

ASX ANNOUCMENT

17 December 2018

**BOWSPRIT PROJECT UPDATE**

Sun Resources NL (“Company” or “Sun”) is pleased to provide a Bowsprit project update

**Highlights**

- **Bowsprit’s first well location has been selected by Sun**
- **Sun has commenced First Well Site Permitting and Environmental Surveys**
- **Sun’s Internal estimate of Prospective Resource volumes has increased**
- **SPP still open to eligible shareholders until 21 December 2018**

The Company commissioned 3D geological modelling of the Bowsprit Field in order to select an optimum first well location. The objectives of the first well are:

1. Test/Prove the Prospective Resources in the “undrilled” portion of the field
2. Prove the commercial flow rate of a horizontal well in the Proven Produced Area
3. Data gathering for full field development planning

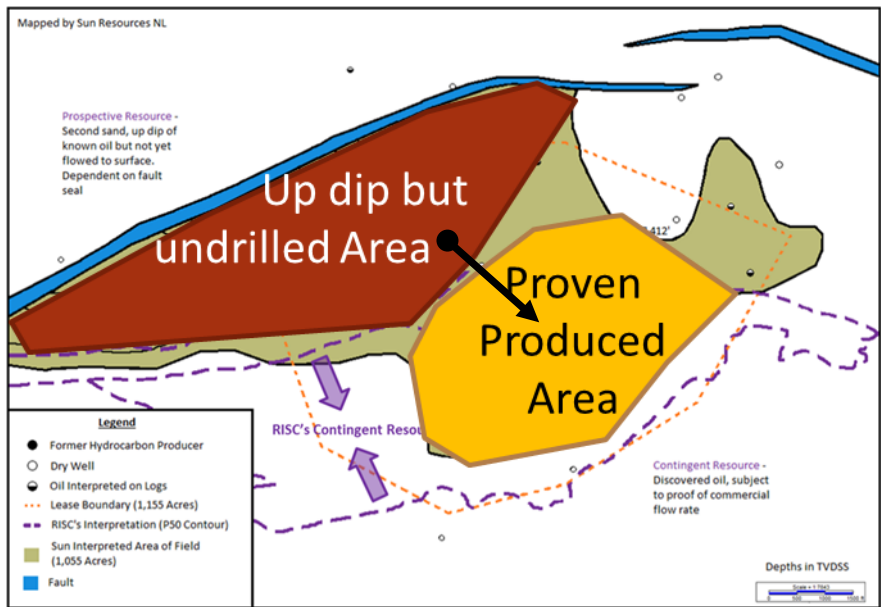


Figure 1- Bowsprit Field Segments and approximate well path

The Bowsprit 3D Geological model has been constructed in Petrel™ Software by Elliott Douglas of Modelling Matters, a geologist with over 20 years of 3D reservoir modelling expertise. The 3D model has significantly enhanced the Company’s understanding of the field, has allowed for selection of the first well location and led to an increase in the internal estimate of oil in place that will enable Sun to make better presentations to potential farminees and funding parties.

## Modelling process

Considerable effort has been made to make the most of the existing data set. The available well logs were digitised and interpreted to determine exact intervals of sand, shale and silt. Concurrently the purchased 3D seismic has been revisited and the mapping of the key horizons refined, intra-field faults identified and incorporated into the model. The modelling of the sand, shale and silts in the field, consistent with the seismic interpretation and depositional environment, has demonstrated segregated sand bodies which explain the multiple oil water contacts that were interpreted in the 1960's well logs. These multiple sand bodies can be readily produced from horizontal wells (Fig 2).

A primary well location has now been selected and permitting of the site has commenced.

A vertical pilot hole will be drilled in the centre of the field to maximise data gathered and then a horizontal section will be drilled towards the south-east area of the field, across the crest of the four-way dip structure where the best sand previously produced approximately 50,000 bbls of oil. It is the company's intention to flow test the horizontal well for a short period to prove a commercial flow rate. Assuming the results are satisfactory, the well will be suspended as a future producer.

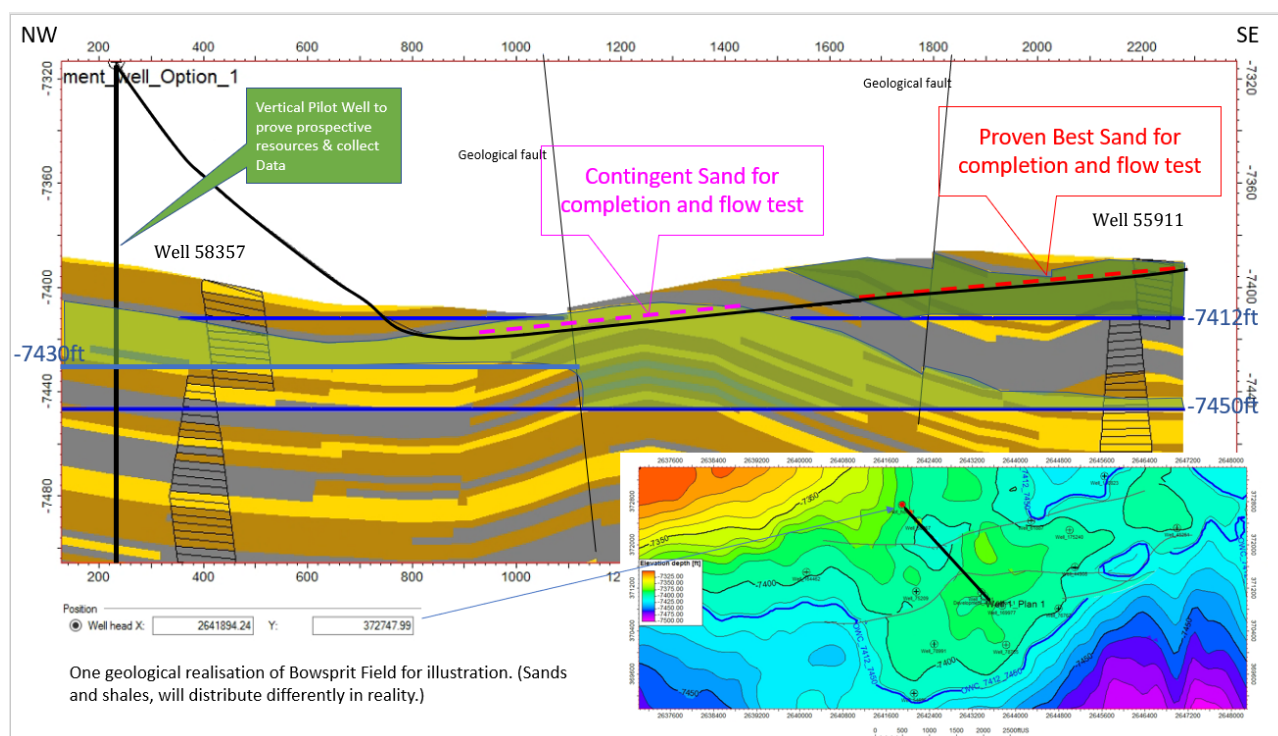


Figure 2 - Vertical Pilot hole and Horizontal Well Path

## STOIIP increase for Prospective Resources Area of the Field

The 3D model was primarily constructed for well planning purposes, however the enhanced understanding of the field geometry has resulted in Sun increasing our internal estimate of oil potentially in place in the structure. Sun's internal estimate for STOIIP in the part of the field designated as "Prospective Resources" by RISC falls towards the upper end of the RISC probabilistic range<sup>1</sup>.

<sup>1</sup> See ASX release 5 April 2018.

## Progress Toward Drilling

Following selection of the well location, Sun has commissioned FensterMaker one of the leading independent environmental consultancy groups in Louisiana, to commence the site surveying and permitting of the well. The environmental approval and permitting of the well is expected to take between 4 and 6 months at a cost of US\$45,000.

The well path has been endorsed by Brammer Engineering as “drillable”. It is Sun’s intention to drill the first well in Q2 2019, prior to commencement of the hurricane season in July. In the interim, Sun will prepare a detailed drilling program (the initial well is estimated to cost approximately US\$3.5 million) and seek a farm in partner or other source of financing to fund the drilling.

## SPP Closing Date – 21 December 2018

As announced on 22 November 2018, The SPP closing date was extended until 21 December 2018. The Company considers this project update is relevant for shareholders considering taking up their SPP entitlement.

The Company is offering the SPP to its existing Eligible Shareholders\*, providing them with the opportunity to subscribe for up to a maximum of \$15,000 worth of shares at the recent placement price of \$0.004 per share. The Company is planning to accept up to \$0.5 million and may determine to raise a higher amount or scale back applications at its discretion.

The SPP provides an opportunity for smaller Shareholders to take positive action and increase their shareholding ahead of a likely unmarketable parcel share sale facility in early 2019.

The key dates for the SPP are as follows:

Record Date	5pm (AWST) on 30 October 2018
Booklet Dispatched to Shareholders	5 November 2018
Opening Date of SPP	5 November 2018
Revised Closing Date of SPP	5pm (AWST) on 21 December 2018
Revised Issue Date for Shares under SPP	3 January 2019
Expected Quotation Date of Shares under SPP	4 January 2019

*These dates are indicative only and subject to change.*

If you have any questions about the terms and conditions of the SPP or how to make an application, please contact Sun Resources NL on **+61 (8) 9321 9886**.

\*You are eligible to participate in the SPP and considered an “Eligible Shareholder” if you were a registered holder of fully paid ordinary shares in Sun (Shares) as at 5:00 pm (AWST) on **30 October 2018** (Record Date) with a registered address in Australia or New Zealand.

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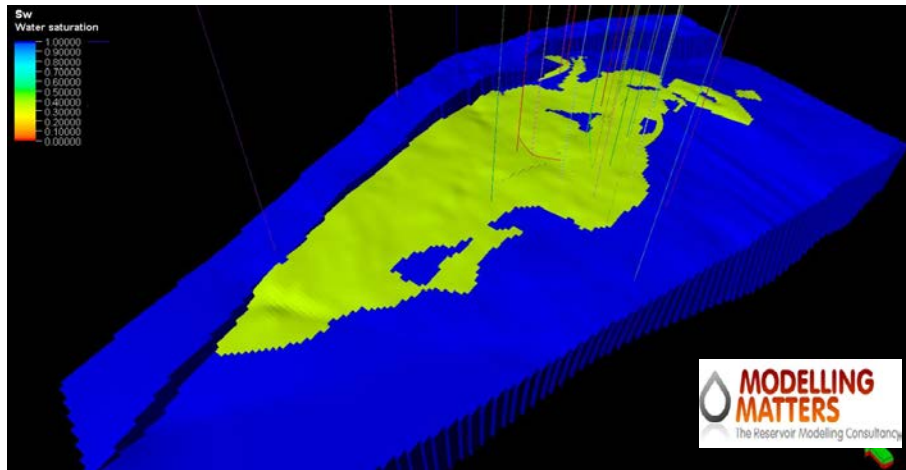


Figure 3 - 3D image of Bowsprit field showing undrilled area of the field to the north west

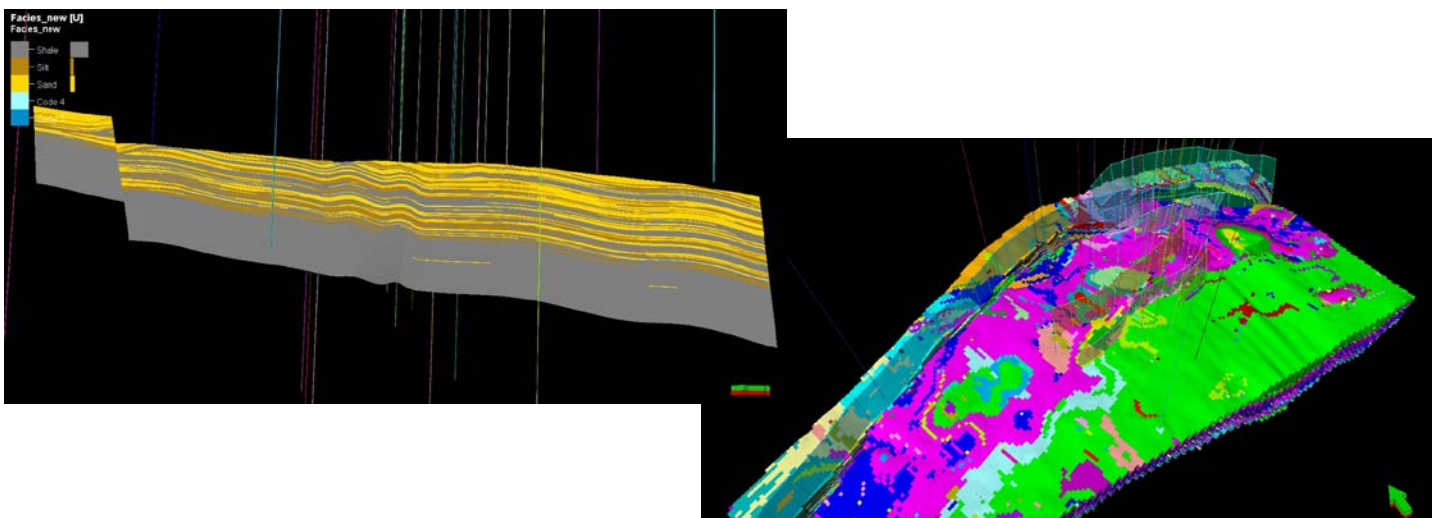


Figure 4 - Model showing vertical distribution of sand and shale and vertically isolated disconnected sand bodies (each colour is an isolated sand)

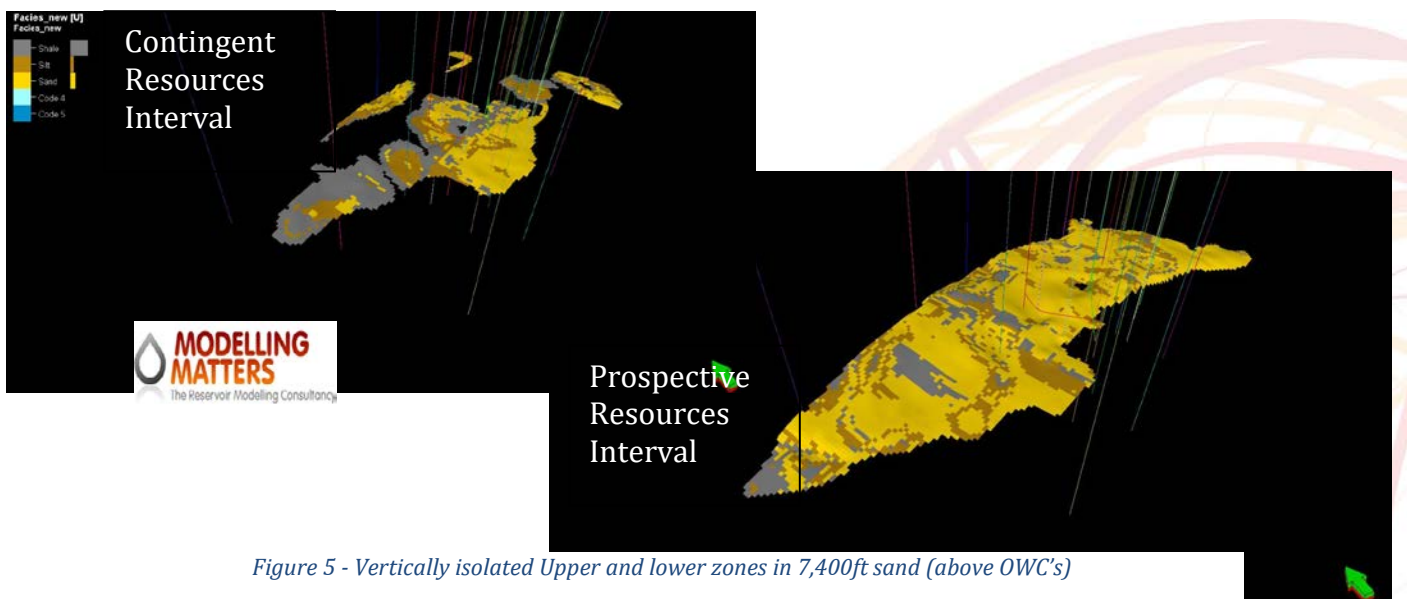


Figure 5 - Vertically isolated Upper and lower zones in 7,400ft sand (above OWC's)

<http://www.modellingmatters.com.au/>