



SUN RESOURCES NL

ABN 69 009 196 810
(INCORPORATED IN WESTERN AUSTRALIA)

Unit 16, Subiaco Village, 531 Hay Street
SUBIACO, WA 6008, Australia
PO Box 1786, WEST PERTH, WA 6872, Australia

Email: admin@sunres.com.au
Telephone: 61 8 9388 6501
Facsimile: 61 8 9388 7991

25 July 2008

Australian Stock Exchange Limited
Company Announcements
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RE: QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2008

Please find attached quarterly report and Appendix 5B for the period ending 30 June 2008.

Yours sincerely
SUN RESOURCES NL

A P Woods
COMPANY SECRETARY/DIRECTOR

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QUARTERLY REPORT FOR THE PERIOD **ENDING 30 JUNE 2008**

HIGHLIGHTS

- Thailand – Planning for a high resolution airborne magnetic survey over entire L20/50 Concession completed. Contractor working through permitting and targeting commencement of survey during the September Quarter.
- Thailand – Approval process and planning continuing for early Q1 2009 drilling of “twin well” to Nong Bua-1 in L20/50 Concession Block.
- USA – Record revenue received in May on the back of record gas production in March 2008 from onshore Texas & Louisiana assets.
- USA – Up to four exploration wells planned for onshore Texas Gulf Coast leases during the second half of 2008 with two in the September 2008 quarter on the F1 and Meek prospects.
- USA – Planning has commenced for 3D Seismic to be shot over West Flour Bluff Gas Field in late 2008.
- Corporate – Oil and Gas production revenue increases to \$716,658 for the Quarter, a record for Sun.
- Corporate – Subsequent to the Quarter a placement of notes to raise \$4 million was approved by shareholders and the placement finalised which, in addition to cash at 30 June 2008 of \$1.1 million, ensures Sun is very well funded to progress its international oil & gas exploration programme.

Sun Resources NL (“Sun Resources”) is delivering on its strategy of building significant cash flow in the USA Onshore Gulf Coast and applying this revenue to capture and participate in larger scale, high impact exploration projects, particularly in SE Asia.

1 THAILAND EXPLORATION

L20/50 Block, Onshore Phitsanulok Basin (Sun Resources - 50%)

Update

Planning was completed during the June 2008 quarter to commence the acquisition of a high resolution airborne magnetic survey covering the whole concession area. The survey contractor is currently working through permitting with departments of the Thai government and is targeting commencement of the survey during the September Quarter. The new aeromagnetic data, integrated with old seismic data currently being reprocessed will together provide a more detailed view of the subsurface. This will allow the Joint Venture to target the acquisition of modern seismic in the most prospective part of the concession in early 2009. Carnarvon Petroleum Limited (“Carnarvon”), the Joint Venture operator, is progressing with well planning for the drilling of a “twin well” to Nong Bua-1. However, delays to the EIA (environmental assessment) approval process have resulted in the likely spud date now early Q1 2009.

Background

Sun Resources and Carnarvon accepted the L20/50 block award from the Thai Government at the official signing ceremony in Bangkok on 21 January 2008 and Carnarvon, as operator, immediately commenced exploration activities on the concession. The 3,947km² block is located in the southern portion of the Phitsanulok Basin which hosts the largest onshore oil and gas accumulation in onshore Thailand, the Sirikit Field. To date the Sirikit field has produced ~180 million barrels of oil equivalent (“mmboe”) is currently producing ~30,000 boepd and has reserves of some 200 mmboe. L20/50 has only been lightly explored with the last effort some 25 years ago, in a time of low oil prices. Previous work has demonstrated that oil has been generated within the L20/50 concession. One previously drilled well at Nong Bua-1 in 1982 intersected significant oil shows which the Joint Venture believes may allow near term production and cash flow on the block from a “twin well” of Nong Bua-1. Nong Bua-1 was not brought on production because it required artificial lift to bring the oil to surface, and this higher cost production at the then time of prevailing low oil prices was not considered by the operator as it was fully committed to the development of the prolific Sirikit Field.

2 UNITED STATES OF AMERICA

A. OIL AND GAS DEVELOPMENT & PRODUCTION

The table below summarises Sun Resources’ actual net working interest (WI%) production for the quarter and compares it with the previous quarter. Production for the quarter was attributed to Lake Long, Louisiana, (Sun Resources - 10%), Project Margarita, Texas, (Sun Resources - 37.5%) and Flour Bluff Gas Field, Texas, (Sun Resources - 20.00 to 24.1667%).

Revenue for the quarter has increased substantially as a result of rising energy prices and the 60 day lag between production and receipt of payment, delivering a record quarterly revenue for Sun. The Company has an exciting US exploration drilling programme planned over the next 12 months which is targeting further increases in oil and gas revenues over the coming financial year.

| Production (Sun WI%) | June '08 Quarter | March '08 Quarter | Variance (%) |
|-----------------------------|-------------------------|--------------------------|---------------------|
| Gas (mmcf) | 83.56 | 91.60 | -8.8% |
| Oil (barrels) | 1,437 | 1,716 | -16.2% |
| Revenue | US\$716,658 | US\$310,716 | +130.6% |

Units: mmcf – million cubic feet;

Lake Long, Louisiana, USA (Sun Resources - 10%)

The SL328 #9 well continued to produce during the quarter from 24 feet of net pay in the Middle Hollywood Sands behind pipe. At a latter date, after production decline, the 13 feet of net pay in the Upper Hollywood Sands will be recompleted through tubing. Gross reserves at these levels are approximately 3 billion cubic feet of gas equivalent (“bcfge”).

Project Margarita, Texas, USA (Sun Resources - 37.5%)

Production for the quarter continued from the Agavero and Dona Carlota Gas fields, plus the Milagro Oilfield (now entirely oil production).

Flour Bluff Gas Field, Texas, USA (Sun Resources - 20.00 to 24.1667%)

Production for the quarter continued from existing well bores. A 3D seismic programme is scheduled for late 2008 over the West Flour Bluff Gas Field which will detail current reserves and target additional reserves. Following the 3D seismic programme development drilling will commence to further increase production rates.

B OIL AND GAS EXPLORATION

Sun Resources will have a material equity position in the following exploration wells currently scheduled for the second half of 2008:

| Project | Prospect | Interest | Potential | Comments |
|----------------|-----------------|-----------------|------------------|------------------|
| Margarita | F#1 | 37.5% | 0.6 bcf | Frio |
| Viking | Meek | 12.5% | 18 bcfe | Middle Wilcox |
| Redback | Redback3 * | 20.0% | 58 bcfe | Middle Vicksburg |

* Subject in part to successful farm-out negotiations

Project Margarita, Onshore, South Texas, USA (Sun Resources - 20% to 37.5%)

The “Shallow Wells Programme” of 2007 resulted in a 50% success rate with 3 commercial discoveries that are currently producing gas and liquids. Two additional “shallow” prospects remain, F#1 and TB#18, with F#1 planned for drilling in early August 2008, subject to site preparation and rig availability. F#1 is considered a relatively low risk well and will target ~2.5bcfe.

The “Deep Wells Programme” consists of a number of deeper, larger volume, but higher risk Wilcox prospects in the deep gas prospect inventory having potential un-risked recoverable volumes of 5 to 200 billion cubic feet of gas (“bcfg”), refer table below. The Cazadores Prospect (20 to 60 bcfg) is the most advanced prospect with the joint venture currently generating farm-in interest for possible drilling in the first quarter of 2009.

| Prospect | Gross Potential | Comments |
|-----------------|------------------------|-----------------|
| Cazadores | 20 to 61 bcf | Upper Wilcox |
| W2A | 100 to 200 bcf | Wilcox |
| W2B | 16 to 32 bcf | Wilcox |
| W3 | 15 to 38 bcf | Wilcox |

| | | |
|-------|---------------|---------------|
| Agave | 67 to 208 bcf | Cook Mountain |
|-------|---------------|---------------|

Project Redback, Onshore, South Texas, USA (Sun Resources - 20% to 37.5%)

The geophysical interpretation of the five top-ranked prospects in the Redback Project inventory was completed during the June 2008 quarter. The two highest ranked prospects are targeted for farm out during the Summer NAPE expo in Houston in late August 2008. It is hoped that at least one prospect will be drilled during the last quarter of 2008. Sun Resources expects to farm down from the current 37.5% WI to retain a 20% WI through the first well.

The top-ranked prospects in the prospect inventory have multiple targets in the productive Vicksburg Sands with high upside potential for both gas and oil as accompanying condensate. Cumulative upside potential of the inventory is 72 bcfg and 1.9 million barrels of oil (“mmbo”) as condensate (ie up to 88 bcfge). On trend to the Redback area are production analogues of the recognised prospects from the same targeted stratigraphic level. Individual wells from these analogues have produced at high initial daily well production rates of 3 to 4 mmcfgd with 100 to 140 bod.

Meek Prospect, Onshore Texas, USA (Sun Resources 12.5%)

Sun Resources, post quarter finalised its farm-in to a new Joint Venture with Mueller Exploration Inc to take a 12.5% working Interest (10%NRI) in the Meek Prospect in Wharton County of Southern Texas. This opportunity also allows Sun Resources to develop a relationship with Mueller Exploration’s prospect generator, Viking International, who has a very successful business model, similar to Wandoo Energy. The prospect is now fully farmed out and subject to the normal approval processes, site preparation and rig availability, is likely to be drilled in August 2008 as Ammann Heirs #1.

The Meek Prospect targets 16 bcfg with 269,000 bo (18 bcfge) in stacked, highly productive, Middle Wilcox (Meek) sands. Nearby production wells in Meek sands are good analogues and have produced similar order of reserves to that being targeted by Sun Resources at the Meek Prospect in 4 to 5 year production periods. The Meek Prospect is relatively low risk because it has been keyed off an adjacent producing field in the Meek sands by using good 3D seismic. Seismic attributes indicate the presence of hydrocarbons conforming to the prospect structure.

Eagle Project, Onshore San Joaquin Basin, California, USA (Sun Resources 10.0%)

Sun Resources elected to withdraw its support for this project at the end of June quarter 2008. The Eagle farm-out effort continued without success during the quarter despite interest stimulated by the recent surge in oil prices. The operator, Victoria Petroleum NL, remains hopeful of consummating a farm-out in the near future.

3 MALTA EXPLORATION

Offshore, Southern Mediterranean Sea (Sun Resources 20%, farming down to 5% after 2D Seismic and 2 wells fully funded by Anadarko International Energy Company)

This very high impact project is still awaiting settlement of border issues between Malta, Tunisia and Libya. It has been farmed out to Anadarko International Energy Company (“Anadarko”), one of the world’s largest independent oil and gas exploration and production companies. Anadarko has agreed to free-carry Sun Resources for 2D seismic and two wells (a likely US\$100+ million programme) following which Sun Resources would maintain a 5% contributing interest. Renewed exploration of the area will be discussed with the government of Malta in the coming quarter.

4 AUSTRALIA EXPLORATION

WA-254-P, Offshore Carnarvon Basin, W. Australia (Sun Resources 7.86% to 9.25%)

The operator of WA-254-P, Apache Northwest (“Apache”), continues to evaluate the exploration potential of the permit from reprocessed and new 3D seismic data. Sun Resources and two other joint venture parties continue an active divestment process of their combined 24.8% to 29.8% working interest in the permit which contains the stranded Sage Oilfield. The process commenced in late April 2008 and will hopefully be concluded during the third quarter of 2008.

WA-257-P, Offshore Carnarvon Basin, Western Australia (Sun Resources 9.64%)

Sun Resources NL elected to withdraw from this permit on 26 May 2008. Final technical studies by the operator on newly acquired 3D seismic over the western two thirds of the permit indicated the presence of only small leads. Neither these nor the current, very high risk, prospect inventory (Hekla and Sextent) justify moving forward into a well commitment year commencing in July 2008.

5. MINERAL EXPLORATION/INVESTMENT

No activity for the Quarter. The Joint Venture on the Butterfly gold tenement in the North Coolgardie Mineral Field, Western Australia in which the Company has a 5% NPI interest remains current.

6. CORPORATE

During the Quarter Sun announced a placement of convertible notes to raise \$4 million. Hartleys Limited, the Company’s corporate adviser, was Broker to the Offer. Subsequent to the Quarter, the placement of notes was approved by shareholders and the placement finalised, which in addition to cash at 30 June 2008 of \$1.1 million, ensures Sun is very well funded to progress its international oil & gas exploration programme. The convertible notes will list on the ASX on July 25th 2008 under the code SURG.

BY ORDER OF THE BOARD



M A BATTRICK
MANAGING DIRECTOR

This report is lodged on the Company’s website, www.sunres.com.au.

Information contained in this report was sourced from the Operators of various Joint Ventures in which the Company has interests and was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has had 27 years experience in the practice of geology and more than 25 years experience in petroleum geology.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

SUN RESOURCES NL

ABN

69 009 196 810

Quarter ended ("current quarter")

30 JUNE 2008

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|-------------------------------------|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (632) | (3,118) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (433) | (968) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 20 | 75 |
| 1.5 Interest and other costs of finance paid | - | (4) |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (income from Flour Bluff and other) | 843 | 1,782 |
| Net Operating Cash Flows | (202) | (2,233) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (2) | (16) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (Refundable bond on L20/50, Thailand) | - | (2,419) |
| Net investing cash flows | (2) | (2,435) |
| 1.13 Total operating and investing cash flows (carried forward) | (204) | (4,668) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|--|-------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (204) | (4,668) |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | 4,151 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) | - | - |
| | Net financing cash flows | - | 4,151 |
| Net increase (decrease) in cash held | | | |
| | | (204) | (517) |
| 1.20 | Cash at beginning of quarter/year to date | 1,456 | 1,770 |
| 1.21 | Exchange rate adjustments to item 1.20 | (102) | (103) |
| 1.22 | Cash at end of quarter | 1,150 | 1,150 |

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 195 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | NIL |

1.25 Explanation necessary for an understanding of the transactions

1.23 Directors provide geological and administrative services to the company. These services are provided at normal commercial rates.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | N/A | N/A |
| 3.2 Credit standby arrangements | 45 | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 850 |
| 4.2 Development | - |
| Total | 850 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 1,083 | 604 |
| 5.2 Deposits at call | 67 | 852 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 1,150 | 1,456 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|-------------------------------|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | ✓ | Refer Attachments (A) and (B) | ✓ |
| 6.2 | Interests in mining tenements acquired or increased | ✓ | Refer Attachments (A) and (B) | ✓ |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

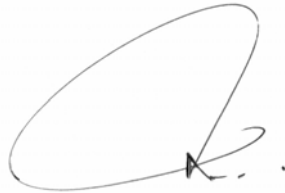
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------------------------------|------------------|---|--|
| 7.1 Preference securities | - | - | - | - |
| 7.2 Changes during quarter | | | | |
| (a) Increases through issues | - | - | - | - |
| (b) Decreases through returns of capital, buy-backs, redemptions | - | - | - | - |
| 7.3 +Ordinary securities | 225,097,345 4,800,000 | 225,097,345 - | - 25 cents | - 2.5 cents |
| 7.4 Changes during quarter | | | | |
| (a) Increases through issues | - | - | - | - |
| (b) Decreases through returns of capital, buy-backs | - | - | - | - |
| 7.5 +Convertible debt securities <i>(description)</i> | - | - | - | - |
| 7.6 Changes during quarter | | | | |
| (a) Increases through issues | - | - | - | - |
| (b) Decreases through securities matured, converted | - | - | - | - |
| 7.7 Options <i>(description and conversion factor)</i> | 12,500,000 4,000,000 1,000,000 | - - - | <i>Exercise price</i> 20 cents 10 cents 10 cents | <i>Expiry date</i> 30/12/2008 30/06/2010 01/02/2010 |
| 7.8 Issued during quarter | - | - | - | - |
| 7.9 Exercised during quarter | - | - | - | - |
| 7.10 Expired during quarter | 2,000,000 2,000,000 | - - | 35 cents 45 cents | 30/04/2008 30/06/2008 |
| 7.11 Debentures <i>(totals only)</i> | - | - | - | - |
| 7.12 Unsecured notes <i>(totals only)</i> | - | - | - | - |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 21 July 2008
(Director/Company secretary)

Print name: ALAN PETER WOODS

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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APPENDIX 5B - ASX LISTING RULES
MINING EXPLORATION ENTITY QUARTERLY REPORT

ITEM 6 - Changes in Interests in Mining Tenements

SUN RESOURCES NL
ABN 69 009 196 810

FOR THE QUARTER ENDED 30 JUNE 2008

| | Tenement Reference | Nature of Interest | Interest at Beginning of Quarter | Interest at End of Quarter |
|---|--------------------|------------------------|----------------------------------|----------------------------|
| (A) Interests in mining tenements relinquished, reduced and/or lapsed | WA-257-P | Commonwealth Leasehold | 9.64% | 0% |
| (B) Interest in mining tenements acquired and/or increased | F1 | Private Mineral Lease | 0% | 37.5% |

+ See chapter 19 for defined terms.

APPENDIX 5B - ASX LISTING RULES
MINING EXPLORATION ENTITY QUARTERLY REPORT

SUN RESOURCES NL
ABN 69 009 196 810

TENEMENT SCHEDULE
30 JUNE 2008

| <u>Tenement Reference</u> | | <u>Nature of Interest</u> | |
|---------------------------|-------------------------------|---|---|
| <u>Oil & Gas</u> | WA254-P | Offshore, Dampier Sub-Basin | 7.869 (Blocks 1,3 & 4) 9.25% (Block 2) |
| | SL238 | Louisiana, USA | 10% |
| | Flour Bluff (private mineral) | Corpus Christi, Texas, USA | 20 - 24.167% |
| | Eagle (private mineral) | San Joaquin Basin, California USA | 10% |
| | AREA 4, Block 3; AREA 5 | Malta, ESA | 20% |
| | Margarita (private mineral) | South Texas, USA | 37.5% |
| | L20/50 | Onshore, Thailand | 50% |
| <u>Gold/Base Metals</u> | Butterfly - M40/110 | 5% Net Profit Interest (area only of former P40/462) | |