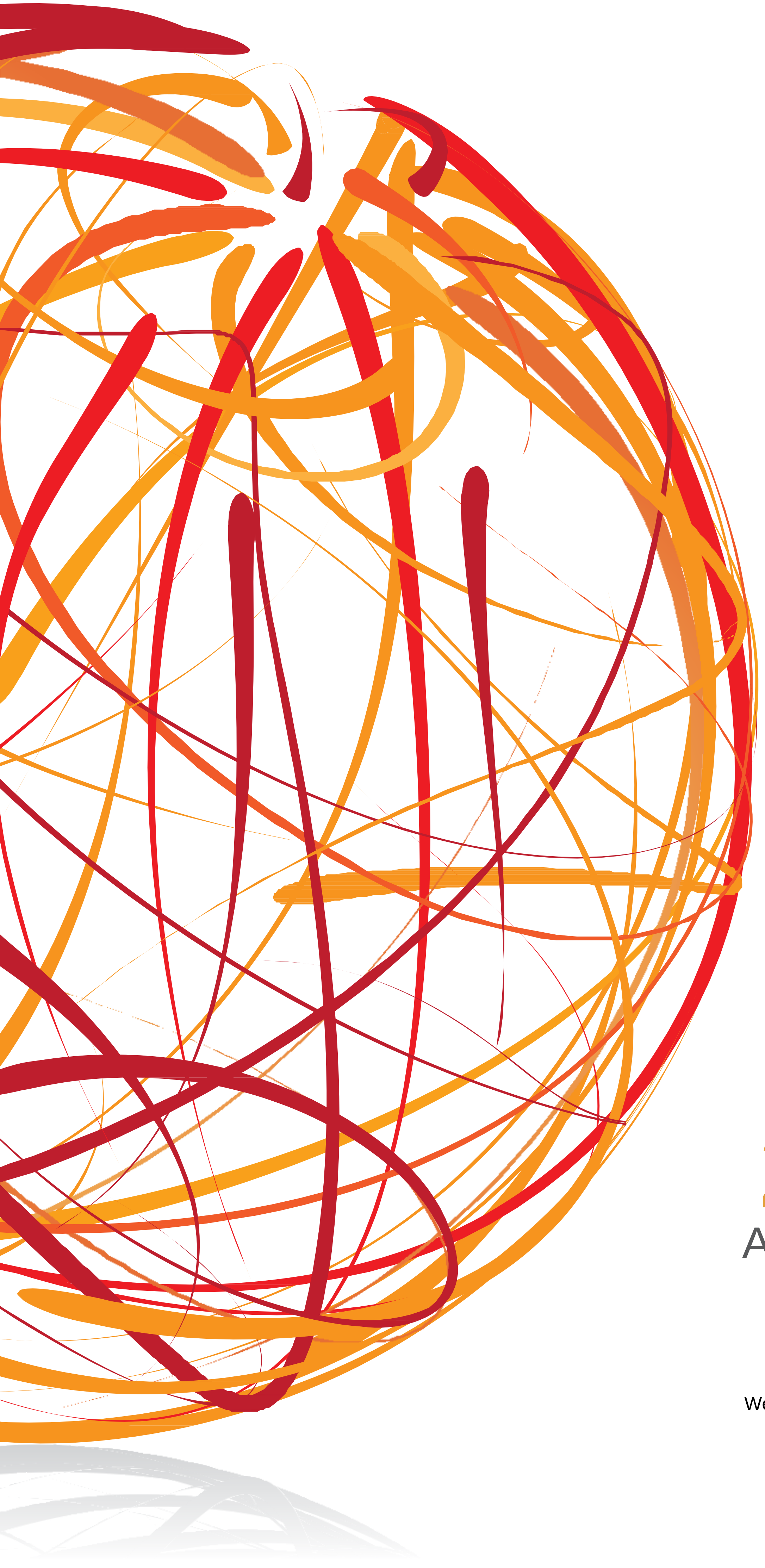

2019
Annual Report

SUN
resources NL

West Perth, Western Australia 6005
ASX Code: SUR
ABN: 69 009 196 810

CORPORATE DIRECTORY

Directors

Mr Ian McCubbing
B.Com (Hons), MBA (Ex), CA, GAICD
Non-Executive Director and Chairman

Mr Alexander Parks
GAICD, MEng
Chief Executive Officer and Managing Director

Mr William Bloking
B.Sc. Mechanical Engineering (Summa cum Laude), FAICD
Non-Executive Director

Mr Patrick Glovac
B.Com , Dip Mngt
Non-Executive Director

Company Secretary and CFO

Ms Jo-Ann Long
BComm, FCA, GAICD

Registered Office

Level 2, 30 Richardson Street
West Perth, Western Australia 6005
Telephone: +61 (8) 9321 9886
Facsimile: +61 (8) 9321 8161
Email: admin@sunres.com.au
Website: www.sunres.com.au

Notice of AGM

The Annual General Meeting of Sun Resources NL will be held at 10am on 29 November 2019. This meeting will be held in the offices of Sun Resources, Level 2, 30 Richardson Street, West Perth, Western Australia 6005.

Corporate Manager

United States
Vistra San Francisco
100 Bush Street
San Francisco CA 94104
Telephone: +1 415 659 9236

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008

Solicitors

Australia
HopgoodGanim
Level 27, Allendale Square, 77 St Georges Terrace
Perth, Western Australia 6000

United States
Mr Faisal A. Shah, PLLC
Attorney at Law
2100 West Loop South.
Suite 1601
Houston, TX 77027

Share Registry

Computershare Investor Services Pty Limited
Level 11,172 St Georges Terrace
Perth, Western Australia 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033
Website: www.investorcentre.com/contact

Bankers

National Australia Bank Limited
District Commercial Branch
Unit 7, 51 Kewdale Road
Welshpool, Western Australia 6106

Home Exchange

Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000
ASX Code: SUR
ABN: 69 009 196 810

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

The 2019 Financial year was a frustrating and disappointing year for shareholders and management. The principal cause of our problems were partner related delays as our partner would not agree to fund proposed work plans whilst they held out for a very attractive farm in deal that never eventuated.

Following an agreement reached in late July our Company now has a 100% interest in and is Operator of the Bowsprit project. The project has a low entry cost, a modest capital cost to develop and Sun believes the project offers a strong chance of commercial production.

In August the Company raised $615,000 to fund the permitting of the well and for working capital whilst the Company seeks a new partner to participate in drilling a well. Permitting is progressing well and should be completed in around a month. The Company is using its contacts as well as agents to find a farm-in partner and discussions are underway with interested parties.

Subject to securing the right partner(s) Sun is seeking to drill a well in Bowsprit during the first quarter of 2020. The well location has been selected and detailed well design is in progress.

As the Bowsprit project is moving forward the Board believes it is an appropriate time to rebrand and rename the Company for its future growth. Subject to Shareholder approval at the 2019 Annual General meeting the Company will be renamed as Prominence Energy NL.

I would like to thank my fellow Director Bill Bloking who has not only provided wise counsel and substantial hours of work but has provided vital loan funds to the Company. I also welcome GTT Ventures and their Director nominee Patrick Glovac. GTT Ventures successfully managed the last capital raising and through their Corporate Advisory role are providing on going advice and assistance. Patrick has already provided valuable advice and introductions during his short time on the Board. I would like to also acknowledge the hard work of our management team, who went for substantial periods with no salary and little funding. Despite these difficulties Alex and his team have positioned the Company well for what we should be an exciting 2020. Lastly, I would like to thank shareholders for their patience and continued support, and we hope that 2020 will be the year that shareholders will see a return for this continued support.

Mr Ian McCubbing
Non-Executive Director and Chairman
Perth, Western Australia

REVIEW OF ACTIVITIES

Since the 2015 drop in oil price, Sun Resources NL ("Sun" or "The Company") have been focused on identifying oil and gas development asset opportunities that deliver near-term oil production with breakeven economics below a US$40 per barrel benchmark price in today's dollars. The Bowsprit Oil Project secured by the Company in August 2017 and March 2018 is believed to be such a project. The focus of the Company is to appraise and develop the Bowsprit project to production as rapidly as practical and use the cashflow to fund further project acquisition in the area. Sun plans to capitalise on significant tax losses that Sun has accumulated in the USA.

The most significant recent event, announced on 29 July 2019, is that the Company has reached an agreement to acquire 100% of the Bowsprit project. Sun's partner had (apparently) been holding out for a farm-in deal that would have seen them carried for a substantial work program to develop the field. This transaction ultimately failed to close as it was conditional on a second transaction. Without funding or farm out, Pinnacle were not prepared to move to drilling of the well and Sun could not advance the project beyond technical studies. In July 2019, an agreement was reached such that Sun was able to purchase the 50% working interest[1].

Since the deal was announced and Sun assumed full control of the project, the Company has raised $727,000 in new equity to fund the permitting of the well and associated drilling planning work and announced the intention to find a new partner for the project with a view to drilling in Q1 2020.

Bowsprit Oil Project ("Bowsprit") (Lease No. 21754 & 21787) - Sun 100% working interest[2].

The leases are located approximately 70km southeast of New Orleans in approximately 3m of water. There are 16 historical wells, drilled between 1952 and 1982, within the leases and extensive existing 2D and 3D seismic over the lease. The leases are near the boundary of St Bernard and Plaquemines Parishes that covers the transition zone from onshore to the federal waters offshore Louisiana. The two Parishes have produced a combined 1.2 billion barrels of oil and 5.2 trillion scf of gas. The area is a prolific hydrocarbon province with over 1,800 wells drilled in the St Bernard parish alone.

Bowsprit is assessed to contain an undeveloped conventional Upper Miocene aged oil sand at a depth of approximately 7,400ft (2,255m) that is located above a deeper, 9,500ft gas field that was developed in 1960's by Shell and produced approximately 46 bscf. Consequently, the Bowsprit field contains 14 vertical well penetrations and has demonstrated producible oil. The 20 to 50ft thick oil sand was flowed successfully from four wells and produced approximately 75,000 bbls of oil, but was not of commercial significance at the time (~100bopd declining to 40 bopd / well). The deeper gas field was abandoned and the area relinquished by the former owner in the 1980s prior to the advent of horizontal drilling.

Sun has determined that the Bowsprit structure can be developed with one firm and up to four contingent horizontal wells and could potentially be produced through a simple unmanned production platform. Sun has a 100% working interest and is Operator of the Leases[2].

Bowsprit Field Progress

Sun has conducted extensive internal work assessing the project, based on public domain and purchased data. The initial lease was acquired based on delineation of the project using historical well data. Following purchase and interpretation of the 3D seismic over the field in November 2017, it became evident that the project was probably larger than indicated by the well data and a second lease had to be acquired to cover the whole drillable portion of the field. The land was immediately nominated, and the second lease was successfully secured in March 2018. Whilst it was welcome news for the Company to find the project was potentially larger than originally thought, the Company had to maintain discretion during the time required to secure the field extension lease and this delayed farm out and drilling plans. The increase in oil price during the period has been good for the value of the project.

A conceptual development plan has been prepared and was provided to RISC who prepared an Independent Resource Assessment of the project.

RISC's independent estimate of resources net to Sun's 100% working interest within polygon of held leases at 1 August 2019[3]. (Note 14)

[1] See Note 24 for details
[2] Subject to completion of Pinnacle buy out deal details in Note 24
[3] Subject to completion of Pinnacle buy out deal

REVIEW OF ACTIVITIES

	Contingent Resources			
Sand	**1C**	**2C**	**3C**	**Units**
7,200’	0.14	0.42	0.76	Bscf
7,400’ (Upper Miocene Sand)	0.16	0.76	1.7	MMbbls
7,400’ Associated Gas	0.16	0.84	1.9	Bscf

	Unrisked Prospective Resources			
Sand	**Low**	**Best Case**	**High**	**Units**
7,400’ Deep (Middle Miocene Sand)	0.1	1.72	6.08	MMbbls
7,400’ Deep associated Gas	0.1	1.66	8.88	Bscf

RISC assesses the chance of success for the prospective resources as 20% (1 in 5)

Cautionary statement on Unrisked Prospective Resources - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Prospective Resources classification – Sun’s interpretation of the well logs in the Prospective Resources area/sand is that they demonstrate the presence of hydrocarbons. RISC, however, is of the view that these resources should be classified as prospective until “significant volumes of hydrocarbons” have been flowed from the 7,400’ Deep sand.

The field requires further appraisal before the Bowsprit resources can be classified as reserves. It is the intent of Sun to drill an appraisal well targeting the end of first Quarter 2020.

Sun assesses the minimum economic field size to be approximately 0.5Mmbbls (gross). RISC attributes gross 2C of 0.76MMbbs + associated gas to the project (1MMboe).

In the 7,400’ deep sand RISC attributes gross most likely “Best Case” prospective resources of 1.72MMbbs + associated gas to the project (2MMboe).

It is a function of PRMS reserve reporting rules that until the field is on production and reserves are forecast from well production history, volumetric assessment is constrained to the polygons of the leases. Sun has leased the crest and drillable area of the field, the surrounding acreage is open acreage and is assessed by Sun and RISC to contain oil. It is Sun’s assessment the oil contained in the whole structure likely to be drained by crestal wells, but that oil is not currently attributable to Sun.

Forecast Well Performance

RISC independently modelled a horizontal well performance (1,200ft long) in the 7400’ sand under reservoir simulation and concluded that the initial production rate from a single crestally located well could be 2,000 bopd, with an estimated ultimate recovery (EUR) of approximately 670,000 bbls in 3 years based on RISC’s P50 STOIIP volumes and log derived rock properties in the 7,400’ sand.

A 750ft horizontal well drilled in a similar sand approximately 12km south of Bowsprit initially tested at 1,500bopd and commenced production at 900bopd.

Sun plans to drill the initial appraisal well to have a horizontal section of 1,500ft in length and flow test that well targeting the end of first Quarter 2020.

Forward Plan

In order to prove commerciality of the contingent resources in the 7400’ sand and discover and appraise the resource in the 7400’ Deep sand, Sun intends to drill and test an appraisal well. This will most likely include drilling a near vertical pilot hole through the entire reservoir to collect data and a horizontal well section to prove well deliverability.

As the permitting process takes approximately 12 weeks, and the hurricane season runs from June to September, the most likely date for drilling is now targeting the first Quarter 2020.

During the interim, Sun will prepare the detailed drilling program (the initial well is estimated to cost approximately US$3.6 million) and seek a farm in partner or other source of financing to fund the drilling.

REVIEW OF ACTIVITIES

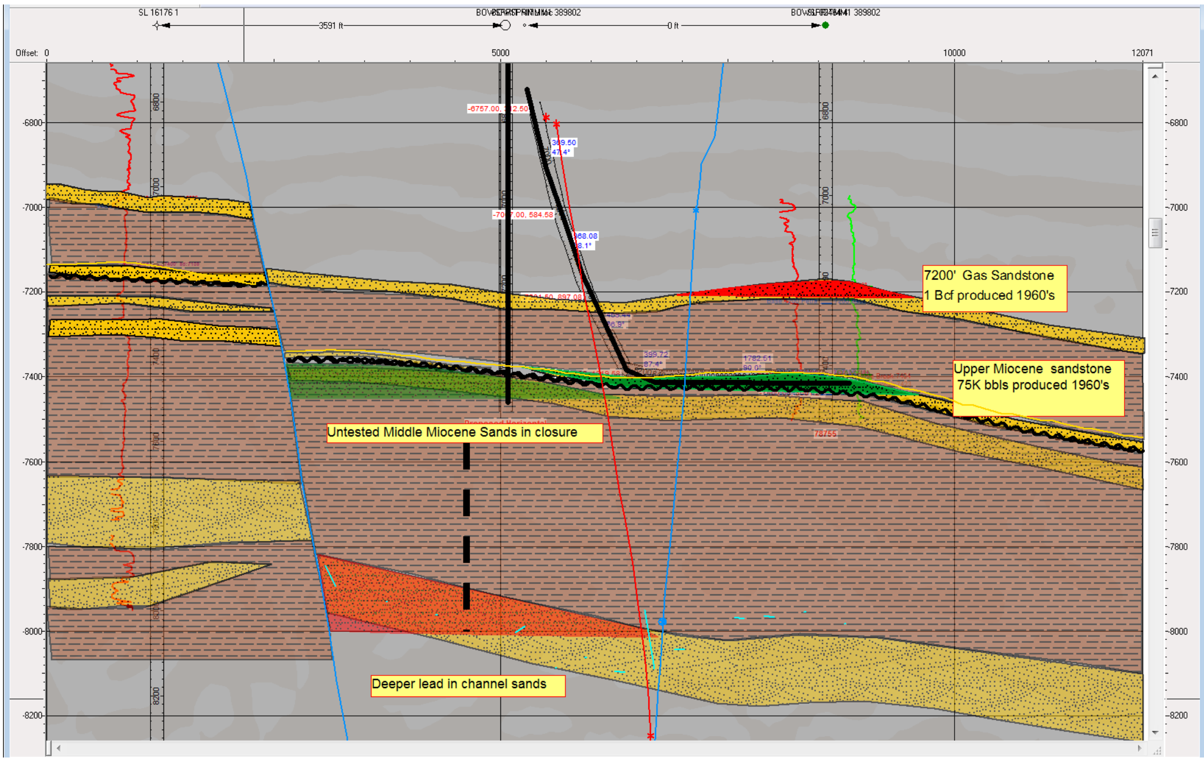

Figure 1 - Cross Section through Bowsprit Project illustrating flowed and prospective targets at depths of 7,200 ft to 8,000ft.

DIRECTORS' REPORT

The Directors of Sun Resources NL ("Sun" or "the Company") present their report on the consolidated entity consisting of the Company and the entities it controlled at the end of, or during, the year ended 30 June 2019.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

1. DIRECTORS AND OFFICERS

The names of the Directors of the Company in office during the year and at the date of this report are as follows:

Mr Ian McCubbing (Non-Executive Chairman) B.Com (Hons), MBA (Ex), CA, GAICD

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 M&A. 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. Mr McCubbing is currently a Non-Executive Director of Swick Mining Services Limited, and is Chairman of Rimfire Pacific Mining NL. Mr McCubbing holds a Bachelor of Commerce (Honours) from UWA and an Executive MBA from the AGSM. Mr McCubbing is a Chartered Accountant and a Graduate of the Australian Institute of Company Directors. Current directorships include Symbol Mining Limited, Avenira Limited, Swick Mining Services Limited and Rimfire Pacific Mining NL. In the last three years, Mr McCubbing has held a directorship in Kasbah Resources Limited, Symbol Mining Limited and Avenira Limited.

Mr Alexander Parks (Chief Executive Officer and Managing Director) GAICD, MEng

Mr Alexander Parks was appointed to the Board as Chief Executive Officer and Managing Director on 2 November 2017. Mr Parks previously served as a Non-Executive Director from 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. Mr Parks has 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. Recently Mr Parks has focused on building a sound knowledge of unconventional oil and gas plays in North America. Mr Parks is currently a Director of Tamaska Oil & Gas Ltd (ASX:TMK), 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. 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). In the last 3 years Mr Parks was also a Director of TMK Montney Limited until it was acquired by Calima Energy Ltd (ASX:CE1) in August 2018.

Mr William Bloking (Non-Executive Director) B.Sc. Mechanical Engineering (Summa cum Laude), FAICD

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, Bill 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 Torrens Mining Limited. He is a fellow of the Australian Institute of Company Directors. He was formerly a Chairman of Transerv Energy Limited, Cool Energy Limited, Norwest Energy NL, Nido Petroleum Limited and 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 Challenger Energy Limited, 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 Councilor 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. Current directorships include Nido Petroleum Limited and Torrens Mining Limited. Mr Bloking has held a directorship in Challenger Energy Limited and Nido Petroleum Ltd within the last 3 years.

DIRECTORS' REPORT

Mr Patrick Glovac (Non-Executive Director) B.Comm
Mr Patrick Glovac was appointed to the Board as a Non-Executive Director on 23 August 2019. Mr Glovac holds a Bachelor of Commerce, majoring in Finance, Banking, Management, and also holds a Diploma of Management. In 2013 Mr Glovac co-founded GTT Ventures Pty Ltd. GTT has funded numerous listed and private companies since its inception across multiple markets including Australia, USA and the United Kingdom. Previously he worked as an investment advisor for Bell Potter Securities Limited, focusing on high net-worth clients and corporate advisory services. Over the past 5 years Mr Glovac has held numerous Director positions with ASX listed companies across the Resources and Oil & Gas sector. He is currently Executive Director at TAO Commodities Limited (ASX: TAO) and Non-Executive Director at Global Vanadium Limited (to be renamed Global Oil & Gas Limited) (ASX: GLV).

Ms Jo-Ann Long (Company Secretary and Chief Financial Officer) B.Comm, FCA, GAICD
Ms Long was appointed on 8 April 2018. Ms Long has over 28 years of experience building, leading and advising corporations on financial management, restructures, international expansion, acquisitions and risk management. Commencing with Deloitte's and then 18 years in the Oil and Gas industry, with Woodside and Transerv Energy (now Whitebark Energy) Ms Long has specialised expertise in joint venture operations, commercial agreements, tax strategies, risk management and governance. With strong broad commercial and business skills Ms Long brings a strong discipline of financial management and a track record of documented contributions of improved financial performance, heightened productivity and enhanced internal controls. Ms Long is Managing Director of Eco Smart Designs, and holds Non-Executive Directorships with Yijiyangu Corporation Limited and B2 Yaramarri Direct Benefits Trust.

2. DIRECTOR'S INTERESTS
As at the date of this report, the Director's interests in the securities of the Company are as follows:

		Ordinary Shares	Options over Ordinary Shares	Performance Rights
Mr Ian McCubbing	Non-Executive Chairman	40,949,177	21,666,667	
Mr William Bloking	Non-Executive Director	34,449,471	14,166,667	
Mr Alexander Parks	Managing Director	33,750,000	21,666,666	22,500,000(1)
Mr Patrick Glovac	Non-Executive Director	-	-	

(1) Performance Rights will vest in two tranches Tranche A 7,500,000, and Tranche C 15,000,000. Tranche B Performance Rights 7,500,000 have lapsed. See Note 15.

Principal Activities of the Consolidated Entity
The principal activities of the consolidated entity during the financial year were oil and gas exploration and investment. There were no significant changes in these activities during the year. The consolidated entity's exploration and production activities are summarised in the "Review of Activities" preceding this report.

Operation Results
The net loss of the consolidated entity for the financial year after income tax was $1,066,566, [2018: loss of $812,870].

Dividends
No dividends were paid or declared during the financial year or subsequent to the year end.

Review of Operations
A review of the oil and gas operations of the Company and the consolidated entity is set out in the "Review of Activities" section of the Annual Report.

Likely Developments and Expected Results of Operations
The consolidated entity intends to continue the present range of activities during the forthcoming year. In accordance with its objectives, the consolidated entity may participate in exploration and appraisal wells and new projects and may grow its exploration effort and production base by farm-in or new lease acquisitions. Certain information concerning the future activity is set out in the "Review of Activities" section of the Annual Report. Other information on the likely developments and the expected results has been included where they can be reasonably anticipated.

DIRECTORS' REPORT

Changes in the State of Affairs
In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Events since the End of the Financial Year
The following material events occurred subsequent to the end of the year:

Acquisition of Pinnacle Subsidiary
In July 2019 executed a legally binding Memorandum of Understanding with Pinnacle Energy International (USA) Inc (Pinnacle) to acquire the subsidiary holding company, Pinnacle Energy International (USA) I LLC, which has a 50% working interest in SL21754 and SL21787 in Louisiana, USA. Sun holds the other 50% working interest in the leases via Sun Louisiana LLC.

Consideration payable to Pinnacle consists of a cash consideration of USD250,000 payable prior to drilling of the first well, and a Royalty of 5% of gross production revenue (net revenue received after Tariffs and direct sale costs as per the calculation of State Royalty).

The transfer of ownership will be made following execution of a Sale and Purchase Agreement, Royalty Agreement and payment of the cash consideration. If the transaction is not completed by 1 March 2020 the Agreement will terminate and the project will revert to 50:50 ownership.

Capital Raising
During July 2019 the Company raised $150,000 from sophisticated investors, the Directors and management.

During August 2019 the Company entered into a mandate with GTT Ventures Pty Ltd, a specialist corporate advisory firm, for the purpose of undertaking a capital raising. The Company raised $727,000 from sophisticated investors, the Directors and management. Also, under the terms of the Mandate, GTT will assist with the promotion of the Company. Mr Patrick Glovac, a Partner of GTT Ventures Pty Ltd, was also appointed as a Non-Executive Director of the Company on 23 August 2019.

Support By Directors
Since balance date the Directors have undertaken to continue to support the Company with loans to cover working capital requirements. As of 27 September 2019 the Director loans total A$116,013 on terms as detailed below and in Note 9.

- Interest 10% per annum (payable on repayment of loan)
- Repayment Date – Later of 31 December 2019 or 5 business days after receipt of funds from any equity capital raising in excess of $1,000,000 by the Company.

Unmarketable Parcel
On 6 September the Company established a share sale facility to commence an Unmarketable Parcel process.

Environmental and Occupational Health and Safety Regulations
The Company's environmental and occupational health and safety ("OHS") obligations are regulated under both State and Federal Law or in the case of the Company's overseas interests, by the governing laws of that country. All environmental and OHS performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The Company has a policy of complying, and in most cases exceeding its performance obligations. The Company ensures that it complies with all necessary conditions while exploring its permits, which is governed by the terms of respective joint operating agreements. The consolidated entity did not operate any of its exploration or producing assets. The Company has established environmental and OHS Board policies under which all exploration is carried out. Both policies ensure all employees, contractors and other service providers are fully acquainted with the Company's environment and OHS programs. The Company's primary goal in the environmental management of exploration activities is to prevent unnecessary environmental impact and reinstate sites where disturbance cannot be avoided, whilst its goal in OHS is to provide and foster a culture of carrying out exploration activities in a safe working environment at best exploration practice. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007, which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2018 to 30 June 2019 the Directors have assessed that there are no current reporting requirements but may be required to do so in the future.

DIRECTORS' REPORT

Voting and comments made at the Company's 2018 Annual General Meeting
Sun received in excess of 75% of 'yes' votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices. This report details the nature and amount of remuneration for each Director of Sun and specified Executives (Executive officers) involved in the management of the Company who were not Directors.

The audited remuneration report is set out under the following main headings:

A. **Principles used to determine the nature and amount of remuneration**
B. **Details of remuneration**
C. **Service agreements**
D. **Share-based compensation**
E. **Additional information**

A Principles used to determine the nature and amount of remuneration

The performance of the Company depends upon the quality of its Directors, Executives and staff. To achieve its financial and operating activities, the Company must attract, motivate and retain highly skilled Directors and Executives. The Company embodies the following principles in its remuneration framework:

- Provide competitive awards to attract high caliber Executives;
- Structure remuneration at a level and mix commensurate with their position and responsibilities within the Company so as to reward Executives for the Company and individual performance; and
- Align executive incentive rewards with the creation of value for Shareholders.

Executive remuneration policy
The policy is for Executives to be remunerated on terms that are competitive with those offered by entities of a similar size within the same industry. Packages are reviewed annually by the remuneration committee with any recommendation of this committee reviewed and approved by the Board.

Remuneration consultants are not used by the Company
As predominately an exploration entity, performance outcomes are uncertain, notwithstanding endeavour. As such, remuneration packages are not linked to profit performance. Present policy is to reward successful performance via incentive options that are priced on market conditions at the time of issue. The number of options granted is at the full discretion of the Board.

The Options are not issued in relation to past performance but are considered to promote continuity of employment and provide additional incentive to Executive Officers to increase Shareholder wealth.

The Company's security trading policy provides acceptable transactions in dealing with the Company's securities, including shares and options. The full policy can be read on the Company's website.

The Executive Directors receive a superannuation guarantee contribution required by the government, which is 9.5%.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed.

Shares given to Directors and Executives are valued as the difference between the market price of those shares and the amount paid by the Director or Executive. Options are valued using the Black-Scholes model.

Non-Executive remuneration policy
The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. The maximum aggregate amount of fees (inclusive of the 9.5% superannuation guarantee contribution required by government) that can be paid to Directors is currently AU$400,000.

Executive Officers
The Board's policy for determining the nature and amount of compensation of Executive Officers for the Group is as follows:

The compensation structure for Executive Officers is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and Executive Officers are on a fixed term basis.

Upon retirement, Executive Officers are paid employee benefit entitlements accrued to the date of retirement. The remuneration committee recommends the proportion of fixed and variable compensation (if applicable) for each Executive Officer which is approved by the Board.

B Details of Executive Remuneration

The Executive Officers included the Directors who had the responsibility for planning, directing and controlling the activities of the entity during the financial year.

Mr Alexander Parks - Managing Director and CEO (from 2 November 2017)
Alex has an Executive Services Agreement ("the agreement") which specifies the duties and obligations to fulfilled in his role. Mr Parks' remuneration is both salary and performance based, designed to minimise cash cost to the Company, and to align objectives that should benefit the shareholders. The near-term incentives are based on achieving key development milestones of the Bowsprit project. Mr Parks receives a fixed remuneration component of $260,000 (including superannuation) per annum.

The Contract has a fixed term of 2 years and the Company may terminate the executive's engagement 'for cause' with immediate effect, with only statutory accrued entitlements or 'without cause' by giving 6 months' notice, or salary in lieu with associated benefits.

Mr Parks has been issued 30,000,000 Performance Rights as a long term performance incentive in prior year. The Performance Rights will vest subject to completion of the following vesting conditions:

(1) 7.5 million Performance Rights vesting on successful farming out (or full funding) of Sun's share of the first Bowsprit well.
(2) 7.5 million Performance Rights vesting on spudding of the first Bowsprit well (no later than 31 December 2018).
(3) $50,000 bonus and 15 million Performance Rights vesting on achieving 60 days of commercial production within a 75 day period.

The renumeration recognised for the performance rights at 30 June 2019, is assessed on the probability of achieving each milestone within the performance time constraint or during the five-year duration of the Performance Rights if no date is specified. The probability is reassessed at each reporting date. Tranche A are deemed likely to be awarded; Tranche B has lapsed during the year; and Tranche C is considered contingent on too many variables to be given any value as at 30 June 2019. The value of the Performance Rights at the grant date was assessed at $90,000. At 30 June 2019 the reconciled value is assessed as $15,794 to Mr Parks for annual share based remuneration.

Ms Jo-Ann Long - Chief Financial Officer and Company Secretary (from 8 April 2018)
Jo-Ann has a contract with the Company to provide on call services of Chief Financial Officer and Company Secretary through a related company. The contract may be terminated by either party by giving 14 days' notice. Ms Long is paid an hourly rate of $200 per hour for these services.

DIRECTORS' REPORT

Emoluments of Directors and Other KMP

2019	Short-term employee benefits				Post-employment benefits	Share base payments	
Name	Cash salary Consulting fees and Directors' fees	Non-monetary Benefits - Shares	Other[5]	Settlement payment	Superannuation	Performance Rights	Total
	$	$	$	$	$	$	$
Executive Director							
Mr A Parks[1]	150,000	-	95,750	-	14,250	3,749	263,749
Sub-Total	**150,000**	**-**	**95,750**	**-**	**14,250**	**3,749**	**263,749**
Non-Executive Directors							
Mr I McCubbing[4]	-	-	50,000	-	-	-	50,000
Mr W Bloking[3]	-	-	36,000	-	-	-	36,000
Sub-Total	**-**	**-**	**86,000**	**-**	**-**	**-**	**86,000**
Executive Officers							
Ms J Long[2]		-	93,032	-	-	-	93,032
Sub-Total	**-**	**-**	**93,032**	**-**	**-**	**-**	**93,032**
Total	**150,000**	**-**	**274,782**	**-**	**14,250**	**3,749**	**442,781**

(1) Mr Parks has also accrued fees including superannuation for FY18 amounting to $43,567 not included in the table above (2) Ms Long also has accrued fees for FY18 amounting to $15,700 not included in the table above. (3) Mr William Bloking also has accrued fees including superannuation for FY18 amounting to $18,000 not included above (4) Mr Ian McCubbing also has accrued fees including superannuation for FY18 not included above amounting to $25,000 (5) Other includes accrued salary, Director fees, superannuation and travel allowances related to FY19.

2018	Short-term employee benefits				Post-employment benefits	Share base payments	
Name	Cash salary Consulting fees and Directors' fees	Non-monetary Benefits - Shares	Other[4]	Settlement payment	Superannuation	Performance Rights	Total
	$	$	$	$	$	$	$
Executive Director							
Mr A Parks[1]	202,221	-	51,729	-	9,378	12,045	275,373
Sub-Total	**202,221**	**-**	**51,729**	**-**	**9,378**	**12,045**	**275,373**
Non-Executive Directors							
Mr I McCubbing	23,048	-	25,000	-	1,952	-	50,000
Mr W Bloking	16,438	-	18,000	-	1,562	-	36,000
Sub-Total	**39,486**	**-**	**43,000**	**-**	**3,514**	**-**	**86,000**
Executive Officers							
Ms J Long[2]		-	15,700	-	-	-	15,700
Mr C Basson[3]	73,347	-	-	-	-	-	73,347
Sub-Total	**73,347**	**-**	**15,700**	**-**	**-**	**-**	**89,047**
Total	**315,054**	**-**	**110,429**	**-**	**12,892**	**12,045**	**450,420**

(1) Mr Parks was appointed Managing Director and CEO on 2 November 2017, $103,500 of the fees relates to consulting and director's fees provided through Tigerwise Pty Ltd prior to appointment. (2) Ms Long was appointed Company Secretary and CFO on 8 April 2018. (3) Mr Basson resigned as Company Secretary and CFO on 8 April 2018. (4) **Other** includes accrued salary, Director fees, consulting fees, superannuation and travel allowances.

Remuneration consists of the following key elements:

a) Fixed remuneration: being base salary, superannuation and other benefits (including non-monetary); and
b) Share based incentives as determined.

Fixed remuneration

Fixed remuneration is reviewed annually by the remuneration committee. The process consists of a review of group and individual performance, relevant comparative remuneration information for a variety of sources including industry associations, and where considered appropriate, external advice on policies and practices.

C Service agreements

Mr Ian McCubbing

Term of agreement:	Retires as determined by Director Rotation
Chairman fees:	$50,000 per annum including Superannuation
Incentives:	Share based incentives as determined

Mr Ian McCubbing was appointed as Non-Executive Director and Chairman on 25 October 2016.

Mr William Bloking

Term of agreement:	Retires as determined by Director Rotation
Director fees:	$36,000 per annum including Superannuation
Incentives:	Share based incentives as determined

Mr William Bloking was appointed as Non-Executive Director and on 25 October 2016.

Mr Alexander Parks

Term of agreement:	2 years
Salary:	$260,000 per annum including superannuation
Director fees:	Included in salary
Incentives:	Share based incentives as determined

Mr Parks was appointed Managing Director and CEO on 2 November 2017.

Ms Jo-Ann Long

Term of agreement:	Unlimited
Base consultancy:	$200 per hour
Termination:	14 days

Ms Long was appointed as Company Secretary and CFO on 8 April 2018.

DIRECTORS' REPORT

D Share-based compensation

The Board does not have any specific criteria when deciding on the terms of option incentives, however, will look at conditions prevailing in the market for Executives in other companies.

Whilst the consolidated entity does not have a formal ownership-based compensation scheme for Directors and employees of the Company, certain share options may be granted to Directors and employees as part of their remuneration at the discretion of the Board. Each option converts into one ordinary share of the Company on exercise.

No amounts have been paid for any options by the recipient upon receipt of the options. The options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the current and previous financial year, the following options were granted to Directors and Executive Officers.

2019
During 2019 Tranche B 7,500,000 Performance Rights lapsed on 31 December 2018. Mr Parks now has 22,500,000 Performance Rights remaining as a long term performance incentive in connection with his promotion from Non-Executive Director to Managing Director and Chief Executive Officer. The rights will vest subject to conditions as detailed above in Details of Executive Remuneration.

2018
On 30 November 2017 the Company issued 30,000,000 Performance Rights to Mr Alex Parks as a long term performance incentive in connection with his promotion from Non-Executive Director to Managing Director and Chief Executive Officer. The rights will vest subject to conditions as detailed above in Details of Executive Remuneration.

E Additional information

Share-based compensation: Options
No new share-based payments were made during the 2019 financial year.

Share holdings

The number of shares in the Company held during the financial year by each Director of the Company and other Executive Officers of the Group, including their personally related parties, are set out below:

Ordinary shares

Name	Balance at start of the year or appointment	Placement acquisition	Other changes during the period	Balance at the end of the year or on retirement/ resignation	Nominally held
2019					
Directors					
Mr I McCubbing	14,699,177	16,250,000	-	30,949,177	30,949,177
Mr W Bloking	8,199,471	16,250,000	-	24,449,471	-
Mr A Parks	5,000,000	3,750,000	-	8,750,000	8,750,000
Executive Officers					
Ms J Long	-	3,000,000	-	3,000,000	3,000,000

DIRECTORS' REPORT

Option holdings

The number of **listed options** over ordinary shares in the Company held during the 2019 financial year by each Director of the Company and other Executive Officers of the Group, including their personally related parties, are set out below:

Name	Balance at the start of the year	Acquisition	Exercised	Expired	Balance at the end of the year or on retirement/ resignation	Vested and exercisable	Un-vested
2019							
Directors							
Mr I McCubbing	19,849,588	-	-	4,849,588	15,000,000	15,000,000	-
Mr W Bloking	10,349,735	-	-	2,849,735	7,500,000	7,500,000	-
Mr A Parks	7,500,000	-	-	2,500,000	5,000,000	5,000,000	-
Executive Officers							
Ms J Long	-	-	-	-	-	-	

Performance Rights

The number of **Performance Rights** in the Company held during the 2019 financial year by each Director of the Company and other Executive Officers of the Group, including their personally related parties, are set out below:

Name	Balance at the start of the year	Acquisition	Exercised	Lapsed	Balance at the end of the year or on retirement/ resignation	Vested and exercisable	Un-vested
2019							
Directors							
Mr I McCubbing	-	-	-	-	-	-	-
Mr W Bloking	-	-	-	-	-	-	-
Mr A Parks	30,000,000	-	-	(7,500,000)	22,500,000	-	22,500,000
Executive Officers							
Ms J Long	-	-	-	-	-	-	-

Loans from Directors and Executives

The Directors have loaned the Company the following during the year ended 30 June 2019:

1) I McCubbing $142,500 at 10% per annum. On 3rd January 2019 $50,000 was converted to fully paid ordinary shares in the Company as repayment and the interest has been accrued. On 14th May $25,000 was also repaid and interest accrued. The remainder of the loan $67,500 is subject to the repayment terms below.
2) W Bloking $75,000 at 10% per annum. On 3rd January 2019 $50,000 was converted to fully paid ordinary shares in the Company as repayment and the interest has been accrued. The remainder of the loan $25,000 is subject to the repayment terms below.
3) A Parks $5,000 at 10% per annum.

Repayment Date of above loans – 31 December 2019 or after receipt of funds from any equity capital raising, of greater than $1,000,000, by the Company.

All Directors have agreed to defer repayment of accrued salary, Directors fees and loans until the company has completed a capital raising of greater than $1,000,000.

DIRECTORS' REPORT

Company Performance

An analysis of the Company's performance over the past five years is as follows:

	2019 $	2018 $	2017 $	2016 $	2015 $
Loss attribute to Shareholders of the parent entity	(1,066,566)	(812,870)	(3,457,734)	(13,961,879)	(56,984,807)
Dividends paid	-	-	-	-	-
Contributed equity	119,786,868	119,257,280	118,130,277	116,575,306	115,122,457
Changes in share price (prices at 30 June)	0.002	0.001	(0.005)	(0.001)	(0.001)
Return on contributed equity	(0.85%)	(0.67%)	(2.92%)	(11.98%)	(49.50%)

The Company has adjusted any oil and gas assets where there has been an impairment of the asset with the resulting write downs reflected in the loss attributable to Shareholders.

The share price of the Company, as listed on the ASX, has remained in a band between 0.2 cents and 1.6 cents depending on the market since the company performed a share consolidation in August 2016.

There is no link between performance of the Company and the remuneration paid as the Company is not generating a profit at this time.

This is the end of the audited remuneration report.

Indemnification of Officers

Insurance and indemnity arrangements established in the previous year concerning Officers of the Company were retained during the year ended 30 June 2019. The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts, for current and former Directors and Officers, including Executive Officers, Directors and secretaries of the Company. The terms of the insurance policy contract do not allow disclosure of the premium. The insurance premiums relate to:

i. costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
ii. other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

Meetings of the Company's Directors

The number of meetings of the Company's Board of Directors and each Board committee held during the year ended 30 June 2019 and the numbers of meetings attended by each Director were:

	Full meetings of Directors		Meetings of committees			
			Audit & Risk		Remuneration	
	A	B	A	B	A	B
Mr Ian McCubbing	9	9	0	0	0	0
Mr William Bloking	9	9	0	0	0	0
Mr Alexander Parks	9	9	0	0	0	0

A. Number of meeting attended
B. Number of meetings held during the time the Director held office or was a member of the committee during the year.

Any items with respect to the Audit and Risk and Remuneration Committee were addressed in Board meetings and in addition, a total of 4 circular resolutions were resolved during the financial year ended 30 June 2019.

DIRECTORS' REPORT

Retirement, election and continuation in office of Directors

The Directors retire by rotation in terms of the Constitution of the Company.

Proceedings on behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of Court under section 237 of the Corporations Act.

Non-audit services

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2019 $	**2018 $**
Non-Audit Services		
Taxation compliance services	10,200	15,490
Total remuneration for Non-audit services	**10,200**	**15,490**

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non- audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's independence declaration

The auditor's independence declaration as required under section 307c of the Corporations Act 2001 on page 16 forms part of the Directors' Report for the financial year ended 30 June 2019.

Board of Directors' declaration for year ended 30 June 2019

The Board of Directors' Declaration for year ended 30 June 2019 on page 49 forms part of the above Directors' Report. This relates to the integrity of the financial statements, risk management and internal compliance and control systems of the Company for the financial year as set out in this Annual Financial Report.

For and on behalf of the Board in accordance with a resolution of Directors.

Mr Alexander Parks
Managing Director
Perth, Western Australia
27 September 2019

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DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF SUN RESOURCES NL

As lead auditor of Sun Resources NL for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sun Resources NL and the entities it controlled during the period.

BDO

Wayne Basford

Director

BDO Audit (WA) Pty Ltd

Perth, 27 September 2019

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Other income	3a	76,651	28,055
Administration expense		(350,599)	(257,492)
Depreciation expense	3b	(7,653)	(9,825)
Employee benefits expense		(443,931)	(344,266)
Finance expense	3c	(60,468)	(54,016)
Occupancy expense	3d	(140,140)	(119,539)
Fair value loss on investments	3e	(136,677)	(43,742)
Share based payment expense	11	(3,749)	(12,045)
Loss before income tax expense		**(1,066,566)**	**(812,870)**
Income tax expense	4	-	-
Loss for the year after income tax		**(1,066,566)**	**(812,870)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Foreign exchange translation reserve movement	12	(33,499)	(37,560)
Other comprehensive income/ (loss) for the period, net income tax		**(33,499)**	**(37,560)**
Total loss and other comprehensive loss for the period attributable to owners of Sun Resources NL		**(1,100,065)**	**(850,430)**
Loss per share attributable to the members of Sun Resources NL			
Basic loss per share (cents)	23	(0.13)	(0.133)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Current assets			
Cash and cash equivalents	5	40,136	81,534
Other receivables		49,558	33,423
Total current assets		**89,694**	**114,957**
Non-current assets			
Plant and equipment		6,029	13,682
Exploration and evaluation expenditure	6	775,495	663,038
Investment in unlisted shares	7	12,762	148,736
Total non-current assets		**794,286**	**825,456**
Total assets		**883,980**	**940,413**
Current liabilities			
Trade and other payables	8	1,609,505	1,193,883
Borrowings	9a	108,494	50,000
Provisions		3,026	14,737
Total current liabilities		**1,721,025**	**1,258,620**
Non-current liabilities			
Borrowings	9b	1,166,850	1,118,960
Total non-current liabilities		**1,166,850**	**1,118,960**
Total liabilities		**2,887,875**	**2,377,580**
Net liabilities		**(2,003,895)**	**(1,437,167)**
Equity			
Contributed equity	10	119,786,868	119,257,280
Share-based payment reserve	11	12,811,165	12,807,416
Foreign exchange translation reserve	12	17,914,013	17,947,512
Accumulated losses		(152,515,941)	(151,449,375)
Total deficiency		**(2,003,895)**	**(1,437,167)**

The above Consolidated Statement of Financial Position should be read in conjunction with the notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to equity holders of the Company				
	Share capital	**Accumulated losses**	**Share-based payments reserve**	**Foreign exchange translation reserve**	**Total equity**
2019	**$**	**$**	**$**	**$**	**$**
Balance at the 1 July 2018	**119,257,280**	**(151,449,375)**	**12,807,416**	**17,947,512**	**(1,437,167)**
Total comprehensive loss for the year					
Loss for the year	-	(1,066,566)	-	-	(1,066,566)
Other comprehensive loss:					
Exchange differences on translation of Foreign Entities	-	-	-	(33,499)	(33,499)
Total other comprehensive loss	**-**	**-**	**-**	**(33,499)**	**(33,499)**
Total comprehensive loss for the year	**-**	**(1,066,566)**	**-**	**(33,499)**	**(1,100,065)**
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	3,749	-	3,749
Contributions by and distributions to owners:					
Contributions of equity	548,500	-	-	-	548,500
Equity transaction costs	(18,912)	-	-	-	(18,912)
Total transactions with owners	**529,588**	**-**	**3,749**	**-**	**533,337**
Balance at the 30 June 2019	**119,786,868**	**(152,515,941)**	**12,811,165**	**17,914,013**	**(2,003,895)**

	Attributable to equity holders of the Company				
	Share capital	**Accumulated losses**	**Share-based payments reserve**	**Foreign exchange translation reserve**	**Total equity**
2018	**$**	**$**	**$**	**$**	**$**
Balance at the 1 July 2017	**118,130,277**	**(150,636,505)**	**12,795,371**	**17,985,072**	**(1,725,785)**
Total comprehensive loss for the year					
Loss for the year	-	(812,870)	-	-	(812,870)
Other comprehensive loss:					
Exchange differences on translation of Foreign Entities	-	-	-	(37,560)	(37,560)
Total other comprehensive loss	-	-	-	**(37,560)**	**(37,560)**
Total comprehensive loss for the year	**-**	**(812,870)**	**-**	**(37,560)**	**(850,430)**
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	12,045	-	12,045
Contributions by and distributions to owners:					
Contributions of equity	1,296,742	-	-	-	1,296,742
Equity transaction costs	(169,739)	-	-	-	(169,739)
Total transactions with owners	**1,127,003**	**-**	**-**	**-**	**1,127,003**
Balance at the 30 June 2018	**119,257,280**	**(151,449,375)**	**12,807,416**	**17,947,512**	**(1,437,167)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019 $ Inflows (Outflows)	Consolidated 2018 $ Inflows (Outflows)
Cash flows from operating activities			
Receipts from rental income		76,023	27,130
Payments to suppliers and employees		(549,824)	(581,892)
Interest received		628	925
Net cash flow (used in) operating activities	5a	**(473,173)**	**(553,837)**
Cash flows from investing activities			
Payments for exploration costs		(112,457)	(689,166)
Payment for investment		-	(192,478)
Receipt of term deposit		-	8,620
Net cash flow (used in) investing activities		**(112,457)**	**(873,024)**
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		396,088	1,127,003
Proceeds from Director Loans		172,500	215,000
Repayment of Director Loans		(25,000)	(165,000)
Net cash flow provided by financing activities		**543,588**	**1,177,003**
Net increase/ (decrease) in cash and cash equivalents held		**(42,042)**	**(249,858)**
Cash and cash equivalents at the beginning of the financial year		81,534	323,023
Effects of exchange rate changes on cash and cash equivalents		644	8,369
Cash and cash equivalents at the end of the financial year	5	**40,136**	**81,534**

The above Consolidated Statement of Cash Flows should be read in conjunction with the notes to the Consolidated Financial Statements.

1. Summary of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements cover the consolidated entity of Sun Resources NL and its controlled subsidiaries. Sun Resources is a listed public Company, incorporated and domiciled in Australia (ASX Code: SUR) and is a for- profit entity for the purpose of preparing the financial statements. These financial statements have been approved for issue by the Board of Directors on 27 September 2019.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the annual report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Statement of Compliance

The annual report complies with Australian Accounting Standards, and also complies with International Financial Reporting Standards (IFRS).

A number of new or amended standards became applicable for the current reporting period resulting in the adoption of the following standards:

(i) AASB 15 Revenue from Contracts with Customers; and

(ii) AASB 9 Financial Instruments

AASB 15 Revenue from Contracts with Customers – Impact of Adoption

AASB 15 replaced AASB 118 Revenue which covered revenue arising from the sale of goods and the rendering of services and AASB 111 Construction Contracts which covered construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group adopted AASB 15 from 1 July 2018. The implementation of AASB 15 has not had a material impact on the Group's financial statements as it is currently a pre-revenue business.

AASB 9 Financial Instruments – Impact of Adoption

AASB 9 replaced the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group adopted AASB 9 and related amending Standards from 1 July 2018. The adoption of AASB 9 and related amending Standards did not give rise to any material transitional adjustments. In accordance with the transitional provisions in AASB 9 (paragraphs 7.2.15 and 7.2.26), comparative figures have not been restated. As a result, the Group has changed its accounting policy for financial instruments as detailed below.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows and are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

Equity instruments at FVTPL

Sun held an investment in unlisted shares of $148,736 in 2018 that was classified as available-for-sale asset under AASB 139. It is now measured at fair value through profit or loss under AASB 9.

Impairment

The Group has no material trade and other receivables. The Group has determined that the application of AASB 9's requirements at transition 1 July 2018 did not result in a material adjustment.

Impact of standards issued but not yet applied by the entity

AASB 16 *Leases* is effective for the reporting period commencing 1 July 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group is still in the process of fully assessing the impact on the Group's financial results and position when it is first adopted for the year ending 30 June 2020.

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and are based on the historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Critical Accounting Estimates

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the annual reporting period are:

a) Recoverability of exploration and evaluation assets

The recoverability of exploration and evaluation assets is determined by the future discovery of economic oil and gas reserves of sufficient quantity and quality in the relevant area of interest to offset costs to date.

As at 30 June 2019, the carrying value of exploration and evaluation assets is $775,495 (2018: $663,040).

b) Convertible Notes carried at fair value through profit or loss

The Company recognises convertible loans at fair value through profit or loss. These are calculated based on present value of estimated cash flows taking into account credit risk profile of the Company and share price of the Company. See details in Note 9.

c) Investment carried at fair value through profit and loss

The company recognises unlisted equity investments at fair value through profit or loss. The shares have been deemed to have a value of $12,762 at 30 June 2019. See details in Note 7.

Going Concern

The Group recorded a net loss after tax of $1,066,566 [2018: loss of $812,870] and recorded operating cash outflows of $473,173 (2018: $553,837) for the year ended 30 June 2019. At the 30 June 2019 the Group has net liabilities of ($2,003,895) [2018: net liabilities of ($1,437,167)] and a net current liability position of $1,634,331 (2018: net current liabilities of $1,143,663) and no contractual commitments in 2019 (2018: $80,000). A significant portion of the total trade and other payables balance of $1,609,506 is held in the US Subsidiaries of Sun Resources NL and are ring fenced to the Subsidiaries in which they are recorded. (Note 8). As at 27 September 2019 the Group's cash balance stood at $236,421. At 27 September 2019 the Group had $20,831 trade creditors due and, no outstanding contractual commitments. $1,166,850 of borrowings on a convertible loan is due for repayment on the 31 March 2021. The ability of the Group to continue as going concern is dependent on securing additional funding through farming out a percentage of the Bowsprit Oil Project and capital raisings as and when required to continue to meet its operating activities in the next 12 months. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharged its liabilities in the normal course of business.

Notwithstanding the above, the Directors of the Group have prepared the annual financial statements on a going concern basis. The Company is planning to farm out a percentage of the Bowsprit Oil Project together with a Capital Raising to fund the appraisal drilling program planned for the Project. To support the Company prior to completing the proposed capital raising the Directors of Sun have agreed to defer payment of Directors Fees and short term working capital loans to an aggregate amount of A$376,811.

In addition to the above, to enable the Group to continue its activities, the Group will seek to raise additional funds through equity and/or debt. During the year ended 30 June 2019, the Group has raised capital of $398,500. As disclosed in Note 24, subsequent to year-end, the Group has raised capital of $877,000. Over the course of the next 12 months, the Directors consider that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and that the going concern basis of preparation remains appropriate when preparing the annual financial report.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

A Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sun Resources NL ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'. Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

All inter-company balances and transactions between subsidiaries in the Group, including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. Where controlled subsidiaries have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

B Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from USA producing operations is recognised when received from the Operator and is two months in arrears due to lag between sales and when received. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

C Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where that amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

D Income Tax

The charge for current income tax expense is based on the profit or loss for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the year end date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited to the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic subsidiary will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Sun Resources and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Sun Resources is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidation group. The tax consolidated group has not entered into a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group. The parent will therefore have liability for all tax as the other companies in the group will not be liable. All contributions and distributions have been accounted for.

E Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's subsidiaries is measured using the currency of the primary economic environment in which that subsidiary operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The functional currency of the subsidiaries in the United States is US Dollar.

Transactions and Balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and other Comprehensive Income.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- contributed equity and accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

All resultant exchange differences have been recognised in the Statement of Profit or Loss and other Comprehensive Income.

F Oil and Gas Properties

i) Exploration Costs Carried Forward
Exploration, evaluation and relevant acquisition expenditure incurred is accumulated in respect of each identifiable area of interest. Areas of interest are recognised at the field level. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Economically recoverable reserves are defined as the estimated quantity of product in an area of interest, which can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions.

Exploration and evaluation expenditure, which does not satisfy these criteria, is written-off in full against profit in the year in which a decision to abandon the area is made.

Bi-annual reviews are undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Revenue received from the sale of products, material or services during the exploration and evaluation phase of operations is offset against expenditure in respect of the area of interest or hydrocarbon resource concerned.

ii) Development Costs
Once an area of interest is identified as having commercial potential, exploration costs are transferred to development and further well development costs are capitalised.

iii) Producing Projects
When production commences on an area of interest an exploration and evaluating cost relating to the area of interest is transferred to producing projects within the oil and gas properties.

Transferred development, exploration and evaluation costs are amortised on the relevant UOP basis for each area of interest. The reserves used in these calculations are updated at least annually. Economic and technical developments are reviewed periodically in determining any rates.

G Trade and other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

H Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transactions costs. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

I Financial Instruments

AASB 9 replaced the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group adopted AASB 9 and related amending Standards from 1 July 2018. The adoption of AASB 9 and related amending Standards did not give rise to any material transitional adjustments. In accordance with the transitional provisions in AASB 9 (paragraphs 7.2.15 and 7.2.26), comparative figures have not been restated. As a result, the Group has changed its accounting policy for financial instruments as detailed below.

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Financial assets are classified according to their business model and the characteristics of their contractual cash flows and are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

•Financial assets at amortised cost
•Financial assets at fair value through profit or loss (FVTPL)
•Debt instruments at fair value through other comprehensive income (FVTOCI)
•Equity instruments at FVTOCI

Equity instruments at FVTPL
Sun held an investment in unlisted shares of $148,736 in 2018 that was classified as available-for-sale asset under AASB 139. It is now measured at fair value through profit or loss under AASB 9.

Impairment
The Group has no material trade and other receivables. The Group has determined that the application of AASB 9's requirements at transition 1 July 2018 did not result in a material adjustment.

J Cash and Cash Equivalents

Cash and cash equivalents include cash on-hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months of less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

K Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment
Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Depreciation Rate	
Plant and equipment	25% - 40%
Furniture and fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the year end.

L Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible asset's finite life to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

M Provisions and Contingent Liabilities

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Contingent liabilities are only disclosed when the probability for payment is not remote.

N Earnings per Share

i) Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing the entity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

O Segment Reporting

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis using a “Management Approach”. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, plant and equipment and other assets, net of related provisions. Segment liabilities consist primarily of other creditors and provisions.

P Share-based Payments

In order to apply the requirements of AASB2 “Share-based Payments” estimates were made to determine the “fair value” of equity instruments issued to Directors and incorporated into a Black-Scholes Valuation Model for options.

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is recognised as an employee benefit expense with a corresponding increase in equity over any applicable vesting period or where options are issued as consideration for an acquisition directly to the asset acquired.

The fair value of performance options is only recognised where it is probable that the relevant milestone will be attained. The fair value of all shares issued as consideration for an acquisition is valued at the market value of Sun Resources NL shares at the date of allotment.

Q Contributed Equity

Ordinary shares are classified as equity.
Incremental costs directly attributed to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

R Employee Benefits

Provision is made for the Group’s liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The Group contributes to its employees’ superannuation plans in accordance with the requirements of the Superannuation Guarantee (Administration) Act. Contributions by the Group represent a defined percentage of each employee’s salary. Employee contributions are voluntary.

S Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2. Segment Information

a Description of segments

The business is analysed in two geographical segments namely, Australia and the United States of America (USA). The principal activity in these locations is the exploration, development and production of oil and gas projects.

b Segment information provided to the Board

The following tables present, revenue, expenditure and certain asset information regarding geographical segments for the year ended 30 June 2019.

30 June 2019	Australia $	USA $	Unallocated $	Consolidated $
Revenue - oil and gas sales	-	-	-	-
Other income	76,651	-	-	76,651
Total segment revenue	**76,651**	**-**	**-**	**76,651**
Segment result after income tax	(1,145,983)	-	79,417	(1,066,566)
Total segment assets	840,494	30,720	12,762	883,979
Segment liabilities	1,801,189	1,086,687	-	2,887,876
Segment amortisation and depreciation	7,653	-	-	7,653
Segment exploration expenditure written-off	-	-	-	-
Segment production expenditure impairment	-	-	-	-

30 June 2018	Australia $	USA $	Unallocated $	Consolidated $
Revenue - oil and gas sales	-	-	-	-
Other income	27,130	-	925	28,055
Total segment revenue	**27,130**	**-**	**925**	**28,055**
Segment result after income tax	(807,390)	(6,405)	925	(812,870)
Total segment assets	127,760	663,917	148,736	940,413
Segment liabilities	1,319,175	1,058,405	-	2,377,580
Segment amortisation and depreciation	9,825	-	-	9,825
Segment exploration expenditure written-off	-	-	-	-
Segment production expenditure impairment	-	-	-	-

c Other segment information

The economic entity is domiciled in Australia with segment revenue from external customers based on the country in which the customer is located.
Unallocated segment amounts relate to cash balances and interest received on these cash balances.

3. Revenues and Expenses

	Note	Consolidated 2019 $	2018 $
a Other Income			
Rental income		76,023	27,130
Interest income from non-related parties		628	925
		76,651	**28,055**
b Depreciation Expense			
Depreciation - property, plant and equipment		7,653	9,825
c Finance Expense			
Interest expense		60,468	54,016
d Miscellaneous Expenses			
Rental expense - operating lease		140,140	119,539
e Investment			
Fair value movement of investment		136,677	43,742

4. Income Tax

	Consolidated	
	2019 $	2018 $
a Income Tax Expense		
Current tax	-	-
Deferred tax	-	-
b Reconciliation of income tax expense to prima facie tax payable:,		
Profit/(loss) before income tax	(1,066,566)	(812,870)
Prima facie income tax at 30% (2018: 27.5%)		
- Group	(319,970)	(223,539)
	(319,970)	(223,539)
Tax effect of amounts not deductible in calculating taxable income:		
Other permanent differences	110,330	60,226
	(209,640)	**(163,313)**
Deferred tax asset on current year losses not recognised	209,640	163,313
Income tax expense/(benefit)	-	-
Foreign tax rate differential		
The applicable weighted average effective tax rates are as follows:	0%	0%

The Group made an election in order that the Australian companies will form a tax-consolidated group from 1 July 2003. As a consequence, transactions between member equities will be ignored.

No deferred tax assets have been recognised as it is not probable that future tax profits will be available to offset these balances.

	2019 $	2018 $
c Deferred Tax Liabilities		
Exploration and evaluation expenditure - Australia	-	-
Exploration and evaluation expenditure - USA	-	-
Temporary differences - Australia	-	-
Temporary differences - USA	-	-
Difference in overseas tax rates	-	-
Off-set of deferred tax assets	-	-
Net deferred tax liabilities recognised	-	-
d Unrecognised deferred tax assets arising on timing differences		
Tax losses - Australia	5,052,306	4,442,695
Tax losses - USA	19,120,474	18,513,876
Temporary differences - Australia	28,101	86,232
Temporary differences - USA	-	-
	24,200,882	**23,042,802**
Difference in overseas tax rate		
Off-set of deferred tax liabilities	-	-
Net deferred tax assets not brought to account	**24,200,882**	**23,042,802**

5. Cash and Cash Equivalents

	Consolidated	
	2019 $	2018 $
Cash at bank and on-hand (Note 18)	40,136	81,534
Term Deposits	-	-
	40,136	**81,534**

Cash at bank bears floating interest rates between 0% and 1.5% (2018: 0% and 2.1%).

Non-cash financing and investing activities

2019

As at 30 June 2019 the Directors had converted a total of $100,000 of loan funds to ordinary shares in the Company.

2018

30,000,000 options were issued to Patersons for costs associated with the capital raising during the financial year ended 30 June 2018.

	Consolidated	
	2019 $	2018 $
a Reconciliation of (loss) after income tax with Cash Flow from Operations		
(Loss) after income tax	(1,066,566)	(812,870)
Non-cash flows in profit/(loss)		
- Depreciation	7,653	9,825
- Fair value movement of investment	136,677	43,742
- Share Based Payments	3,749	12,045
- Others including accrued interests	61,285	19,469
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	(16,135)	14,369
- Increase/(decrease) in trade and other payables	415,622	159,583
Cash flow used in operations	**(473,173)**	**(553,837)**

6. Exploration and Evaluation Expenditure

	Consolidated	
	2019 $	2018 $
Carried forward	663,040	-
Net expenses incurred in the year and capitalised	103,994	689,166
Foreign exchange movement	8,461	(26,126)
Expenditure impairment	-	-
Net carrying value	**775,495**	**663,040**

a) Carrying value of capitalised expenditure

The carrying value of the Group's project was reviewed, and impairment recognised where the facts and circumstances identified the carrying amount to be greater than the recoverable amount. Exploration expenditure is carried forward in accordance with the accounting policy and comprises expenditure incurred on the acquisition and exploration of tenement interests for oil and gas.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of oil and gas or alternatively sale of the respective area of interest.

b) Impairment

2019

Nil expenditure impaired (2018: $Nil).

7. Investments

	Consolidated	
	2019 $	2018 $
Carrying value - opening	148,736	-
Acquisition of shares in Pinnacle	-	192,478
Write down to fair value	(136,677)	(49,579)
Foreign Exchange movement	703	5,837
Net carrying value - closing	**12,762**	**148,736**

The Company acquired 500,000 shares in Pinnacle Exploration Pte Ltd ("Pinnacle") for $48,204 on the 14 July 2017. Sun acquired an additional 1,500,000 shares in Pinnacle for $144,274 on the 4 January 2018. The acquisition of the shares in Pinnacle was linked to the acquisition of the Bowsprit Oil Project Lease SL 21754. On 25th July 2019 the Company signed a binding MOU to acquire the Subsidiary of Pinnacle that owns the 50% share of the Bowsprit Lease for USD250,000. Based on this value management assesses the value of the Pinnacle investment to be A$12,762. As such the fair value of the investment has been reduced by $135,974. This is a significant judgement applied by management to assess the fair value of the investment at 30 June 2019. Refer to Note 18 for fair value measurement disclosure.

8. Trade and Other Payables – Current

	Consolidated	
	2019	**2018**
	$	**$**
Trade and Other Payables (i)	651,285	299,407
Richland Bankruptcy (ii)	245,258	232,715
Weatherford Dispute (iii)	712,962	676,498
Total Trade and Other Payables	**1,609,505**	**1,208,620**

Trade and other payables are normally settled within 30 days from receipt of invoice unless otherwise agreed.

A significant portion of the total trade and other payables balance of $1,609,506 is held in the US subsidiaries of Sun Resources NL. Sun Delta Inc, in particular, holds $958,221 of the total trade payables as disclosed in Note 8 (ii) and (iii).

The following were also recorded as other payables at 30 June 2019:

(i) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which remain unpaid. The balance includes $361,348 of accrued key management personnel fees, salary and super for 2019 (2018: $102,266). All Directors have agreed to defer repayment of accrued salary, Directors fees and loans until the company has completed a capital raising in excess of $1,000,000. The amounts are unsecured and are usually paid within 30 days of recognition unless agreed otherwise.

(ii) Richland Bankruptcy – Sun Delta Inc

Sun Delta Inc, a wholly owned subsidiary Company of Sun Resources NL, was previously involved in a dispute with the operator of the Beeler Oil Project, Richland Resources Corp. In 2013, Sun Delta Inc announced that Richland Resources Corp, a company operating in the United States of America was removed as operator by the non-operating working interest owners in the Beeler Oil Project. Richland Resources Corp. had failed to pay certain vendors and these vendors then filed liens against the entire Beeler Oil Project, including Sun Delta Inc's 16.67% non-operating working interest. Richland Resources Corp. subsequently filed for Bankruptcy. The Trustee obtained judgement against Sun Delta and Sun Delta Inc.'s liability to the Bankruptcy Trustee is US$172,000 with no specified due date of payment. The Trustee has not taken action to recover the amount due. The Group has recognised a US$172,000 (2018: US$172,000) liability as part of trade and other payables.

(iii) Weatherford Dispute – Sun Delta Inc

In May 2015, Sun Delta Inc. assigned to Amerril Energy LLC ("Amerril"), then Operator of the Seale Production unit, its claims against Weatherford Inc. ("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, Sun Delta 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, Sun Delta agreed to pay Amerril US$500,000 with Amerril retaining the rights to seek additional damages and compensation from Sun Delta. Any such claim by Amerril would, however require a lawsuit by Amerril against Sun Delta and Sun Delta would have all of its rights and defences in such a lawsuit. The Group has recognised a US$500,000 (2018: US$500,000) liability as part of trade and other payables.

On 18 April 2017, Sun Delta Inc received a Notice of Demand from Amerril.

This Notice informed Sun Delta Inc of a judgement obtained by Weatherford Inc. against Amerril for more than US$1,000,000 in January 2017. The Notice demanded that Sun Delta Inc. pay Amerril US$500,000 within 15 days, in accordance with terms of a Settlement Agreement executed between Sun Delta Inc. and Amerril on the 8 May 2015. In terms of the Notice Amerril also reserved its rights to possibly take further legal action. Sun Delta Inc. has no operating assets, cash or leases and has no capacity to make any payment. Any potential liability to the Sun Group is limited to the subsidiary Sun Delta Inc. Therefore, there is a potential claim by Amerril against Sun Delta Inc. for an amount in excess of the $500,000 already provided. This contingent liability has been noted in Note 19.

9. Borrowings

	1 July 2018	Cash Flows		Non-cash changes		30 June 2019
		Drawdown	Repayment	Interest Accrual	Conversion to shares	
Director Loans	$50,000	172,500	(25,000)	10,994	(100,000)	$108,494
Convertible Note	$1,118,960	-	-	47,890	-	$1,166,850
Total Liabilities from financing Activities	$1,168,960	172,500	(25,000)	58,884	(100,000)	$1,275,344

a) Director Loans

As at 30 June 2019 The Directors, Mr I McCubbing, Mr W Bloking and Mr A Parks had loaned a total of $222,500 to the Company as short term loans for working capital. $25,000 was repaid and $100,000 was converted to shares during the year and the interest accrued. $108,494 remains owing to the Directors. The loans have the following terms:

- Interest 10% per annum (payable on repayment of loan)
- Total Principal Loan Amount $97,500
- Repayment Date – 31 December 2019 or after receipt of funds from any equity capital raising in excess of $1,000,000 by the Company
- Maximum Gross Borrowing $222,500

b) Convertible loan from substantial Shareholder

On 18 February 2015 the Company entered into a convertible loan facility agreement, (Loan Agreement) with Winform Nominees Pty Ltd (Winform), a subsidiary of Hancock Prospecting Pty Ltd under which Winform would loan A$957,806 to the Company.

	Consolidated	
	2019	**2018**
	$	**$**
Principal value of convertible loan	957,806	957,806
Interest accrued in prior periods	161,154	113,264
Interest expense accrued	47,890	47,890
Non-current liability	**1,166,850**	**1,118,960**

The Winform Nominees Pty Ltd (“Winform”) convertible loan is classified as a non-current

liability due to a significant restructuring of the terms of the loan in September 2017, where it was agreed to:

- extend the date for repayment of the Loan to 31 March 2021; and
- allow Sun to raise up to A$10 million in new funds for working capital for the appraisal and development of the Bowsprit Oil Project before repayment became due.

The Company accrues interest of 5% per annum.

9. Borrowings (continued)

Subject to the Company obtaining prior shareholder approval, Winform may elect to receive repayment of the loan through the issue of fully paid ordinary shares in the capital of Sun, instead of cash, to be calculated on the date of conversion by dividing the outstanding sum by the lesser of:

- the price per share under a Qualifying Capital Raising; or
- a price per share equal to the VWAP of the shares for the five ASX trading days prior to the repayment date noted above.

The Company had previously entered into a Security Pledge Deed under which the Company had granted Winform security over the shares in the subsidiary, Sun Eagle Ford LLC which used to hold the expired leases in the Badger Oil Project.

10. Contributed Capital

	Consolidated	
a Contributed Capital	**2019** **$**	**2018** **$**
881,057,588 fully paid ordinary shares (2018: 756,432,588)	126,052,386	125,503,886
Cumulative issue costs of share capital	(6,265,518)	(6,246,606)
	119,786,868	**119,257,280**

b Movements in shares on issue	**Date**	**Number of Shares**	**Capital $**
2019			
Ordinary shares			
Opening balance	1 July 2018	756,432,588	119,257,280
Share Placement (Note 2)	5 November 2018	49,125,000	196,500
Loan Conversion	2 January 2019	25,000,000	100,000
Share Placement	2 January 2019	31,750,000	127,000
Share Placement	15 May 2019	18,750,000	75,000
Issue costs of share capital			(18,912)
Shares to be Issued (Note 1)			50,000
Closing balance		**881,057,588**	**119,786,868**

Note 1: The company received $50,000 in cash direct to its bank account with respect to the capital raising post 30 June 2019. The shares were issued in July 2019.

Note 2: Including issue of 12,375,000 shares at 0.4 cents per share in lieu of services received.

	Date	**Number of Shares**	**Capital $**
2018			
Ordinary shares			
Opening balance	1 July 2017	432,247,193	118,130,277
Rights issue entitlement	8 December 2017	235,646,651	942,587
Rights issue shortfall	18 December 2017	88,538,744	354,155
Issue costs of share capital			(169,739)
Closing balance 30 June 2018		**756,432,588**	**119,257,280**

11. Share Based Payments Reserve

In the current year the cumulative reserve was $12,811,165 (2018: $12,807,416).

	Consolidated	
	2019 $	**2018 $**
Opening Balance	12,807,416	12,795,371
Placement options payment	-	-
Performance Rights Issue	3,749	12,045
Placement options valuation	**-**	**-**
Cancellation of unlisted options	**-**	**-**
Closing balance	**12,811,165**	**12,807,416**

Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees and others but not exercised.
- the grant date fair value of shares issued to employees and others.
- the grant date fair value of performance options issued to third parties to acquire the Delta Oil Project.

12. Foreign Exchange Translation Reserve

In the current year the cumulative reserve was $17,914,013 (2018: $17,947,512)

	Consolidated	
	2019 $	**2018 $**
Opening Balance	17,947,512	17,985,072
Foreign currency translation	(33,499)	(37,560)
Closing balance	**17,914,013**	**17,947,512**

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in Note 1(E) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investments is disposed of.

13. Options Over Unissued Shares

Options

Date Options granted	Expiry date	Exercise price of Options	Number of Options	Vested
Listed Options				
19 October 2016	19 October 2020	$0.01	393,842,846	393,842,846

14. Capital and Leasing Commitments

Exploration expenditure commitments

The Company has joint venture and statutory expenditure commitments on its areas of interest as at 30 June 2019.

	Consolidated	
	2019 $	**2018 $**
Within one year	163,500	59,194
Later than one year, but not later than five years	-	-
	163,500	**59,194**

Oil Projects Lease Renewal

The Company held the following net lease acres at the 30 June 2019:

	Net Acres 30 June 2019	**Net Acres 30 June 2018**
50% Bowsprit Oil Project SL21754 & SL21787	577	577

The Company has provided a bank guarantee for $23,296 as a bond. Sun Resources no longer holds the lease and the bond will be returned in due course.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated	
	2019 $	**2018 $**
Within one year	-	80,000
Later than one year, but not later than five years	-	-
	-	**80,000**

The Directors are not aware of any other expenditure commitments.

15. Share-based Payments

(a) Performance Rights issued in the prior year

The Company has issued 22,500,000 performance rights to Mr. Alexander Parks on the following terms:

Number of rights issued	: 22,500,000
Grant Date	: 30 November 2017
Expiry/Exercise date	: 30 November 2022
Exercise price	: Nil
Rights life	: 5 years
Value at grant date	: $0.003

One performance right can be converted into one ordinary share.

The total fair value of the performance rights was calculated to be $90,000 at grant date ($0.003 per right) which is the spot share price at grant date. This share based expense will be apportioned over the estimated period to achieve the various milestones.

The performance rights will vest on achieving the following milestones in the Bowsprit Oil Project:

Tranche A – successful farming out of the first well
Tranche B – spudding of first well by 31 December 2018
Tranche C – achieving 60 days of commercial production within 75 days

The Company has assessed the probability of achieving these milestones by the exercise date and the date when they will be achieved as follows:

Tranche A – 1 March 2020
Tranche B – Lapsed
Tranche C – not probable

As a result the Company has recognised share based payments of $3,749 during the period:

Tranche A – $3,749 (2018: $12,045)
Tranche C – $Nil

The probability is reassessed at each reporting date.

16. Related Party Transactions

a Parent entity

Transaction between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

b Subsidiaries

Interests in subsidiaries are set out in Note 21.

	Consolidated	
c Director and other key Management personnel compensation	**2019 $**	**2018 $**
Short-term employee benefits - paid	150,000	315,054
Short-term employee benefits – accrued and unpaid	274,782	110,429
Post-employment benefits	14,250	12,892
Share-based payments	3,749	12,045
	442,781	**450,420**

16. Related Party Transactions (continued)

Loans from subsidiaries and loans from Directors and Executives

The Directors have loaned the Company the following during the year ended 30 June 2019:

1) I McCubbing $142,500 at 10% per annum. On 3rd January 2019 $50,000 was converted to fully paid ordinary shares in the Company as repayment and the interest has been accrued. On 14th May $25,000 was also repaid and interest accrued. The remainder of the loan $67,500 is subject to the repayment terms below.
2) W Bloking $75,000 at 10% per annum. On 3rd January 2019 $50,000 was converted to fully paid ordinary shares in the Company as repayment and the interest has been accrued. The remainder of the loan $25,000 is subject to the repayment terms below.
3) A Parks $5,000 at 10% per annum.

Repayment Date of above loans – 31 December 2019 or after receipt of funds from any equity capital raising, of greater than $1,000,000, by the Company.

All Directors have agreed to defer repayment of accrued salary, Directors fees and loans until the Company has completed a capital raising in excess of $1,000,000.

The Directors loaned the Company the following during the year ended 30 June 2018:

1) I McCubbing $105,131.60 at 10% per annum. Repaid $110,063.33 on 27 December 2017.
2) W Bloking $50,000 at 10% per annum. Repaid $51,794.52 on 22 December 2017.
3) A Parks $10,000 at 10% per annum. Repaid $10,358.90 on 22 December 2017.

Detailed remuneration disclosures are provided in the remuneration report on pages 10-13.

17. Financing Arrangements

The Group and parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated	
	2019 $	**2018 $**
Amounts unused:		
Credit card facilities	59,935	58,935
Amounts used:		
Credit card facilities	**65**	**1,065**

18. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the performance of the Group. The Group does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures; preferring instead to hold money in bank accounts in the country and currency where significant expenditure is expected to be incurred. Projected capital expenditure on exploration and production will be funded by cash and capital raising (if required).

Risk management is carried out by the Executives of the Group and approved by the board of Directors.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, leases and shares. The Group holds the following financial instruments:

	Consolidated	
Financial Assets	**2019 $**	**2018 $**
Cash and cash equivalents	40,136	81,534
Other receivables	29,992	23,300
	70,128	**104,834**
Financial Liabilities		
Payables	1,609,505	1,193,883
Borrowings	1,275,344	1,168,960
Total Payables	**2,884,849**	**2,362,843**

a Market risk

i Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management have established a policy requiring Group companies to manage their foreign exchange risk against their functional currency and hold money in bank accounts in the country and currency where significant expenditure is expected to be incurred.

The Group's exposure to foreign currency risk at the reporting date is negligible as the USD cash balance is immaterial.

ii Cash flow and fair value interest rate risk

Group

To ensure that the Group has adequate liquidity, detailed cash flow analysis is completed on a monthly basis. The risk is immaterial because cash and borrowings subject to variable interest rates are immaterial.

b Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently related parties with a minimum rating of "A" are accepted. Customers are reviewed taking into account their financial position, past experience and other factors for compliance with credit limits. Historically, the Group has not had any issues with credit quality and late payment.

c Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

18. Financial Risk Management (continued)

Maturities of financial assets and liabilities

2019 Consolidated

	Note	Floating interest rate (i) 0-6 Months	Fixed interest rate 0-6 months	Fixed interest rate more than 12 months	Non-interest bearing 0-6 months	Non-interest bearing 7-12 months	Total	Carrying amount as at 30 June 2019	Average interest rate Floating (i)	Average interest rate Fixed
		$	$	$	$	$	$	$	%	%
Financial assets										
Cash assets	5	40,136	-	-	-	-	40,136	40,136	0.5	-
Other receivables	5	-	-	-	-	29,992	29,992	29,992	-	-
		40,136	**-**	**-**	**-**	**29,992**	**70,128**	**70,128**		
Financial liabilities										
Payables	8	-	-	-	1,609,605	-	1,609,505	1,609,505	-	-
Borrowings	9	-	108,494	1,166,850	-	-	1,275,344	1,275,344	-	7.5
		-	**108,494**	1,166,850	**1,609,505**	**-**	**2,884,849**	**2,884,849**		
Net financial assets/ (liabilities)		**40,136**	**(108,494)**	**(1,166,850)**	**(1,609,505)**	**29,992**	**(2,814,721)**	**(2,814,721)**		

2018 Consolidated

	Note	Floating interest rate (i) 0-6 Months	Fixed interest rate 0-6 months	Fixed interest rate more than 12 months	Non-interest bearing 0-6 months	Non-interest bearing 7-12 months	Total	Carrying amount as at 30 June 2018	Average interest rate Floating (i)	Average interest rate Fixed
		$	$	$	$	$	$	$	%	%
Financial assets										
Cash assets	5	81,534	-	-	-	-	81,534	81,534	0.5	-
Other receivables	5	-	-	-	-	23,300	23,300	23,300	-	-
		81,534	**-**	**-**	**-**	**23,300**	**104,834**	**104,834**		
Financial liabilities										
Payables	8	-	-	-	1,193,883	-	1,193,883	1,193,883	-	-
Borrowings	9	-	50,000	1,118,960	-	-	1,168,960	1,168,960	-	7.5
		-	**50,000**	1,118,960	**1,193,883**	**-**	**2,362,843**	**2,362,843**		
Net financial assets/ (liabilities)		**81,534**	**(50,000)**	**(1,118,960)**	**(1,193,883)**	**23,330**	**(2,258,009)**	**(2,258,009)**		

18. Financial Risk Management (continued)

d Fair value measurement of financial instruments

i Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision for trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The carrying value of the borrowings is equal to the fair value cash flows at the reporting date.

ii Fair value hierarchy

During the year ended 30 June 2019, there were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were also no transfers into or out of level 3 during the year.

Level 1: the fair value of financial instruments traded in active markets is based on quoted market prices at the end of the market period.
Level 2: the fair value of financial instruments not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.
Level 3: if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The convertible loan with Winform and the investment in Pinnacle is determined as level 3 (Note 18). A significant input is not based on observable market data. Refer below for further detail of the valuation technique.

iii Recognised fair value measurements

The following financial instruments are subject to recurring value measurements:

	Consolidated	
	2019 $	**2018 $**
Convertible loan (Level 3)	**1,166,850**	**1,118,960**
Investment in Pinnacle (Level 3)	**12,762**	**143,786**

iv Valuation techniques used to determine level 3 fair values

The fair value of the Winform convertible loan is determined using internally prepared discounted cash flow valuation technique using a combination of observable inputs (such as Share price and the terms of conditions of the convertible loan as disclosed in Note 9(b) and unobservable inputs (the probability or fact of Sun achieving a Qualifying Capital Raising per Note 9(b) to calculate the present value of estimated future cash flows. The Company has determined that there is a relationship between the unobservable inputs and the fair value but do not consider it to be material.

On 25th July 2019 the Company signed a binding MOU to acquire Pinnacles 50% share of the Bowsprit Lease. The shares in Pinnacle are now deemed to have minimal value as the company has no other assets and the shares are considered unmarketable. As such the investment has been fair valued to $12,762 representing the cash that would be receivable by Pinnacle.

19. Contingencies

Other than the potential claim from Amerril for an amount in excess of $500,000 as described in Note 8, there are no other contingent liabilities or assets as at 30 June 2019.

20. Parent Entity Information

The following details information related to the parent entity, Sun Resources NL at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	Parent	
	2019 $	2018 $
Current assets	88,723	114,078
Non-current assets	764,896	819,186
Total assets	**853,259**	**933,264**
Current liabilities	1,741,092	1,319,175
Non-current liabilities	1,166,850	-
Total liabilities	**2,907,942**	**1,319,175**
Contributed equity	119,786,870	119,257,280
Accumulated losses	(134,562,700)	(133,455,941)
Share based payment reserve	12,811,165	12,807,416
Total equity/ (deficiency)	**(1,964,665)**	**(1,391,245)**
Loss for the year	(1,145,983)	(804,506)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive loss for the year	**(1,145,983)**	**(804,506)**

21. Investment in Controlled Subsidiaries

Sun Resources NL and its subsidiaries:		**Country of Incorporation**	**2019 Equity Holding %**	**2018 Equity Holding %**
Sun Resources NL (parent entity)	a	Perth, AU	100	100
Sun Resources (Investments) Pty Ltd	b	Perth, AU	100	100
Sun Shale Ventures Inc.	c	Texas, USA	100	100
Sun Delta Inc.		Colorado, USA	100	100
Sun Beta LLC		Colorado, USA	100	100
Sun Woodbine Inc.		Texas, USA	100	100
Sun Eagle Ford LLC		Texas, USA	100	100
Sun Operating LLC		Texas, USA	100	100
Sun Southern Woodbine LLC		Texas, USA	100	100
Sun Louisiana LLC	d	Louisiana, USA	100	100

a) The ultimate parent entity is Sun Resources NL.
b) Sun Resources (Investments) Pty Ltd carries out general investment activities.
c) Sun Shale Ventures Inc. is the US parent entity.
d) Sun Louisiana LLC holds rights to leases for Bowsprit Oil Project.

All the above subsidiaries are economically dependent on Sun Resources NL.

22. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Parent	
	2019 $	**2018 $**
a Audit services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	**37,982**	**36,500**
Total remuneration for audit services	**37,982**	**36,500**
b Non-audit services		
BDO Corporate Tax (WA) Pty Ltd		
Compliance services	**10,200**	**15,490**
Total remuneration for non-audit services	**10,200**	**15,490**

It is the Group's policy to employ BDO on assignments additional to their statutory audit duties where BDO expertise and experience to the Group are important. These assignments are principally tax compliance services and it is the Group's policy to seek competitive tenders for all major consulting projects.

23. Loss per Share

	Parent	
	2019 $	**2018 $**
Loss used to calculate basic loss per share	**(1,066,655)**	**(812,870)**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**821,559,300**	**611,898,203**

Diluted loss per share is not reflected as the result is currently anti-dilutive in nature. The issued options, however, could be potentially dilutive in the future.

24. Events after the Reporting Date

The following material events occurred subsequent to the end of the year:

Acquisition of Pinnacle Subsidiary

In July 2019 the Company executed a legally binding Memorandum of Understanding with Pinnacle Energy International (USA) Inc (Pinnacle) to acquire the subsidiary holding company, Pinnacle Energy International (USA) I LLC, which has a 50% working interest in SL21754 and SL21787 in Louisiana, USA. Sun holds the other 50% working interest in the leases via Sun Louisiana LLC.

Consideration payable to Pinnacle consists of a cash consideration of USD250,000 payable prior to drilling of the first well, and a Royalty of 5% of gross production revenue (net revenue received after Tariffs and direct sale costs as per the calculation of State Royalty).

The transfer of ownership will be made following execution of a Sale and Purchase Agreement, Royalty Agreement and payment of the cash consideration. If the transaction is not completed by 1 March 2020 the Agreement will terminate and the project will revert to 50:50 ownership.

24. Events after the Reporting Date (Continued)

Capital Raisings

During July 2019 the Company raised $150,000 from sophisticated investors, the Directors and management.

During August 2019 the Company entered into a mandate with GTT Ventures Pty Ltd, a specialist corporate advisory firm, for the purpose of undertaking a capital raising. The Company raised $727,000 from sophisticated investors, the Directors and management. Also, under the terms of the Mandate, GTT will assist with the promotion of the Company. Mr Patrick Glovac, a director of GTT Ventures Pty Ltd, was also appointed as a Non-Executive Director of the Company on 23 August 2019.

Support By Directors

Since balance date the Directors have undertaken to continue to support the company with loans to cover working capital requirements. As of 27 September 2019, the Director loans total A$116,013 on terms as detailed below and in Note 9.

- Interest 10% per annum (payable on repayment of loan)
- Repayment Date – Later of 31 December 2019 or 5 business days after receipt of funds from any equity capital raising by the Company

Unmarketable Parcel

On 6 September the Company established a share sale facility to commence an Unmarketable Parcel Sale Facility process.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Sun Resources NL (the "Company"):

   a) the consolidated financial statements and notes that are set out on pages 18 to 48 and the Remuneration report on pages 10 to 13 in the Directors' report, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.

3. The Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with the resolution of the Directors:

Mr Alexander Parks
Managing Director
Perth, Western Australia
27 September 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of Sun Resources NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sun Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Exploration and Evaluation Expenditure

Key audit matter	How the matter was addressed in our audit
As disclosed in note 6, expenditure in relation to the Bowsprit Oil Project has been capitalised during the year in accordance with the accounting policy outlined in Note 1F. We consider the carrying value of exploration and evaluation expenditure to be a key audit matter due to it representing a significant asset of the Group as well as it requiring estimates and judgements in assessing the recoverability of the asset including assessing for impairment indicators in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.	Our procedures included, but were not limited to: • Verifying, on a sample basis, the expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, reviewing the Group's exploration budgets, ASX announcements and minutes of board meeting; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy and completeness of the related disclosures in Note 6 to the financial report.

Carrying Value of Investment

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 7 of the financial report, the group's investment in Pinnacle Exploration Pte Ltd is recognised at fair value at 30 June 2019. The assessment of the fair value of the Investment is considered to be a key audit matter due to the assessment requires management to make significant judgements and estimates in determining the fair value as disclosed in note 1(l).	Our procedures included, but were not limited to the following: • Evaluating the appropriateness of the valuation methodology of the investment against relevant Australian Accounting Standard; • Verifying the investment to statutory records; • Holding discussions with management to understand the business operations and performance of the investment, and whether this information is consistent with management's fair value assessment position; • Assessing the basis of value per share at 30 June 2019 by reviewing the recent agreement with Pinnacle Exploration Pte Ltd to purchase the remaining 50% interest of Bowsprit Oil Project; and • Assessing the adequacy and completeness of the related disclosures in Note 7 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information contained in directors' report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 15 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Sun Resources NL, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Wayne Basford

Director

Perth, 27 September 2019

ADDITIONAL SHAREHOLDER INFORMATION

The issued capital of the Company as at 22 October 2019 is 1,319,557,588 ordinary fully paid shares and 393,842,846 listed options at 1 cent each expiring 19 October 2020.

Distribution of Shareholding as at 22 October 2019

	Fully Paid Ordinary Shares
Number of Shareholders	2,999
Percentage of holdings by twenty largest holders	55.76
Holders of less than a marketable parcel	2,657
Number of holders in the following distribution categories:	
0 - 1,000	327,148
1,001 - 5,000	2,093,703
5,001 - 10,000	2,320,567
10,001 - 100,000	20,009,980
100,001 and over	1,294,806,190
	1,319,557,588

On-market buy-back

There is an on-market buy-back currently in progress and due to close on 24th October 2019.

Distribution of Option-holding as at 22 October 2019

	Listed Options
Listed Options at 1 cent expiring 19 October 2020	**Listed Options**
Number of holders in the following distribution categories:	
0 - 1,000	24,031
1,001 - 5,000	209,643
5,001 - 10,000	234,816
10,001 - 100,000	4,618,212
100,001 and over	388,756,144
	393,842,846
Number of Option-holders	354
Percentage of holdings by twenty largest holders	100%

Voting Rights

Ordinary Shares

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Listed Options

Listed options have no voting rights until such options are exercised as fully paid shares.

Unlisted Options

Unlisted options have no voting rights until such options are exercised as fully paid shares.

Directors’ Shareholding as at 22 October 2019

	Fully Paid Ordinary Shares	1c Listed Options
Mr Ian McCubbing	40,949,177	21,666,667
Mr William Bloking	34,449,471	14,166,667
Mr Alexander Parks[(1)]	33,750,000	21,666,667

(1) Mr Parks also has 22,500,000 Performance Rights see note 15 for details

Twenty Largest Shareholders

	The names of the twenty largest Shareholders as at 22 October 2019:	No. of Shares	Percentage
1	FAST LANE AUSTRALIA PTY LTD	233,229,692	17.67
2	BELLARINE GOLD PTY LTD <RIBBLESDALE SUPER FUND A/C>	60,687,500	4.60
3	CM SUPER FUND PTY LTD <CAROL MCCOLL SUPER FUND A/C>	40,000,000	3.03
4	MR WILLIAM FREDERICK BLOKING	34,449,471	2.61
5	MR ALEXANDER BEVAN PARKS	33,750,000	2.56
6	TAVIRA SECURITIES LTD <TAVIRA HOLDINGS LTD A/C>	30,000,000	2.27
7	MR IAN JAMES MCCUBBING	28,449,177	2.16
8	MRS NOREEN ELSIE MCCOLL <MCCOLL FAMILY A/C>	28,000,000	2.12
9	HOATZIN HOLDINGS PTY LTD	25,000,000	1.89
10	MOUNTS BAY INVESTMENTS PTY LTD <CALVER CAPITAL A/C>	25,000,000	1.89
11	SYRACUSE CAPITAL PTY LTD <THE TENACITY A/C>	25,000,000	1.89
12	TRIBECA NOMINEES PTY LTD	25,000,000	1.89
13	SLAM CONSULTING PTY LTD	23,117,355	1.75
14	SNOWY PLAINS PTY LTD	21,000,000	1.59
15	GICICO PTY LTD <JOHN ALBERT PHILLIPS A/C>	17,750,000	1.35
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,716,773	1.34
17	MS JIN QIN WANG	17,413,369	1.32
18	CORPSERV PTY LTD	17,000,001	1.29
19	FUZZIE MELON FOOD COMPANY PTY LTD	16,950,000	1.28
20	DR WOLF GERHARD MARTINICK	16,210,313	1.23
	Totals: Top 20 Holders Of Ordinary Fully Paid Shares (Total)	**735.723.651**	**55.76**
	Total Remaining Holders Balance	**583.833.937**	**44.24**

Twenty Largest Listed Option-holders (1c expiring 19/10/2020)

	The names of the twenty largest Listed 1c Option-holders as at 22 October 2019:	No. of Listed Options	Percentage
1	D N SUPERANNUATION FUND PTY LTD <NEATE SUPERANNUATION FUND A/C>	100,000,000	25.39
2	FAST LANE AUSTRALIA PTY LTD	80,989,456	20.56
3	CM SUPER FUND PTY LTD <CAROL MCCOLL SUPER FUND A/C>	33,400,000	8.48
4	BELLARINE GOLD PTY LTD <RIBBLESDALE SUPER FUND A/C>	20,000,000	5.08
5	A N SUPERANNUATION PTY LTD <ANNE NEATE SUPER FUND A/C>	15,000,000	3.81
6	MR PAUL DAVID NEATE	13,500,000	3.43
7	BIMH PTY LTD <UNION STREET SUPER FUND A/C>	10,000,000	2.54
8	JDK NOMINEES PTY LTD	9,000,000	2.29
9	MRS NOREEN MCCOLL	8,960,000	2.28
10	MR WILLIAM FREDERICK BLOKING	7,500,000	1.90
11	FIRST INVESTMENT PARTNERS PTY LTD	5,922,990	1.50
12	INKJAR PTY LTD	5,367,163	1.36
13	DJT SUPER PTY LTD <TATUM SUPER FUND A/C>	5,227,500	1.33
14	BERENES NOMINEES PTY LTD	5,000,000	1.27
14	DR WOLF GERHARD MARTINICK	5,000,000	1.27
14	HAIFA PTY LTD	5,000,000	1.27
14	MR BRIAN MCCUBBING <B MCCUBBING SUPER FUND A/C>	5,000,000	1.27
14	MR IAN JAMES MCCUBBING	5,000,000	1.27
14	OCTARINE PTY LTD <PARKS FAMILY A/C>	5,000,000	1.27
20	ROJO NERO CAPITAL PTY LTD	4,010,563	1.02
	Totals: Top 20 Holders of Listed Options at 1 cent expiring 19 October 2020	**348,877,672**	**88.58**
	Total Remaining Holders Balance	**44,965,174**	**11.42**

Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is contained on the Company's website.

Shareholding

1. Substantial Shareholders

Names of the substantial Shareholders listed on the Company's register at 15 October 2018 in accordance with the section 671B of the Corporations Act 2001 are:

Name	No. of Shares	Percentage
FAST LANE AUSTRALIA PTY LTD	233,229,692	17.67%

2. Unquoted Securities

The Company has 147,333,333does not have any unquoted securities on the Company's register at 15 October 2018.

ADDITIONAL SHAREHOLDER INFORMATION

Company Secretary

The name of the Company Secretary is Ms Jo-Ann Long.

Registered Office

The address and telephone details of the registered and administrative office:

Level 2, 30 Richardson Street
West Perth, Western Australia, 6005

Telephone: + (61) 8 9321 9886
Facsimile: + (61) 8 9321 8161

Securities Register

The address and telephone number of the office at which a registry of securities is kept:

Computershare Investor Services Pty Ltd
Level 11,172 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 (8) 9323 2000
Free line: 1300 850 505
Facsimile: +61 (8) 9323 2033

Securities Exchange

The Company's listed equity securities are quoted on the Australian Securities Exchange.

Restricted Securities

The Company has no restricted securities at the current date.

SUN
resources NL

ABN 69 009 196 810

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