agreement

The Underwriter has entered into a number of Sub-underwriting Agreements with the Directors of the Company the principal terms of which include:

- (a) the Sub-underwriters have agreed to sub-underwrite up to a total of 33,750,000 New Shares (representing a subscription amount of \$135,000), with each Sub-underwriter's commitment being as set out in section 1.10 above;
- (b) the Sub-underwriters are entitled to a sub-underwriting fee of 1.5% in respect of the Sub-underwriters' commitment (being \$2,025 in total), which is payable to the Sub-underwriter by the Underwriter.
- (c) the Underwriter will notify the Sub-underwriters of the Shortfall after the close of the Offer. The Sub-underwriters must within 3 Business Days from the date of that notification lodge, or cause to be lodged, valid applications forms for their respective proportion of the Shortfall Shares;

# Prospectus

- (d) if the Underwriting Agreement is terminated, the Sub-underwriting Agreement will be terminated without any obligation to the Sub-underwriters;
- (e) the Sub-underwriters have no specific termination rights under the Sub-underwriting Agreements and acknowledge and agree that they will accept the decisions and actions of the Underwriter in respect of the Underwriting Agreement; and
- (f) the Sub-underwriters' current shareholding and potential interest in the Company following the Offer is set out in section 1.10 above.

## 7.14 **Litigation**

The Company is engaged in a number of contentious litigation matters that may have a material adverse effect on either the Company or its business. Refer to Section 6.2 for further details.

## 7.15 **Interests of experts and advisers**

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively, **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last two (2) years, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or
- (c) the Offer of New Securities under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) offer of New Securities under this Prospectus.

Patersons Securities Ltd is acting as the Underwriter to the Offer, in respect of which it is entitled to receive underwriting fees of up to \$107,805 plus 30,000,000 options on the same terms as the Attaching Options.

Messrs Ian McCubbing, William Bloking and Alexander Parks are acting as the Sub-underwriters to the Offer, in respect of which they are collectively entitled to receive a sub-underwriting fee of \$2,025.

HopgoodGanim Lawyers are acting as the lawyers to the Offer and have performed work in relation to the Prospectus. In respect of this work, the Company estimates that it will pay approximately \$15,000 (excluding disbursements and GST) to HopgoodGanim Lawyers. HopgoodGanim Lawyers are also engaged from time to time by the Company on a variety of legal matters. Further amounts may be paid to HopgoodGanim in Lawyers in accordance with its normal time based charges.

# Prospectus

## 7.16 Subsequent events

There has not arisen, as at the date of this Prospectus, any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

## 7.17 Privacy

By submitting an Entitlement and Acceptance Form for New Securities you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Computershare Investor Services Pty Limited, an external service provider. The Company requires Computershare Investor Services Pty Limited to comply with the National Privacy Principles when performing these services. The Company's register is required under the Corporations Act to contain certain personal information about you such as your name and address and number of shares and options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- (a) when you agree to the disclosure;
- (b) when used for the purposes for which it was collected;
- (c) when disclosure is required or authorised by law;
- (d) to other members in the Company's group of companies;
- (e) to your broker;
- (f) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Computershare Investor Services Pty Limited, except in limited circumstances. If you wish to access, update or correct your personal information held by Computershare Investor Services Pty Limited or by the Company please contact our respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

# Prospectus

## 7.18 Expenses of the Offer

The expenses which are payable by the Company in respect of preparing and distributing this Prospectus and in respect of the Offer are estimated to be approximately as follows:

Item	\$
ASIC fees	2,400
ASX quotation fees	6,343
Legal fees	15,000
Printing and despatch	15,000
Share registry fees	8,000
Underwriting fees	107,805
Sub -underwriting fees	2,025
<b>Total</b>	<b>156,573</b>

## 7.19 Consents and disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

Patersons Securities Ltd has given and has not withdrawn its consent to be named in this Prospectus as the underwriter to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Messrs Ian McCubbing, William Bloking and Alexander Parks have given and have not withdrawn their consent to be named in this Prospectus as the Sub-underwriters to the Offer in the form and context in which they are named.

HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Prospectus as the lawyers to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

BDO Audit (WA) Pty Ltd has given and has not withdrawn its consent to be named in this Prospectus as auditors of the Company in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Computershare Investor Services Pty Limited has given and, at the date of this Prospectus, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

# Prospectus

## 8. Directors' statement

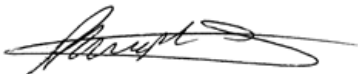
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This Prospectus is dated 2 November 2017 and is issued by the Company.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquires and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to investors or their professional advisors. Each of the Directors has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Signed on behalf of the Company by:



**Mr Alexander Parks**  
Director

# Prospectus

## 9. Definitions & glossary

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Terms and abbreviations used in this Prospectus have the following meaning:

<b>\$ or A\$</b>	The lawful currency of the Commonwealth of Australian
<b>Acceptance Monies</b>	Offer Price multiplied by the number of New Shares accepted under an Entitlement
<b>Attaching Option</b>	One (1) free New Option to be issued for every two (2) New Shares allotted under this Prospectus
<b>Additional Securities</b>	New Securities in excess of an Eligible Shareholder's Entitlement
<b>Amerril</b>	Amerril Energy LLC, a company operating in the United States of America
<b>Applicant</b>	A person who submits an Entitlement and Acceptance Form for New Securities
<b>ASIC</b>	Australian Securities & Investments Commission
<b>ASX</b>	The Australian Securities Exchange operated by ASX Limited ACN 008 624 691
<b>ASX Listing Rules</b>	The listing rules of the ASX
<b>Board</b>	The board of directors of the Company
<b>Business Day</b>	A day, other than a Saturday, Sunday or public holiday, on which banks are open for general banking business in Perth, Western Australia.
<b>Bowsprit Project</b>	The Bowsprit oil redevelopment projects as detailed in section 4.1 of this Prospectus.
<b>Closing Date</b>	The date by which valid acceptances must be received by the Company being 5.00pm (Perth time) on 5 December 2017, or such other date determined by the Board and the Underwriter
<b>Company or Sun</b>	Sun Resources NL ACN 009 196 810
<b>Constitution</b>	The constitution of the Company
<b>Corporations Act</b>	The <i>Corporations Act</i> 2001 (Cth)
<b>Director</b>	A Director of the Company
<b>Eligible Shareholder</b>	A Shareholder of the Company (other than an Ineligible Shareholder) that holds Shares on the Record Date
<b>Entitlement</b>	The entitlement of a Shareholder to accept New Securities under this Prospectus
<b>Entitlement and Acceptance Form</b>	An entitlement and acceptance form in the form accompanying this Prospectus

# Prospectus

<b>Group</b>	The Company and each of its wholly owned subsidiaries
<b>Ineligible Shareholder</b>	A Shareholder of the Company having a registered address outside Australia and New Zealand
<b>Marketable Parcel</b>	A shareholding of at least \$500 in value deemed to be 125,000 shares at the Offer Price of \$0.004 per New Share
<b>New Options</b>	The new Options offered under this Prospectus
<b>New Securities</b>	The New Shares and New Options offered under this Prospectus
<b>New Shares</b>	The new Shares offered under this Prospectus
<b>Offer</b>	The offer and issue of the New Securities under this Prospectus being a non-renounceable rights issue of three (3) New Shares for every four (4) Shares held by Eligible Shareholders at the Record Date at an issue price of \$0.004 each per New Share to raise up to \$1,296,742 (before costs), with one (1) free-attaching New Option for every two (2) New Shares allotted. The New Options will be exercisable at \$0.006 each on or before 31 May 2019.
<b>Offer Price</b>	\$0.004 for each New Share applied for under the Offer
<b>Official List</b>	The official list of ASX
<b>Official Quotation</b>	Quotation of securities on the Official List
<b>Opening Date</b>	9.00am (Perth time) on 14 November 2017.
<b>Option</b>	An option to subscribe for a Share and Options has a corresponding meaning
<b>Option holder</b>	A holder of an Option
<b>Perth time</b>	Western standard time, as observed in Perth, Western Australia
<b>Pinnacle</b>	Pinnacle Exploration Pte Ltd, the Company's joint venture partner for the Bowsprit Project
<b>Prospectus</b>	This prospectus dated 2 November 2017 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
<b>Record Date</b>	5.00pm (Perth time) on 10 November 2017.
<b>Register</b>	The register of Shareholders and Option holders of the Company
<b>Securities</b>	Shares and Options
<b>Share</b>	An ordinary fully paid share in the capital of the Company and Shares has a corresponding meaning

# Prospectus

<b>Shareholder</b>	A holder of a Share
<b>Share Registry</b>	Computershare Investor Services Pty Limited ABN 48 078 279 277
<b>Shortfall or Shortfall Securities</b>	Any New Shares and New Options not subscribed for by Eligible Shareholders under the Offer.
<b>Shortfall Offer</b>	The offer of the Shortfall
<b>Sub-underwriters</b>	Messrs Ian McCubbing, William Bloking and Alexander Parks, the Directors of the Company
<b>Sub-underwriting Agreements</b>	The sub-underwriting agreements between the Underwriter and the Directors, the material terms of which are set out in Section 7.13
<b>Sun Delta</b>	Sun Delta Inc., a wholly owned subsidiary of the Company
<b>Underwriter</b>	Patersons Securities Limited ACN 008 896 311
<b>Underwriting Agreement</b>	The underwriting agreement between the Company and the Underwriter, the material terms of which are set out in Section 7.12
<b>Underwritten Amount</b>	\$1,296,742
<b>U.S. Securities Act</b>	The U.S. Securities Act of 1933
<b>US\$</b>	The lawful currency of the United States of America
<b>Weatherford</b>	Weatherford Inc., a company operating in the United States of America



# Prospectus

## 10. Corporate Directory

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<b>Directors and Officers</b>	<b>Underwriter</b>	<b>Lawyers</b>
<p>Mr Ian McCubbing Non-Executive Chairman</p> <p>Mr William Bloking Non-Executive Director</p> <p>Mr Alexander Parks Non-Executive Director</p> <p>Mr Craig Basson CFO &amp; Company Secretary</p>	<p>Patersons Securities Limited ACN 008 896 311 Level 23, Exchange Tower 2 The Esplanade, PERTH WA 6000 Telephone: (+ 61 8) 9263 1111 Facsimile: (+61 8) 9325 5123</p>	<p>HopgoodGanim Lawyers Level 27, Allendale Square 77 St Georges Terrace Perth WA 6000 Telephone: (+ 61 8) 9211 8111 Facsimile: (+61 8) 9221 9100</p>
<b>Administration and Registered Office</b>	<b>Share Registry</b>	<b>Auditor</b>
<p>Level 2 30 Richardson Street West Perth WA 6005 Telephone: (+61 8) 9321 9886 Facsimile: (+61 8) 9321 8161</p>	<p>Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth WA 6000 Telephone: (+61 8) 9323 2000</p>	<p>BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Telephone: (+61 8) 6382 4600 Facsimile: (+61 8) 6382 4601</p>